

July 27, 2026

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

Re: Regulation A: Extensions of Credit by Federal Reserve Banks [Docket No. R-1892; RIN 7100-AH24]

Dear Mr. McDonough:

The Independent Community Bankers of America (ICBA)¹ appreciates the opportunity to comment on the Board of Governors of the Federal Reserve System's (the Board or the Federal Reserve) proposed amendments to Regulation A, which would specify that a holder of a special-purpose Payment Account would not be eligible to access discount window credit.

This notice is one of three related proposals through which the Board would establish the Payment Account, along with the proposed revisions to the PSR Policy and the Account Access Guidelines (Docket No. OP-1878) and the proposed amendments to Regulation D (Docket No. R-1893).² ICBA is submitting comments on each.

ICBA has significant concerns about expanding direct Federal Reserve account access to institutions that operate outside the traditional banking regulatory framework. If a Reserve Bank grants these institutions access to the payment system, a highly constrained Payment Account poses fewer risks than a full Master Account. Access to Federal Reserve accounts and services should remain tied to strong prudential oversight, and lightly regulated entities should not receive the same comprehensive access as insured depository institutions.

Summary of the Proposal

The Board proposes to amend Regulation A (12 CFR part 201) to specify that a Payment Account holder would not be eligible for discount window credit. The amendment would define the term "Payment Account" in Section 201.2 and revise Section 201.3 so that a Reserve Bank may not extend

¹ The Independent Community Bankers of America® has one mission: to create and promote an environment where community banks flourish. We power the potential of the nation's community banks through effective advocacy, education, and innovation. As local and trusted sources of credit, America's community banks leverage their relationship-based business model and innovative offerings to channel deposits into the neighborhoods they serve, creating jobs, fostering economic prosperity, and fueling their customers' financial goals and dreams.

² See ICBA, Response to Federal Reserve's Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests, <https://www.icba.org/w/icba-response-to-docket-no-op-1878> (July 27, 2026); ICBA, Response to Federal Reserve's Regulation D: Reserve Requirements of Depository Institutions Proposed Amendments, <https://www.icba.org/w/icba-response-to-docket-no-r-1893> (July 27, 2026).

primary, secondary, or seasonal credit to a depository institution that holds a Payment Account. As the Board states, the proposal would change neither the existing discount window programs nor the process for establishing their rates, and it would not affect discount window eligibility for any other depository institution. The exclusion is one of the standard risk-mitigating terms of the Payment Account, which the Board describes more fully in its companion proposal to revise the PSR Policy and the Account Access Guidelines (Docket No. OP-1878).

ICBA Response

As ICBA has explained, it has significant concerns about establishing a Payment Account and about expanding direct access to the Federal Reserve's payment system to institutions that operate outside the traditional banking regulatory framework, and its comments on this amendment should not be read as support for the Payment Account itself. If the Board nonetheless proceeds with the Payment Account, excluding its holders from the discount window is a necessary and appropriate constraint.

The discount window is a credit facility that supports the liquidity and stability of the banking system, and it is appropriately available to depository institutions that are subject to a full complement of prudential standards and supervisory oversight. Extending it to legally eligible but lightly regulated institutions, including institutions that are not federally insured and not subject to consolidated federal supervision, would expose the Reserve Banks and the public to undue credit risk. Making the exclusion explicit in Regulation A reinforces the limited, payments-only purpose of the Payment Account and the principle that access to Federal Reserve credit should remain tied to strong prudential oversight.

ICBA supports the Board's decision to leave the existing discount window programs unchanged. As the proposal provides, the amendment would not alter the primary, secondary, and seasonal credit programs through which the Reserve Banks lend to eligible depository institutions, or the process for establishing the rates for those programs. Confining the change to the eligibility of Payment Account holders is the right approach.

ICBA's broader concerns about extending direct access to the Federal Reserve's payment system apply with equal force here. The exclusion of Payment Account holders from the discount window is a necessary safeguard, but it is not a substitute for the additional safeguards ICBA has urged the Board to adopt, which are set out in ICBA's comments on the proposed revisions to the PSR Policy and the Account Access Guidelines (Docket No. OP-1878). The limited nature of the Payment Account should not become a basis for a less rigorous review of the institutions that request one.

Thank you for the opportunity to comment on this proposal. ICBA looks forward to continuing to work with the Board to ensure that the payment system remains fast, efficient, and safe. Should you wish to discuss these comments in further detail, please do not hesitate to contact me at scott.anchin@icba.org.

Sincerely,

/s/

Scott Anchin
Senior Vice President, Strategic Initiatives and Policy