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**National Association of Federally-Insured Credit Unions**

January 17, 2023

Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551

**Re: Guidelines for Evaluating Account and Services Requests  
Docket No. OP-1788**

Dear Ms. Misback,

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing in response to proposal published by the Board of Governors of the Federal Reserve System (Board) that would require public disclosure of depository institutions with access to Reserve Bank accounts and/or financial services. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve 134 million consumers with personal and small business financial service products.

NAFCU supports the Board's efforts to develop a transparent, risk-based policy for granting eligible depository institutions access to Reserve Bank accounts and services. As part of this policy, periodic disclosure of institutions that currently have master account access represents an appropriate addition. With respect to credit unions and other federally insured depository institutions, those with existing access to Reserve Bank accounts should constitute a stable and relatively low-profile group; however, for other eligible institutions with less traditional business models, particularly those that choose to self-publicize their intention to seek master account access, the ultimate disposition of such applications will likely be a matter of greater public interest.

As the Board observed in its initial proposal establishing the current Account Access Guidelines, "the application of the guidelines to access requests by federally-insured institutions would be fairly straightforward in most cases," however, assessments of such requests from non-federally-insured institutions "may require more extensive due diligence."<sup>1</sup> A subsequent proposal to create different tiers of institutions for risk management and due diligence purposes recognized that federally-insured depositories, such as credit unions, would generally be regarded as low risk, Tier 1 institutions, whereas non-federally insured state chartered institutions would receive

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<sup>1</sup> Board of Governors of the Federal Reserve System, Proposed Guidelines for Evaluating Account and Services Requests, 86 Fed. Reg. 25865, 25866 (May 11, 2021).

stricter scrutiny as Tier 3 institutions.<sup>2</sup> NAFCU's comments in response to the proposal found this distinction appropriate given the novel risk characteristics associated with certain types of nontraditional applicants and crypto-centric business models. Developments in the digital asset and stablecoin space have, if anything, created an even greater imperative for the Board to apply transparent standards to assess whether firms promoting, transacting or facilitating exchange of digital assets are effectively managing risk in a way that does not create additional exposures for the Federal Reserve and its payment systems.

The current proposal advances this interest by providing the public with insight about the types of financial institutions that have access to Reserve Bank accounts and services. Given that the safety and soundness of individual financial institutions depends, in part, on appropriate management of payment system risk, understanding what share of account-holding institutions are subject to comprehensive federal supervision will provide insight about the overall risk exposure of the Reserve Banks.<sup>3</sup> Quarterly disclosure of financial institutions that hold master accounts will also provide a general sense of how the Reserve Banks are evaluating new applications.

With respect to the other questions posed by the Board, such as whether to publish a list of account holding institutions more frequently or include additional data regarding the timing of individual applications, an initial path forward should focus on meeting the statutory criteria established in Section 5708 of the National Defense Authorization Act for Fiscal Year 2023 (NDAA FY '23).<sup>4</sup> Conformity with statutory requirements for disclosing whether an application was submitted, approved, rejected, pending with a Reserve Bank, or withdrawn will achieve many of the goals of the proposal. To the extent further transparency is desired, the Board might consider additional refinements by seeking new public comment.

Publishing a list of institutions that have been granted access to Reserve Bank accounts and services is not only a statutory requirement per the NDAA FY '23, but also a valuable service that will help inform the public about what types of institutions have direct payment system access. A public list will also offer a general sense of how long it takes for the Reserve Banks to reach a final decision after applying the Board's Account Access Guidelines. As applications are considered, future data will reveal how much time is in fact required to assess the risks presented by applicants with nontraditional business models, such as those linked to digital asset markets.

NAFCU and its members appreciate the opportunity to comment on the Board's proposed rule. Should you have any questions or require any additional information, please contact me at [amorris@nafcu.org](mailto:amorris@nafcu.org) or (703) 842-2266.

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<sup>2</sup> Board of Governors of the Federal Reserve System, Proposed Guidelines for Evaluating Account and Services Requests, 87 Fed. Reg. 51099 (August 19, 2022).

<sup>3</sup> See Federal Reserve Policy on Payment System Risk, 3 (March 19, 2021).

<sup>4</sup> H.R.7776 - James M. Inhofe National Defense Authorization Act for Fiscal Year 2023.

Board of Governors of the Federal Reserve System

January 17, 2022

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Sincerely,

A handwritten signature in black ink that reads "Andrew Morris". The signature is written in a cursive style with a horizontal line at the end.

Andrew Morris

Senior Counsel for Research and Policy