

**FEDERAL RESERVE SYSTEM**

**12 CFR Part 201**

**[Docket No. R-1892]**

**RIN 7100-AH24**

**Regulation A: Extensions of Credit by Federal Reserve Banks**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Board of Governors of the Federal Reserve System (Board) proposes to amend its Regulation A (Extensions of Credit by Federal Reserve Banks) to specify that a holder of a proposed special-purpose payment account (a Payment Account) would not be eligible for access to discount window credit made available by the Federal Reserve Banks (Reserve Banks). The proposal would change neither the existing programs under which the Reserve Banks generally provide discount window credit (primary credit, secondary credit, and seasonal credit) nor the process for establishing the primary credit, secondary credit, and seasonal credit rates.

**DATES:** Comments must be received on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

**ADDRESSES:** You may submit comments, identified by Docket No. R-1892 and RIN 7100-AH24, by any of the following methods:

- *Agency Website:* <https://www.federalreserve.gov/apps/proposals/>. Follow the instructions for submitting comments, including attachments. ***Preferred Method.***
- *Mail:* Benjamin W. McDonough, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.
- *Hand Delivery/Courier:* Same as mailing address.

- *Other Means: publiccomments@frb.gov.* You must include the docket number in the subject line of the message.

Comments received are subject to public disclosure. In general, comments received will be made available on the Board's website at <https://www.federalreserve.gov/apps/proposals/> without change and will not be modified to remove personal or business information including confidential, contact, or other identifying information. Comments should not include any information such as confidential information that would be not appropriate for public disclosure. Public comments may also be viewed electronically or in person in Room M-4365A, 2001 C St. NW, Washington, DC 20551, between 9 a.m. and 5 p.m. during Federal business weekdays.

**FOR FURTHER INFORMATION CONTACT:** Benjamin Snodgrass, Special Counsel (202-263-4877), Legal Division, or Lyle Kumasaka, Lead Financial Institution and Policy Analyst (202-452-2382), Division of Monetary Affairs. For users of TTY-TRS, please call 711 from any telephone, anywhere in the United States or (202) 263-4869.

## **SUPPLEMENTARY INFORMATION:**

### **I. Overview**

As described elsewhere in today's *Federal Register*, the Board is requesting comment on proposed updates to (1) the Federal Reserve's Policy on Payment System Risk (PSR Policy) and (2) the Board's guidelines for Reserve Banks to utilize in evaluating requests for access to Reserve Bank accounts and services (the Account Access Guidelines), to accommodate Payment Accounts. That request for comment (the Payment Account Notice) follows a request for information (RFI) previously published by the Board.<sup>1</sup> The Payment Account would be a new,

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<sup>1</sup> 90 FR 60096 (Dec. 23, 2025).

optional way for institutions to request access to accounts and services. As proposed in the Payment Account Notice, the Payment Account would have a standard set of risk-mitigating terms designed to create a lower residual risk profile than a master account.<sup>2</sup> The Board explains in the Payment Account Notice that the terms of the proposed Payment Account would permit a more streamlined review of requests for such accounts.<sup>3</sup>

In this notice of proposed rulemaking (NPR), the Board proposes to amend Regulation A to specify that a holder of a Payment Account would not be eligible for discount window credit. The proposed amendments complement the proposed risk-mitigating terms for Payment Accounts that are described more fully in the Payment Account Notice. This **Supplementary Information** comprises six parts. Section I provides a high-level overview of the proposal. Section II discusses the RFI and summarizes comments on the RFI germane to this NPR. Section III provides statutory and regulatory background. Section IV discusses the rationale for the proposal and describes the revisions the Board proposes to make to Regulation A. Section V solicits feedback on the proposal broadly and on questions regarding specific aspects of the proposal. Section VI addresses several administrative law matters.

## **II. Payment Account RFI and Comments Received**

The RFI, published in the *Federal Register* on December 23, 2025, sought public input on a prototype Payment Account and potential updates to the Account Access Guidelines. The prototype Payment Account described in the RFI would be designed for the purpose of clearing and settling the Payment Account holder's payment activity. The Board explained that Payment

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<sup>2</sup> As used in this notice of proposed rulemaking, the phrase "Payment Account terms" (and similar phrases) refers to the standard set of parameters of the Payment Account as proposed by the Board in proposed revisions to Regulation A, Regulation D, the Account Access Guidelines, and the PSR Policy and as would be implemented by the Reserve Banks through their Operating Circulars and other agreements.

<sup>3</sup> Proposed revisions to the PSR Policy would provide that an institution generally may only maintain one account with a Reserve Bank, either a Payment Account or a master account.

Accounts would have a standard set of risk-mitigating terms, including that an institution holding a Payment Account would not be permitted to access intraday or discount window credit from Reserve Banks. The Board noted in the RFI that limiting access to Reserve Bank credit would reduce the risk that a Payment Account holder could pose to a Reserve Bank.<sup>4</sup> The Board invited comments on all aspects of the RFI.

The Board received 72 comments on the RFI. Commenters discussing the discount window included trade associations representing commercial banks and money transmitters, non-traditional institutions, a nonprofit organization, and others.

A majority of these commenters supported the Board's proposal not to permit Payment Account holders to access discount window credit as part of the standard set of terms for Payment Accounts. These commenters cited several reasons. One commenter argued that not providing discount window access to Payment Account holders would mitigate moral hazard concerns. The commenter stated that access to the discount window might create expectations of government support and encourage excessive risk taking. Commenters also addressed the discount window as a tool of monetary policy and systemic liquidity support. They asserted that the discount window should be available only to full-service depository institutions subject to a full complement of prudential standards, capital and liquidity oversight, and supervisory expectations. Commenters also noted that not permitting discount window access to Payment Account holders would mitigate risk to Reserve Banks.

Among commenters that discussed the discount window, a minority expressed support for discount window access. A number of commenters suggested that the Board consider some discount window access in unusual or exigent circumstances, including to mitigate the effects of

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<sup>4</sup> *Id.* at 60098.

operational incidents and significant stablecoin redemptions. Another commenter, while not necessarily advocating for discount window access, noted that a prefunding model coupled with prohibitions on daylight overdrafts and lack of access to discount window credit could constrain money creation and limit Payment Accounts to fully funded payments.

### **III. Statutory and Regulatory Background**

The discount window plays an important role in supporting the liquidity and stability of the banking system and the effective implementation of monetary policy. By providing ready access to funding, the discount window helps depository institutions manage their liquidity risks efficiently and avoid actions that have negative consequences for their customers, such as withdrawing credit during times of market stress. Thus, the discount window supports the smooth flow of credit to households and businesses. Providing liquidity in this way is one of the original purposes of the Federal Reserve System. The statutory framework for the discount window is set forth in the Federal Reserve Act (FRA), and general policies that govern discount window lending are set forth in Regulation A. The twelve Reserve Banks administer the discount window within this framework.

Several sections of the FRA authorize Reserve Banks to extend credit to member banks, depository institutions, and branches and agencies of foreign banks. Reserve Banks generally extend credit pursuant to sections 10B, 13(14), and 19(b)(7) of the FRA. Section 10B of the FRA provides that any Reserve Bank, under rules and regulations prescribed by the Board, may make advances to any member bank on its time or demand notes, subject to certain maturity limitations, and which are secured to the satisfaction of the Reserve Bank.<sup>5</sup> Section 13(14) of the

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<sup>5</sup> 12 U.S.C. 347b(a). In addition, FRA section 4(8) provides that a Reserve Bank may, subject to the provisions of law and the orders of the Board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks, the maintenance of sound credit conditions, and the accommodation of commerce, industry, and agriculture. The Board

FRA provides that, subject to such restrictions, limitations, and regulations as may be imposed by the Board, each Reserve Bank may discount paper endorsed by and make advances to any branch or agency of a foreign bank in the same manner and to the same extent that the Reserve Bank may exercise such powers with respect to a member bank, if the branch or agency is maintaining reserves with the Reserve Bank pursuant to section 7 of the International Banking Act of 1978 (codified at 12 U.S.C. 3105).<sup>6</sup> Section 19(b)(7) of the FRA provides that any “depository institution” in which transaction accounts or nonpersonal time deposits are held shall be entitled to the same discount and borrowing privileges as member banks.<sup>7</sup> Certain other provisions of the FRA authorize Reserve Banks to extend credit through discounts and advances to depository institutions, such as sections 13(2) and 13(8) of the FRA.<sup>8</sup>

The Board’s Regulation A (12 CFR part 201) provides that the Federal Reserve System extends credit with due regard to the basic objectives of monetary policy and the maintenance of a sound and orderly financial system.<sup>9</sup> It establishes rules under which a Reserve Bank may extend credit to depository institutions and, as provided in § 201.1(b), U.S. branches and agencies of foreign banks that are subject to reserve requirements under the Board’s Regulation D (12 CFR part 204). Section 201.2 of Regulation A defines certain terms, including the term “depository institution.” To qualify as a depository institution for purposes of Regulation A, an institution must maintain reservable transaction accounts or nonpersonal time deposits.<sup>10</sup> The

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of Governors may prescribe regulations further defining within the limitations of the FRA the conditions under which discounts, advancements, and the accommodations may be extended to member banks. 12 U.S.C. 301.

<sup>6</sup> 12 U.S.C. 347d.

<sup>7</sup> 12 U.S.C. 461(b)(7). The term “depository institution” is defined in FRA § 19(b)(2). 12 U.S.C. 461(b)(2).

<sup>8</sup> *See, e.g.*, 12 U.S.C. 343 and 347.

<sup>9</sup> 12 CFR 201.1(b).

<sup>10</sup> In addition, an institution must be (i) an insured bank as defined in section 3 of the Federal Deposit Insurance Act (FDI Act) (12 U.S.C. 1813(h)) or a bank that is eligible to make application to become an insured bank under section 5 of such act (12 U.S.C. 1815); (ii) a mutual savings bank as defined in section 3 of the FDI Act (12 U.S.C.

term “depository institution” excludes bankers’ banks and corporate credit unions that are not required to maintain reserves under § 204.1(c)(4) of Regulation D.<sup>11</sup>

Section 201.3 of Regulation A sets forth general provisions for extensions of credit by Reserve Banks. As provided in § 201.3(a)(1), a Reserve Bank may lend to a depository institution either by making an advance secured by acceptable collateral under § 201.4 or by discounting certain types of paper, but a Reserve Bank generally extends credit by making an advance. Section 201.3(a)(2) provides that an advance made to a depository institution must be secured to the satisfaction of the Reserve Bank making the advance and sets forth a non-exclusive list of asset types that are satisfactory collateral. Section 201.3(a)(3) addresses use of discounts in lieu of advances. Section 201.3(b) states that no person or entity is entitled to obtain any credit or any increase, renewal, or extension of maturity of any credit from a Reserve Bank. Section 201.3(c) prescribes certain information requirements related to discount window credit. Finally, § 201.3(d) pertains to indirect credit obtained by one depository institution as an agent or medium for another depository institution. Section 201.4(a) through (c) of Regulation A sets forth the three discount window programs under which the Reserve Banks extend credit.

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1813(f) or a bank that is eligible to make application to become an insured bank under section 5 of such act (12 U.S.C. 1815); (iii) a savings bank as defined in section 3 of the FDI Act (12 U.S.C. 1813(g)) or a bank that is eligible to make application to become an insured bank under section 5 of such act (12 U.S.C. 1815); (iv) an insured credit union as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752(7)) or a credit union that is eligible to make application to become an insured credit union pursuant to section 201 of such act (12 U.S.C. 1781); (v) a member as defined in section 2 of the Federal Home Loan Bank Act (12 U.S.C. 1422(4)); or (vi) a savings association as defined in section 3 of the FDI Act (12 U.S.C. 1813(b)) that is an insured depository institution as defined in section 3 of the act (12 U.S.C. 1813(c)(2)) or is eligible to apply to become an insured depository institution under section 5 of the act (12 U.S.C. 15(a)).

<sup>11</sup> See 12 CFR 201.2(c)(2). Hereafter, unless the context otherwise requires, references to “depository institution” should be read to include branches and agencies of foreign banks.

#### **IV. Proposed Revisions**

The Board proposes to amend § 201.2 and § 201.3 of Regulation A to define the term “payment account” and to specify that a Payment Account holder is not eligible for access to discount window credit from the Reserve Banks.

##### **A. Rationale for Proposed Revisions**

As explained in the Payment Account Notice, the Board has continued to monitor developments in the payments ecosystem since the Board issued the Account Access Guidelines, including the development of new financial products and technologies. Since then, the types of institutions seeking accounts and services have continued to evolve. Several institutions focused on payments innovation have explained that they are interested in direct access to accounts and services, as opposed to having to rely on third-party intermediaries to access services, to reduce costs to their customers and reduce risks while increasing payment processing speed. The Board is proposing to create a Payment Account as a new, optional way for institutions to request access to accounts and services to support private-sector payments innovation while prudently managing the risks identified in the Account Access Guidelines. As part of the standard set of risk-mitigating terms applicable to Payment Accounts, the Board proposes not to permit discount window access for Payment Account holders.

The Board believes that not permitting discount window access for Payment Account holders would mitigate risk to the Reserve Banks (and by extension to the American public) in a consistent and transparent manner across different types of Payment Account holders with novel and diverse business models and risk profiles.<sup>12</sup> The Board anticipates that Payment Account holders generally would not be federally insured (that is, they would be Tier 2 or Tier 3

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<sup>12</sup> The FRA requires the Reserve Banks to remit excess earnings to the U.S. Treasury after providing for operating costs, payments of dividends, and an amount necessary to maintain surplus. 12 U.S.C. 289(a)(3).

institutions under the Account Access Guidelines), and, as noted in the Payment Account Notice, Tier 2 and Tier 3 institutions may present greater risk than federally insured institutions.

In addition, different Payment Account holders will be subject to varying insolvency regimes. Resolution of federally insured institutions follows clear, consistent, and well-established rules for paying Reserve Banks and other creditors of a failed institution. Insolvency regimes applicable to uninsured Payment Account holders may be new or may involve the application of rarely applied state and federal laws. Moreover, uninsured Payment Account holders would likely not be subject to a framework of prudential supervision and regulation that is as robust as that applied to federally insured depository institutions. Finally, data available to Reserve Banks may vary across Payment Account holders. Current credit risk monitoring at Reserve Banks relies mostly on supervisory information received from within the Federal Reserve System or from other federal regulators, and similar information on the full range of potential Payment Account holders may not be readily available. In addition to mitigating risk to the Reserve Banks, not permitting discount window access to Payment Account holders would mitigate risks posed by Payment Accounts to the financial sector and economy. Payment Account holders may engage in novel and diverse business models that involve greater and less-predictable risk-taking than business models of insured depository institutions, and liquidity provision to such firms could incentivize risk-taking behavior. Although such incentives exist across all institutions, Payment Account holders will also be subject to different supervisory frameworks in a rapidly evolving regulatory environment. The Board believes that not permitting discount window access for Payment Account holders would mitigate risk to the financial sector and the economy in a consistent and transparent manner across different types of Payment Account holders that present varying levels of risk.

The Board could, alternatively, leave unchanged the current discount window eligibility requirements in Regulation A.<sup>13</sup> It is possible that permitting discount window access for Payment Account holders that otherwise meet the current eligibility criteria under Regulation A may support broader financial stability and the Federal Reserve’s monetary policy implementation goals. Discount window access would help such Payment Account holders obtain liquidity during periods of stress and could potentially support control of the federal funds rate under certain circumstances. On balance, however, and having considered the comments received, the Board believes it is appropriate not to permit Payment Account holders to access the discount window. Not permitting discount window access for Payment Account holders would mitigate risk to the Reserve Banks, the financial system, and the economy in a consistent and transparent manner across different types of Payment Account holders that may present varying levels of risk. It would also be consistent with the other terms proposed for Payment Accounts discussed in the Payment Account Notice, which are designed as a standard set of risk mitigants for Payment Accounts.

**B. Proposed Revisions to § 201.2 (Definitions) and § 201.3 (Extensions of Credit Generally)**

Currently, Regulation A addresses eligibility for the discount window by reference to whether an institution is a “depository institution” as defined in § 201.2(c) or, as provided for in § 201.1(b), a branch or agency of a foreign bank subject to reserve requirements under Regulation D (12 CFR part 204). The Board proposes to define the term “payment account” in a new § 201.2(d) as the record maintained by a Reserve Bank of the debtor-creditor relationship

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<sup>13</sup> As discussed above Regulation A establishes rules under which a Reserve Bank may extend credit to depository institutions that maintain reservable transaction accounts or non-personal time deposits and to U.S. branches and agencies of foreign banks that are subject to reserve requirements under the Board’s Regulation D (12 CFR part 204).

between the Reserve Bank and a single depository institution with respect to deposit balances of the depository institution that are maintained with the Reserve Bank and which is governed by an agreement that states the account is a payment account.<sup>14</sup> This definition is structured similarly to the definition of “master account” in Regulation D and the proposed definition of “payment account” set forth in the Board’s proposal, published elsewhere in today’s *Federal Register*, to amend Regulation D.<sup>15</sup> However, the proposed definitions for Regulation A and Regulation D differ somewhat based on the terminology used in each regulation.<sup>16</sup> Current § 201.2(d) through (f) would be renumbered accordingly.

The Board proposes to revise § 201.3(a)(1) to specify that a Reserve Bank may lend to a depository institution, except as described in proposed new § 201.3(a)(4), either by making an advance secured by acceptable collateral under § 201.4 or by discounting certain types of paper. Proposed § 201.3(a)(4) would specify that a Reserve Bank may not lend under § 201.4(a), (b), or (c) to a depository institution that holds a payment account.<sup>17</sup> Section 201.3(a)(1) would continue to specify that a Reserve Bank generally extends credit by making an advance.

The proposed revisions to Regulation A would prohibit access to the discount window only for depository institutions that hold Payment Accounts and would have no effect on

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<sup>14</sup> The Board intends the definition of “payment account” to also include payment accounts of U.S. branches and agencies of foreign banks. *See* 12 CFR 201.1(b) (noting that, except otherwise provided, Regulation A applies to U.S. branches and agencies of foreign banks that are subject to reserve requirements under Regulation D in the same manner and to the same extent as Regulation A applies to depository institutions).

<sup>15</sup> In the Payment Account Notice, published elsewhere in today’s *Federal Register*, the Board describes a Payment Account as a special purpose account designed for the purpose of clearing and settling payments activity of an institution, its depositors, and its other customers. For purposes of Regulation A, the Board does not believe it is necessary to describe the functions of a Payment Account and that an agreement-based definition will be easy to administer by the Reserve Banks.

<sup>16</sup> The definition of payment account in Regulation D would refer to “eligible institutions,” a term that is used only in Regulation D and defines the types of institutions that may earn interest on reserve balances under Regulation D.

<sup>17</sup> Regulation A § 201.4(a), (b), and (c) set forth the primary credit, secondary credit, and seasonal credit programs, respectively.

discount window eligibility for other depository institutions, whether those institutions access the discount window through their own master accounts or through the master account of a correspondent.<sup>18</sup>

## **V. Request for Comment**

The Board invites comment on all aspects of the proposed revisions. In addition, the Board invites feedback on the following specific questions related to the proposal:

1. Has the Board appropriately identified and considered the potential risks and benefits of permitting or not permitting Payment Account holders to access discount window credit? Are there other potential risks and benefits the Board should consider?

2. Should the Board instead retain the existing eligibility requirements for the discount window set forth in Regulation A? If so, why?

3. Should the Board instead consider a narrow restriction on eligibility for discount window credit (e.g., a restriction applicable to only certain types of Payment Account holders) or permit access to discount window credit for Payment Account holders in limited circumstances (e.g., periods of significant market stress)? If so, why? How should the Board define these restrictions or limitations?

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<sup>18</sup> Reserve Banks have no obligation to extend discount window credit to any depository institution. *See* 12 U.S.C. 347b(b)(4) (“A Federal Reserve bank shall have no obligation to make, increase, renew, or extend any advance or discount under [the FRA] to any depository institution.”); 12 CFR 201.3(b) (“This section does not entitle any person or entity to obtain any credit or any increase, renewal or extension of maturity of any credit from a Federal Reserve Bank.”).

## **VI. Administrative Law Matters**

### **A. Regulatory Flexibility Act**

The Regulatory Flexibility Act, 5 U.S.C. 601 et seq. (RFA), requires an agency to consider the impact of its rules on small entities.<sup>19</sup> In connection with a proposed rule, the RFA generally requires an agency to prepare an Initial Regulatory Flexibility Analysis (IRFA) describing the impact of the rule on small entities, unless the head of the agency certifies that the proposal will not have a significant economic impact on a substantial number of small entities and publishes such certification along with a statement providing the factual basis for such certification in the *Federal Register*. An IRFA must contain (i) a description of the reasons why action by the agency is being considered; (ii) a succinct statement of the objectives of, and legal basis for, the proposal; (iii) a description of, and, where feasible, an estimate of the number of small entities to which the proposal will apply; (iv) a description of the projected reporting, recordkeeping, and other compliance requirements of the proposal, including an estimate of the classes of small entities that will be subject to the requirement and the type of professional skills necessary for preparation of the report or record; (v) an identification, to the extent practicable, of all relevant Federal rules that may duplicate, overlap with, or conflict with the proposal; and (vi) a description of any significant alternatives to the proposal that accomplish its stated objectives and minimize any significant economic impact of the proposed rule on small entities.<sup>20</sup>

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<sup>19</sup> Under regulations issued by the U.S. Small Business Administration (SBA), a small entity includes a depository institution, bank holding company, or savings and loan holding company with total assets of \$850 million or less. See 13 CFR 121.201. Consistent with the SBA's General Principles of Affiliation, the Board includes the assets of all domestic and foreign affiliates toward the applicable size threshold when determining whether to classify a particular entity as a small entity. See 13 CFR 121.103.

<sup>20</sup> 5 U.S.C. 603(b)-(c).

The Board is providing an IRFA with respect to the proposal. The Board believes that the proposal will not have a significant economic impact on a substantial number of small entities. Payment accounts would be a new, optional way for institutions to request access to Reserve Bank accounts and services. Institutions would retain the option of requesting a master account or not requesting any account, and eligibility for access to the discount window would remain unchanged for master account holders and non-account holders. The proposal, therefore, would not impose mandatory requirements on any small entities. The Board invites comment on all aspects of this IRFA.

### **1. Reasons Action is Being Considered**

As discussed in this **Supplementary Information**, the Board is proposing to amend § 201.2 and § 201.3 of Regulation A in connection with the Board's proposal to update the PSR Policy and Account Access Guidelines.

### **2. Objectives of and Legal Basis for the Proposal**

As discussed in this **Supplementary Information**, the proposal relates to proposed amendments to the PSR Policy and Account Access Guidelines regarding Payment Accounts and would implement a proposed standard term applicable to Payment Accounts. The Reserve Banks generally extend credit pursuant to sections 10B, 13(14), and 19(b)(7) of the FRA. Each of those sections of the FRA authorizes the Board to prescribe regulations regarding the Reserve Banks' extensions of credit.

### **3. Description and Estimate of the Number of Small Entities**

Under Regulation A, Reserve Banks may extend discount window credit to "depository institutions" and, in the same manner as Regulation A applies to depository institutions, to branches and agencies of foreign banks. The SBA has adopted size standards for determining

whether a particular entity is a “small entity” for purposes of the RFA. The Board believes that the most appropriate SBA size standard to apply in determining whether a depository institution or branch or agency of a foreign bank is a small entity is the SBA size standard for “commercial banking.” Under this standard, an entity engaged in commercial banking is considered a small entity if it has total assets of \$850 million or less.<sup>21</sup>

Under the proposed amendments to Regulation A, a Reserve Bank would not be permitted to extend discount window credit to Payment Account holders, a population that could potentially include all institutions that are (1) legally eligible for access to the discount window; and (2) do not have a master account or settle transactions in a correspondent’s master account.<sup>22</sup> The Board estimates that, as of the end of 2025, there are approximately 7,000 small entities, of which 6,800 already have a master account or access to financial services. Accordingly, the Board estimates that there are approximately 200 small entities that the proposed amendments to Regulation A might affect, were these small entities to decide to request Payment Accounts.

#### **4. Description of Compliance Requirements**

The proposed amendments would not impose reporting, recordkeeping, or other compliance requirements.

#### **5. Duplicative, Overlapping, and Conflicting Rules**

The Board is not aware of any federal rules that may duplicate, overlap with, or conflict with the proposal.

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<sup>21</sup> See 13 CFR 121.201.

<sup>22</sup> The Board has estimated the number of small entities that are legally eligible for the discount window on the basis of institution type. Small entities that currently have master accounts or settle transactions in a correspondent’s master account are already subject to the Account Access Guidelines. The Board assumes that these small entities would not request a Payment Account.

## **6. Significant Alternatives Considered**

As discussed in Section IV.A above, the Board considered not proposing revisions to Regulation A. The Board does not believe that this alternative would have affected the economic impact on small entities because, as noted above, the Payment Account would be a new, optional way for institutions to request access to accounts and services, and the proposed amendments would not impose mandatory requirements on any small entities.

Therefore, the Board believes that the proposed revisions will not have a significant economic impact on substantial number of small entities supervised by the Board.

The Board welcomes comment on all aspects of its analysis. In particular, the Board requests that commenters describe the nature of any impact on small entities and provide empirical data to illustrate and support the extent of the impact.

### **B. Paperwork Reduction Act**

In accordance with the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3506; 5 CFR 1320 Appendix A.1), the Board reviewed the proposed rule under the authority delegated to the Board by the Office of Management and Budget (OMB). The proposed rule contains no requirements subject to the PRA.

### **C. Plain Language**

Section 722 of the Gramm-Leach-Bliley Act (Pub. L. 106-102, 113 Stat. 1338, 1471, 12 U.S.C. 4809) requires the federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The Board has sought to present the proposal in a simple and straightforward manner and invites comment on the use of plain language and whether any part of the proposal could be more clearly stated.

#### **D. Providing Accountability Through Transparency Act of 2023**

The Providing Accountability Through Transparency Act of 2023 (5 U.S.C. 553(b)(4)) requires that an NPR include the internet address of a summary of not more than 100 words in length of the proposed rule, in plain language, that shall be posted on the internet website under section 206(d) of the E-Government Act of 2002 (44 U.S.C. 3501 note).

In summary, the Board proposes to amend its Regulation A (Extensions of Credit by Federal Reserve Banks) to specify that a holder of a proposed special-purpose payment account would not be eligible for access to discount window credit made available by the Federal Reserve Banks (Reserve Banks). The proposal would change neither the existing programs under which the Reserve Banks generally provide discount window credit (primary credit, secondary credit, and seasonal credit) nor the process for establishing the primary credit, secondary credit, and seasonal credit rates.

The proposal and such a summary can be found at <https://www.regulations.gov> and <https://www.federalreserve.gov/supervisionreg/reglisting.htm>.

#### **List of Subjects in 12 CFR Part 201**

Banks, Banking, Federal Reserve System, Reporting and recordkeeping requirements.

#### **Authority and Issuance**

For the reasons set forth in the preamble, the Board proposes to amend Regulation A, 12 CFR part 201, as follows:

#### **PART 201—EXTENSIONS OF CREDIT BY FEDERAL RESERVE BANKS (REGULATION A)**

1. The authority citation for part 201 continues to read as follows:

Authority: 12 U.S.C. 248(i)-(j), 343 *et seq.*, 347a, 347b, 347c, 348 *et seq.*, 357, 374, 374a, and 461.

2. In § 201.2, redesignate paragraphs (d) through (f) as paragraphs (e) through (g) and add new paragraph (d) to read as follows:

**§ 201.2 Definitions.**

\* \* \* \* \*

(d) *Payment account* means the record maintained by a Federal Reserve Bank of the debtor-creditor relationship between the Federal Reserve Bank and a single depository institution with respect to deposit balances of the depository institution that are maintained with the Federal Reserve Bank and which is governed by an agreement that states the account is a payment account.

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3. Amend § 201.3 by revising paragraph (a)(1) and adding paragraph (a)(4) as follows:  
§ 201.3 Extensions of credit generally.

(a) *Advances to and discounts for a depository institution.*

(1) A Federal Reserve Bank may lend to a depository institution, except as described in paragraph (a)(4), either by making an advance secured by acceptable collateral under § 201.4 of this part or by discounting certain types of paper. A Federal Reserve Bank generally extends credit by making an advance.

(2) \* \* \*

(3) \* \* \*

(4) A Federal Reserve Bank may not lend under § 201.4(a), (b), or (c) to a depository institution that holds a payment account.

By order of the Board of Governors of the Federal Reserve System.

*(signed) Benjamin W. McDonough*

**Benjamin W. McDonough,**  
*Secretary of the Board.*