

March 4, 2022

[REDACTED]

Subject: OCC Response to [REDACTED] Request for Supervisory Non-Objection to Hold Stablecoin Reserve Deposits

Dear [REDACTED]

This letter responds to correspondence received by the Office of the Comptroller of the Currency (OCC) on January 6, 2022, on behalf of [REDACTED] requesting the OCC's non-objection pursuant to OCC Interpretive Letter #1179, dated November 18, 2021. In that correspondence, [REDACTED] requested supervisory non-objection to hold customer deposits that serve as reserves for stablecoins, as covered by OCC Interpretive Letter #1172, dated September 21, 2020.

To date, the documentation [REDACTED] provided does not reflect sufficient due diligence commensurate with the risks associated with the proposed activity. As such, the OCC is unable to provide a non-objection at this time.

A subsequent non-objection request submission by [REDACTED] must sufficiently address the pertinent aspects of Interpretive Letter #1172 and, as detailed in OCC Interpretive Letter #1179, [REDACTED] should demonstrate that it has established appropriate risk management and measurement processes for the proposed activity. These processes must include having adequate systems in place to identify, measure, monitor, and control the risks of the proposed activity on an ongoing basis. To meet this standard, [REDACTED] due diligence and supervisory non-objection request must, at a minimum,

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Refer to OCC Interpretive Letter #1172 for pertinent considerations, including associated risks, applicable laws and regulations, and deposit insurance coverage requirements. Additionally, refer to OCC Bulletin 2017-43, "New, Modified, or Expanded Bank Products and Services: Risk Management Principles" for principles in establishing appropriate risk management processes and controls to support the bank engaging in the proposed activity in a safe and sound manner.

Should management have any questions, please do not hesitate to contact me at [REDACTED].

[REDACTED]

[REDACTED]

cc:

[REDACTED]

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[REDACTED]