UNITED STATES SENATE, SEN. CYNTHIA M. LUMMIS

Proposal and Comment Information

Title: Regulation D: Reserve Requirements of Depository Institutions, R-1893

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Submitter Information

Organization Name: United States Senate

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Please see attached letter.

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July 27, 2026

Benjamin W. McDonough, Deputy Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: *Regulation A: Extensions of Credit by Federal Reserve Banks* (Docket No. R-1892)

Regulation D: Reserve Requirements of Depository Institutions (Docket No. R-1893)

Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests (Docket No. OP-1878)

Dear Mr. McDonough,

Thank you for the opportunity to comment on the Federal Reserve Board's Payment Account rulemaking.[1] I also want to thank Governor Waller for his continued leadership on this issue.

This rulemaking, and attendant changes to Board policies, improves on the February 2026 Payment Account proposal by raising the closing balance limit to $1 billion.[2] With this change, I strongly support finalization of the Payment Account rulemaking as soon as possible, but not later than the end of this year.

In implementing payment accounts over the coming years, the Board should recall its principles in the *Guidelines for Account and Services Requests*, which provides that:

- Reserve Banks should incorporate into their risk assessments, to the extent possible, the assessments of an institution by its state and/or federal supervisors; and
- Reserve Banks should confirm that institutions have compliance programs consisting of the BSA/AML components set out in the *Guidelines* and in relevant regulations which are designed to support compliance with OFAC regulations.[3]

These principles are grounded in the fact that Reserve Banks are not the primary prudential regulator of institutions with payment accounts—an institution's state or federal regulator is responsible for regular examination and supervision of the institution's BSA/AML and sanctions program. Reserve Banks should give great deference to an institution's primary state or federal regulator with respect to illicit finance compliance, and Reserve Banks should not serve in a regular examination or supervision role.

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[1] *Regulation A: Extensions of Credit by Federal Reserve Banks,* 91 Fed. Reg. 30,498 (May 26, 2026); *Regulation D: Reserve Requirements of Depository Institutions*, 91 Fed. Reg. 30,503 (May 26, 2026); *Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests*, 91 Fed. Reg. 30,627 (May 26, 2026).

[2] *Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests,* 91 Fed. Reg. 30,627, 30,363 (May 26, 2026).

[3] *Guidelines for Evaluating Account and Services Requests*, 87 Fed. Reg. 51099, 51107 (Aug. 19, 2022).

Payment accounts are an important step forward for responsible payments innovation in the United States, and will make payments faster, cheaper and safer. Payment accounts will promote competition and reduce systemic risk, lessen concentration risk,[4] and promote broader settlement in central bank money for financial market participants,[5] consistent with the widely-accepted Principles for Financial Market Infrastructures.[6]

Additionally, the rulemaking is a step forward in implementing the statutory command of Congress in the *Monetary Control Act of 1980*, which mandated that "*all* Federal Reserve bank services covered by the fee schedule shall be available to nonmember depository institutions" and that the term "nonmember depository institutions" includes "*any bank* which is eligible to make application to become an insured bank under section 5 of [the Federal Deposit Insurance] Act."[7]

I look forward to the Board finalizing the rules and policies implementing the payment account as soon as possible.

Sincerely,

Senator Cynthia M. Lummis
Chair, Subcommittee on Digital Assets
U.S. Senate Committee on Banking, Housing and Urban Affairs

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[4] *See* Bd. Gov. Fed. Rsrv. Sys., *Correspondent Concentration Risks*, Supervisory Letter 10-10, https://www.federalreserve.gov/boarddocs/srletters/2010/sr1010a1.pdf (last visited Feb. 4, 2026).

[5] *See* Bank for Int'l Settlements, *Wholesale Central Bank Money in the Context of Technological Innovation*, Sept. 2025, at *5, https://www.bis.org/publ/othp99.pdf (settlement in central bank money "enhance[s] the safety and efficiency of payment and settlement arrangements, and more broadly limit[s] systemic risk.").

[6] *Principle 9*, *Principles for Financial Market Infrastructures*, Bank for Int'l Settlements, https://www.bis.org/cpmi/publ/d101a.pdf (last visited Jul. 24, 2026) ("An FMI should conduct its money settlements using central bank money, where practical and available, to avoid credit and liquidity risks.").

[7] 12 U.S.C. § 248a(c)(2), 12 U.S.C. § 461(b)(1)(A)(i) (emphasis added). *See also Custodia Bank v. Fed. Rsrv. Bank of Kan. City*, 157 F.4th 1235, 1267 (10th Cir. 2025) (Tymkovich, J., dissenting).