## b4,b8

March 19 2024

Ms. Paul P. Worthing
Regional Director
Federal Deposit Insurance Corporation
25 Jessie Street, Suite 2300
San Francisco, A 94105

VIA EMAIL: SFMail.Room@FDIC.gov

RE: Supplement to **b4,b8** ("Bank") Response to Request for Additional Information Dated August 18, 2023

Dear Mr. Worthing,

I am writing to you today to supplement the response sent by the Bank on November 16, 2023, concerning its relationship with **b4,b8** The Bank's November 2023 response contained answers to 42 questions from the FDIC requesting additional information on August 18, 2023. Previously, the Bank responded to questions from the FDIC on January 5, 2023, which related to questions asked by the FDIC on November 21, 2022, following the Bank's original notification to the FDIC on August 10, 2022. We hope this detailed timeline underscores our eagerness to cooperate and keep you well-informed.

The Bank wishes to underscore some of the key points in Vice Chairman Travis Hill's remarks on March 11, 2024, entitled, "Banking's Next Chapter? Remarks on Tokenization and Other Issues." These points directly impact the comprehensive assessment the FDIC is conducting regarding the Bank's use of distributed ledger technology. We believe the FDIC's Vice Chairman's policy direction articulated in his remarks concerning the use of distributed ledger technologies that do not involve cryptocurrency could be of significant value to your team as they continue to evaluate our use of this technology.

During his remarks, Mr. Hill candidly expressed that:

there are significant downsides to the FDIC's current approach, which has contributed to a general public perception that the FDIC is closed for business if institutions are interested in anything related to blockchain or distributed ledger technology. The confidential nature of the existing process means there is little public information on what types of activities the FDIC might be open to, if any. I have heard of some cases in which requests submitted by institutions have gone unanswered for long periods of time, while other institutions have spent months responding to a long stream of information requests, diverting attention away from developing new technologies and systems. While the largest banks are able to hire consultants and staff in Washington, D.C. to read the tea leaves to discern what might be approved, the message being heard by the vast majority of the industry could be interpreted as *don't bother trying*.

The FDIC Vice Chairman went on to reiterate that it is of utmost importance for regulators to provide clarity and timely feedback to distinguish between 'crypto' and the use of blockchain by banks. He said:

We should certainly be humble when it comes to making any sorts of predictions about what the future financial system will look like, but as financial institutions and developers

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around the world continue to develop blockchain and distributed ledger technologies, a poor regulatory approach to these issues presents substantial opportunity costs for bank customers and the U.S. economy, discourages institutions from investing in the future, and cedes influence to non-U.S. jurisdictions.

As financial institutions worldwide continue to develop blockchain and distributed ledger technologies, Vice Chairman Hill stated that a poor regulatory approach presents significant opportunity costs for the US economy. Specifically, Mr. Hill stated the following:

the agencies need to distinguish between "crypto" and the use by banks of blockchain and distributed ledger technologies. I do not think banks interested in the latter, insofar as it simply represents a new way of recording ownership and transferring value, should need to go through the same gauntlet as banks interested in crypto.

As stated in the Bank's various responses, the **b4,b8** blockchain will be used as a 'distributed ledger technology,' not as a 'crypto' currency.

Once you and your team have had an opportunity to review and digest this information and our prior submissions, we request that a meeting be scheduled so that we can answer any follow-up questions and ensure that all parties are on the same page concerning b4,b8 current activities and its plans for potential future activities.

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