



September 1, 2023

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**Subject: Request for Supervisory Non-Objection Pursuant to Interpretive Letter No. 1179 -**  
[REDACTED] and [REDACTED]

Dear [REDACTED]

This letter responds to correspondence received by the Office of the Comptroller of the Currency (OCC) on August 4, 2023, from [REDACTED], requesting 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 [REDACTED] and [REDACTED]  
[REDACTED]

### Key Facts and Representations

The supervisory conclusions in this letter are based on the following representations made by [REDACTED] to the supervisory office.

- [REDACTED] pilot transactions will include five individual commercial transactions each up to \$2 million. [REDACTED] would include no more than five individual commercial transactions with a combined total of transactions not to exceed \$2 million.
- [REDACTED] successfully performed various \$1 test transactions for these initiatives and has successfully identified and implemented enhancements to the [REDACTED] based on this testing.
- 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.

[REDACTED]

## 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. [REDACTED] 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 [REDACTED] 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.

The EIC has no supervisory objection to [REDACTED] request to conduct the pilot transactions for [REDACTED], based on the facts and circumstances detailed in the bank's request. The OCC reserves the right to withdraw this non-objection at any time should the OCC determine there has been a material change in the facts and circumstances represented in the request or that applicable risk management and measurement systems become inadequate relative to the risks of the proposed activity. This supervisory non-objection is limited specifically to the proposed pilot transactions, five individual commercial transactions each up to \$2 million for [REDACTED], and no more than five individual commercial transactions with a combined total for transactions not to exceed \$2 million for [REDACTED]. Should [REDACTED] decide to expand or change the activities, [REDACTED] should submit another written request for supervisory non-objection, including accompanying due diligence documentation.

Sincerely,

[REDACTED]  
[REDACTED]  
[REDACTED]

cc [REDACTED]  
[REDACTED]  
[REDACTED]

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<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.