



January 16, 2025

James P. Sheesley, Assistant Executive Secretary  
Attention: Comments – RIN 3064-AG07  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington, DC 20429

Re: *Recordkeeping for Custodial Accounts*

Dear Sir,

The Conference of State Bank Supervisors<sup>1</sup> (“CSBS”) supports the Federal Deposit Insurance Corporation’s (“FDIC”) notice of proposed rulemaking entitled “Recordkeeping for Custodial Accounts” (“proposal”).<sup>2</sup> The proposal addresses current deficiencies that justify additional recordkeeping and internal control requirements for banks managing custodial accounts with transaction features on behalf of third parties.

The proposal would help to address certain operational complications that can hinder the FDIC’s ability to promptly make deposit insurance determinations and pay claims to depositors when needed. Additionally, enhanced recordkeeping and stronger internal controls would enable consumers to access their funds more easily and quickly.

Given the range of industry practice regarding third party arrangements and custodial accounts, state regulators recommend that the FDIC proceed with flexibility as it implements any final rule based on the proposal. The FDIC should take into consideration not only comments received on this proposal, but any relevant feedback received from the interagency Request for Information on bank-fintech arrangements.<sup>3</sup>

State regulators recommend that the FDIC issue a final rule based on the proposal as it will strengthen safeguards for consumers with funds managed through a bank-fintech custodial account.

Sincerely,

Brandon Milhorn  
President and CEO

<sup>1</sup> CSBS is the nationwide organization of state banking and financial regulators from all 50 states, the District of Columbia, and the U.S. territories.

<sup>2</sup> FDIC, Notice of Proposed Rulemaking, [Recordkeeping for Custodial Accounts](#), 89 Fed. Reg. 80135 (Oct. 02, 2024).

<sup>3</sup> OCC, FRB, and FDIC, Request for Information, [Request for Information on Bank-Fintech Arrangements Involving Banking Products and Services Distributed to Consumers and Businesses](#), 89 Fed. Reg. 61577 (July 24, 2024).