VELOXVFX LLC

Proposal and Comment Information

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R-1893 — Comment

Docket No. R-1893

The attached PDF is respectfully submitted by VeloxVFX LLC in response to the Board of Governors of the Federal Reserve System's proposed amendments to Regulation D: Reserve Requirements of Depository Institutions (R-1893).

This submission is provided from an independent, architecture-oriented public-record perspective and addresses the proposed treatment of Payment Accounts with respect to reserve-account relationships, reserve balances, interest on balances, and monetary neutrality.

The attached comment supports preserving the distinction between operational Payment Accounts and reserve-account administration while reinforcing institutional-boundary preservation, statutory consistency, and responsible payment-system modernization.

This submission is respectfully offered for the Board's consideration as part of the public comment process.

Respectfully submitted,

VeloxVFX LLC

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Public Comment

Regulation D: Reserve Requirements of Depository Institutions

Docket No. R-1893

Architecture-Oriented Public Comment on Reserve-Account Separation, Monetary Neutrality, Payment Account Governance, and Institutional-Boundary Preservation

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I. INTRODUCTION AND INDEPENDENT PUBLIC-RECORD POSITION

VeloxVFX LLC respectfully submits this public comment in response to the Board of Governors of the Federal Reserve System's proposed amendments to **Regulation D: Reserve Requirements of Depository Institutions (Docket No. R-1893).**

This submission is offered from an independent, architecture-oriented public-record perspective and is intended solely to assist the Board's consideration of reserve-account governance, Payment Account implementation, reserve-requirement policy, monetary neutrality, operational transparency, and institutional-boundary preservation.

VeloxVFX LLC submits this comment independently and not on behalf of any Federal Reserve Bank, insured depository institution, uninsured depository institution, special-purpose depository institution, payment processor, payment network, financial market utility, money transmitter, stablecoin issuer, digital asset service provider, exchange, broker-dealer, custodian, technology vendor, governmental entity, supervisory authority, regulatory authority, trade association, or lobbying organization.

Nothing contained in this submission should be interpreted as requesting eligibility for reserve balances, interest on reserve balances, a Master Account, a Payment Account, discount-window borrowing, intraday credit, supervisory authority, examination authority, monetary authority, settlement authority, or any governmental function reserved by law to the Federal Reserve System.

For avoidance of doubt, VeloxVFX LLC does not issue, redeem, custody, settle, transmit, process, clear, screen, report, supervise, examine, enforce, operate, or administer any payment account, reserve account, monetary instrument, governmental system, or Federal Reserve service.

Nothing in this submission should be interpreted as requesting adoption, implementation, procurement, endorsement, approval, operational integration, eligibility, or governmental recognition by the Board of Governors, any Federal Reserve Bank, or any other governmental authority.

Rather, this comment offers governance-oriented observations concerning the relationship between Payment Accounts and reserve-account policy. It focuses specifically on preserving monetary neutrality, maintaining the distinction between operational payment infrastructure and reserve-account relationships, and reinforcing the statutory framework governing reserve balances.

The observations presented throughout this submission are intended to complement—not replace—the Board's existing statutory framework and should not be interpreted as proposing expansion of Federal Reserve authority, modification of Regulation D, or redistribution of congressional responsibilities.

II. EXECUTIVE SUMMARY

The Board's proposed amendments to Regulation D appropriately clarify that holders of Payment Accounts would not maintain reserve-account relationships and would not receive interest on balances maintained for operational payment purposes.

VeloxVFX LLC respectfully supports this policy direction.

The proposal preserves the distinction between reserve-account administration and operational payment infrastructure while reinforcing the limited-purpose nature of the proposed Payment Account framework.

This submission respectfully offers five governance-oriented observations.

First, Payment Accounts should remain operational accounts dedicated exclusively to payment clearing and settlement.

Second, reserve balances and interest on reserve balances should remain governed solely by existing statutory and regulatory authorities.

Third, preserving separation between reserve-account relationships and Payment Accounts strengthens monetary neutrality and institutional clarity.

Fourth, modernization should improve payment efficiency without altering reserve-account policy or creating implied reserve relationships.

Fifth, implementation of the Payment Account framework should reinforce—not weaken—the legal distinctions between payment operations, reserve management, and monetary policy.

Accordingly, this submission addresses the proposed Regulation D amendments from a governance perspective and respectfully supports the Board's effort to preserve reserve-account integrity while modernizing payment infrastructure.

III. UNDERSTANDING THE PROPOSED REGULATION

The proposed amendments to Regulation D clarify an important policy distinction.

Payment Accounts are intended to facilitate payment clearing and settlement.

They are **not** intended to function as reserve accounts maintained for monetary-policy purposes.

Accordingly, Payment Account holders would not receive:

- reserve-account status;
- interest on reserve balances;

- reserve-account privileges;
- implied participation in the Federal Reserve's reserve-management framework.

VeloxVFX LLC respectfully agrees that this distinction is fundamental to preserving both the operational purpose of the Payment Account and the integrity of Regulation D.

Payment Accounts support payment operations.

Reserve accounts support monetary administration.

Maintaining that distinction preserves legal clarity, institutional accountability, and public confidence.

IV. GENERAL OBSERVATIONS

A. The Purpose of Regulation D

Regulation D has historically provided the legal framework governing reserve requirements, reserve balances, and related operational relationships between eligible institutions and the Federal Reserve System.

Although reserve requirements have evolved over time, Regulation D continues to serve an important governance function by defining the legal relationship between reserve accounts, monetary administration, and the Federal Reserve's implementation of monetary policy.

VeloxVFX LLC respectfully recognizes that the proposed amendments appropriately preserve this purpose while accommodating the introduction of a limited-purpose Payment Account.

Accordingly, Payment Account implementation should reinforce—not alter—the established role of Regulation D within the Federal Reserve's monetary framework.

B. Payment Accounts Are Operational Accounts

The proposed Payment Account is designed to support payment clearing and settlement.

It is not intended to function as:

- a reserve account;
- a monetary-policy instrument;
- an interest-bearing account;
- a liquidity management account;
- a substitute for reserve balances; or
- an operational extension of Regulation D.

VeloxVFX LLC respectfully agrees that preserving this distinction is fundamental to maintaining the integrity of the proposed framework.

Operational payment services and reserve-account administration serve different public purposes and should remain institutionally distinct.

C. Monetary Neutrality

The proposal appropriately preserves monetary neutrality by distinguishing operational payment functionality from reserve-account relationships.

VeloxVFX LLC respectfully submits that modernization should improve payment efficiency without creating unintended changes to:

- reserve-account administration;
- reserve-balance treatment;
- monetary-policy implementation;
- Federal Reserve liabilities;
- institutional expectations.

Maintaining monetary neutrality supports predictable implementation while preserving public confidence in the Federal Reserve's statutory responsibilities.

V. RESERVE REQUIREMENTS AND MONETARY NEUTRALITY

A. Reserve Accounts Serve a Distinct Public Function

Reserve accounts perform a unique role within the Federal Reserve System.

They support the implementation of monetary policy, reserve management, and the broader administration of the nation's financial system.

Payment Accounts perform a different operational function.

Accordingly, the Board's proposal appropriately maintains separate treatment for these two categories of accounts.

VeloxVFX LLC respectfully supports preserving this distinction.

B. Payment Accounts Should Not Become Reserve Relationships

Participation in the proposed Payment Account framework should not create either:

- reserve-account status;

- implied reserve relationships;
- reserve-balance privileges;
- monetary-policy participation;
- interest-bearing status.

Maintaining these distinctions reinforces the operational purpose of the Payment Account while protecting the integrity of Regulation D.

C. Interest on Balances

The proposal appropriately provides that Payment Account balances would not receive interest in the manner associated with reserve balances.

VeloxVFX LLC respectfully agrees.

Providing interest on Payment Account balances could create unnecessary uncertainty regarding the operational purpose of the account and its relationship to the Federal Reserve's reserve-management framework.

Accordingly, preserving the proposed non-interest-bearing treatment supports:

- institutional clarity;
- monetary neutrality;
- consistent implementation;
- public understanding.

VI. PAYMENT ACCOUNTS AND RESERVE-ACCOUNT SEPARATION

A. Operational Infrastructure Versus Monetary Administration

Payment infrastructure and reserve-account administration perform fundamentally different governmental functions.

Payment infrastructure facilitates operational movement of funds.

Reserve-account administration supports implementation of monetary policy.

Although both exist within the Federal Reserve System, they should remain legally and operationally distinct.

The proposed amendments appropriately preserve this distinction.

B. Operational Participation Does Not Expand Monetary Status

Maintaining a Payment Account should not alter an institution's legal relationship with the Federal Reserve concerning:

- reserve balances;
- reserve requirements;
- monetary policy;
- reserve-account administration;
- interest on balances.

Operational participation should remain operational participation.

Monetary administration should remain monetary administration.

C. Public Confidence Through Reserve-Account Clarity

Public confidence benefits when institutions clearly understand the legal nature of Federal Reserve accounts.

The proposed amendments reduce uncertainty by confirming that Payment Accounts are not reserve accounts.

VeloxVFX LLC respectfully believes this clarification strengthens implementation while preserving the statutory framework governing Regulation D.

VII. INSTITUTIONAL-BOUNDARY PRESERVATION

A. Preserving Congressional Design

Congress has established distinct legal authorities governing payment operations, reserve-account administration, and monetary policy.

The proposed amendments appropriately preserve these distinctions.

VeloxVFX LLC respectfully submits that modernization should continue reinforcing—not redefining—the institutional design established by Congress.

Accordingly:

- Payment Accounts remain operational payment infrastructure.
- Reserve accounts remain monetary-policy instruments administered under existing law.
- Reserve balances remain subject to the statutory framework governing the Federal Reserve System.

- Monetary authority remains vested exclusively in the public institutions designated by Congress.

B. Reserve Policy Should Remain Independent

Reserve-account policy should continue being determined through monetary-policy objectives rather than operational payment considerations.

Maintaining this independence strengthens:

- monetary stability;
- institutional accountability;
- policy consistency;
- public confidence.

The proposed amendments appropriately preserve this independence.

VIII. RECOMMENDATIONS

VeloxVFX LLC respectfully offers the following recommendations for the Board's consideration as it finalizes the proposed amendments to **Regulation D: Reserve Requirements of Depository Institutions (Docket No. R-1893).**

Recommendation 1 — Preserve the Limited-Purpose Character of Payment Accounts

The proposed amendments appropriately distinguish Payment Accounts from reserve accounts maintained under Regulation D.

VeloxVFX LLC respectfully recommends preserving this distinction.

Payment Accounts should continue functioning solely as operational mechanisms supporting payment clearing and settlement and should not be interpreted as creating reserve-account relationships or monetary-policy participation.

Recommendation 2 — Preserve the Integrity of Regulation D

Regulation D has historically governed reserve-account relationships and reserve-balance administration within the Federal Reserve System.

The proposed amendments appropriately preserve this framework.

Accordingly, reserve balances, reserve-account status, and interest on reserve balances should continue being governed exclusively by applicable statutes, regulations, and Board policy rather than operational participation in payment services.

Recommendation 3 — Reinforce Monetary Neutrality

Payment-system modernization should continue preserving the distinction between:

- payment operations;
- reserve-account administration;
- monetary-policy implementation;
- reserve-balance management.

Maintaining these distinctions reinforces institutional clarity while preserving the Federal Reserve's monetary responsibilities.

Recommendation 4 — Preserve Reserve-Account Separation

The Board should continue emphasizing that Payment Account participation does not alter:

- reserve-account eligibility;
- reserve-balance treatment;
- interest-bearing status;
- monetary-policy participation;
- Federal Reserve liabilities.

Clear separation between operational payment infrastructure and reserve-account relationships promotes consistent implementation across the Federal Reserve System.

Recommendation 5 — Encourage Consistent Reserve Bank Implementation

VeloxVFX LLC respectfully supports consistent implementation of the proposed amendments by the Federal Reserve Banks.

Consistent interpretation promotes:

- operational predictability;
- monetary neutrality;
- institutional confidence;
- transparent governance.

Reserve Banks should continue exercising their statutory responsibilities while applying common principles established by the Board.

Recommendation 6 — Preserve Public Monetary Authority

The proposed amendments appropriately reinforce that reserve-account administration remains a governmental function exercised under statutory authority.

Payment-system modernization should continue preserving this principle.

Nothing associated with Payment Account implementation should be interpreted as transferring reserve administration, monetary authority, or governmental responsibility to private operational frameworks or informational architectures.

IX. CONCLUSION

VeloxVFX LLC respectfully appreciates the opportunity to submit this public comment concerning the proposed amendments to **Regulation D: Reserve Requirements of Depository Institutions (Docket No. R-1893).**

This submission has been offered from an independent, architecture-oriented public-record perspective and is intended solely to assist the Board's evaluation of reserve-account governance, Payment Account implementation, monetary neutrality, institutional-boundary preservation, and payment-system modernization.

VeloxVFX LLC respectfully supports the Board's decision to preserve the distinction between Payment Accounts and reserve-account relationships.

The proposed treatment appropriately maintains:

- the integrity of Regulation D;
- the limited-purpose character of Payment Accounts;
- the independence of reserve-account administration;
- clearly defined institutional responsibilities;
- public confidence in the Federal Reserve System.

The observations presented throughout this submission are guided by several consistent principles.

Payment-system modernization should encourage innovation while preserving monetary neutrality.

Operational payment infrastructure should remain distinct from reserve-account administration.

Architecture may improve operational transparency and informational continuity, but it should never replace statutory authority, monetary-policy responsibilities, supervisory judgment, or congressional intent.

Reserve-account governance should remain governed exclusively by the legal framework established by Congress and implemented by the Board of Governors.

Accordingly, VeloxVFX LLC respectfully submits these observations for the Board's consideration as it finalizes the proposed amendments to Regulation D.

Respectfully submitted,

VeloxVFX LLC

Independent Architecture-Oriented Public-Record Perspective

June 30, 20

APPENDIX A

Regulation D Response Matrix

Regulation D Proposal Topic	Section
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APPENDIX B

Guiding Governance Principles

The observations presented throughout this submission are guided by the following principles:

1. Preserve statutory authority.
2. Preserve reserve-account integrity.
3. Preserve the limited-purpose character of Payment Accounts.
4. Maintain monetary neutrality.
5. Distinguish operational payment infrastructure from reserve-account administration.
6. Preserve institutional boundaries.
7. Encourage transparent governance.
8. Promote consistent implementation.
9. Preserve public confidence.
10. Support responsible innovation within existing statutory frameworks.

APPENDIX C

Public-Record Clarification

This submission is offered solely as an independent public comment responding to **Docket No. R-1893**.

Nothing contained herein should be interpreted as:

- requesting reserve-account status;
- requesting reserve balances;
- requesting interest on reserve balances;
- requesting a Master Account;
- requesting a Payment Account;
- requesting discount-window access;
- requesting intraday credit;
- requesting supervisory authority;
- requesting examination authority;
- requesting monetary authority;
- requesting settlement authority;
- requesting procurement, endorsement, implementation, operational integration, or adoption by the Board of Governors or any Federal Reserve Bank.

For avoidance of doubt, VeloxVFX LLC does not issue, redeem, custody, settle, transmit, process, clear, screen, report, supervise, examine, enforce, operate, or administer any payment account, reserve account, monetary instrument, governmental system, payment rail, or Federal Reserve service.

The observations contained in this submission are intended solely to assist the Board's public consideration of the proposed amendments to Regulation D by promoting reserve-account clarity, monetary neutrality, institutional-boundary preservation, operational transparency, and responsible payment-system modernization while preserving the statutory framework governing reserve requirements.