

## Response to:

# Request for Information and Comment on Reserve Bank Payment Account Prototype

6 February 2026

Docket No. OP-1877

Submitted by email to: [publiccomments@frb.gov](mailto:publiccomments@frb.gov).

## Executive Summary

Nuvantè Technologies Ltd submits this comment in support of the Federal Reserve Board's proposed Payment Account framework, which we believe represents a constructive and proportionate response to ongoing innovation in payments and financial market infrastructure.

The stablecoin market is now approximately **\$300 billion globally**, with corporate treasuries increasingly using stablecoins for cross-border payments, liquidity management, and working capital optimization. A key structural limitation of the current market, however, is that most stablecoin activity ultimately settles through commercial bank accounts rather than in central bank money. This reliance introduces counterparty and settlement risk that can be materially reduced through settlement in central bank money.

The events surrounding the failure of Silicon Valley Bank in March 2023 highlighted two important considerations. First, the importance of robust risk management by stablecoin issuers, particularly where reserves are held at deposit-taking institutions. Second, the vulnerabilities that can arise in settlement and redemption processes during periods of market stress.

In parallel, a number of central banks are enhancing and extending both the range of participants and the functionality through which those participants can interact with central bank settlement infrastructure. For example, the Bank of England has enabled payment service providers to operate omnibus accounts and is actively testing agent-based settlement models as part of its enhanced RTGS (RT2) implementation.

In this context, the proposed Payment Account framework represents a pragmatic and well-scoped response to structural market developments. Properly implemented, it would support innovation in payment clearing and settlement while maintaining strong safeguards for the Federal Reserve Banks, the payment system, and financial stability more broadly.

## Request for Information Q&A

### **1. Would the design of the Payment Account prototype support payment activities of eligible institutions?**

Yes. As blockchain and digital ledger technologies continue to mature, we support the introduction of new, fit-for-purpose account types. The Payment Account provides direct access to central bank settlement, which can enable payment agents and clearing institutions to support conversions between digital forms of currency more efficiently. This, in turn, delivers improved outcomes for stablecoin holders and tokenized deposit holders by enhancing settlement finality, transparency, and resilience.

### **2. What payment activities or use cases would a Payment Account best facilitate (or be unable to facilitate)?**

**Best-facilitated use cases include:**

- Real-time and near-real-time USD clearing and settlement via Fedwire
- Prefunded settlement models supporting instant or near-instant payment finality
- Clearing of tokenized or digitally represented payment obligations where settlement occurs in central bank money
- On-chain/off-chain synchronized settlement use cases, including delivery-versus-payment (DVP) or payment-versus-payment (PVP) structures where no intraday credit is required

**Potential limitations** may arise in scenarios where prefunding is not in place. We suggest this area be explored further, particularly as new settlement models and liquidity management tools evolve.

### **3. What barriers to innovation in payments would a Payment Account eliminate or alleviate?**

The Payment Account would materially reduce several structural barriers currently faced by payment-focused institutions:

- **Indirect access risk:** Reduces reliance on correspondent banks for settlement, lowering operational concentration and mitigating de-risking pressures
- **Cost and latency:** Enables faster settlement and lower transaction costs by removing intermediary balance sheet constraints
- **Innovation bottlenecks:** Allows payment native firms to design systems around real-time, prefunded settlement rather than legacy batch-based processes

- **Regulatory uncertainty:** Provides a clearly scoped access pathway aligned with the Account Access Guidelines, reducing ambiguity for both applicants and Reserve Banks

Overall, the Payment Account supports innovation without expanding the Federal Reserve safety net.

#### **4. Would the design of the Payment Account prototype potentially increase the range of risks to the payment system identified in the Guidelines? If so, in what ways?**

No. If properly implemented, the Payment Account prototype is more likely to **reduce**, rather than increase, the risks identified in the Guidelines, given its prefunding requirements, restricted functionality, and explicit risk controls. As with any new access pathway, implementation quality and supervisory clarity will be critical to managing operational risk.

#### **5. What are the benefits and challenges of imposing an overnight balance limit on a Payment Account? Are there adjustments to the proposed formula the Board should consider?**

We believe overnight balance limits would be helpful in the short term during the initial implementation phase. However, these limits should not operate as rigid constraints. Institutions should be permitted to temporarily exceed the limit where there is a justified operational reason, provided there is a clear plan and timeframe to return balances below the threshold.

This approach would preserve risk controls while accommodating real-world payment flow volatility.

#### **6. What are the benefits and drawbacks of paying no interest on overnight balances in a Payment Account?**

A key benefit is that it prevents the Payment Account from being used as a store of value or reserve asset. In practice, this concern is already substantially addressed by the proposed balance limits. As such, the absence of interest is unlikely to present a meaningful drawback for payment focused institutions.

#### **7. How might the Federal Reserve condition access to a Payment Account on acceptable AML/BSA/CFT compliance programs?**

The Federal Reserve should expect sound risk management practices and robust controls to ensure that institutions with access to a Payment Account remain fully compliant with applicable laws and regulations. Existing Master Account standards could serve as a practical starting point, adapted proportionately to reflect the narrower, payment only risk profile of Payment Account holders.

**8. Are there additional features or limits the Board should consider in the design of the Payment Account prototype?**

We would encourage coordination with other innovative central banks to promote a more globally cohesive approach to central bank account design, settlement infrastructure, and APIs. Greater international alignment would support cross-border innovation while reinforcing consistency in risk management standards.

Nuvantè Technologies Ltd