



2211 North First Street  
San Jose, CA 95131  
paypal.com

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**Electronically submitted via email**

Mr. James P. Sheesley  
ATTN: Comments—RIN 3064-AG07  
Federal Deposit Insurance Corporation  
550 17th Street NW  
Washington, DC 20429

Re: Comments on Proposed “Recordkeeping for Custodial Accounts” Rule

Dear Mr. Sheesley:

PayPal, Inc. (“PayPal”) submits this letter in response to the Federal Deposit Insurance Corporation’s (“FDIC’s”) request for comment on its proposed rule entitled “Recordkeeping for Custodial Accounts” (the “Proposed Rule”), published by the FDIC in the Federal Register on October 2, 2024.

By way of background, PayPal is a state licensed and regulated money transmitter that offers innovative payment products in order to meet the diverse needs of its consumers. These products include its flagship PayPal virtual wallet and two market-leading prepaid account products, PayPal Balance and Venmo, as well as a variety of services for funding transactions in connection therewith.

In offering these services, PayPal, like all state-licensed money transmitters, is required by applicable state law to hold funds supporting 100% of its outstanding payment obligations to customers in certain “permissible investments” defined by state money transmitter license (“MTL”) laws.<sup>1</sup> In addition to U.S. Treasury obligations, certain other government debt, designated cash-equivalents, and a limited number of other highly safe and liquid assets, permissible investments include deposits held by an MTL licensee at insured depository institutions (“IDIs”).<sup>2</sup> The allocation of customer funds among different categories of permissible investments and among different institutions is managed centrally by PayPal’s treasury function. Those allocations and the identity of the specific institutions in which funds may be placed are (except in the case of institutions providing pass-through FDIC insurance) not disclosed to customers and vary on a daily basis, at least as to the amount of assets held in each

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<sup>1</sup> See, e.g., CSBS Model Money Transmission Modernization Act, Art. X at <https://www.csbs.org/sites/default/files/2023-02/CSBS%20Money%20Transmission%20Modernization%20Act.pdf>.

<sup>2</sup> See, e.g., *id.* at § 10.04(a)(1).

specific permissible investment. Moreover, state record-keeping and reporting obligations apply, and the satisfaction of the MTL licensee’s permissible investment requirements is overseen by state MTL regulators, typically state banking authorities. Accordingly, like other separately regulated deposit obligations, such as those undertaken by broker-dealers and investment advisers, deposits placed by state-regulated money transmitters in satisfaction of state MTL laws should be exempt from the Proposed Rule.

Furthermore, when such permissible investment funds are placed in deposit accounts at IDIs, the accounts may be titled “PayPal for the benefit of customers” or a similar title, but no individual client has an identifiable interest in the deposits themselves (“Non-FDIC Pass-Through PI Accounts”). Such Non-FDIC Pass-Through PI Accounts are merely part of a collective pool of permissible investments that in the aggregate must at all times be at least equal to the amount of the customer obligations they are designed to support, as outlined above. As such, we believe the Non-FDIC Pass-Through PI Accounts satisfy neither (1) the definition of “custodial deposit account with transactional features” in the Proposed Rule, nor (2) the principles articulated by the FDIC as the justification for the rulemaking. Regardless of whether the FDIC adopts the proposed exemption above, we encourage the FDIC to confirm this understanding when releasing any final rule (the “Final Rule”), including by further clarifying the language of the Proposed Rule, as appropriate.

Only in a limited number of specifically defined cases does PayPal place customer funds in deposit accounts that are intended to provide pass-through FDIC insurance for the benefit of PayPal’s customers (“FDIC Pass-Through FBO Accounts”). In such cases, PayPal, like many other intermediaries in a similar position, is already maintaining records of customer interests in accordance with the FDIC’s existing requirements at 12 C.F.R. Part 370. The FDIC should not impose unnecessary and unwarranted burdens by essentially duplicating those requirements.

**I. The FDIC should add an exemption to the Proposed Rule for accounts holding the permissible investments of state-regulated money transmitters.**

PayPal respectfully requests that the FDIC include among the § 375.3(d) exemptions from the Proposed Rule an exemption for custodial accounts holding the permissible investments of state-regulated money transmitters, including FDIC Pass-Through FBO Accounts. The maintenance of custodial accounts by state licensed money transmitters and the tracking of associated outstanding payment obligations is heavily regulated under state MTL laws and directly and closely supervised by state banking agencies. As noted above, the limited universe of assets that money transmitters are allowed to hold for such purposes is strictly constrained by statute and regulation, and includes (in some cases mandates ) the use of deposit accounts at FDIC-insured institutions. State MTL laws and regulations also impose recordkeeping and reporting requirements and specifically address the application of permissible investments in connection with the winding down of an MTL licensee in the event of bankruptcy.<sup>3</sup> Whether PayPal holds funds at FDIC-insured institutions in Non-FDIC Pass-Through PI Accounts or

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<sup>3</sup> See, e.g., Conference of State Bank Supervisors, Model Money Transmission Modernization Act, Arts. VII, X.

FDIC Pass-Through FBO Accounts does not impact the application of these State MTL requirements.

For these reasons, all such accounts are similarly situated to other regulated accounts exempt from the Proposed Rule, including trust accounts, broker-dealer sweep accounts, lawyer trust accounts, and accounts maintained in connection with retirement plans. The FDIC acknowledges because such accounts are subject to independent recordkeeping requirements, the objectives of the Proposed Rule are not furthered by application to such accounts.<sup>4</sup> Also akin to these exempt accounts, PayPal uses FDIC Pass-Through FBO Accounts not only as one eligible investment out of a handful of others, but in certain cases because enabling FDIC pass-through coverage is called for by its state regulators.<sup>5</sup> Accordingly, exempting custodial accounts holding the permissible investments of money transmitters from the Proposed Rule would be justified for both Non-FDIC Pass-Through PI Accounts or FDIC Pass-Through FBO Accounts because the recordkeeping for such accounts is already heavily regulated and granting the exemption would have no impact on complete and accurate records regarding such accounts being readily available to the FDIC in the event of the failure of an IDI holding such accounts or the failure of a licensed money transmitter placing such deposits.

## **II. The FDIC should confirm that Non-FDIC Pass-Through PI Accounts are not custodial deposit accounts with transactional features within the meaning of the Proposed Rule.**

Even if the FDIC does not provide a categorical exemption from the Proposed Rule for accounts holding the permissible investments of state-regulated money transmitters as requested above, PayPal respectfully encourages the FDIC to confirm that Non-FDIC Pass-Through PI Accounts holding the permissible investments of state-regulated money transmitters and titled for the benefit of customers or similarly, but in which no customer holds an individually identifiable legal interest, are not custodial deposit accounts with transactional features for purpose of the Proposed Rule. While the Proposed Rule arguably would not apply to such accounts on its face, it would be helpful for clarity to confirm that fact, especially since application of the Proposed Rule to Non-FDIC Pass-Through PI Accounts would not further the objectives of the Federal Deposit Insurance Act (“FDIA”) or the Proposed Rule.

### **A. Background on Non-FDIC Pass-Through PI Accounts.**

As noted above, state-regulated money transmitters use Non-FDIC Pass-Through PI Accounts to satisfy statutory obligations to hold funds equal to the amount of their outstanding payment obligations to customers in the form of low-risk, liquid “permissible investments” designated by MTL laws. These permissible investments may, as permitted by state law, include cash, cash equivalents, or public debt, among similarly highly secure assets.<sup>6</sup> As relevant for this rulemaking, permissible investments also include deposits at IDIs, which licensed money

<sup>4</sup> Proposed Rule at §§ 375.3(d)(1), (3)-(5); Supplementary Information at 80141-80142.

<sup>5</sup> For example, certain of PayPal’s state regulators have required that the PayPal Balance and Venmo funds of PayPal’s cryptocurrency customers be held in a manner that enables pass-through FDIC insurance coverage of such funds.

<sup>6</sup> *See, e.g.*, Model Money Transmission Modernization Act § 10.04.

transmitters may hold in their own name “for the benefit of” their customers, i.e., in Non-FDIC Pass-Through PI Accounts, or in accounts simply titled in the name of the MTL licensee. For example, in a vastly simplified example, an MTL licensee with \$1 billion of outstanding customer obligations might hold its required \$1 billion of permissible investments as follows: (1) \$100 million in a Non-FDIC Pass-Through PI Accounts at Bank A, (2) \$200 million in a Non-FDIC Pass-Through PI Accounts at Bank B, (3) \$400 million in U.S. Treasury obligations in an account titled in the name of the MTL licensee, (4) \$200 million in government guaranteed bonds titled in the name of the MTL licensee and (5) \$100 million in inbound cash items in the process of collection.

Regardless of the form of the permissible investments held by the MTL licensee, or the title on the account, no individual customer has a separately identifiable legal interest in any of the permissible investment accounts, including the Non-FDIC Pass-Through PI Accounts. Rather all of the MTL licensee’s permissible investment effectively act as security for all of the MTL licensee’s customer payment obligations, but the customers’ claims are against the MTL licensee, not the permissible investments it holds to support those claims. In other words, customers are protected by the MTL licensee’s ability to access the undifferentiated whole of the permissible investment pool to satisfy customer claims. Customers have no knowledge of the permissible investments made by the MTL licensee at any given time and have no ability or authority to direct the MTL licensee to affect a transaction in any particular permissible investment account.

Thus, in the event of a failure of the MTL licensee, customers would have no expectation to be made whole on such accounts through FDIC pass-through insurance because no such insurance was promised; indeed, no promise would even be made that any particular amount of funds would be held in a bank, let alone an identified bank. Instead, the titling of Non-FDIC Pass-Through PI Accounts “for the benefit of customers” or similarly, merely serves to signal to the trustee in the event of bankruptcy of an MTL licensee that such funds are to be isolated from the MTL licensee’s bankruptcy estate as generically “customer funds,” rather than as funds held for a particular customer. While not required by state law, this approach also serves to protect customers by helping to distinguish the generic pool of customer funds from the MTL licensee’s general corporate funds.

In PayPal’s case in particular, PayPal is careful to disclose these facts to its customers. PayPal’s Balance Terms and Conditions provide as follows:

If your Balance Account is not eligible for FDIC pass-through insurance, PayPal combines your Balance Account balance with the balances of other Balance Account holders **not eligible for FDIC pass-through insurance** and invests those funds in liquid investments in accordance with state money transmitter laws. You will not receive any interest or other return on the funds held with PayPal. PayPal owns the interest or other earnings on these investments. However, the claim against PayPal represented by funds held in your Balance Account is not secured by these investments and **you do not have any ownership interest (either legal or beneficial) in these investments.** These pooled amounts are held apart from PayPal’s corporate funds, and PayPal will neither use these funds for

its operating expenses or any other corporate purposes nor will it voluntarily make these funds available to its creditors in the event of bankruptcy.<sup>7</sup>

In contrast, when a customer meets certain conditions, such as opening a PayPal Debit Card account, enrolling in direct deposit, or buying or receiving cryptocurrency, PayPal will place the customer's funds as their agent and custodian in FDIC Pass-Through FBO Accounts at certain identified "program banks."<sup>8</sup> These accounts are appropriately titled to reflect PayPal's role as custodian, rather owner of the funds and PayPal maintains required records of customer pass-through interests in each specific FDIC Pass-Through FBO Account consistent with the FDIC's deposit insurance regulations. In this manner, the customers maintain beneficial ownership of their particular funds pursuant to the PayPal Balance Terms and Conditions, and are eligible for FDIC pass-through insurance via satisfaction of the conditions imposed by the FDIC, up to applicable limits. PayPal complies with applicable regulations to ensure that customers are aware that pass-through insurance protects the customer against loss from failure of the bank, not loss resulting from the failure of PayPal.

**B. There are no "beneficial owners" of Non-FDIC Pass-Through PI Accounts other than the named account holder.**

A "custodial deposit account with transactional features" is defined under the Proposed Rule, as a deposit account: "(1) established for the benefit of beneficial owners, (2) in which the deposits of multiple beneficial owners are comingled, and (3) through which beneficial owners may authorize or direct a transfer through the account holder from the custodial deposit account to a party other than the account holder or the beneficial owner."<sup>9</sup> A "beneficial owner" is separately defined as "a person or entity that owns, under applicable law an interest in the deposit held in a custodial deposit account."<sup>10</sup> Although the Supplementary Information suggests certain laws that should not be considered "applicable law" for this purpose,<sup>11</sup> neither the Proposed Rule nor the Supplementary Information contains a definition of "applicable law." Because rights in deposits are generally established by state property, contract and trust laws, we assume for purposes of this comment that those are the intended coverage of the term, but the FDIC should clarify this point in any Final Rule.

As explained above, although Non-FDIC Pass-Through PI Accounts may be titled "for the benefit of" customers or similarly, no individual customer obtains an identifiable "interest" in the account that would give rise to a direct claim on the IDI in which funds are placed or on deposit insurance provided by the FDIC. If the IDI were to fail, only the MTL licensee would have a claim on federal deposit insurance. Because no pass-through FDIC insurance claim would be available, the nature of the claim by an MTL licensee would be indistinguishable from the claim of any other depositor for deposit insurance up to \$250,000 (when aggregated with other deposits held in the same capacity). Accordingly, there would be no basis for imposing the

<sup>7</sup> PayPal Balance Terms and Conditions, <https://www.paypal.com/us/legalhub/pp-balance-tnc/> as of January 8, 2025 (emphasis added).

<sup>8</sup> *Id.*

<sup>9</sup> Proposed Rule at § 375.2, definition of "custodial deposit account with transactional features."

<sup>10</sup> Proposed Rule at § 375.2, definition of "beneficial owner."

<sup>11</sup> See 89 Fed. Reg. 80135, 80140, n.22 (Oct. 2, v2024).

substantive provisions of the Proposed Rule related to recordkeeping, reporting and certifications on Non-FDIC Pass-Through PI Accounts.

Similarly, if the MTL licensee were to fail, customers of the MTL licensee would have undifferentiated claims against the entire pool of permissible investments held by the MTL licensee, not against any specific IDI. Unlike in the Synapse case, which the FDIC highlights in support of the Proposed Rule, the trustee in bankruptcy would not be tasked with determining individual interests in Non-FDIC Pass-Through PI Accounts; rather the trustee would marshal all the failed MTL licensee institution's permissible investments in order to satisfy customer claims against the MTL licensee itself. While there are undeniably safety and soundness considerations for an MTL licensee concentrating permissible investments in a single IDI for that reason, those considerations are part of the state oversight of licensed money transmitters, a subject matter over which the FDIA gives the FDIC no jurisdiction.

**C. Non-FDIC Pass-Through PI Accounts do not provide “transactional features.”**

Non-FDIC Pass-Through PI Accounts also do not fall within the terms of the Proposed Rule because customers of MTL licensees cannot “authorize or direct a transfer through the [licensee] from the custodial deposit account to a party other than the [licensee] or the beneficial owner.” For example, when a money transmission customer requests that funds held by the MTL licensee be transferred to a third party, that instruction does not relate to any particular permissible investment held by the MTL licensee. In the example provided in section II.B immediately above, if the MTL licensee had received a request to transfer \$100 to a third party on behalf of a customer, the customer would have no knowledge whether the transfer would be funded from either of the deposit accounts referenced, from a liquidation of U.S. Treasury or other government securities or from in-bound cash item clearings. Indeed, in a very real sense neither would the MTL licensee. Because permissible investments and customer payment obligations are matched on an aggregate rather than individual basis, there is no way to say whether any particular customer transfer is ultimately satisfied from a deposit account, from liquidation of other permissible investments such as U.S. Treasury securities, or from the offset of inbound and outbound funds. In sum, no transaction by the customer of an MTL licensee corresponds to any drawdown on a Non-FDIC Pass-Through PI Accounts and nothing in a request to transfer funds from a non-bank balance, such as PayPal Balance or Venmo account, could be deemed to be “authorizing or directing a transfer through the [licensee] from a custodial account” that is not even referenced in the payment instructions. As such, Non-FDIC Pass-Through PI Accounts simply are not “custodial deposit accounts with transactional features” subject to the requirements of the Proposed Rule, a conclusion we encourage the FDIC to confirm in the Final Rule.

**D. Treating Non-FDIC Pass-Through PI Accounts as “custodial deposit accounts with transactional features” would not further the objectives of the Proposed Rule or otherwise protect consumers.**

The foregoing is consistent with the policy underpinnings of the Proposed Rule as explained in the Supplementary Information:

A lack of accurate and complete custodial deposit account records, as described in this proposal, would adversely affect the FDIC’s ability to make a prompt and accurate deposit insurance determinations, and pay claims to depositors in the event of an IDI failure. In addition, these circumstances have exposed potential risks for current beneficial owners of deposits at IDIs, even in the absence of the failure of an IDI. These issues create uncertainty that undermines the confidence that underpins IDIs and our nation’s broader financial system.<sup>12</sup>

None of these policy concerns is at issue with respect to the Non-FDIC Pass-Through PI Accounts.

First, the only “depositor” with respect to Non-FDIC Pass-Through PI Accounts is the money transmitter licensee itself. Although such accounts may be titled on the books and records of the IDI as being held “for the benefit” of customers, as explained above that is merely a convention to indicate that the MTL licensee has dedicated those funds for a specific purpose, namely the satisfaction of customer payment obligations. It is not an indication that any individual customer has a claim on the account. Indeed, MTL licensees generally do not disclose to customers the identity of all of the sources of permissible investments the MTL licensee may use, only a fraction of which are deposits, and no pass-through interest or FDIC insurance protection is provided to customers in connection with any such deposit account. Accordingly, in the event of a failure of the depository (e.g., Bank A in the example provided in section II.B above), the FDIC would be able to easily identify the MTL licensee on the books and records of the IDI as the party entitled to a payout of deposit insurance funds, albeit only in the amount of \$250,000 for all deposits held in the same capacity. In short, there is no sense in which the Non-FDIC Pass-Through PI Accounts could “adversely affect the FDIC’s ability to make a prompt and accurate deposit insurance determinations, and pay claims to depositors in the event of an IDI failure.”

Second, there are no “potential risks for current beneficial owners of deposits at IDIs, even in the absence of the failure of an IDI” because the “beneficial owners,” if they were recharacterized as such, are mere creditors of the MTL licensee whose safety and soundness is overseen by the MTL licensee’s state supervisors. As explained above, whether Non-FDIC Pass-Through PI Accounts are subject to the Proposed Rule or not, a licensed money transmitter’s permissible investments would be liquidated by its state regulators and used to pay *pro rata* customer liabilities pursuant to each state’s MTL laws. The IDI that holds a Non-FDIC Pass-Through PI Account would have no responsibility for or role in distributing those funds to the MTL licensee’s customers. To the extent there is a risk to customers from the failure of a state-

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<sup>12</sup> 89 Fed. Reg. 80135, 80140 (Oct. 2, 2024).

licensed money transmitter, that is a safety and soundness question of the MTL licensee itself, governed by applicable MTL laws and overseen by state banking agencies. The fact that an MTL licensee may hold some funds in a Non-FDIC Pass-Through PI Account at an insured depository institution gives the FDIC no more authority than in the failure of any other corporate depositor.

Finally, there is no way in which any of the foregoing could be argued to undermine confidence in IDIs or the nation's financial system. Customers of a licensed money transmitter place their confidence not in the identity of a specific IDI that holds a Non-FDIC Pass-Through PI Account; indeed, as explained above, customers do not even know who those IDIs are. Rather the confidence customers place in licensed money transmitters derives from the knowledge that such entities are regulated at the state level under strict standards that sharply constrain the uses to which customer funds may be put and the vehicles in which they may be held. While the failure of a licensed money transmitter would certainly impact customers of the failed entity, we are aware of no evidence, and the Proposed Rule cites none, that would tend to indicate such a failure would have a contagion effect of undermining confidence in the entire financial system.

In sum, treating Non-FDIC Pass-Through PI Accounts as custodial deposit accounts with transactional features, notwithstanding the plain text definition to the contrary, would do nothing to advance the objectives of the Proposed Rule or otherwise protect consumers. All that such an approach would accomplish is discourage money transmitters from holding customer funds in Non-FDIC Pass-Through PI Accounts in the name of their customers (which they are not required to do), needlessly inhibiting the efforts of money transmitters to segregate customer funds from corporate funds, and complicating efforts to identify those funds in the event of an MTL licensee bankruptcy or otherwise. Such treatment would undermine, not further, the objectives of the Proposed Rule. In fact, it may indeed have the unintended collateral consequence of MTL licensees choosing not to hold permissible investments in Non-FDIC Pass-Through PI Accounts at IDIs altogether, potentially affecting the liquidity and deposit costs of IDIs that currently hold such deposits.

### **III. The FDIC should harmonize Appendix A Reporting Elements with 12 C.F.R. Part 370 Reporting Requirements.**

Although PayPal believes that its Non-FDIC Pass-Through PI Accounts are not subject to the Proposed Rule, PayPal also provides FDIC Pass-Through FBO Accounts for customers who satisfy designated criteria. Accordingly, PayPal respectfully requests that the FDIC conform the requirements of Appendix A with the substantially similar fields for which PayPal and many other custodians already maintain records in relation to accounts designed to provide the benefits of pass-through deposit insurance.

Consistent with Part 370 of the FDIC's rules, PayPal already maintains complete and readily accessible records of beneficial ownership for its FDIC Pass-Through FBO Accounts, consistent with the Broker Submission File Format prescribed in the FDIC's Deposit Broker's Processing Guide. This serves to facilitate the prompt collection of information for FDIC Pass-Through FBO Accounts upon the failure of a bank in which PayPal places such deposits and enables alternative recordkeeping capabilities pursuant to 12 C.F.R. § 370.4(b) of the banks at which those Pass-Through FBO Accounts are held. Certain of these reporting elements conform



substantially, but not exactly, to the reporting requirements set forth in Appendix A of the Proposed Rule.<sup>13</sup> Although the Proposed Rule is intended to capture certain depository institutions not subject to Part 370, so as to ensure that IDI's have ongoing access to beneficial ownership information, where third parties such as PayPal already maintain beneficial ownership records in an FDIC-recommended format, the FDIC should not require differently structured fields corresponding to materially the same information for other types of reports. Requiring two forms of record for the same information not only needlessly increases the compliance burden for IDIs and custodians, but actually undermines both Part 370 and the Proposed Rule by creating the potential for two inconsistent records with different requirements and formats as to the beneficial ownership in a particular account. This only serves to create confusion, delay, and risk to depositors. Accordingly, PayPal respectfully requests that if a Final Rule is adopted, it utilize the Part 370 specifications rather than a separate, overlapping set of records in a separate format specific to the Final Rule.

Leveraging existing third-party Part 370 reporting capabilities for the purposes of the Proposed Rule is particularly sensible for models like PayPal's where a third party, rather than the IDI, not only maintains the records of beneficial ownership, but provides the sole means for its customers to interact with the funds in a custodial account. In the event of a disruption in PayPal's operations, PayPal's Part 370 reporting from immediately before a disruption would continue to represent the most up-to-date information regarding pass-through ownership of balances in FDIC Pass-Through FBO Accounts, enabling reporting that is effectively "direct, continuous, and unrestricted" despite the interruption and without unnecessary duplication of that existing recordkeeping system. To this end, PayPal encourages the FDIC to further clarify the parameters of "secure real-time, direct, continuous and unrestricted data transmission methodology" in the context of the existing Part 370 reporting capabilities. PayPal also requests confirmation that common sense accommodations for scheduled maintenance or brief periods of time prior to the activation of disaster recovery capabilities is consistent with the "direct, continuous, and unrestricted" standard.

#### **IV. The FDIC should provide sufficient time for IDIs to comply with the Proposed Rule after it is published in final form.**

PayPal applauds the FDIC for requesting feedback on what is a reasonable amount of time for IDIs and third parties to comply with the Proposed Rule, given its extensive recordkeeping, internal control, and compliance requirements.<sup>14</sup> Complying with the Proposed Rule will be a massive undertaking for both IDIs and third parties like PayPal that would be required to make customer data available to those IDIs. These efforts will include, at a minimum: (1) the development of secure real-time, direct, continuous and unrestricted data transmission methodology (including in the case of business interruption, insolvency, bankruptcy) in

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<sup>13</sup> For example, the Part 370 specifications provide that "if left blank, the account balance accrued interest will be proportionately applied," whereas no such flexibility is stated in the "Accrued Interest" field described in Appendix A of the Proposed Rule. We understand "continuous" access to accrued interest data to refer only to the most recent calculation of such amount in accordance with the applicable account terms (typically not more often than daily), but respectfully request the FDIC confirm this understanding.

<sup>14</sup> 89 Fed. Reg. at 80149.

conformity with the disparate technical, API and security requirements and specifications of each IDI, which the IDI's will have to finalize and provide before PayPal could even begin to build the required data access, (2) technology infrastructure changes, (3) process, policy and procedure updates, (4) updating reconciliation methodologies based on the new data flows, and (5) negotiation of new contractual terms with IDIs for existing account relationships. Getting this right will take time, and the up-front and ongoing costs of implementing and maintaining the necessary redundancies and infrastructure should not be underestimated. Forcing financial institutions and third parties to rush this process not only would create a significant burden, but also would undermine the Proposed Rule's objective of ensuring consistent, reliable recordkeeping by IDIs. Accordingly, PayPal respectfully requests that the FDIC sets a compliance date no earlier than twenty-four months after the publication of the Final Rule.

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Thank you for your consideration of our comment.

Best regards,



Jeffrey Levine  
Senior Vice President, Legal  
PayPal, Inc.