

## Office of the Comptroller of the Currency

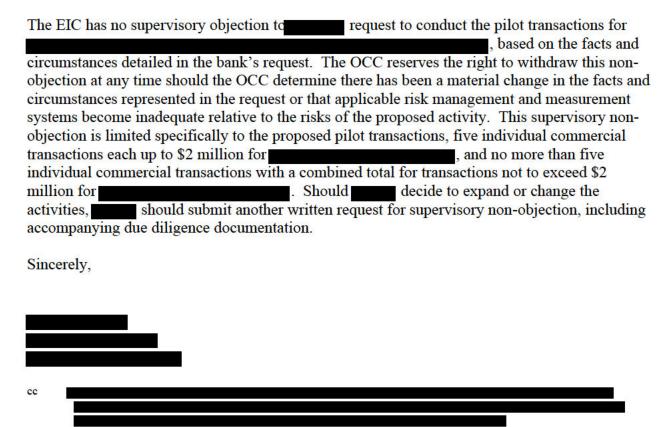
National Bank Examiners

| September 1, 2023  |
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| Subject: Request for Supervisory Non-Objection Pursuant to Interpretive Letter No. 1179 and  |
| Dear   |
| This letter responds to correspondence received by the Office of the Comptroller of the Currence (OCC) on August 4, 2023, from the control objection pursuant to OCC Interpretive Letter 1179, dated November 18, 2021. The bank requested Examiner-in-Charge (EIC) non-objection for the next iterative step in its multi-stage development process to conduct a limited number of pilot transactions with clients in connection with initiatives known as and the control of the Currence of the Comptroller of the Currence (OCC) on August 4, 2023, from the control of the OCC's supervisory non-objection pursuant to OCC Interpretive Letter 1179, dated November 18, 2021. The bank requested Examiner-in-Charge (EIC) non-objection for the next iterative step in its multi-stage development process to conduct a limited number of pilot transactions with clients in connection with initiatives known as |
| Key Facts and Representations  |
| The supervisory conclusions in this letter are based on the following representations made by to the supervisory office.   |
| pilot transactions will include five individual commercial transactions each up to \$2 million.  |
| would include no more than five individual commercial transactions with a combined   |
| <ul> <li>total of transactions not to exceed \$2 million.</li> <li>successfully performed various \$1 test transactions for these initiatives and has successfully identified and implemented enhancements to the based on this testing.</li> </ul>  |
| <ul> <li>All other key facts and representations for these initiatives, which were included in the original first phase testing request on February 28, 2023, for which the OCC issued a supervisory non-objection on May 30, 2023, remain unchanged.</li> </ul>   |

## **Supervisory Office Non-Objection Decision**

As set forth in Interpretive Letter 1179,<sup>1</sup> in deciding whether to grant supervisory non-objection, the supervisory office evaluated the adequacy of the bank's risk measurement and management information systems and controls to enable the bank to engage in the proposed activities on a safe and sound basis. demonstrated that it has the following controls in place to participate in the network in a safe and sound manner:

- The pilot testing will not occur until all relevant conditions identified in the submission are satisfied.
- Tests will be carried out on a private and permissioned distributed ledger technology (DLT) with no connectivity to public DLT networks.
- Management will have full control of the test transactions with the ability to modify, correct, or unwind any transactions.



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<sup>&</sup>lt;sup>1</sup> The proposed activity entails the use of a distributed ledger to conduct payment activities. The activity is thus within the scope of OCC Interpretive Letter 1174 (Jan. 4, 2021). In Interpretive Letter 1179, the OCC stated that banks that seek to engage in activities within the scope of Interpretive Letter 1174 should request and receive a supervisory non-objection before commencing the activities.