

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Date: June 9, 2023
To: Board of Governors
From: Staff¹
Subject: Request for Approval to Not Adopt Proposed Amendment to the Guidelines for Evaluating Requests for Accounts and Services

ACTION REQUESTED:

Staff requests that the Board approve the attached final Federal Register notice stating that, due to recent statutory amendments with substantially similar requirements, the Board is not adopting proposed amendments to the Guidelines for Evaluating Account and Services Requests (Account Access Guidelines) that would have required the Federal Reserve Banks (Reserve Banks) to publish a periodic list of depository institutions with access to Reserve Bank accounts and/or financial services (accounts and services).

DISCUSSION:

On November 16, 2022, the Board published proposed amendments to the Account Access Guidelines that would have required disclosure of institutions with access to accounts and services.² Specifically, the Board proposed a requirement for Reserve Banks to publish periodically a list of depository institutions with access to

¹ Messrs. Winerman and Smith and Ms. Milliken Van Ness (Legal Division); and Mr. Hinkle (Division of Reserve Bank Operations and Payment Systems).

² See 87 FR 68691.

accounts and services, including whether each depository institution with access to accounts and services is federally insured and in which Reserve Bank District the depository institution is located. In addition, the Board proposed to have the Reserve Banks publish a list of depository institutions that have, since the prior publication, received access to accounts and services or no longer have access to accounts and services.³

Subsequent to the publication of the proposal, the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 amended the Federal Reserve Act (the Act) by adding a new Section 11C. New Section 11C requires the Board, not later than 180 days after December 23, 2022, to create and “maintain a public, online and searchable database” of entities that have, or that are requesting, account and service access, along with the status of any request for an account and services.⁴ For each entity that has, or is requesting access to, accounts and services, new Section 11C also requires the database to indicate if the entity is a federally-insured bank or credit union or a non-

³ The Board proposed that the list of depository institutions that no longer have access to accounts and/or services would include both depository institutions that lost access to accounts and services and those that gave up their access to accounts and services voluntarily.

⁴ See 12 USC 248c. The new Section 11C excludes official accountholders from the list of entities published on the database and defines “Official accountholders” as foreign states (as defined in section 25B of the Act), central banks (as defined in section 25B of the Act) other than a commercial bank, public international organizations entitled to enjoy privileged examples and immunities as an international organization under the International Organizations Immunities Act (22 U.S.C. § 288 et seq.), and any governmental entity for which the Secretary of Treasury has directed a Reserve Bank to receive deposits as fiscal agent of the United States under section 15 of the Act.

federally-insured depository institution. Staff have been working on the database, and it is on schedule to be launched on or before the statutory deadline.

The disclosure requirements in the Act's new Section 11C substantially supplant the Board's proposal to incorporate a disclosure requirement into the Account Access Guidelines. Therefore, staff recommends that the Board not adopt its proposed amendments to the Account Access Guidelines and approve the attached Federal Register notice.

Attachment