UNITED STATES SENATE, LISA BLUNT ROCHESTER, ET. AL.

Proposal and Comment Information

Title: Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests, OP-1878

Comment ID: FR-2026-0013-01-C112

Submitter Information

Organization Name: United States Senate

Organization Type: U.S. Senate

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Submitted Date: 08/07/2026

United States Senate
WASHINGTON, DC 20510

August 7, 2026

The Honorable Kevin Warsh
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave NW
Washington, DC 20551

Dear Chair Warsh:

We write with concern regarding the Federal Reserve Board's (Fed) recent proposal to establish special-purpose "Payment Accounts" and access to other payment services for uninsured depository institutions that are not subject to comprehensive federal prudential supervision, including firms engaged in digital asset activities.

We recognize that innovation in financial services and payment systems can provide important benefits for consumers, businesses, and the broader economy. We also appreciate the Fed's recent decision to temporarily pause additional account access decisions for certain uninsured institutions while it solicits public comment on the proposed establishment of special-purpose "Payment Accounts".[1]

However, we recognize that the proposal comes in the context of President Trump's recent Executive Order directing the streamlining of regulatory barriers affecting financial technology firms and the evaluation of expanded access to Federal Reserve payment accounts and payment services.[2] In this context, the Fed's proposal, related public statements, and recent approval of a limited-purpose account for Kraken Financial underscore significant concerns about the motives and objectivity of analyses of the benefits and risks to the U.S. economy associated with the proposed reform to the Fed's payment infrastructure. There remains substantial policy, supervisory, and financial stability questions regarding the provision of direct access to the Fed's payment infrastructure to uninsured institutions that may not be subject to comprehensive federal prudential supervision and regulation.

The Fed's own proposal acknowledges that such institutions pose heightened risks and that expanding access necessitates tailored safeguards and careful review. Federal Reserve Governor Michael Barr similarly noted concerns that the current proposal does not yet provide sufficiently robust protections against money laundering and terrorist financing risks.[3] These concerns are particularly important where institutions may not be subject to comprehensive federal prudential supervision and examination. As the Fed considers expanding direct access to critical payment infrastructure, it is important to understand how money laundering, sanctions evasion, terrorist financing, proliferation financing, drug trafficking, other forms of illicit finance, and broader national security risks will be identified, monitored, and addressed on an ongoing basis. We

[1] Federal Reserve Board Press Release, May 20, 2026
[2] Executive Order: Integrating Financial Technology Innovation Into Regulatory Frameworks, May 19, 2026
[3] Statement on Payment Account Proposal by Governor Michael S. Barr, May 20, 2026

appreciate the Fed's recognition that these issues warrant further public consideration and careful evaluation before broader implementation.

Access to the Fed's core payment infrastructure—including Fedwire, FedACH, and FedNow—is a significant privilege with important implications for operational resilience, controls on illicit finance, monetary policy implementation, and financial stability. Historically, such access has been limited primarily to insured depository institutions operating within comprehensive prudential supervisory and regulatory frameworks. While broader access may reduce reliance on intermediary institutions and increase efficiency, it may also reduce existing supervisory, compliance, and risk-management checkpoints that have historically been provided through federally supervised banking organizations. Any expansion of access beyond those traditional parameters should proceed cautiously, transparently, and through clearly articulated standards developed in an appropriate public process.

As the Fed considers these issues, we request additional information regarding how the Federal Reserve intends to preserve independent supervisory judgment, ensure consistent implementation across Reserve Banks, and maintain appropriate safeguards as it evaluates potential changes to account access policy.

Specifically:

1. How does the Board intend to ensure that institutions receiving Payment Accounts are subject to sufficiently robust oversight and examination of anti-money laundering, sanctions compliance, and illicit finance controls, particularly where such institutions are not subject to comprehensive federal prudential supervision?
2. To what extent does the Board believe state supervisory regimes provide a sufficient basis for evaluating anti-money laundering, sanctions compliance, and broader illicit finance risks associated with direct access to Federal Reserve payment services? If so, why?
3. How does the Board intend to ensure consistent application of standards across the twelve Federal Reserve Banks with respect to requests from uninsured depository institutions and non-bank financial firms?
4. How will the Board ensure that any future decisions regarding account access are guided by independent supervisory and risk-management considerations rather than external pressure to accelerate access or reduce prudential safeguards?
5. What role does the Board believe comprehensive federal prudential supervision should play in evaluating requests for direct access to Federal Reserve payment services?
6. How does the Board intend to evaluate the potential systemic implications of granting direct payment system access to institutions engaged in digital asset or other novel financial activities?
7. How will the Board evaluate whether existing safeguards are sufficient before considering broader expansion of Payment Account access?

We support responsible financial innovation and recognize the importance of maintaining a competitive and modern payment system. At the same time, preserving the integrity, resilience, and independence of the Federal Reserve's payment infrastructure remains critically important to the stability of the financial system and the broader U.S. economy.

Thank you for your attention to this matter. We appreciate your continued engagement on these issues and look forward to your response.

Sincerely,

Lisa Blunt Rochester
United States Senator

Andy Kim
United States Senator

Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs

Jack Reed
United States Senator

Chris Van Hollen
United States Senator

Catherine Cortez Masto
United States Senator

Tina Smith
United States Senator