

## MEMORANDUM

**To:** Crypto Task Force Meeting Log  
**From:** Crypto Task Force Staff  
**Re:** Meeting with Representatives of SIFMA

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On March 14, 2025, Crypto Task Force Staff met with representatives from SIFMA.

The topic discussed was approaches to addressing issues related to regulation of crypto assets. SIFMA representatives provided the attached documents describing the issues discussed at the meeting.



# SEC Crypto Task Force: Initial Feedback

**PRESENTED BY**

SIFMA

March 2025

# Agenda

1 Core Principles for Digital Assets Regulation

2 Overview of SIFMA's Work on Digital Assets

3 Ensuring Equivalent Treatment for Digital and Traditional Assets: Overview of Key Issues

4 Security Status and Scope

5 Custody

6 Tokenization

Appendix

# 1 Core Principles for Digital Assets Regulation

- SIFMA supports the efforts of the SEC, the administration, and Congress to create greater regulatory clarity for both the native digital and tokenized assets ecosystem.
- As SIFMA continues working with members to develop more detailed recommendations, we are guided by the following core principles:
  - **Investor Protection:** Robust investor protections must be at the forefront of any policy action. This includes ensuring appropriate segregation of assets, as well as other minimum requirements for entities engaged in digital assets activities.
  - **Technology Neutrality:** Policies should broadly be “technology neutral” i.e., regulatory treatment should be determined by the underlying risks of a given asset or transaction rather than the technology that is used.
  - **Level Playing Field:** Policies should follow the “same risk, same activity, same regulatory outcome” principle, ensuring that digital assets and market participants are subject to regulatory treatment that is equivalent to those applicable to traditional assets and market participants.
  - **Use Existing Frameworks:** To the extent possible, policymakers should apply existing and well-understood regulatory frameworks to digital assets rather than creating entirely new regulatory architectures.

## 2 Overview of SIFMA's Work on Digital Assets

- SIFMA has worked with members on a number of digital asset initiatives and has developed policy recommendations on several topics. These include:
  - **Taxonomy:** SIFMA, through its global affiliate GFMA, has worked with members to develop the “[Digital Assets Classification Approach and Taxonomy](#).” This taxonomy was endorsed by the CFTC Global Markets Advisory Committee (GMAC) in March 2024 as a framework to classify digital assets.
  - **Custody:** SIFMA has provided detailed input to the Commission on a variety of custody issues affecting digital assets, including on the special purpose broker-dealer (SPBD) statement and on other regulatory clarifications that are needed to custody digital assets securely at scale.
  - **Tokenization:** SIFMA served as the program manager for the cross-industry [Regulated Settlement Network \(RSN\)](#) proof of concept. As part of that effort, we made recommendations for regulatory modernization that would facilitate the development of tokenized asset markets.
- SIFMA is working with our bank, broker-dealer, and asset management members to develop detailed responses to the Crypto Task Force’s RFI. In addition, SIFMA:
  - Is working to provide feedback to the President’s Working Group (PWG) on Digital Assets across a broad range of issues that affect our members.
  - Has submitted a joint trades [letter](#) to the PWG requesting the rescission or substantial replacement of existing banking agency guidance and policies that have restricted U.S. banks’ ability to engage in digital asset-related activity and otherwise support the digital asset sector.
  - Has submitted an inventory of existing CFTC rules and policies that affect digital assets to the CFTC's GMAC Digital Asset Markets Subcommittee.
  - Is working with the relevant congressional committees and members as they consider both a payment stablecoin bill and market structure legislation.

# Ensuring Equivalent Treatment for Digital and Traditional Assets: Overview of Key Issues

## Definitional & Jurisdictional Lifecycle Considerations

### Definitional / Taxonomy

Differentiating among types of crypto assets / crypto currencies, stablecoins, tokenized securities, other digital assets, applicability of Howey test, etc.

### Jurisdictional

Which U.S. regulators have jurisdiction over what types of digital assets? SEC vs. CFTC is key dimension. The role of state regulators and federal preemption is another key dimension (*e.g.*, in case of stablecoins). There are also commercial law considerations (UCC & case law) and 1940 ICA status issues, amongst others.

## Enterprise & Product Lifecycle Regulatory Considerations

### Investor / Customer Protection

Extension of existing investor/customer protection rules to crypto / digital asset markets, sales practices

### Accounting

Outstanding crypto accounting treatment questions

### Issuance / Creation

Instrument regulation ('33 and '34 Acts), issuer disclosures

### Trading

ATS role in settlement, exchange registration, trade reporting

### Financial Responsibility

Capital (15c3-1), segregation (15c3-3), bankruptcy (SIPA)

### Post Trade

Clearing agency registration, clearance & settlement rules

### Registration / Licensing

BD / IA / Associated Person registration

### Books & Records

Meeting 17a-3, 17a-4, and 17a-5 requirements

### Prudential

Bank capital standards and guidance

# Definitional and Jurisdictional Issues

## Definitional & Taxonomy Considerations

### Definitions of Digital Asset Types

- How should we differentiate between natively digital securities vs. security tokens vs crypto-currencies vs. stablecoins vs. NFTs?
- When are stablecoins securities vs. banking products vs. payment instruments?
- When are crypto assets commodities or commodity-like products versus securities?
- Should the Howey and Reeves tests be applicable (note that under FIT 21, “restricted digital assets” are effectively carved out of tests)?
- Should regulatory definitions of digital assets align with existing international standards such as the Basel Group 1a, 1b, 2a, and 2b categories?
- Should regulators differentiate between crypto-asset types based on market maturity (*e.g.*, per the Basel prudential treatment of cryptoassets)

## Jurisdictional Considerations

### Jurisdictional – Federal

- Which U.S. regulators have jurisdiction over what types of digital assets?
- Regulation of stablecoin issuers – bank vs. non-bank and state vs. federal regulatory models

### Jurisdictional – State

- Role of state registered entities in issuing products and their oversight
- State digital assets regulatory models – state-chartered bank and trust company models (NY, WY, DE, NH etc) and money transmitter licensing
- Federal vs. state regulation & federal preemption
- Uniform Commercial Code (UCC) – draft revisions to UCC underway and their impacts on state laws treatment of crypto lenders, borrowers, and depositors

## Issuance & Trading Issues

**Issuance** – How do regulations on securities issuance map to the unique features of crypto products, and how can investor protection and disclosure standards be met?

**Issuer Disclosures Under '33 and '34 Acts:** How to apply existing issuer disclosure requirements to features like smart contracts, coding, decentralization.

**'40 Act/Money Market Funds Rule:** Treatment of stablecoins – when are they considered securities / bank products / other? Is the payment of interest / yield a key factor?

**Exemptions from '33 Securities Registration:** Should registration exemptions be modified to account for nature of certain crypto practices, such as issuance of a native token that looks like a capital raise but ultimately is meant to function as a native/utility coin in a DAO. Should, for example, Reg D apply as is?

**Trading** – How do trading regulations designed to promote fair and orderly markets apply to crypto markets with fundamentally different market structure?

**Exchange Registration & Regulation ATS:** How might existing registration and regulation requirements apply to crypto exchanges and DeFi platforms?

**Trade-Through Rule/Order Protection Rule:** How might these concepts apply to markets trading digital assets, which may be highly fragmented and involve non-fungible products?

**Exchange/ATS Structure:** Exchanges/ATSs are at core of equity market structure/trading, but membership is limited to non-retail (such as Exchanges limited to BD members). Crypto, however, is structured around peer-to-peer interactions.

**Best Execution/Price Improvement:** How might best execution be measured, accounting for various unique aspects of crypto trading such as use of a "cold wallet" that limits B/D access to crypto in the wallet since the wallet is disconnected and, therefore, may not be accessed in timely manner?

**Other Regulation NMS Requirements:** Might there be other Reg NMS requirements that should apply to digital asset securities? For example, is it possible or feasible for a NBBO to be calculated?

## Compliance, Custody, Recordkeeping and Capital / Accounting Issues

**AML / KYC** – How can these controls be put in place in markets with decentralized, anonymous operations?

**AML/OFAC/SAR and STR Reports:** In light of crypto anonymity / decentralization / disintermediation.

**KYC:** Meeting KYC requirements in networks with crypto anonymity/decentralization/disintermediation/peer-to-peer features.

**Possession & Control** – How do dealers and custodians demonstrate they are meeting requirements to secure, segregate, and demonstrate custody of digital assets?

**Custody/Customer Protection Rule (15c3-3) and Adviser Custody Rule (206(4)-2):** Demonstrating meeting possession & control requirements in light of nature of cryptographic keys/digital wallets, and segregation of client assets & excess margin.

**Registration and Reporting / Recordkeeping** – How do registration requirements change given different roles in digital asset markets? How can ledger-based records meet reporting and record-keeping requirements

**Books and Records Rules (17a-3 and 17a-4):** Meeting broker-dealer recordkeeping and reporting rules in light of the nature of DLT, as well as the characteristics of with digital assets. Do reporting models change with DLT infrastructure?

**Regulatory Reporting for BDs and IAs:** Would the Form BD, FOCUS, and FORM ADV need to be amended to account for unique aspects of crypto products?

**Registration (federal & state):** Form BD and FINRA NMA forms and process might need to be adjusted for a crypto-focused firm.

**Accounting & Capital** – How should digital assets be treated under accounting & capital frameworks?

**Prudential / Capital Treatment** of digital assets *i.e.*, bank capital standards and any supervisory requirements.

**Net-Capital Rule (15c3-1):** Nature of cryptographic keys/digital wallets v. economically feasible capital treatment.

**Accounting:** Are there updates to disclosure and accounting standards that are needed to account for the unique features of digital assets? Crucial to avoid undue negative impacts from such changes *e.g.*, as was created by SAB 121.

## Security Status and Scope

- Definitions should be based on a clear, common taxonomy. SIFMA recommends the “[Digital Assets Classification Approach and Taxonomy](#),” which was drafted by SIFMA via GFMA and endorsed by the CFTC Global Markets Advisory Committee (GMAC) as a framework for classifying digital assets .
- The GMAC taxonomy offers a clear framework of characteristics to classify digital assets, which are used to align a range of products their “traditional” analogues where possible, allowing them to build on existing regulatory frameworks.
  - Defining features used to categorize assets under the taxonomy include: the issuer; the mechanism underpinning asset value (*e.g.*, pegged vs. unpegged); rights conferral; fungibility; redeemability; the nature of the record (*e.g.*, digital twin vs. digital native); and the intended use and end user.
- The GMAC taxonomy broadly classifies digital assets as:
  - Digital Money (*e.g.*, CBDCs, deposit tokens, “reserve backed” digital currencies)
  - Money-like digital assets (*e.g.*, stablecoins)
  - Financial digital assets (securities and derivatives, whether tokenized or natively digital)
  - Alternative Digital Assets (*e.g.*, tokenized alternative assets)
  - Crypto assets (platform-based and otherwise)
  - Functional digital assets and settlement tokens
  - Other digital assets
- SIFMA recognizes that not all digital assets are currently captured in the taxonomy, and that certain assets that are used in ledger operations may not clearly align with product categories (*e.g.*, those used for mining or transaction fees or liquid staking tokens). These gaps in the taxonomy can be supplemented with additional input from the industry experts.

## Custody: Broker-Dealer Issues

- Creating regulatory clarity around the safekeeping of digital assets is foundational to building investor confidence and ensuring the development of mature and responsible digital asset markets.
- SIFMA welcomes the SEC's decision to rescind SAB 121. As a result, clients will now be able to benefit from the decades of custodial expertise, experience, and risk management practices that these regulated institutions offer.
- While many banks and broker-dealers are well-positioned to provide custodial services for a range of different digital asset types, the SEC should take steps to provide greater clarity to market participants, building on established regulatory frameworks governing custodial responsibilities.
- **Special Purpose Broker-Dealer (SPBD):** Of particular concern is the SPBD framework for broker-dealers seeking to custody digital assets. Instead of attempting to revise or extend the SPBD, the SEC should develop a technology neutral approach that allows broker-dealers to custody digital assets within the same entity as their other businesses, provided they establish appropriate control frameworks.
- The SPBD framework creates impediments to the development of digital asset markets, including:
  - Increased market fragmentation;
  - Additional costs and operational complexities;
  - Inhibiting experimentation and market entry;
  - Disruptions to the client experience and post trade-processing; and
  - An inability to leverage established broker-dealer risk management and control frameworks.

## Custody: Other Considerations

- The SEC should also consider the following issues as they look to update rules and guidance that apply to custody arrangements for digital assets:
  - Custody requirements should be based on **clear, consistent, and nuanced taxonomies and definitions** for all digital asset types and should reflect the characteristics of specific types of digital assets and the regulatory regimes under which they are issued.
  - Policies should take a nuanced approach to technology differences among DLT network types and their risk implications. **The type of network (e.g., private vs public, permissioned vs. permissionless) is not an inherent driver of risk.**
    - These network archetypes each offer their own inherent risk considerations and embedded controls, which can be supplemented with additional external controls and risk mitigants based on the role the network plays.
    - It is critical to understand their applicable risk management features and how they align with the goals of the product they are supporting, as well as other organizational controls that may be in place and any regulatory requirements.
  - More generally, new requirements or guidance should be based on existing custodial rules and practices with tailoring as appropriate to the unique features of certain digital asset and infrastructure types and how they manage risk; e.g., recognizing challenges of applying requirements around “physical” or “exclusive” possession or control.

## 6 Tokenization: Regulatory Modernization

- Through our [white paper](#) on security token operations and the [RSN project](#), SIFMA has identified several areas where regulatory modernization is necessary to support the development and expansion of tokenized securities. These include the following:
  - Clarification that DLT based recording systems can serve as a definitive record, meeting the requirements of Section 17(a)(1) of the Exchange Act, related Exchange Act Rules 17a-3 and 17a-4 and related FINRA rules
  - How market participants can meet possession or control requirements (*i.e.*, SEC Rule 15c3-3, “Customer Protection - Reserves and Custody of Securities”) when using DLT-based systems
  - Clarification of whether certain parties involved in the clearing and settlement of a transaction require registration as a clearing agency. Were tokenized securities market participants / infrastructure designated as a clearing agency, would exemptive or no-action relief be provided?
  - Confirming finality for transfers of tokenized security and cash under UCC articles 8 and 4-A, respectively.
  - Confirming that the tokenization of securities and the use of DLT infrastructure to transfer them does not affect the ability of market participants to grant a perfected security interest in them.
  - Confirmation that use of DLT to record changes in ownership of securities positions does not change the fundamental nature of those securities positions or result in the issuance of a new or separate security. Similarly, confirmation that tokens used to record ownership and effect transfers of ownership of tokenized deposits and tokenized securities will not be considered separate legal instruments for purposes of Federal securities laws.

## Tokenization: Challenges of Broader T+0 Settlement

- SIFMA worked closely with our members and the industry broadly to execute the successful move to T+1 settlement in US corporate bonds, municipal bonds, and equities in May 2024.
- During the planning for T+1, SIFMA strongly cautioned that a move to T+0 settlement on a market-wide basis was not achievable or desirable. Despite the success of the move to T+1, SIFMA remains committed to its recommendation that T+1 is appropriate standard settlement cycle in the United States.
- DLT infrastructure and digital assets offer the potential for faster settlement in some products, markets, and transactions on a voluntary basis.
  - SIFMA supported exploration of faster settlement through the RSN project.
- However, the viability of these projects must not be imputed to suggest that a broader market-wide transition to T+0 settlement should be a policy goal for the industry.
- The movement to T+0 would require a substantial rebuild of member firms' technology architecture and operating models at great cost for what would be questionable benefits.
- SIFMA identified a range of challenges which made a move to T+0 unfeasible, including:
  - Disruptions to netting and capital impacts, impacts on funding, disruptions of the operating model for securities lending and prime brokerage services, challenges in coordinating across global markets, and disruptions to the processes for primary offerings, derivatives markets, corporate actions, and mutual funds.
  - While digital assets and DLT infrastructure may offer solutions to these challenges, they are not developed or implemented at scale today, nor do they address the range of interconnected challenges that T+0 presents.

# Appendix

## Stablecoins: Key Issues

- SIFMA is working with its members to develop positions around payment stablecoins and stablecoin products more generally. Amongst the issues we are focused on:
  - **Multiple Pathways:** SIFMA supports both a federal and state, and a bank and non-bank, pathway to becoming a payment stablecoin issuer, subject to the “same risk, same activity, same regulatory outcome” principle.
  - **Reserve Requirements:** SIFMA supports the inclusion of high-quality liquid assets as eligible reserves backing a payment stablecoin, including government MMFs, reverse repos, 2a7 funds, and any other similarly liquid assets, subject to approval and limits set by the payment stablecoin issuer’s primary regulator. Tokenized analogues of eligible reserve assets should also be eligible as reserves.
  - **Reserve Disclosures:** Payment stablecoin issuers should be subject to disclosures that generally align with the treatment of products such as ’40 Act funds. SIFMA supports daily reporting of the value of payment stablecoin reserves and weekly reporting of both the value & composition of reserves + monthly audits of reserves.
  - **Custody:** The custody and safekeeping of reserve assets for payment stablecoins must be functionally separated from the other activities of the payment stablecoin issuer.
  - **Rehypothecation:** In general, SIFMA agrees that there should not be rehypothecation of reserve assets, but supports limited exceptions for repo agreements, satisfying margin requirements in connection with investments in permitted reserves; and satisfying obligations associated with standard custodial services.
  - **Prudential Requirements:** Capital, liquidity, and risk management requirements may be appropriate for payment stablecoin issuers, but they need to be tailored to the risk profile and business model of the institution.
  - **AML / KYC:** Stablecoin issuers must be subject to equivalent requirements as traditionally regulated entities, with tailoring as necessary to reflect the unique features of stablecoins.
  - **Interest / Yield Payments:** SIFMA has not taken a position on the appropriate regulatory treatment of a stablecoin product that pays interest or yield.

# Tokenization: Regulated Settlement Network (RSN) U.S. PoC

## WHAT IS RSN US PoC?

The RSN US PoC is an experiment to explore the feasibility of extending the Regulated Liability Network (RLN) US PoC payments layer to include an interoperable network of tokenized central bank deposits, tokenized commercial bank deposits, and select tokenized securities to facilitate multi-asset and cross-network settlement within a shared ledger financial market infrastructure (FMI).

## RSN US PoC Scenarios

1

Multi-asset DvP capabilities on RSN FMI

2

Cross-Network Interoperability (Mastercard MTN, Tassat, Broadridge DLR)

## PoC Scope

### In Scope

- Tokenized US Treasuries
- Tokenized central bank deposits
- Tokenized commercial bank deposits
- Other tokenized regulated assets (e.g., investment grade (IG) bonds)

### Out of Scope

- Public-permissionless blockchains
- Crypto-currency
- Stablecoins
- CBDC

## PoC Deliverables

Business Applicability Report

Technical Feasibility Report

Legal Viability Report

## WORKING GROUP PARTICIPANTS

Citi	US Bank
JP Morgan	USDF
Mastercard	Visa
Swift	Wells Fargo
TD Bank	Zions Bancorp

## TECHNICAL OBSERVER

New York Innovation Center

## PROJECT CONTRIBUTORS

The Bank of NY Mellon	ISDA
Broadridge DLR	MITRE
DTCC	Tassat

# RSN US PoC – Hypothesis & Design Assumptions

The RSN US PoC tested the hypothesis of a shared ledger, always on, multi-asset network consisting of tokenized central bank deposits, tokenized commercial bank deposits, and select tokenized securities to facilitate multi-asset and cross-network settlement within a shared ledger FMI.

## HYPOTHESIS

- ❑ A **single FMI** leveraging **shared ledger technology** is capable of **settling multi-asset transactions** (tokenized deposits and securities for this PoC).
- ❑ **Tokenized central bank deposits** within such an FMI is the best way to **provide a cash settlement asset** because it will be in the same legal and computational environment as other assets.
- ❑ **Tokenized commercial bank deposits** need to be **in the FMI** if the infrastructure intends **to update all participant balance sheets simultaneously at the point of settlement finality**.
- ❑ **Through an interlinking solution**, other regulated cash and security networks can connect to RSN **to achieve 24\*7, synchronized settlement capabilities**.

## DESIGN ASSUMPTIONS

- ❑ RSN explored a **centralized FMI** that will allow onboarded institutions to **operate their own partitions**.
- ❑ The **partitions reflected an institutions books and records** to **preserve privacy standards** for transactions that take place on the FMI which **remain in line with existing regulatory requirements**.
- ❑ The RSN FMI provided **legal finality of settlement** for transactions that take place within the FMI.
- ❑ The RSN FMI consists of **tokenized commercial bank deposits, tokenized central bank deposits, tokenized US Treasuries, and other tokenized assets**.
- ❑ The RSN FMI is **interoperable** with other networks to allow for **settlement of other regulated cash and assets** through an **interoperability solution or direct API integration**.

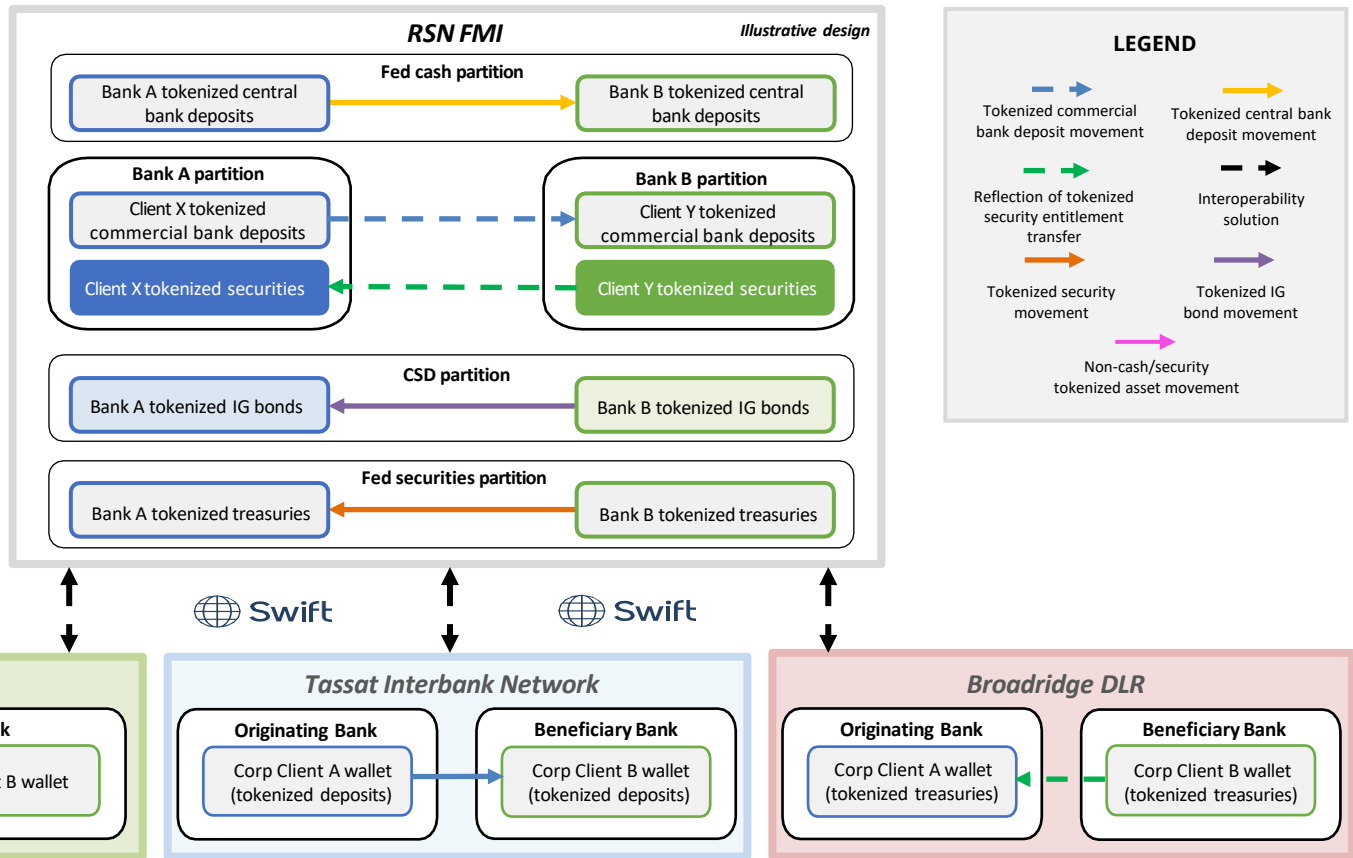
# Tokenization: RSN PoC Use Cases

The RSN PoC tested two scenarios (i) Multi-Asset DvP Settlement and (ii) Cross-Network Settlement. Those scenarios consisted of five unique use cases.

Multi-Asset DvP Settlement	Use Case Description
<b>Client-to Client IG Bond DvP Settlement</b>	Client-to-client transaction consisting of tokenized IG Bonds settled in real-time in tokenized central bank deposits and tokenized commercial bank deposits. By introducing a CSD partition to the RSN FMI, in which the CSD warehouses the entitlements to various securities on behalf of banking institutions, the Working Group aimed to test how simultaneous, 24*7 DvP settlement capabilities could be achieved on the RSN FMI.
<b>Centrally Cleared Dealer-to-Dealer Treasury DvP Settlement</b>	Considered how RSN could comply with the upcoming SEC Treasury Clearing mandate by establishing a Central Counterparty (CCP) partition within RSN. This allowed financial institutions to achieve precise settlement capabilities, allowing the institutions to fund their executed transactions and not require pre-funding for all transaction types. This crucial design choice between the two use cases sought to show that RSN could provide dynamic, precise settlement capabilities, conceptually providing both real-time gross settlement and net settlement.
Cross-Network Settlement	Use Case Description
<b>Cross-Network DvP Settlement</b>	Demonstrated how a corporate client could use Mastercard's Multi-Token Network to securely purchase a tokenized real-world asset from a third-party platform that had integrated MTN as a payment solution using tokenized commercial bank deposits. The Working Group set out to understand if RSN could serve as an interoperable, 24*7 inter-bank settlement venue in tokenized central bank deposits for the payment leg of transactions carried out on other tokenized asset platforms.
<b>Cross-Network Correspondent Bank Settlement</b>	Analyzed how two Tassat banks that are non-RSN member banks could initiate payments off RSN by leveraging RSN member banks as settlement agents through a correspondent banking model to access the RSN FMI and achieve cross-network inter-bank settlement finality in tokenized central bank deposits. This use case intended to show that RSN could serve as an industry wide settlement infrastructure through a correspondent banking model.
<b>Intraday Repurchase (Repo) Agreement Settlement</b>	Tested how two RSN members that are also member of the Broadridge's Distributed Ledger Repo (DLR) platform could use DLR to initiate a 2-hour intraday repo to better optimize its tokenized collateral on RSN and be able to provide intraday funding to settle same day trade obligations. This use case intended to show how RSN's common settlement infrastructure which contains various forms of tokenized collateral could allow firms to seamlessly access and deploy its collateral and provide real time liquidity through an intraday funding solution.

# RSN PoC Ecosystem

The RSN design was based upon a common settlement infrastructure for RSN member banks that is interoperable with regulated third-party networks to provide 24x7 settlement capabilities in tokenized central bank deposits.



# RSN PoC – Findings

The RSN PoC explored the business applicability, technical feasibility, and legal viability of a shared ledger FMI which may be a candidate design for the next generation of market infrastructure.

## BUSINESS FINDINGS

- **Multi-asset and cross-network settlement could be enhanced through the use of a shared-ledger FMI** that consists of tokenized securities and tokenized central bank and commercial bank deposits where each institution operates its own partition.
- The creation of an FMI that encompasses the above characteristics **could alleviate a number of existing challenges faced by the industry**, such as infrastructure fragmentation, increased operational risks, higher costs due to reconciliations across disparate systems, reduced transparency, and slower settlement times.
- **The result may provide the financial services industry a common settlement infrastructure** that is always on, programmable, and offers precise settlement capabilities to allow financial institutions to realize enhanced collateral and liquidity optimization.

## TECHNOLOGY FINDINGS

- **The PoC achieved simultaneous multi-asset settlement of deposits and regulated assets within the RSN system.** The shared ledger technology enabled synchronized balance sheet updates across participants, eliminating delays associated with proprietary databases and batch processing.
- **The RSN design supported various asset classes on a single ledger, demonstrating the scalability and versatility required for modern financial transactions.** The system successfully handled tokenized central bank deposits, tokenized commercial bank deposits, and tokenized securities within a unified framework.
- **The PoC showcased integration of multiple networks, enabling synchronized settlement capabilities across diverse platforms.** By leveraging an interoperability solution, RSN demonstrated its ability to connect with other external networks and construct complex use cases leveraging the RSN settlement venue.

## LEGAL FINDINGS

- **Payments through RSN should be governed by UCC Article 4-A**, ensuring finality at specified points. **Securities settlements should follow UCC Article 8 provisions.** The RSN might need to be a funds-transfer system or rely on contractual agreements to achieve simultaneous settlement, which could be supported by complementary rules in a Federal Reserve Bank operating circular and rules of any CCP and CSD RSN member,
- **The use of new technology for recording deposits or securities entitlements should not alter their legal treatment.** Discussions with FDIC and adherence to recordkeeping rules by SEC or FINRA are essential, especially for tokenized U.S. Treasuries complying with the Treasury Clearing Mandate.
- **RSN participants must continue to comply with existing AML/KYC/OFAC requirements**, maintaining risk-based sanctions and AML compliance programs for RSN transactions.
- **Depending on the RSN FMI's role in the U.S. economy, it might be designated as a systemically important payment system or clearing agency**, raising questions about the appropriate supervisory agency.

## RSN PoC – Potential Next Steps

The potential next steps following the completion of the RSN PoC can be found below.

### POTENTIAL NEXT STEPS

- **RSN Implementation and Feasibility Study:** The working group sees potential in implementing RSN as a new operating model for the industry and recommend a dedicated feasibility study to explore operational, design, and business considerations, involving a public-private collaboration with broad industry engagement.
- **Regulatory Advocacy and Industry Dialogue:** Based on the findings of the PoC, the RSN working group will continue to drive discussions with the public sector on industry advocacy around specific regulatory gaps within the United States. SIFMA intends to continue the dialogue around the concept of a shared-ledger FMI through its industry forums to identify opportunities to operationalize the RSN concept.
- **Transition to Minimum Viable Product (MVP):** Develop an MVP to enable live testing of the RSN approach outside of a limited PoC environment. This will provide valuable insights into the system's performance and user experience.