Federal Deposit Insurance Corporation
New York Regional Office
350 Fifth Avenue, Suite 1200, New York, New York 10118

December 2, 2021

Board of Directors
[redacted]

Subject: [redacted]

Dear Board Members:

We understand that [redacted] plans to begin testing of the new digital payments platform, [redacted], on [redacted]. We have reviewed materials provided by the Bank for the [redacted] and [redacted] conference calls during which the program was discussed. Based on our review of these materials and the information provided during the conference calls, we request that you provide us with the following information:

- Any due diligence, analysis or opinions, whether prepared by [redacted] or its outside counsel, a consultant or other third party, regarding:
    - Whether the [redacted] and all contemplated usages are "activit[ies] permissible for a national bank" for purposes of Part 362 of the FDIC Rules and Regulations, 12 C.F.R. Part 362;
    - Whether [redacted] and all contemplated usages are permissible under applicable [redacted] statutes and regulations;
    - [redacted] position that [redacted] is not a stablecoin;
    - [redacted] statement during the [redacted] presentation that [redacted] would not be considered a security for purposes of the Securities Act of 1933 and the Securities Exchange Act of 1934. Has this position been confirmed with the Securities and Exchange Commission?;
    - Whether [redacted] or any related activities would be subject in any way to the jurisdiction of the Commodity Futures Trading Commission;
    - [redacted] position that FDIC deposit insurance would be available to qualifying commercial Bank client owners [redacted];
    - Whether [redacted] are virtual currencies as contemplated by Internal Revenue Service (IRS) Notice 2014-21 and what, if any, IRS reporting requirements would

the Bank have in connection with the and with respect to any transactions involving them;

- its operators and senior management;
- The ability to overlay the safeguards discussed in the presentation on the and associated transaction restrictions, and monitoring, e.g., the Bank's BSA/AML/OFAC transaction monitoring;
- The ability of BSA/AML/OFAC transaction monitoring systems to effectively monitor transactions;
- cybersecurity protocols, risks, incident remediation procedures, and the relative responsibilities of and third party service providers;
- third party vendor due diligence and oversight process, and the effectiveness of oversight over third party vendors; and
- The and any third parties providing services in connection with the .

- All agreements, disclosures, and representations that will be provided to or made by , including:

  - any application, user agreement and/or any user terms and conditions associated with becoming an ;
  - any disclosures regarding ;
  - any disclosures related to private keys;
  - any disclosures regarding token functionalities, including wallet freezes/locks and asset claw-backs;
  - concerning cybersecurity protocols, risks, incident remediation procedures, and the relative responsibilities of , and any third service providers;
  - disclosures regarding the privacy and/or sharing of personal information of
  - disclosures regarding the availability of FDIC Deposit Insurance coverage to ;
  - disclosures regarding funds availability related to ;
  - any applicable schedule of fees or other charges, whether by , the , or any other service provider ; and
  - any agreement and/or terms and conditions applicable to the omnibus escrow account.

- Any agreements between the and the , the , and any entity or individual working for or affiliated with or the or otherwise involved or associated in any way with .

- Any agreements, or any amendments to agreements, between the and any other entity or individual involved in any way with .

- Any agreements or arrangement between and the .

[redacted]

- Any [redacted] policies and procedures governing or related to the [redacted], including, without limitation:
  - concerning the creation and burning of [redacted] as [redacted] funds are transferred in or out of [redacted], including, without limitation, in instances when private keys are lost or rendered inoperable;
  - concerning the use of [redacted] deposits by [redacted], including, without limitation, any earmarking of the assets acquired to the [redacted] deposits employed; the permissible uses of the [redacted] deposits, whether for investment or other purposes; and any differences from [redacted] use of non-[redacted] deposits and [redacted] deposits; and
  - concerning internal audit or reconciliation procedures between [redacted] records and the [redacted].

In light of the [redacted] imminent testing, it would be helpful to have the requested materials as soon as possible, but in no event later than January 3, 2022. Please include the [redacted] in the distribution of requested information. Should you have any questions regarding this request please contact Senior Case Manager [redacted] at [redacted] or Counsel [redacted] at [redacted].

Sincerely,

Steven P. Slovinski
Assistant Regional Director

cc: [redacted]