PAYWARD, INC., JONATHAN JACHYM

Proposal and Comment Information

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

Comment ID: FR-2026-0015-01-C25

Subject

Federal Reserve Payment Accounts

Submitter Information

Organization Name: Payward, Inc.

Organization Type: Company

Name: Jonathan Jachym

Submitted Date: 07/28/2026

Please find attached Payward/'s comments on the Federal Reserve Payments Accounts and Regulation D rulemakings.

Apologies for being after the deadline, I experienced internet problems.

Via Electronic Submission

July 27, 2026

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

RE: 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:

Payward, Inc.[1] welcomes the opportunity to comment in response to the proposed revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests (the "Proposal") issued by the Board of Governors of the Federal Reserve System (the "Board").[2]

Payward was founded in 2011 and has steadily grown into one of the world's oldest and largest digital asset infrastructure businesses. Through our Payward family of businesses, we power traditional and digital asset products for customers across the world. Today, we safeguard over $48 billion in assets and we executed over $2 trillion in transaction volume in 2025. Our businesses include Kraken, which is consistently named one of the most secure places to buy and sell digital assets due to our robust security for client assets and Payward Financial, Inc. ("Kraken Financial"), a Wyoming-chartered Special Purpose Depository Institution ("SPDI").[3] Kraken Financial operates as a full reserve institution offering qualified custody solutions and does not engage in lending. In 2026, the Federal Reserve Bank of Kansas City granted a limited purpose master account to Kraken Financial.[4]

Payward supports the Board's broader objective of providing greater transparency and reducing uncertainty in the application process for direct access to Reserve Bank accounts and services. We appreciate that the Proposal reflects several changes Payward and others sought in response to the December 2025 request for information.[5] Our recommendations below focus on targeted refinements that would improve the usability of the Payment Account, better align restrictions with supervisory risk, and provide a clearer pathway for legally eligible financial institutions to broader access to Reserve Bank services.

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[1] Payward official website, available at https://www.payward.com.
[2] Board of Governors of the Federal Reserve System, "Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests," 91 Fed. Reg. 100 at 30627 (May 26, 2026).
[3] Kraken Financial website, available at https://www.kraken.com/financial.
[4] Kraken Blog, *Kraken becomes first digital asset bank to receive a Federal Reserve master account*, March 4, 2026, available at https://blog.kraken.com/news/federal-reserve-master-account.
[5] Board of Governors of the Federal Reserve System, "Request for Information and Comment on a Reserve Bank Payment Account Prototype," 90 Fed. Reg. 244 at 60096 (Dec. 23, 2025).

Executive Summary

1. **Closing Balance Limits should be flexible and the services available to Payment Accounts should be expanded.** Payward recommends that the Board set the Closing Balance Limit on each institution's expected payment activity without any fixed upper ceiling, in order to appropriately accommodate firms of various sizes that seek Payment Account access. Furthermore, to increase the usability of Payment Accounts, the Payment Account's available retail services should extend beyond the FedNow Service to include the FedACH Service.

2. **Payment Account holders should be considered for full master account access.** Payward recommends that the Board provide a clearly defined, performance-based path for a Payment Account holder to obtain full master account access.

3. **Overlapping BSA/AML standards should not be implemented.** Payward recommends that the Board rely on an applicant's primary supervisor for Bank Secrecy Act ("BSA"), anti-money laundering ("AML"), and sanctions compliance, as it already does for other supervised institutions, rather than impose a separate illicit finance regime at Reserve Bank discretion.

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Payward provides the following specific comments in response to the Proposal.

I. Closing Balance Limits should be flexible and the services available to Payment Accounts should be expanded.

A. Closing Balance Limits

Payward agrees that a Payment Account should be usable for its intended purpose—the clearing and settlement of an institution's own payment activity—and that the account's terms should be calibrated to the risks it actually presents. As such, we recommend the Board not impose a fixed $1 billion upper ceiling that overrides those individualized, risk-based determinations by Reserve Banks.
A Closing Balance Limit that is constrained by the proposed $1 billion upper ceiling may be insufficient to accommodate an institution's genuine payment needs as its activities grow, forcing it to maintain a second account elsewhere for the overflow. Requiring institutions to manage overflow balances through separate banking relationships would increase operational complexity and fragment liquidity management. Payward recommends that the Board retain the activity based method it proposes, under which the Reserve Bank sets and annually reviews each limit on expected payment flows, without the $1 billion ceiling. A fixed $1 billion upper ceiling is unnecessary where Reserve Banks already establish and periodically review institution-specific Closing Balance Limits. Allowing those limits to

evolve with an institution's payment activity would better support growth and innovation while preserving the Proposal's risk-based framework.

B. Services Available to Payment Accounts

The Proposal gives Payment Accounts access to the FedNow Service, the Fedwire Funds Service, and the National Settlement Service. However, it does not contemplate providing access to FedACH Service, on the ground that the Reserve Banks cannot automatically reject automated clearing house transactions that would cause an overdraft and, as a result, the Board does not believe there is a reasonable way to allow Payment Accounts to access FedACH and effectively mitigate credit risk to the Reserve Banks without disrupting the ACH network.

Payward recognizes the credit risk the Board is managing. ACH transfers remain the backbone of routine consumer and business payments, however. A Payment Account that cannot access ACH services would not provide the functionality that many institutions actually require and, as a result, would require Payment Account holders to continue relying on intermediaries for a significant amount of day-to-day payment activity.

Payward recommends that the Board commit to a defined path to FedACH access for Payment Account holders, conditioned on a risk framework that addresses the overdraft concern directly through full prefunding of ACH transactions. Although the Proposal identifies operational challenges associated with mitigating Reserve Bank credit exposure arising from FedACH, those challenges should not result in the indefinite exclusion of Payment Account holders from a core Federal Reserve payment service.

II. Payment Account holders should be considered for full master account access.

Under the Proposal, an institution may hold a Payment Account or a master account but not both, and a Payment Account holder that later seeks a master account must undergo a full review under the Account Access Guidelines. Although the Board generally recognizes that a Reserve Bank's experience with a Payment Account holder may inform that review, the Proposal provides little guidance regarding how a Reserve Bank's experience with a Payment Account holder, including its operational history and supervisory record, will inform that review. For Payment Account holders, that uncertainty would risk making the Payment Account a practical endpoint, even where an institution has demonstrated over a sustained period that it does not present the risks reflected in the Board's Account Access Guidelines. Payward therefore recommends that the Board establish a transparent, performance-based framework under which an institution's successful operation of a Payment Account over time is considered in any subsequent request for a master account or removal of restrictions. Such an approach would make the Payment Account a more attractive option for institutions making significant long-term investments in compliance with Reserve Bank-imposed requirements, operational capabilities, and payment-system connectivity.

III. Overlapping BSA/AML standards should not be implemented

The Proposal does not impose specific illicit finance requirements on Payment Account applicants but sets out a non-exhaustive list of measures a Reserve Bank may require at its discretion, and asks whether uninsured applicants in particular should face defined requirements. Payward agrees that every institution with direct access must maintain strong BSA/AML and sanctions programs, and that the Reserve Banks need adequate information to assess that compliance.

In order to obtain assurance for BSA/AML compliance, Payward recommends that the Board direct the Reserve Banks to give deference to the applicant's primary supervisor with respect to BSA/AML and sanctions compliance, rather than build a parallel illicit finance regime administered on a case-by-case basis. So long as the applicant is considered a bank under the Bank Secrecy Act, requiring independent third party assessments or a freestanding Reserve Bank determination regarding the adequacy of that supervisory regime would impose unnecessary costs, duplicate existing oversight, and risk substituting the Reserve Bank's discretion for the judgment of the authority responsible for chartering and examining these entities.

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Payward appreciates the opportunity to respond to the Board's Proposal and would welcome the opportunity to discuss any of the issues raised in this letter in greater detail.

/s/ Jonathan Jachym

Jonathan Jachym
Global Head of Policy and Market Structure
Payward

Via Electronic Submission

July 27, 2026

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

RE: Regulation D: Reserve Requirements of Depository Institutions; Docket No. R–1893; RIN 7100–AH25

Dear Mr. McDonough:

Payward, Inc.[1] welcomes the opportunity to comment on the Board of Governors of the Federal Reserve System's (the "Board") proposed amendment to Regulation D (the "Proposal").[2] Payward commends the Board for proposing a set of standard and transparent terms for the provision of special purpose accounts designed for the purpose of clearing and settling payments activity of the institution, its depositors, and its other customers (the "Payment Account"). We support the Board's broader objective of providing greater transparency and reducing uncertainty in the application process for direct access to Reserve Bank accounts and services.

Payward was founded in 2011 and has steadily grown into one of the world's oldest and largest digital asset infrastructure businesses. Through our Payward family of businesses, we power traditional and digital asset products for customers across the world. Today, we safeguard over $48 billion in assets and we executed over $2 trillion in transaction volume in 2025. Our businesses include Kraken, which is consistently named one of the most secure places to buy and sell digital assets due to our robust security for client assets and Payward Financial, Inc. ("Kraken Financial"), a registered Special Purpose Depository Institution ("SPDI") in the State of Wyoming.[3] Kraken Financial operates as a full reserve institution offering qualified custody solutions and does not engage in lending. In March 2026, the Federal Reserve Bank of Kansas City granted a limited purpose master account to Kraken Financial.[4]

[1] Payward official website, available at https://www.payward.com.
[2] Board of Governors of the Federal Reserve System, "Regulation D: Reserve Requirements of Depository Institutions," Docket No. R–1893, RIN 7100–AH25, 91 Fed. Reg. 100 at 30505 (May 26, 2026).
[3] Kraken Financial website, available at https://www.kraken.com/financial.
[4] Kraken Blog, *Kraken becomes first digital asset bank to receive a Federal Reserve master account,* March 4, 2026, available at https://blog.kraken.com/news/federal-reserve-master-account.

Although Payward supports the overall Payment Account framework, we believe the Proposal would be improved by adopting a more tailored approach to the payment of interest on Payment Account balances.

The Board Should Adopt a Flexible Interest Rate Approach Rather Than a Strict Prohibition

Rather than prohibit the payment of interest, Payward recommends that the Board adopt a risk-based approach that distinguishes among Payment Account holders based on their business model and the policy concerns they present. Because the Board can set the applicable interest rate and Reserve Banks would establish institution-specific Closing Balance Limits that cap the amount of funds that may be held in a Payment Account at the Federal Reserve's daily close of business, the Board can calibrate the payment of interest in a manner that is aligned with its balance sheet and monetary policy objectives.

Institutions that maintain balances in their Payment Account principally to support payment activity, rather than primarily to passively generate returns from interest on reserve balances, should receive interest on Payment Account balances up to the applicable Closing Balance Limit.

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Payward appreciates the opportunity to comment to the Board on the Proposal and would welcome the opportunity to discuss any of the issues raised in this letter in greater detail.

Respectfully submitted,

/s/ Jonathan Jachym

Jonathan Jacym
Global Head of Policy and Market Structure
Payward, Inc.