

Office of the Comptroller of the Currency

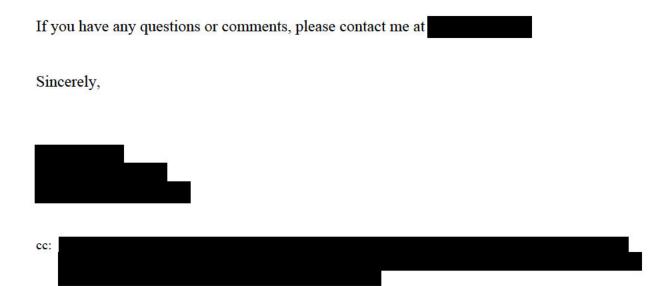
National Bank Examiners
November 1, 2023
Subject: Request for Supervisory Non-Objection to Expand Use of the Existing Application on the Platform in Order to Facilitate Broader Range of Repurchase Transactions
Dear
This letter is in response to your request dated May 4, 2023, on behalf of for supervisory non-objection pursuant to OCC Interpretive Letter #1179, dated November 18, 2021 (IL 1179) to expand the use of the existing Application on the platform to facilitate a broader range of repurchase (repo) transactions ().1
Key Facts and Representations
The supervisory conclusions in this letter are based on the following representations made by to the supervisory office.
has operated the execution and settlement of Application on the platform to facilitate the execution and settlement of
• is a second owned and operated private permissioned distributed ledger platform that the bank operates to:
o Process, record, and transfer traditional assets.
o Facilitate funds transfers among deposit accounts held at through the
¹ 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, dated January 4, 2021, and is thus also within the scope of IL 1179.

•	existin	would use the same technology and operational processes as the Application.
•		on the Application is currently limited to:
	0	Intraday financing only. Trades must settle and mature on the same day.
	0	US Treasuries as eligible collateral.
	0	as repo buyer and a small number of external clients as repo sellers.
	0) as triparty agent.
	0	
	0	Master Repurchase Agreement (MRA) as the governing master agreement.
•		would add:
	0	Overnight and term repo tenors.
	0	All fixed-income securities as eligible collateral. ⁵
	0	
	О	
	О	
	0	Global Master Repurchase Agreement (GMRA) as a governing master agreement.
•	will be held to the same risk management standards as traditional repo.	
•	Legal	entities that would be involved in include:
Su	perviso	ory Office Non-Objection Decision
Of sys ba	fice eva stems ar sis.	th in IL 1179, in deciding whether to grant supervisory non-objection, the Supervisory duated the adequacy of the bank's risk measurement and management information and controls to enable the bank to engage in the proposed activities on a safe and sound has represented that it has the following controls in place to expand its digital report a safe and sound manner:
•	New Business Initiative Approval and Product/Service Change Management policy and procedures which the bank followed to identify the risks and mitigating controls for the	

⁵ Management has represented that eligible collateral would be the same as that eligible for regular way (business-as-usual) repo transactions.

Application and

• Risk and po	licy standards consistent with its traditional repo products.	
 Onboarding processes and know your customer procedures for new accounts on the Application. 		
• Integration with the bank's risk management tool, all transactions and daily manual checks to reconcile data to the Application.		
 Integration with the bank's credit risk database, 		
The application complies with all applicable laws and regulations.		
• specif	ic controls include:	
	security procedures require the establishment of a secure session through a application programming interface token and authentication of transactions ugh private keys.	
	lirect access to the distributed ledger (DLT) node by any of the participating tutions.	
o Colla	ateral tokens are smart contracts and can only be deployed or upgraded by the controlled nodes on the network.	
	ate keys are managed internally by can prevent use of upted or stolen private keys and generate new private keys.	
	rt contract code has been reviewed in accordance with internal cybersecurity rol procedures and tested in user acceptance testing (UAT).	
	ledger can be investigated, reconciled, and resolved to the same extent as sactions recorded on other internal systems used by including making adments, cancellations, and corrections.	
o Ongo	oing monitoring through monthly Control Forum. Forum and quarterly	
Supervisory Off 's reque platform to facil the bank must c	cts and representations detailed above and in the request and the fice review of the controls noted above, the Supervisory Office does not object to st to expand the use of the existing Application on the litate a broader range of repo transactions. Prior to facilitating overnight repos, omplete the planned end-to-end testing of overnight repos described in supporting the proposal and report the results to the Supervisory Office.	
Unless otherwis permissioned di changes to the a and would entai any time should circumstances re	y Office non-objection is limited to the activities detailed in se notified by the OCC, any additional activities involving the use of a private stributed ledger technology platform for the including material activities outlined in the non-objection request are subject to the IL 1179 process all separate requests. The OCC reserves the right to withdraw this non-objection at the OCC determine there has been a material change in the facts and represented in the request, or that applicable risk management and measurement is inadequate relative to the risks of the proposed activity.	



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