

STRIPE, LLC, NUVEEN DHINGRA

Proposal and Comment Information

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

Comment ID: FR-2026-0015-01-C27

Submitter Information

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Organization Type: Company

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see attachment

July 27, 2026

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

Re: Proposed Modifications to the Federal Reserve Policy on Payment System Risk and Guidelines for Evaluating Account and Services Requests (Docket No. OP-1878); Regulation A: Extensions of Credit by Federal Reserve Banks (Docket No. R-1892; RIN 7100-AH24); and Regulation D: Reserve Requirements of Depository Institutions (Docket No. R-1893; RIN 7100-AH25)

Dear Secretary McDonough:

Stripe, LLC (“Stripe”) appreciates the opportunity to comment on the Board of Governors of the Federal Reserve System’s (the “Board’s”) proposed revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Evaluating Account and Services Requests (Docket No. OP-1878); the proposed amendments to Regulation A (Docket No. R-1892); and the proposed amendments to Regulation D (Docket No. R-1893) (collectively, the “Proposals”). Together, the Proposals would formalize a new special-purpose “Payment Account” through which legally eligible institutions could access Federal Reserve clearing and settlement services. Stripe submitted detailed comments in response to the Board’s December 2025 Request for Information on the Reserve Bank Payment Account Prototype (“RFI”).¹ While the Proposals’s supplementary information suggests that those comments were considered, we are disappointed that the Board did not modify the Payment Account’s core terms to support more meaningful access for legally eligible institutions. We are submitting this letter to reiterate our prior comments in full and offer several additional observations specific to the Proposals.

I. About Stripe

Stripe is a global technology company that builds economic infrastructure for the internet economy, serving companies from small businesses and startups to some of the world’s largest enterprises. Stripe launched in 2011 with the mission to grow the GDP of the internet. When we first launched, it typically took merchants and commerce platforms several months to integrate their systems with banks, gateways, and acquirers in order to accept online payments. Stripe’s payment technologies, including APIs, were designed to abstract away the complexity of the payments ecosystem, reducing merchant processing implementation times from months to minutes, and thereby enabling small businesses and start-ups around the world to reach a broader array of users and chart a faster, cheaper path toward profitable growth.

Today, businesses located in nearly 50 countries use Stripe to process total payment volumes equivalent to more than 1.5 percent of global GDP, all while maintaining 99.999% uptime. Our ability to innovate quickly while maintaining such high levels of resiliency is materially enhanced when we are able to connect directly to critical infrastructure. For example, direct connections to payment systems enable us to reduce dependency on

¹ Stripe, LLC, Response to Request for Information and Comment on Reserve Bank Payment Account Prototype (Docket No. OP-1877) (Feb. 6, 2026), available at <https://www.federalreserve.gov/apps/proposals/comments/FR-2025-0083-01-C73>.

third parties with aging, unreliable technology stacks to provide safe and efficient services to businesses of all sizes with fewer points of failure.

II. The Federal Reserve Should Modify the Proposed Payment Account's Terms to Enhance its Efficacy

Stripe's response to the RFI offered the following suggestions:

- First, the Board should implement a "sufficient reserves regime" for Payment Accounts where Reserve Banks would pay full interest on reserve balances ("IORB," the rate paid to banks on reserves held in Reserve Bank accounts) but only up to a maximum "settlement balance," calibrated to a reasonable multiple of peak historical and projected settlement volume. Reserve Banks would pay no interest on balances exceeding that threshold. This regime would be designed to incentivize holding reserves sufficient to reduce liquidity and settlement risk while disincentivizing maintenance of excessive reserves.
- Second, the Board should dispense with any hard balance caps, which would be rendered unnecessary by the soft balance caps incentivized by the sufficient reserves regime, as described above.
- Third, intraday credit should be technically available to ensure smooth functioning of the payment system, but use should be highly discouraged with penalty rates.
- Fourth, FedACH should be made available through Payments Accounts, and the lack of FedACH significantly undermines their utility for retail payments.
- Fifth, Reserve Banks should support recognition of third-party interests, a feature that would be of unique relevance and importance to payments firms subject to 100% reserve requirements.

We incorporate by reference the above observations and other comments we submitted in response to the RFI (Docket No. OP-1877) and supplement them here with the following observations specific to the Proposals.

A. Balance Caps

The Proposal would cap overnight Payment Account balances at \$1 billion, with Reserve Bank discretion to set the cap lower—but not higher—based on expected payment flows. If settlement-volume-based judgment is the right methodology, Reserve Banks should have symmetrical authority to approve caps higher than \$1 billion when a holder's demonstrated settlement activity warrants it. The structure as proposed, with Reserve Bank discretion running only downward, means that any institution that outgrows the cap has no administrative path to relief without new rulemaking. The Board should instead permit Reserve Banks to adjust caps in both directions based on demonstrated settlement needs.

Furthermore, a balance cap of even \$1 billion is not sufficient to support a scaled payments business. We believe that the Board's analysis showing that \$1 billion would be equal to or greater than approximately 97 percent of account closing balances over the past five years is poor support for the proposition that a \$1 billion cap is adequate. First, that data reflects the reserve maintenance behavior of commercial banks rather than payments firms. The daily payout volume facilitated by a payments firm is likely a far more significant fraction of its total assets than it is for the median commercial bank. We expect this would lead payments firms, the largest of which today access Federal Reserve payments services through very large banks, to occasionally hold significantly higher balances than the median commercial bank. Second, the distributional data supports, in our view, the need for broader access to Federal Reserve accounts. It suggests that the vast majority of



reserves—over \$3 trillion as of July 15, 2026—are concentrated in money center banks, creating immense concentration risk in payments systems.

B. Interest on Reserve Balances

The Board's rationale for proposing to remove the legal authority for Reserve Banks to pay IORB on Payment Accounts is that the establishment of Payments Accounts may affect the overall size and composition of the consolidated balance sheet of Reserve Banks and thereby may affect the implementation of monetary policy. We have several concerns with this rationale.

First, the Board has not offered an assessment of how Payments Accounts, if subject to \$1 billion balance caps, could meaningfully impact the size and composition of the consolidated balance sheet of Reserve Banks. The establishment of even 100 Payment Accounts could create an expansion that would be miniscule relative to multi-trillion dollar expansion caused by growth in use of the overnight reverse repo facility seen in 2022-2023.

Second, the Board has not explained why putative balance sheet expansion associated with Payment Accounts is more problematic than the expansion already accepted through payment of IORB to commercial banks under the ample reserves regime—an expansion that has produced a Federal Reserve balance sheet considerably larger than the minimum necessary for efficient monetary policy implementation, considering that it remains possible to conduct monetary policy via a scarce reserves regime. The burden should be on the Board to articulate why it accepts one expansion but not the other.

Third, the Board has not explained why it is not considering the additional control of the federal funds rate within the target range that can be enabled by paying IORB on Payments Accounts. The Board acknowledges that paying interest could support such control, but notes that “the risk to rate control of paying zero interest on Payment Account balances would be minimal.” But the Board is not considering the rate control benefits of paying IORB as a mitigant to potential risks around expansion of the consolidated balance sheet of Reserve Banks.

III. The Federal Reserve Should Implement a Plan to Reduce Limitations on Payment Accounts

Any final rule should commit to an immediate, structured review with published results of necessary steps to support access to FedACH and a recurring biannual review of all Payment Account restrictions. Without such a commitment, the Payment Account risks becoming a permanent lower tier of participation in payment systems rather than an onramp towards more robust access. A clearly articulated path forward would also allow payments firms to make the long-term infrastructure investments that depend on predictable access to Federal Reserve clearing and settlement services.

IV. The Federal Reserve Should Clarify that Legal Eligibility for Master Accounts Remains Unchanged

Any final rule must not function as a mechanism for redirecting legally eligible institutions from master accounts into Payment Accounts. Statutory eligibility for Reserve Bank services is established by Congress and is unchanged by this rulemaking. A final rule should provide that: (i) institutions legally eligible for master

accounts retain that eligibility regardless of the existence of the Payment Account; (ii) accepting a Payment Account does not waive or diminish an institution's right to seek a master account; and (iii) the Board will continue to evaluate master account applications from legally eligible institutions on the merits under the Account Access Guidelines, separately from and without reference to the Payment Account program.

V. Reserve Banks Should Not Pause Decisions on Access Requests from Tier 3 Institutions, especially OCC-chartered National Trust Banks

The Proposal encourages Reserve Banks to temporarily suspend processing of pending access requests from Tier 3 institutions. We oppose this pause. In the Board's own words, payments firms seeking capabilities beyond those offered in the Payment Account should apply for a master account. Pausing decisions on master account applications, however, suggests that the Board does not truly intend to grant broader access to payment services to Tier 3 institutions in direct contradiction to Congressional intent.

We also believe that OCC-chartered national trust banks warrant distinct treatment. To the extent any differentiated treatment for Tier 3 institutions is maintained, OCC-chartered national trust banks should be in a separate category. These institutions are subject to rigorous federal supervision by the nation's primary federal chartering authority and operate under legal requirements and oversight that are well understood by Board and Reserve Bank staff.

VI. Conclusion

The Payment Account represents a constructive but incomplete step toward enabling payments-focused institutions to participate in Federal Reserve clearing and settlement infrastructure. Stripe stands ready to provide additional data, operational context, or legal analysis that would assist the Board in finalizing a workable framework.

Respectfully submitted,

/s/

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