CANNABIS FINANCIAL INDUSTRY GROUP , ADAM CRABTREE

Proposal and Comment Information

Title: Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations, OP-1880

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Submitter Information

Organization Name: Cannabis Financial Industry Group

Organization Type: Organization

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Attached are the comments of the Cannabis Financial Industry Group

Comments of the Cannabis Financial Industry Group on the Federal Reserve Board's Request for Comment on the Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations

November 15, 2026

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

RE: Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations, Docket No. OP-1880

via the Board's comment portal at federalreserve.gov/apps/proposals

Dear Secretary McDonough:

The Cannabis Financial Industry Group ("CFIG") appreciates the opportunity to comment on the Board's Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations (the "Guide").[1] CFIG is a trade association of banks, credit unions, and the compliance, technology, and financial services firms that support them in serving the state-licensed and regulated cannabis market. Our depository members hold cannabis accounts today and answer to their examiners for how those accounts are managed. Our service provider members build the license verification, transaction monitoring, and data reconciliation tools those institutions rely on. CFIG supports the comments filed by the U.S. Cannabis Roundtable ("USCR") on behalf of licensed operators, and we write separately to offer the perspective of the institutions the Guide is written for.

One sentence in the Guide matters a great deal to our members. Section IV.C.7 states that where "a TCBO's clients present higher risk (e.g., marijuana-related businesses), tools with more advanced capabilities may be appropriate."[2] CFIG does not dispute that marijuana-related businesses ("MRBs") carry distinct risks, and our members do not treat them otherwise. But a bank or credit union reading this sentence cannot tell what the Board expects of it, whether its existing program meets that expectation, or whether the sentence is meant as a caution against the business line itself. For community institutions, that uncertainty is a cost in its own right, and it often decides whether they serve the market at all.

Licensed cannabis businesses are cash-intensive, and much of their activity remains federally prohibited. Those risks are real, but they are neither new to our members nor unmanageable. Financial institutions have served licensed cannabis businesses under FinCEN's Bank Secrecy

[1] Board of Governors of the Federal Reserve System, *Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations*, Docket No. OP-1880, 91 Fed. Reg. 58438 (Sept. 15, 2026) [hereinafter Proposed Guide], available here.
[2] *Id.* § IV.C.7 (BSA/AML and Financial Crime Platform Providers).

Act guidance since 2014, building programs around enhanced due diligence, license verification, and ongoing monitoring.[3] The federal government has since gone further, accepting a state license as the foundation for Drug Enforcement Administration ("DEA") registration of medical cannabis businesses.[4] Guidance that names cannabis customers as higher-risk without explaining how institutions manage that risk would push community banks and credit unions away from a market they have learned to serve safely.

CFIG asks the Board to replace that uncertainty with clarity. Specifically, we ask the Board to (1) revise Section IV.C.7 so that its reference to MRBs describes how the risk can be managed rather than simply naming it; (2) recognize verification of a customer's active state license, and where applicable its DEA registration, as a relevant risk mitigant; and (3) describe the purpose-built compliance tools available to TCBOs and how to evaluate them under the Guide's existing vendor diligence framework, in proportion to the size of the institution's cannabis portfolio. Our proposed language appears in Section IV below.

I. Banks and Credit Unions Need Clarity, Not an Unexplained Signal

The Guide stresses that there is "no one-size-fits-all approach to effective risk management" and that its examples illustrate rather than prescribe.[5] The companion interagency proposal similarly warns institutions against treating every third-party relationship as inherently higher-risk.[6] The MRB reference departs from both principles. It is the only customer industry the Guide names, and it appears in a document meant to help TCBOs choose and oversee vendors, not to steer decisions about which customers to serve. How a TCBO rates customer risk belongs in its own BSA/AML risk assessment, informed by FinCEN's guidance, not in a vendor selection resource.

Our bank and credit union members know how a named example in Board guidance is likely to be used. Examiners and internal audit teams may treat it as a benchmark, whatever the document's non-binding label says. An institution that already serves licensed cannabis businesses will be asked whether its tools are "advanced" enough, with no standard for answering. An institution considering its first cannabis account will see a caution with no explanation of what "more advanced capabilities" means, what those tools cost, or whether adopting them would satisfy its examiners. Many will reasonably conclude that the safer course is to decline.

That outcome would fall hardest on community institutions. Community banks and credit unions have carried much of the work of banking the state-licensed cannabis market, and they are also the institutions for which an enterprise-grade BSA/AML platform is hardest to justify. If the Guide signals that cannabis customers require more advanced tools without explaining what those tools are, some institutions will exit the market and others will never enter it. Fewer institutions would then hold more cannabis accounts, more cash, and more monitoring

[3] Fin. Crimes Enf't Network, FIN-2014-G001, *BSA Expectations Regarding Marijuana-Related Businesses* (Feb. 14, 2014).
[4] Att'y Gen. Order No. 6754-2026, 91 Fed. Reg. 22714 (Apr. 28, 2026); *see* Simpson Thacher & Bartlett LLP, Acting Attorney General Re-Classifies Certain Marijuana Products (Apr. 27, 2026).
[5] Proposed Guide, *supra* note 1, § IV.A.
[6] OCC, Board, FDIC & NCUA, *Proposed Third-Party Risk Management Guidance*, Docket No. OP-1881, 91 Fed. Reg. 58536 (Sept. 15, 2026); *see* OCC Bulletin 2026-46 (Sept. 11, 2026).

responsibility. That concentration is a supervisory concern in its own right, and it pushes licensed businesses back toward cash, the very outcome the Bank Secrecy Act is designed to avoid.

II. State Licensing Gives Institutions Verified Information Few Other Customers Provide

a. Licensing and Track-and-Trace Data Support Customer Due Diligence

Before a cannabis business opens an account, a state regulator has typically run background checks on its owners and key employees, reviewed its sources of capital, and approved its security and surveillance plans. The business must report its inventory and sales through a state seed-to-sale system, have its products tested by accredited laboratories, and submit to ongoing inspections and audits. For a bank or credit union, this produces data it could not obtain for most commercial customers. Deposits can be compared with state-reported sales, so cash activity that does not match a licensee's business is easier, not harder, to spot.

State ownership disclosure rules also answer the core know-your-customer questions, usually at thresholds well below the 25 percent federal beneficial ownership standard.[7] Florida treats anyone holding 5 percent or more of a licensee as an owner, requires owners, officers, and managers to pass fingerprint-based background screening, and requires advance notice of any change of ownership.[8] Ohio requires applicants to disclose their full capitalization table and any agreement bearing on ownership or control.[9] Colorado requires controlling beneficial owners to be individually licensed and requires state approval before control changes hands.[10] An institution can build its due diligence on that foundation rather than recreating it from scratch.

b. Federal Registration Now Rests on the State License

Attorney General Order No. 6754-2026, effective April 28, 2026, moved marijuana covered by a state medical marijuana license to Schedule III of the Controlled Substances Act and directed DEA to create an expedited registration pathway.[11] Under that pathway, a state license serves as conclusive evidence that the applicant is authorized under state law to engage in the activity for which it seeks registration.

DEA has since issued registrations to more than 900 state-licensed medical marijuana dispensaries in seven states, each following a pre-registration investigation, and continues to review applications from manufacturers and distributors.[12]

DEA's guidance for businesses with pending applications is directly relevant to our members. By November 29, 2026, those businesses must verify each supplier's and customer's DEA registration or application confirmation and active state license, and keep records of that

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[7] *See* 31 C.F.R. § 1010.230(d).
[8] Fla. Stat. § 381.986(1), (8), (9) (2025).
[9] Ohio Admin. Code 1301:18-3-04(A) (2026).
[10] 1 Colo. Code Regs. § 212-3, Rules 1-115, 2-230, 2-235, 2-245 (2026).
[11] Att'y Gen. Order No. 6754-2026, *supra* note 4; *see also* Foley Hoag LLP, Cannabis Rescheduling: DOJ, Treasury, and DEA Updates (Apr. 27, 2026).
[12] U.S. Dep't of Justice, Press Release No. 26-1276, Justice Department Announces Issuance of Federal Registrations for Medical Marijuana Dispensaries (Oct. 30, 2026).

diligence, or risk losing their own registration.[13] A federal registration cannot exceed the scope of the underlying state license and is suspended automatically if that license lapses.

In other words, DEA now requires medical cannabis operators to perform the same credential checks a bank or credit union would perform on them. A TCBO can confirm a customer's federal status through the same DEA Diversion Control records its trading partners use, and its state license through the regulator's public database, much as it would for a pharmacy or any other DEA registrant. Those verifiable credentials, not the customer's industry alone, should drive the monitoring an institution builds.

c. License Verification Should Be Recognized as a Risk Mitigant

The Guide already treats "certifications of good standing from relevant entities" as useful evidence when a TCBO reviews a third party's compliance record.[14] The same reasoning applies to customers. FinCEN's guidance has long identified confirming a business's state license as a core due diligence step, and license verification is where our bank and credit union members' cannabis programs begin. The Board should say so directly: confirming that a customer holds an active state license, and monitoring that license over time, is an appropriate mitigant for cannabis customers, and tools that perform that check continuously are an effective way to do it at scale.

III. The Guide Should Describe the Available Tools, Scaled to the Institution

A market of compliance providers has grown over the past decade specifically to help financial institutions serve licensed cannabis businesses, and many of those providers are CFIG members. Their platforms draw on state licensing databases and seed-to-sale systems, check license status on an ongoing basis, and reconcile a customer's deposits against its reported sales. We are not asking the Board to endorse any product or to require any tool. We are asking the Board to describe what these tools do, so that a TCBO reading Section IV.C.7 understands that licensed cannabis customers can be served safely and that specialized support exists.

The Guide should also make clear that the right tool depends on the size and complexity of a TCBO's cannabis portfolio. An institution with a few licensed customers can verify licenses and reconcile sales data manually. An institution with hundreds generally cannot, and that is where a dedicated platform justifies its cost. Whatever the approach, a TCBO should evaluate a cannabis compliance vendor under the Guide's existing diligence framework, considering its connections to state data sources, the accuracy of its license and sales reconciliation, its data security, and its cost relative to the institution's cannabis volume. Our provider members expect to be held to that standard like any other third party.

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[13] Drug Enf't Admin., Diversion Control Div., Timely Applicant Information for Medical Marijuana Applicants (Oct. 30, 2026); *see also* Foley Hoag LLP, DEA Guidance Raises Hard Questions for Applicants in Dual Use States (2026).

[14] Proposed Guide, *supra* note 1, § IV.B.3.

IV. Proposed Revision to Section IV.C.7

CFIG recommends that the Board revise the sentence as follows. Our language builds on the revision proposed by USCR and adds an express reference to proportionality, which matters most to community institutions:

"Where a TCBO's risk assessment identifies customers that present elevated risk (e.g., cash-intensive businesses, including state-licensed marijuana-related businesses), tools with more advanced capabilities may be appropriate, commensurate with the size and complexity of the TCBO's exposure. For marijuana-related businesses, such tools may include third-party platforms that confirm DEA registration or a timely DEA registration application, verify state license status against state-run license databases, and reconcile account activity against state seed-to-sale and sales reporting data. A customer's verified state license in good standing, together with ongoing monitoring of that license, is a relevant risk mitigant."

V. Congress Should Pass the SAFE Banking Act

Guidance can reduce uncertainty, but only legislation can end it. The bipartisan Secure and Fair Enforcement (SAFE) Banking Act (H.R. 9471 / S. 4942) would protect depository institutions and their service providers from federal penalties based solely on serving state-sanctioned cannabis businesses.[15] Those institutions and providers are CFIG's members, and CFIG urges Congress to pass the bill. We welcome the Board's continued technical assistance to Congress as it does so.

Until then, every account a licensed business cannot open means more cash moving outside the banking system, creating safety risks for employees and communities and removing the transparency that banks and law enforcement rely on to detect illicit activity. Bringing these businesses into regulated institutions under ordinary risk-based monitoring serves the purposes of the Bank Secrecy Act.

VI. Conclusion

CFIG supports the Board's effort to give TCBOs a practical, tailored resource for managing third-party risk. Our members are the institutions and providers Section IV.C.7 describes, and they need to know what the Board expects of them. We respectfully ask the Board to revise that section so it tells community banks and credit unions how cannabis-related risk can be managed, recognizes the value of a verified state license, and describes the tools available to help, rather than leaving a signal that many institutions will read as a reason to stay away. We would welcome the opportunity to discuss these comments.

Sincerely,

Adam Crabtree, Chair, on behalf of the Board of Directors
Cannabis Financial Industry Group

[15] SAFE Banking Act of 2026, H.R. 9471, 119th Cong. (2026); S. 4942, 119th Cong. (2026).