CHAINALYSIS INC.

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-C40

Submitter Information

Organization Name: Chainalysis Inc.

Organization Type: Company

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Please see attached for our full comments

18 July 2026

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re:	**Docket No. OP–1878 — Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests**
Submitted:	**Submitted via Federal eRulemaking Portal**

Background

Chainalysis is the blockchain data platform. We provide data, software, services, and research to government agencies, exchanges, financial institutions, and insurance and cybersecurity companies in over 70 countries. Our intelligence platform powers investigation, compliance, and market intelligence tools that have been used to support the recovery of over $35 billion in cryptoassets linked to illicit activity and to help solve some of the world's most high-profile financial crime cases.

We have operational experience supporting the compliance programs of payment-focused institutions, including stablecoin issuers, digital asset custodians, and banking entities offering blockchain-based settlement, across BSA/AML transaction monitoring, OFAC sanctions screening, and suspicious activity detection.

General Comment

Chainalysis supports the Board's proposal to create a Payment Account as an optional, special-purpose account type with standardized risk-mitigating terms. We believe this framework represents a well-calibrated approach to accommodating the evolving payments ecosystem while managing the risks identified in the Account Access Guidelines. Our comments are limited to the area where we have direct expertise: specifically the assessment and mitigation of illicit finance risk.

Response to Question 5: Illicit finance requirements for non-federally insured institutions

The Board asks whether non-federally insured institutions requesting a Payment Account should be subject to specific illicit finance requirements. For example, an attestation of BSA status, an independent third-party compliance assessment, or a Reserve Bank determination that the institution's supervisory regime is comparable to that of a federally insured institution.

We support specific illicit finance requirements for non-federally insured Payment Account applicants. However, we recommend that these requirements be structured around verifiable compliance outcomes rather than relying on process-based attestations.

1. The limitation of process-based requirements

Each of the examples the Board identifies, including BSA status attestations, independent compliance assessments, and supervisory regime comparability determinations, evaluates whether a compliance program *exists* and whether an institution *claims* to be compliant. None directly measures how or even whether the program works in practice. An institution can obtain an independent third-party assessment of its BSA/AML program and still operate with materially inadequate transaction monitoring if the assessment evaluates program design rather than the effectiveness of monitoring performance. Similarly, an attestation of compliance provides limited assurance without verifiable data to substantiate it.

Such self-certification without verifiable standards leaves the supervising authority with no way to distinguish genuine compliance from paper compliance.

2. Outcome-based assessment criteria

We recommend that the Board supplement the proposed framework by directing Reserve Banks to consider, when assessing illicit finance risk under Principle 5 of the Account Access Guidelines, measurable indicators of compliance effectiveness. Such indicators could include:

- **Transaction monitoring coverage and detection capability.** Whether the institution's monitoring systems address the illicit finance typologies identified in FinCEN advisories and enforcement actions, including those specific to digital asset activity (such as those described in FinCEN Advisory FIN-2019-A003);
- **Sanctions screening performance.** The timeliness with which the institution implements screening against new OFAC designations, including blockchain-specific identifiers where applicable, consistent with OFAC's October 2021 Sanctions Compliance Guidance for the Virtual Currency Industry;
- **Suspicious activity detection and reporting.** The quality and timeliness of SAR filings relative to the institution's transaction volume and risk profile; and
- **Coverage across networks and asset types.** Whether the institution's monitoring and screening capability covers all supported payment networks and asset types.

Recognizing these criteria as assessment factors would give Reserve Banks a structured basis for evaluating whether an institution's compliance program produces adequate outcomes. For institutions whose payment activity is conducted on public blockchains, compliance performance against several of these criteria is independently verifiable through on-chain data. This represents a supervisory advantage unavailable in traditional banking, where compliance performance is typically assessed through periodic examination of internal records. Reserve Banks should be encouraged to consider this verifiability when assessing the illicit finance risk profile of blockchain-enabled Payment Account applicants.

In assessing compliance performance data, Reserve Banks should distinguish between (1) structurally verifiable blockchain data transaction records, address activity, and network-level flows that are reproducible from public ledgers and, (2) probabilistic attribution, which depends on the quality and currency of off-chain intelligence. We believe this supports fundamentally more rigorous supervisory assessment by clarifying what can be independently verified and what requires additional corroboration.

3. Application to the proposed illicit finance mitigants (Part IV.B.2.f)

The same principle applies to the Board's proposed illicit finance mitigants for ongoing monitoring. The six mitigants proposed in Part IV.B.2.f, independent assessments, attestations, audit reports, regular meetings, enforcement action notifications, and deficiency notifications, appropriately establish a framework for Reserve Bank oversight of Payment Account holders. However, each evaluates whether a compliance program is in place and whether the institution communicates about it. None address whether the program produces adequate compliance outcomes on an ongoing basis.

We recommend that Reserve Banks, when exercising their discretion to require independent assessments or audit reports under the proposed framework, evaluate those submissions against outcome-based criteria (including those identified above) rather than assessing solely whether a compliance program has been established. This approach would not impose additional reporting obligations on Payment Account holders but would ensure that the information Reserve Banks already contemplate requesting provides meaningful assurance of compliance effectiveness.

For Payment Account holders whose activity is recorded on public blockchains, compliance performance reporting can be grounded in verifiable, on-chain data which provides the Reserve Bank with a higher degree of assurance than is typically available for traditional account holders.

Respectfully submitted.