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

July 27, 2026

Re: Docket No. OP-1878

Request for Comment on Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests

Coinbase Global, Inc. (**Coinbase**) appreciates the opportunity to comment on the Board of Governors of the Federal Reserve System's (the **Board**) notice of proposed revisions to the Federal Reserve Policy on Payment System Risk (the **Proposal**) to accommodate the provision by Reserve Banks of special-purpose accounts that would clear and settle certain payment activity (**Payment Accounts**).

Coinbase welcomes the Board's pursuit of a framework to support private-sector innovation in payments. However, as proposed, we do not believe the Payment Account would provide sufficient functionality to be an attractive account option relative to existing options for eligible institutions. Notably, the proposed zero interest rate on Payment Account balances would significantly limit the practical utility of the Payment Account for legally eligible institutions seeking to develop innovative payment services.

We are also concerned that the structure of the Payment Account fails to recognize that federally chartered and regulated firms should be distinguished for purposes of terms of the Payment Account and access to a Master Account.

We respectfully urge the Board to revise the Proposal so that the Payment Account can more effectively support innovation while continuing to address the risk considerations reflected in the Account Access Guidelines.

Yours sincerely,

Faryar Shirzad
Chief Policy Officer
Coinbase

Introduction

Coinbase agrees that a Payment Account[1] has the potential to support private-sector innovation by reducing legally eligible institutions' reliance on intermediaries and providing greater certainty, efficiency, and transparency in accessing Federal Reserve payment services. As we noted in our response to the Board's earlier Request for Information on the Payment Account concept, many jurisdictions have reduced settlement risk, improved payment speed and reliability, and fostered innovation in payments by permitting a broader range of institutions to access central bank payment infrastructure.

However, for the U.S. to fully realize these benefits, the Proposal must be modified to ensure Payment Accounts are commercially viable for eligible institutions to actually obtain and use. The various limitations and restrictions on the Payment Account run counter to that objective, fail to recognize the regulated and supervised status of certain national banks, and are not necessary to ensure the sound operation of the Federal Reserve Banks.

Improvements to financial stability, liquidity, and resilience from the Payment Accounts take on increased importance in the payments landscape envisioned by Congress in the Guiding and Establishing National Innovation for U.S. Stablecoins (**GENIUS**) Act.[2] With GENIUS, Congress has expressly authorized a new range of institutions as permitted payment stablecoin issuers (**PPSI**).[3] PPSIs' mint and burn operations for payment stablecoin holders, 24/7 settlement capabilities, and other payments innovations will particularly benefit from the speed, reliability, and reduced settlement risk provided by access to Payment Account infrastructure.

The Payment Account should not be a structural handicap to innovative payments providers relative to legacy financial institutions that benefit from traditional access to Master Accounts, where the risk to the operations of a Federal Reserve Bank is indistinguishable between the two.

To ensure Payment Accounts see sufficient uptake and are effectively implemented to realize the Board's stated objectives, we offer the following recommendations:

- **Revise the Board's tiering framework** and proposed access request review timelines to more accurately reflect the supervisory and risk profile of national trust banks. There is no principled risk-based reason why federally chartered and regulated firms should be scrutinized in the same review tier alongside higher-risk and less-regulated entities.
- **Payment Accounts should offer interest** on at least a portion of account balances. In lieu of imposing a blanket zero interest rate, the Board could offer interest on

[1] Board of Governors of the Federal Reserve System, Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests, 91 Fed. Reg. 30627 (May 26, 2026).
[2] *See* 12 U.S.C. § 5901 *et seq.*
[3] *See* 12 U.S.C. § 5901(23).

balances below a flexible threshold calibrated to the volume of payments activity to ensure Payment Accounts rise to the threshold of commercial viability.

- **Provide more certainty on how Closing Balance Limits will be set,** including by adopting a rebuttable presumption that a Payment Account holder's requested limit is reasonable where supported by documentation of an institution's payment and settlement activities.
- **Do not impose additional illicit-finance requirements** on institutions already subject to federal supervision in connection with maintaining a Payment Account.

We expand further on these recommendations in our responses to specific questions from the Request for Comment below.

Response to Question 6: Should the Board make any changes to the existing tiering framework in connection with the Payment Account proposal and the proposed amendments to the Guidelines?

The Board should revise the tiering framework to recognize the distinct regulatory status of federally supervised institutions, including national trust banks. As proposed, the Payment Account restrictions reflect the Board's concern that Tier 2 and Tier 3 institutions encompass a broad range of charter types, business models, and supervisory regimes, which pose "greater and more heterogeneous risks than federally insured institutions."[4]

That heterogeneity, however, is largely a function of the Board's own tiering framework. Uninsured national trust banks, which are subject to extensive federal oversight and constrained by law to engage only in limited activities, present a materially different risk profile than many other institutions within Tier 2 and Tier 3, and should not be subject to the same restrictions solely because they are not federally insured.

National trust banks are federally chartered by the OCC and are authorized to engage only in the business of a trust company and related activities. Unlike many other Tier 2 and Tier 3 institutions, national trust banks operate under a federal prudential framework that includes rigorous chartering standards, ongoing supervision and examination by the OCC, the same minimum regulatory capital requirements applicable to other national banks (as well as standards specifically tailored to the business model of an institution imposed by the OCC by order), and robust liquidity, governance, operational (including third-party risk management), and financial reporting requirements. National trust banks are also subject to the same federal BSA/AML and sanctions requirements applicable to other national banks, as discussed in our response to Question 5.

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[4] 91 Fed. Reg. at 30628 ("The tiering framework acknowledges the spectrum of regulatory and supervisory frameworks that apply to institutions that may request access.... While eligible institutions from any tier may request a Payment Account, the Board anticipates that most Payment Account requesters would be Tier 2 or Tier 3 institutions. As explained above, access to an account and services by non-federally insured institutions (Tiers 2 and 3) presents greater and more heterogenous risks than federally insured institutions (Tier 1). Accordingly, the Board believes it is necessary that the Payment Account be designed with ex ante controls and standard terms to mitigate these risks.").

Collectively, these statutory limitations, consistent federal regulations, and federal supervisory safeguards distinguish national trust banks, including those that are uninsured, from the other types of institutions included within Tier 2 and Tier 3. Their limited range of permissible activities, specialized business model, and comprehensive federal supervision present a lower risk profile and raise substantially fewer of the concerns identified by the Board in the Proposal, including with respect to financial stability. Moreover, as national banks chartered by the OCC, national trust banks are required to become members of the Federal Reserve System, and thus are broadly subject to Federal Reserve oversight in the same manner as other member banks that are national banks.[5]

The Board should therefore distinguish uninsured national trust banks from other non-federally insured institutions when applying the Payment Account framework. In particular, national trust banks should not be subject to the full range of proposed Payment Account limitations solely because they are grouped with other non-federally insured institutions under the existing tiering framework. Those limitations are not warranted in light of the federal supervisory framework and activities restrictions applicable to such institutions and would undercut the utility of the Payment Account as discussed in our response to Question 1 below.

Response to Question 1: Would the design of the Payment Account, as updated from the RFI, support eligible institutions' payment activity and be an attractive account option?

As proposed, the Payment Account would not be an attractive account option for legally eligible institutions. We appreciate the Board's recognition that direct access to Federal Reserve accounts and services could support private-sector innovation by reducing legally eligible institutions' dependence on intermediaries.[6] However, the proposed restrictions would instead preserve that reliance and materially diminish the Payment Account's utility as a practical option for conducting payment and settlement activities.

In particular, the proposed zero interest rate on Payment Account balances would substantially undermine the Payment Account's utility and commercial attractiveness. Legally eligible institutions that maintain balances in Payment Accounts would be unable to earn a return on their balances, effectively penalizing them for utilizing what is otherwise a limited account structure relative to available payment alternatives. For example, an insured bank that earns interest on its master account balances with a Reserve Bank can, in turn, offer payments firms a return on deposits that they would be unable to earn themselves, thus providing incentives to preserve the existing system.

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[5] 12 U.S.C. § 222.

[6] 91 Fed. Reg. at 30631 ("The Board believes that the Payment Account could support private-sector innovation by reducing (1) the uncertainty, time, and related costs of obtaining access; and (2) the reliance on intermediaries. This, in turn, could increase competition in the payments marketplace and allow institutions to design innovative and efficient services that better leverage all the capabilities of the services to which the Payment Account will have access.").

The Board should instead consider using more refined tools to influence account holders' behavior, such as a flexible threshold on Payment Account balances, below which interest would be paid and above which it would not. Such an approach would make a Payment Account economically viable for legally eligible institutions, and avoid penalizing them for clearing and settling payments activity through a Reserve Bank rather than an intermediary bank, which in practice today would often be a global systemically important bank or other large correspondent bank. Paying interest on Payment Account balances would therefore help mitigate systemic risk and enhance the resilience of the U.S. payment system by reducing concentration of payments activity by, and associated counterparty risk with, systemically important financial institutions.

The Board should also consider additional changes to the Proposal. First, the proposed framework for Closing Balance Limits creates uncertainty and undermines the utility of the Payment Account. Although the Proposal establishes a maximum Closing Balance Limit of $1 billion, it leaves the actual limit for a given Payment Account holder to each Reserve Bank's discretion based on its analysis of the Payment Account holder's payment flows and other general considerations. This result runs directly counter to the Board's stated desire to "promote consistency across Reserve Banks and to facilitate equitable treatment across institutions."[7]

We address the adequacy of the $1 billion limit below, but note that the Proposal provides little objective guidance or transparency regarding how Reserve Banks should set those limits or adjust them over time, creating uncertainty for Payment Account holders and the potential for inconsistent treatment across Reserve Banks.

We recommend that the Board establish a rebuttable presumption that a Payment Account holder's requested Closing Balance Limit is reasonable where it is supported by documented operational analysis of the institution's expected payment flows. A Reserve Bank should depart from the requested limit only upon determining that a lower limit is necessary to address a specific, identified risk, and should provide a written explanation for that determination. Second, we note that the exclusion of FedACH access materially limits the functionality of the Payment Account and would reinforce Payment Account holders' reliance on intermediary institutions.

Response to Question 4: The Board is proposing that the Closing Balance Limit be established based on an institution's expected payment activity at the beginning of the Federal Reserve's business day, not to exceed $1 billion. Is $1 billion an appropriate maximum for the Closing Balance Limit? Are there effects of limiting closing balances in Payment Accounts that the Board has not identified?

As discussed in our response to Question 1, our principal concern is the Proposal's discretionary framework for Reserve Banks in establishing institution-specific Closing Balance Limits below that threshold. The Proposal affords Reserve Banks broad discretion to determine and modify those limits without transparent, objective standards, creating

[7] 91 Fed. Reg. at 30647.

uncertainty and the potential for inconsistent treatment of similarly situated institutions. Closing Balance Limits that are set too low would unnecessarily constrain payment and settlement activities, require Payment Account holders to rely on intermediaries to hold balances, and thereby diminish the utility of the Payment Account. We appreciate the Board's concerns that Payment Accounts without Closing Balance Limits might attract funds during a flight-to-safety scenario in a manner contrary to the financial stability objectives of the Board. However, certain institutions dealing in high-volume payments may have legitimate business need for a limit exceeding $1 billion; we note the Board's own data on existing Federal Reserve Bank account holders show closing balances exceeding $1 billion at the high end of the distribution. Accordingly, the Board should provide a pathway for institutions with proven business need to apply for a higher Closing Balance Limit and otherwise adopt the recommendations set forth in our response to Question 1.

Response to Question 5: The proposal does not include specific illicit finance requirements in connection with a Payment Account request. Should there be requirements for institutions that are not federally insured? For example, if an institution requesting a Payment Account were not federally insured, should the institution be required to submit an attestation that it is a "bank" under the BSA or be required to submit an assessment of its BSA/AML and OFAC compliance programs from an independent third-party, or should the Reserve Bank be required to confirm that the BSA/AML and OFAC supervisory and regulatory regime of the institution is comparable to that of a federally insured institution?

Legally eligible institutions that meet the definition of a "bank" under the Bank Secrecy Act (**BSA**) and are subject to examination by a primary federal supervisor for BSA, anti-money laundering (**AML**), and Office of Foreign Assets Control (**OFAC**) compliance should not be required to satisfy additional illicit-finance requirements set by the Reserve Banks as a condition of obtaining a Payment Account.

National trust banks, for example, are federally supervised and already subject to a regulatory and supervisory framework that provides a comprehensive mechanism for identifying and mitigating illicit-finance and sanctions risks. National trust banks are subject to the same BSA/AML and OFAC requirements applicable to other national banks, including federally insured institutions that the Board classifies as Tier 1 institutions under its tiering framework, and must establish and maintain robust compliance programs. As the primary federal supervisor for national banks, the Office of the Comptroller of the Currency (**OCC**) routinely examines national trust banks for compliance with these requirements.

The Reserve Banks, as providers of accounts and services, should rely on the supervisory determinations of an institution's primary federal regulator with respect to BSA/AML and OFAC compliance. That approach is consistent with the framework established under the BSA itself, under which the Department of the Treasury has delegated its examination authority with respect to banks under the BSA to the federal banking agencies with respect to the institutions they supervise, in order to leverage their supervisory expertise.[8] The OCC exercises that delegated authority with respect to national banks, including national trust banks, and is responsible for assessing the adequacy of their BSA/AML and sanctions compliance programs.

Under this framework, the OCC conducts BSA/AML examinations of national banks pursuant to the Federal Financial Institutions Examination Council's BSA/AML Examination Manual and related interagency guidance, which employ a risk-based supervisory approach. Consistent with this approach, the OCC examines institutions based on their risk profiles, applying heightened scrutiny where warranted for higher-risk institutions. The existing supervisory framework therefore already provides the OCC with the flexibility to identify and address elevated illicit-finance and sanctions risks, while ensuring that all national banks maintain effective BSA/AML and OFAC compliance programs. Accordingly, there is no need for Reserve Banks to impose duplicative Payment Account-specific illicit-finance requirements on institutions that are already subject to this federal supervisory framework.

Reserve Banks, as providers of Payment Accounts, should not duplicate the supervisory judgments of an institution's primary federal regulator by requiring separate attestations, independent assessments, or additional determinations regarding the adequacy of an institution's BSA/AML and OFAC compliance framework. Instead, the Reserve Banks should rely on the supervisory determinations of an institution's primary federal regulator, which would avoid unnecessary duplication, promote regulatory consistency, and preserve the longstanding allocation of supervisory responsibilities among the federal banking regulators.

Response to Question 7: Is the proposed timeline for reviewing access requests from Tier 1 institutions appropriate? Should the Board consider setting timelines for reviewing other access requests from Tier 2 and Tier 3 institutions?

The Board should establish a review timeline for Master Account requests submitted by federally supervised institutions, including national trust banks. The Proposal explains that the Board declines to establish a review timeline for Master Account requests submitted by Tier 2 and Tier 3 institutions because those categories encompass a broad range of charter types, business models, regulatory regimes, and risk profiles.[9] As discussed in our response to Question 6, however, that heterogeneity is largely a function of the Board's existing tiering framework. Federally supervised national trust banks are subject to a common federal chartering and supervisory framework and therefore do not present the same range and level of risk as the broader group of Tier 2 and Tier 3 institutions.

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[8] 31 U.S.C. § 5318(a)(3); 31 C.F.R. § 1010.810(b). *See* FinCEN, Reports to Congress, Feasibility of a Cross-Border Electronic Fund Transfer Reporting System, Appendix A, at 39, available at: https://www.fincen.gov/system/files/shared/Appendix_A.pdf.

[9] 91 Fed. Reg. at 30642 ("For Master Account requests from Tier 2 and Tier 3 institutions, the Board believes that the nature of the relevant variables—including the variety of charter types, business models, regulatory regimes, and risk profiles—precludes specification of a single timeline. As a result, the Board is not setting an indicative timeline for Reserve Bank reviews of these access requests. The Board would continue to monitor the length of Reserve Banks' individual reviews.").

Coinbase agrees with the Board's observation that predictable review timelines for Master Accounts reduce uncertainty, improve transparency, lower barriers to entry, and support innovation.[10] These benefits are not unique to Tier 1 institutions. National trust banks, including those that are uninsured, represent a distinct category of legally eligible institutions that are subject to federal supervision and constrained by law to engage in a limited range of permissible activities. Accordingly, the Board should establish a review timeline for Master Account requests submitted by federally supervised institutions and apply the same review timeline proposed for Tier 1 institutions following receipt of a complete application. Doing so would reduce unnecessary uncertainty and ensure that such institutions are not subject to opaque, open-ended review processes solely because the Federal Reserve has grouped them with institutions operating under materially different regulatory and supervisory frameworks.

[10] Id. ("The Board believes that setting expectations about the period within which a Reserve Bank would grant or deny an access request would give requesting institutions clarity on the resources and time needed for the evaluation process.").