

FEDERAL RESERVE SYSTEM

Docket No. OP-1788

Guidelines for Evaluating Account and Services Requests

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice and request for comment.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is issuing a request for comment on proposed amendments to its Guidelines for Evaluating Account and Services Requests (Account Access Guidelines or Guidelines) that would require the Federal Reserve Banks (Reserve Banks) to publish a periodic list of depository institutions with access to Reserve Bank accounts and/or financial services.

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

FOR FURTHER INFORMATION CONTACT:

Jason Hinkle, Deputy Associate Director (202-912-7805), Division of Reserve Bank Operations and Payment Systems, or Gavin Smith, Senior Counsel (202-452-3474), Legal Division, Board of Governors of the Federal Reserve System. For users of TTY-TRS, please call 711 from any telephone, anywhere in the United States.

ADDRESSES: You may submit comments, identified by Docket No. OP-1788, by any of the following methods:

Agency website: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>.

E-mail: regs.comments@federalreserve.gov. Include the docket number in the subject line of the message.

FAX: (202) 452-3102.

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

All public comments are available from the Board's website at

<http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, and will

not be modified to remove confidential, contact or any identifiable information. Public

comments may also be viewed in-person in Room M-4365A, 2001 C St. NW

Washington, DC 20551, between 9:00 a.m. and 5:00 p.m. during federal business weekdays.

SUPPLEMENTARY INFORMATION:

I. Background

On August 15, 2022, the Board adopted final Account Access Guidelines that establish a transparent, risk-based, and consistent set of factors for Reserve Banks to use in reviewing requests from depository institutions to access Federal Reserve Bank accounts and/or financial services (accounts and services).^{1,2,3} The final Guidelines

¹ 87 FR 51099 (Aug. 19, 2022).

² Information on the Federal Reserve Banks' financial services, including a list of such services, can be found at <https://www.frb services.org/>.

³ The Guidelines do not apply to accounts provided under fiscal agency authority or to accounts authorized pursuant to the Board's Regulation N (12 CFR 214), joint account requests, or account requests from designated financial market utilities, since existing rules or policies already set out the considerations involved in granting these types of accounts.

provide a process to evaluate requests for accounts and services (access requests) in order to support a safe, inclusive, and innovative payment system. The final Guidelines also include a tiered review framework to provide additional clarity on the level of due diligence and scrutiny that Reserve Banks will apply when reviewing access requests from different types of institutions.

The longstanding practice of both the Board and the Reserve Banks has been to not disclose account-related information to the general public on the basis that such information is considered confidential business information.⁴ However, the development and publication of the Account Access Guidelines prompted the Board to consider the potential benefits of expanding the disclosure of the names of institutions that have access to accounts and services. For example, the Board received comments and inquiries from a range of stakeholders calling for greater public disclosure of account-related information.

As a result, the Board has decided to reevaluate the Federal Reserve's current disclosure practices and to propose an account disclosure process that would balance the relevant benefits and risks.

II. Discussion

The Board considered a range of benefits, risks, and other factors in developing the proposal. On the one hand, some information that Reserve Banks use to evaluate

⁴ See the preamble to the *Federal Register* notice adopting the final Account Access Guidelines for further discussion of this practice. The preamble notes that institutions may choose to self-disclose their access to accounts and services. 87 FR 51099-51102 (Aug. 19, 2022).

access requests clearly is confidential, such as trade secrets, private personal information, or confidential supervisory information submitted in connection with an access request. In addition, the Board acknowledges that institutions could face the risk of reputational harm if they are denied access to accounts and services, even if the denial is due to a Reserve Bank's evaluation of information that is publicly available (e.g., information about an institution's business model). The Board believes that, to the greatest extent possible, the Account Access Guidelines should not discourage institutions from requesting access to accounts and services by subjecting requestors to the potential disclosure of confidential information or risk of reputational harm.

At the same time, some institutions may not consider the fact that they have access to accounts and services to be confidential business information. Many institutions self-disclose such information, and certain types of institutions generally have access to accounts and services (e.g., federally-insured depository institutions). Moreover, Reserve Banks currently provide disclosure of the identity of account holders to financial institutions and other authorized users of the E-Payments Routing Directory. Subject to the directory's terms and conditions, authorized users can search for an institution by name, routing number, city, or state and to determine whether the institution uses the

Fedwire[®] Funds Service (which requires a master account), the Fedwire Securities Service, and/or FedACH[®].⁵

In balancing these factors, the Board believes that the names of institutions with access to accounts and services could be disclosed in a more accessible, transparent way to the general public without causing harm to these institutions or the Federal Reserve. The Board therefore proposes to establish a requirement for Reserve Banks to periodically publish a consolidated list of depository institutions with access to accounts and services (whether the institution settles its transactions directly in its own master account or settles its transactions in its correspondent institution's master account).⁶ This proposal would greatly expand public access to key account- and service-related information. The Board proposes to establish this requirement by adding a new Section 3 to the Account Access Guidelines entitled "Public Disclosure."

The key features of the proposed requirement would be:

- 1) On a quarterly basis, the Reserve Banks would produce a single, Federal Reserve System-wide report with two lists: (1) a list of federally-insured

⁵ See <https://www.frbservices.org/resources/routing-number-directory>.

⁶ The Board discussed two options for the method of disclosing accounts and services information to the general public: (1) an online, searchable database and (2) a sortable list posted to a public website operated by the Federal Reserve System (either the Federal Reserve Banks or the Board). Analysis concluded that, on balance, an online, searchable database would offer a slightly easier method for the public to determine if a specific depository institution has access to a Reserve Bank account and/or services. However, the Board estimated that constructing an online searchable database that provides validated data in a secured platform would likely have a longer time to launch than producing a sortable list published on our public website. As a result, the proposal recommends the publication of a sortable list posted to a Federal Reserve public website in the near term while continuing to research the technical requirements of an online, searchable database.

depository institutions with access to accounts and services, and (2) a list of non-federally-insured depository institutions with access to accounts and services. The report would be posted to a Federal Reserve System public website shortly after the end of the quarter. The quarterly cadence would be intended to balance providing timely public transparency with reducing potential reputational harm to institutions that have had their access to accounts and services removed since the previous report.

- 2) The report would include two data elements for each institution with access to accounts and services: (1) institution name, and (2) the Reserve Bank district in which the institution is located.
- 3) In a separate section, the report also would identify (1) the institutions that have received access to accounts and services since the publication of the previous report, and (2) the institutions that no longer have access to accounts and services since the publication of the previous report.⁷

III. Request for Comment

The Board requests comment on all aspects of the proposed new Public Disclosure section of the Account Access Guidelines. In particular, the Board requests comment on the following questions:

⁷ The list of depository institutions that no longer have access to accounts and/or services would include both institutions that lost access to accounts and services and those that gave up their access to accounts and services voluntarily.

1. Would the two data elements in the proposed Public Disclosure section appropriately balance providing public transparency with protecting information that institutions consider to be confidential?

2. Would the proposed publication schedule (quarterly cadence) appropriately balance providing timely transparency with reducing potential reputational harm to institutions that no longer have access to accounts and services? Would a less frequent cadence, such as semi-annual publication, strike that balance more effectively?

3. Are there additional data elements for each institution with access to accounts and services that the Federal Reserve should consider publishing to provide greater transparency to the public (such as the date on which access was provided, to extent known, or removed, location of the institution, etc.)? Are there additional data elements that the Federal Reserve should avoid publishing to prevent potential harm to these depository institutions?

4. Are there additional actions that the Board or Reserve Banks should take to provide transparency with respect to accounts and services? For example, should the Board establish a requirement for the Reserve Banks to publish a list of institutions that have requested an account or access to services (including the date on which the request was submitted, rejected, or withdrawn, etc.)?

5. Should categories of private sector institutions with access to accounts and services that are not covered by the Guidelines, such as designated financial market utilities, be scoped into the proposed Public Disclosure section?

IV. Account Access Guidelines – Proposed Section 3

Guidelines Covering Access to Accounts and Services at Federal Reserve Banks (Account Access Guidelines)

Section 3: Public Disclosure

The Board expects the Reserve Banks, working together, to produce a single, quarterly Federal Reserve System-wide report with two lists: (1) a list of federally-insured depository institutions with access to accounts and/or services, and (2) a list of non-federally-insured depository institutions with access to accounts and/or services.¹ This report should be posted to a Federal Reserve System public website with a short time lag after the end of each quarter. The report should include two data elements: (1) institution name, and (2) the Reserve Bank district in which the institution is located. In addition, the report should identify (1) the institutions that have received access to accounts and/or services since the publication of the previous report, and (2) the institutions that no longer have access accounts and/or services since the publication of the previous report.

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

Ann Misback,
Secretary of the Board.

Billing Code: 6210-01P

¹ The proposed list would include all institutions that access Reserve Bank priced financial services directly via a master account and those that access services indirectly via a master account of its correspondent bank.