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April 28, 2026

The Honorable Michelle Bowman

Vice Chair of Supervision, Federal Reserve & FFIEC Chairman
Federal Financial Institutions Examination Council (FFIEC)
3501 Fairfax Drive, Room B7081a
Arlington, Virginia 22226

The Honorable Jonathan Gould

Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, S.W.
Washington, D.C. 20219

The Honorable Travis Hill

Chairman, Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

The Honorable Charles Cooper

Chairman, FFIEC State Liaison Committee
c/o Mr. Brandon Milhorn
President and Chief Executive Officer
Conference of State Bank Supervisors
1129 20th Street, N.W., 9th Floor
Washington, D.C. 20036

Re: Request for Interagency Coordination, Community Bank Tokenized Deposit Supervisory Framework

Dear Vice Chairman Bowman, Comptroller Gould, Chairman Hill, Commissioner Cooper, Mr. Milhorn, and Members of the FFIEC:

The Independent Bankers Association of Texas (IBAT), on behalf of its member community banks and the DTX Tokenized Deposit Consortium (the "*Consortium*"), respectfully requests coordinated interagency action to address three structural barriers preventing community bank participation in emerging tokenized deposit markets. This letter is a companion to, and incorporates by reference, IBAT's concurrent letter to FFIEC Chairman in her capacity as Federal Reserve Vice Chairman, Michelle Bowman, and the Board of Governors of the Federal Reserve, regarding the risk management and supervisory framework governing tokenized deposit products (the "*Bowman Letter*").¹ The passage of the GENIUS Act and its

¹IBAT's concurrent letter to Vice Chair Michelle Bowman and the Board of Governors (April 23, 2026) (the "*Bowman Letter*") is incorporated herein by reference in its entirety and sets forth the full legal and technical record supporting each request summarized in this letter. Capitalized terms not defined herein have the meanings ascribed in the Bowman Letter. IBAT submits this letter to the FFIEC specifically so that the requested

forthcoming implementing regulations make the requested interagency coordination urgent. Community banks cannot afford to be left behind as GSIBs and nonbank digital asset participants move swiftly to define the tokenized deposit landscape.

Accordingly, IBAT directs these requests to the FFIEC specifically so that guidance and supervisory actions are issued on a coordinated, interagency basis, ensuring uniform application across all member agency examination programs, regardless of whether the FFIEC engages in formal rulemaking on these matters.

We commend the April 17, 2026 interagency model risk management guidance revision and urge the FFIEC and its member agencies to build upon that foundation with the three targeted actions summarized below.

IBAT respectfully requests coordinated action in the following three areas:

- Clarify the regulatory framework for model risk and operational risk in tokenized deposit products;
- Establish community bank-specific, tiered supervisory requirements for digital asset activities; and
- Mandate open API access to deposit data from core banking service providers.

I. MODEL RISK & OPERATIONAL RISK FRAMEWORK MODERNIZATION

The 2026 Guidance expressly excludes deterministic rule-based software from the definition of "*model*," yet does not confirm whether smart contracts fall within that exclusion. Community bank compliance and legal departments require explicit regulatory confirmation before committing to tokenized deposit deployments.

We respectfully request the agencies to:

- **Smart Contract Exclusion and Audit Safe Harbor.** Issue a joint supplemental statement confirming that deterministic smart contracts deployed in tokenized deposit systems are excluded from the 2026 Guidance's model risk management framework, consistent with the guidance's existing exclusion of deterministic rule-based processes, and establish smart contract audit and verification as the applicable risk management standard, with explicit safe harbor recognition for compliant institutions.²
- **Distributed Ledger Technology (DLT) Operational Risk Examination Module.** Publish a supplemental operational risk examination module for DLT-based deposit products, with procedures tiered by blockchain architecture, applying a streamlined module to permissioned environments (such as the DTX Consortium's infrastructure) and more intensive procedures to public or hybrid chain deployments, each with safe harbor language for institutions that implement conforming controls.³
- **Consortium Third-Party Risk Management Clarification.** Clarify, under the 2023 interagency third-party risk management guidance, that bank-governed consortia in which participating banks are themselves the governing principals are subject to a streamlined intragroup risk management framework, not full

guidance and supervisory actions are issued on a coordinated, interagency basis, even where the FFIEC itself does not engage in formal rulemaking, thereby ensuring uniform application across all member agency examination programs.

²The 2026 Guidance expressly excludes "*deterministic rule-based processes and software where there are no statistical, economic, or financial theories underpinning their design or use*" from the definition of "*model*." Smart contracts execute predefined logic with mathematical certainty and do not estimate or predict. Bowman Letter § I.A.

³Existing guidance, including the 2023 Joint Statement on Banks' Crypto-Asset Activities and SR 23-8, does not address DLT-specific operational risks such as consensus mechanism failures, validator concentration risk, node outage, chain reorganization, and cross-chain bridge vulnerabilities. Bowman Letter § I.B.

arm's-length vendor management expectations, and that adoption of a consortium's shared compliance program satisfies individual member bank obligations for shared platform activities.⁴

II. TIERED, COMMUNITY BANK-SPECIFIC DIGITAL ASSET SUPERVISORY STANDARDS

DTX Consortium member banks are predominantly made up of community banks below \$30 billion in assets. Applying supervisory expectations designed for globally systemically important banks to these institutions imposes disproportionate compliance costs and creates a structural barrier to market entry. The risk-proportionality principle affirmed in the 2026 Guidance should be extended across the agencies' full suite of digital asset supervisory expectations.

The agencies are hereby requested to:

- **Tiered Examination Standards.** Establish a streamlined digital asset examination module for community banks under \$10 billion in assets, focused on: (i) board and management oversight; (ii) smart contract audit completion and version control; (iii) reserve reconciliation and real-time balance verification; and (iv) BSA/AML transaction monitoring calibrated to digital asset activity volumes. Full novel-activity examination protocols should apply only to institutions above \$10 billion in assets, or where tokenized deposit activity exceeds a defined materiality threshold.⁵
- **Consortium Safe Harbor.** Issue interagency guidance confirming that: (a) a community bank member of a federally supervised consortium that has adopted the consortium's shared compliance framework satisfies individual bank-level risk management expectations for tokenized deposit activities conducted through the consortium; (b) consortium participation does not itself trigger heightened supervisory scrutiny absent specific indicators of unsafe or unsound practices; and (c) consortium governance, audit, and compliance programs constitute an acceptable enterprise-level substitute for individual member bank frameworks with respect to shared platform activities.
- **Proportionate Governance Expectations.** Confirm that community bank boards may satisfy digital asset governance expectations by consulting qualified external advisors, including those provided to them via a consortium network, or otherwise relying on consortium-level expertise, and that cross-functional risk committees operating at the consortium level, distributing risk reporting to individual member boards, constitute a recognized and acceptable governance structure.

III. OPEN API ACCESS TO DEPOSIT DATA FROM CORE BANKING SERVICE PROVIDERS

Tokenized deposit systems require real-time programmatic access to deposit balances, transaction histories, account holder verification data, and reserve positions. Community banks are overwhelmingly dependent on a small number of core providers, principally FIS, Fiserv, and Jack Henry, that have historically restricted API access, imposed supplemental access fees, and created integration barriers that structurally disadvantage smaller institutions. This constitutes a market failure operating within a federally supervised environment in which the FFIEC member agencies possess clear legal authority to act.⁶

⁴Interagency third-party risk management guidance (SR 23-4/CA 23-3, 2023) does not address bank-governed consortia where participating banks are themselves the governing principals. Applying arm's-length vendor due diligence to such structures creates duplicative compliance overhead without commensurate risk benefit. Bowman Letter § I.C.

⁵The 2026 Guidance expressly notes its provisions "*will be most useful*" for institutions over \$30 billion in assets. Analogous tiering precedents include the Community Bank Leverage Ratio (12 C.F.R. Part 217) and the graduated application of enhanced prudential standards under 12 U.S.C. § 5365. Bowman Letter § II.A.

⁶Applicable authority includes the Federal Reserve Act (Reg. J, 12 C.F.R. Part 210), the Bank Holding Company Act, and the Bank Service Company Act (12 U.S.C. §§ 1861–1867). OCC and FDIC possess parallel supervisory authority over national banks and insured state nonmember banks, respectively. The CFPB's Part 1033 Personal Financial Data Rights Rule (89 FR 90989,

The agencies are requested to:

- **Supervisory Guidance.** Issue interagency guidance directing federally insured institutions to require, as a condition of core banking service contracts, that core providers make deposit data available via open, documented APIs at no additional charge beyond standard service fees.
- **Critical Third-Party Designation.** Issue a joint interagency statement confirming that core banking service providers recognized as critical third parties under the agencies' third-party risk management framework are expected to provide open API access to deposit data as a condition of continued recognition as a qualified vendor to federally regulated institutions.
- **Direct Engagement.** Engage directly with FIS, Fiserv, Jack Henry, and other major core providers to obtain commitments to provide standardized, no-additional-cost API access to all federally insured institution clients, with a recommended implementation target of January 1, 2027.
- **Legislative Referral.** Support legislative action, if necessary, to extend data access requirements to core banking service providers acting on behalf of depository institutions, addressing the gap in the existing consumer-facing financial data rights framework as it applies to institution-to-infrastructure access.

CONCLUSION

The DTX Consortium represents a compliance-forward, well-governed effort by community banks to participate responsibly in tokenized deposit markets. IBAT respectfully urges the FFIEC and its member agencies to take the coordinated actions described herein, as fully detailed in the Bowman Letter incorporated by reference, to modernize the supervisory framework in a manner commensurate with community banks' risk profiles and systemic footprints. The FFIEC's unique role as an interagency coordinating body makes it the appropriate forum for ensuring that these actions are implemented consistently across all member agency examination programs.

IBAT and the DTX Consortium welcome the opportunity to brief agency staff on the Consortium's compliance framework, technical architecture, and the specific regulatory barriers encountered in deployment. We respectfully request a meeting at the agencies' earliest convenience and ask that you contact IBAT's General Counsel, Anne M. Balcer, abalcer@ibat.org, with any questions.