

United States House of Representatives  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

March 26, 2026

Mr. Jeff Schmid  
President and Chief Executive Officer  
Federal Reserve Bank of Kansas City  
1 Memorial Drive  
Kansas City, Missouri 64198

President Schmid:

I write in response to your recent announcement that the Federal Reserve Bank of Kansas City (“Kansas City Fed”) has approved a “limited purpose account” for Payward Financial d/b/a Kraken Financial (“Kraken”), under the Account Access Guidelines issued by the Board of Governors of the Federal Reserve System (“Federal Reserve Board”).<sup>1</sup> The announcement indicates that the account is approved for an initial term of one year that includes restrictions and limitations “tailored for [Kraken’s] business model and risk profile that are appropriate to mitigate risks identified in the Guidelines.”<sup>2,3</sup>

Kraken, a cryptocurrency exchange licensed as a Wyoming Special Purpose Depository Institution (“SPDI”), is reportedly the first of its kind to receive access to Federal Reserve account services.<sup>4</sup> Innovations in payments, digital assets, tokenization, and even artificial intelligence are rapidly outpacing statutory frameworks developed to mitigate risk, promote competition, and protect consumers in a traditional financial environment. Given this environment, much is required of those who exercise discretionary authority over safe access to, and operation of, our nation’s critical financial infrastructure.

Providing support for competitive access to the payments system and preserving its stability and resilience are important. In addition, Congress is obliged to consider the well-being of consumers and ensure safe and equitable access to financial products and services for the American people.<sup>5</sup> In this regard, recent testimony, speeches, and scholarship suggest there are many additional considerations Congress must evaluate in expanding Federal Reserve account access such as prudential, BSA/AML, and consumer protection requirements (especially in light of the prevalence of payment scams, and diminished enforcement by the Consumer Financial Protection Bureau).

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<sup>1</sup> Press Release, “Federal Reserve Bank of Kansas City Approves Limited Account,” Federal Reserve Bank of Kansas City (Mar. 4, 2026) *available at* <https://www.kansascityfed.org/newsroom/2026-news-releases/federal-reserve-bank-of-kansas-city-approves-limited-account/>.

<sup>2</sup> *Id.*

<sup>3</sup> See Federal Reserve Board, “Guidelines for Evaluating Account and Service Requests,” 87 Fed. Reg. 51099 (Aug. 19, 2022).

<sup>4</sup> Gabrielle Saulsbery, “Kraken receives Fed master account, in a first for crypto,” Banking Dive (Mar. 4, 2026), *available at* <https://www.bankingdive.com/news/kraken-receives-fed-master-account-crypto-skinny-account-custodia/813814/>.

<sup>5</sup> See e.g., *Examining Opportunities and Challenges in the Financial Technology Marketplace*: Hearing before the H. Comm. on Fin. Servs. Subcomm. on Fin. Inst. and Consumer Cred. (Jan. 13, 2018) ([Testimony](#) of Adam J. Levitin, Geo. U. L. Center); Treasury, *The Future of Money and Payments: Report Pursuant to Section 4(b) of E.O. 14067* (Sep. 2022); Nellie Liang, Undersecretary for Domestic Fin., *Modernizing the Regulatory Framework for Domestic Payments*, Remarks at Fed. Reserve Bank of Chicago Payments Symposium (Oct. 9, 2024); Dan Awrey, *Unbundling Banking, Money, and Payments*, 110 Geo. L. J. 715 (2022); Dan Awrey, *Money and Federalism*, 75 Duke L. J. 171-245 (2025).

The Kansas City Fed’s announcement does not disclose specific information about Kraken’s access to the range of Federal Reserve financial services “due to the confidentiality of business information provided by applicants.” However, the announcement raises questions about the approval because neither statute nor the Federal Reserve Board’s Account Access Guidelines refer to a “limited purpose account” type. Accordingly, I write to request that you clarify the terms of Kraken’s account access approval and provide additional information regarding the process and considerations informing the approval.

Notably, the Federal Reserve Board recently requested public input on what many view as a closely related matter: a “Payment Account” special purpose Federal Reserve Bank account prototype tailored to the risks and needs of institutions focused on payments innovation.<sup>6</sup> I observe with heightened interest that the Kansas City Fed’s announcement granting “limited purpose account” access to Kraken arrives not long after the Federal Reserve Board’s Request for Information (RFI) closed on February 6, 2026.

Kraken participated in the RFI, expressing support for the “Payment Account” prototype as, in Kraken’s words, “a limited-purpose account” designed to facilitate clearing and settlement.<sup>7</sup> More specifically, Kraken recommended that the Payment Account should be designed with a minimum set of services that include FedACH® Services “enabled by default,” which the Federal Reserve Board indicated would not be available for its Payment Account prototype in order to “reduce the credit risk that a Payment Account could pose to the Reserve Bank.”<sup>8</sup> It is our understanding that FedACH® Services are generally available to holders of master accounts unless the Reserve Bank stipulates limitations or additional risk controls.

The RFI identified several categories of associated risk and proposed that, among other risk controls, account holders would not be eligible to maintain daylight overdrafts and would be subject to a limit on overnight balances in a Payment Account. The RFI indicates that the Board is exploring additional risk controls that could cover other areas of risk to the Reserve Bank and payment system, or risks associated with illicit financing.

I note that Congress has, through the requirements of the Federal Reserve Act, as amended, established and over time contoured the authority of Federal Reserve Banks to operate and issue accounts. Recently, Congress made reforms to enhance transparency about which institutions have master account access and the status of master account applications.<sup>9</sup> This Congress and its predecessors have wrestled with the novel issues present in the interplay between cryptocurrency, banks, and the payment system, and our decisions concerning Federal Reserve account access continue to take shape.<sup>10</sup> Whereas for stablecoin issuers, Congress recently determined to neither

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<sup>6</sup> See Federal Reserve Board, “Request for Information and Comment on Reserve Bank Payment Account Prototype,” 90 Fed. Reg. 60086 (Dec. 23, 2025).

<sup>7</sup> Letter from Payward, Inc. d/b/a Kraken (Feb. 6, 2025) available at <https://www.federalreserve.gov/apps/proposals/comments/FR-2025-0083-01-C89>

<sup>8</sup> See *supra* notes 6, 7.

<sup>9</sup> See 12 U.S.C. § 248c.

<sup>10</sup> See the Risk Management for Derivatives Clearing Organizations Act H.R. 5234, 118<sup>th</sup> Cong. (2023); see also the Affordable Remittance Act H.R. 10057, 118<sup>th</sup> Cong. (2024). These introduced bills consider requirements and conditions for expanding Federal Reserve master account access to a broader range of financial institutions but have not become law.

expand nor contract any eligibility to receive account services available from a Federal Reserve bank,<sup>11</sup> and for cryptocurrency exchanges, Congress continues to deliberate and engage with the public.

In light of the foregoing, I request clarification regarding the following:

1. Whether the “limited purpose account” is (i) eligible to maintain daylight overdrafts, (ii) subject to a limit on overnight balances, and (iii) eligible to receive interest on overnight balances.
2. Whether the “limited purpose account” has access to (i) FedACH® Services, (ii) Check Services, (iii) FedCash®, (iv) Fedwire® Securities Service for Transfer Against Payment, and/or (v) any other services that would not be available to account holders under the Federal Reserve Board’s Payment Account concept, as outlined in the RFI.
3. Whether the “limited purpose account” is conditioned on examination and reporting requirements beyond the requirements of the Wyoming Division of Banking for SPDIs.
4. A description of any conditions or restrictions put in place by the Kansas City Fed in connection with the account access approval, and whether such conditions were reviewed by and concurred with by other Reserve Banks and the Federal Reserve Board.
5. Whether the Kansas City Fed intends to make the terms of Kraken approval publicly available and any related timing considerations.
6. A description of any communications between the Kansas City Fed and members of the Federal Reserve Board of Governors or individuals or entities including but not limited to those in the executive and legislative branches of the federal or any state government related to Kraken’s request for account access.

Answers to these questions are critical to ensuring that the process of approving Federal Reserve Bank account access is conducted consistently with the law, with impartiality, and in a manner that continues to foster a safe and efficient payment system. This matter is of critical importance to the development and oversight of our financial system, so I request that you promptly respond in writing by April 10, 2026. I look forward to your reply.

Sincerely,



Representative Maxine Waters  
Ranking Member

CC: Chair French Hill, Committee on Financial Services, U.S. House of Representatives

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<sup>11</sup> See section 4(a)(13) of the Guiding and Establishing National Innovation for U.S. Stablecoins (“GENIUS”) Act, 12 U.S.C. § 5903(a)(13) (2025) (noting that “Nothing in this Act shall be construed as expanding or contracting the legal eligibility to receive services available from a Federal Reserve Bank or to make deposits with a Federal Reserve Bank, in each case pursuant to the Federal Reserve Act.”)