

## Proposed Payment Account Standard Terms

Topic	Term	Implementing Document
Available Services	Only those services for which the Reserve Banks can automatically reject transactions that would cause an overdraft would be permitted to settle in a Payment Account ( <i>i.e.</i> , currently, the Fedwire® Funds Service, the FedNow® Service, National Settlement Service, and the Fedwire Securities Service for securities transfers free of payment). <sup>1</sup>	PSR Policy
Correspondent Prohibition	A Payment Account holder may not act as a “Correspondent” as defined in the Reserve Bank Operating Circular No. 1 (OC 1) by permitting other legally eligible institutions to settle their services activity directly in the Payment Account. <sup>2</sup>	PSR Policy
Respondent Prohibition	A Payment Account holder may not act as a “Respondent” as defined by OC 1 by settling its services activity directly in another institution’s Master Account.	PSR Policy
Illicit Finance Risk	A Payment Account holder may be required to provide information to demonstrate its compliance with BSA/AML and Office of Foreign Assets Control (OFAC) requirements.	PSR Policy
Discount Window	Payment Account holders would not be permitted to access credit from the discount window.	Regulation A
Interest on Balances	Balances in a Payment Account would not receive interest.	Regulation D
Excess Balance Account (EBA) Participation <sup>3</sup>	A Payment Account holder would not be permitted to participate in an EBA.	Regulation D
Review Timeline	Review of Payment Account requests would generally be completed within 90 calendar days of receiving all requested documents.	Account Access Guidelines

<sup>1</sup> “Fedwire” and “FedNow” are service marks of the Federal Reserve Banks. A list of marks related to financial services products that are offered to financial institutions by the Federal Reserve Banks is available at FRBservices.org®.

<sup>2</sup> See Reserve Banks’ Operating Circular 1 (Accounts), § 2.3, available at FRBservices.org.

<sup>3</sup> An EBA is a limited-purpose account at a Reserve Bank established for one or more institutions (participants) that are eligible to earn interest on balances held at the Reserve Banks. EBAs are managed by agents that hold Master Accounts. Balances maintained in EBAs may not be used for general payments or other activities, but participants may ask their agents to transfer EBA balances to another account (such as that of a correspondent) for purposes of making payments. There is no limit on balances that can be maintained in an EBA.