



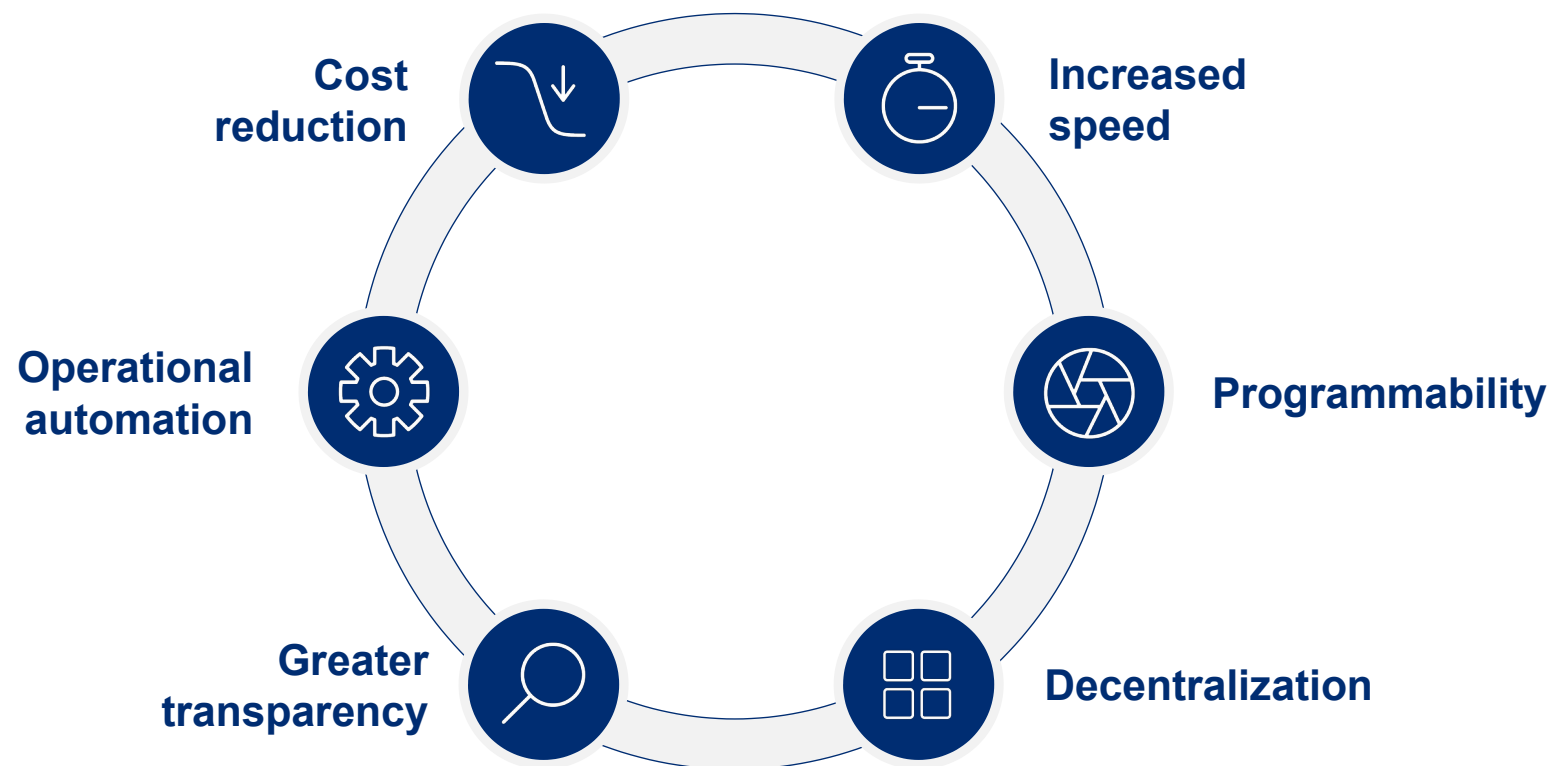
Next Generation Sovereign Currency: The Regulated Liability Network

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**EMERGING PAYMENTS
AND BUSINESS DEVELOPMENT**

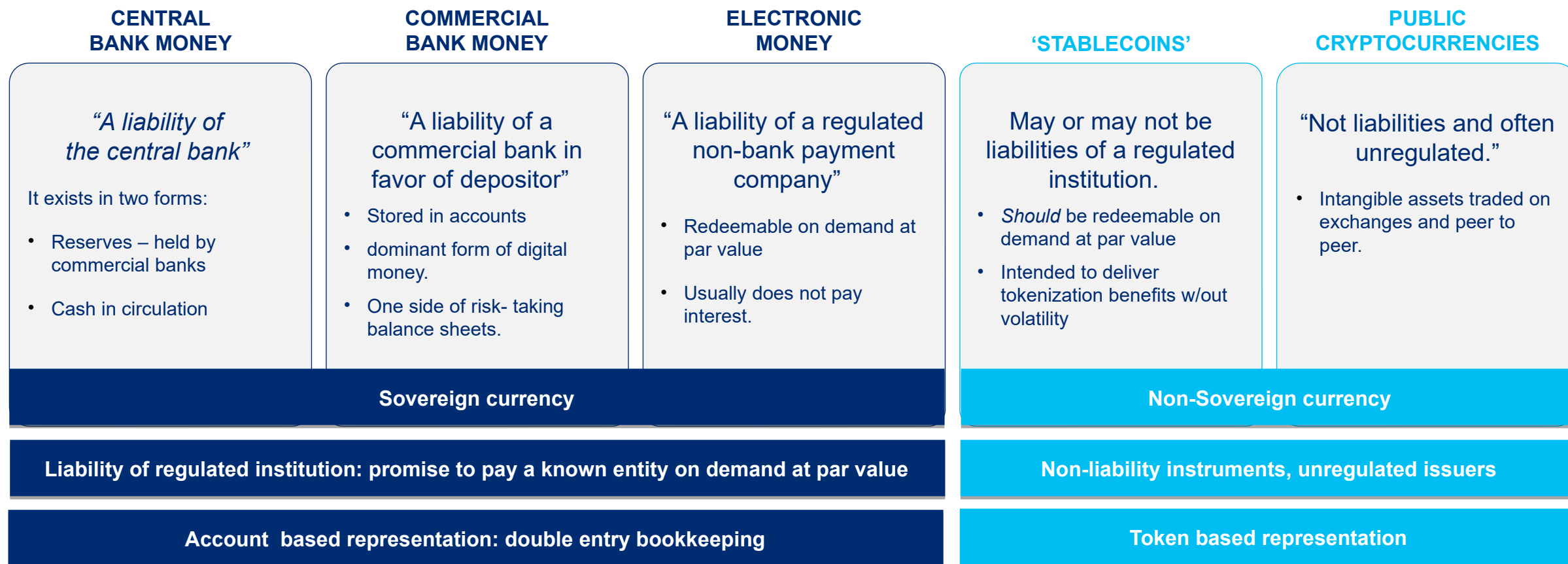
The Distributed Ledger Thesis

Those who believe that the future of financial services is tokenization believe that blockchain can deliver always on, multi-asset and programmable infrastructures:



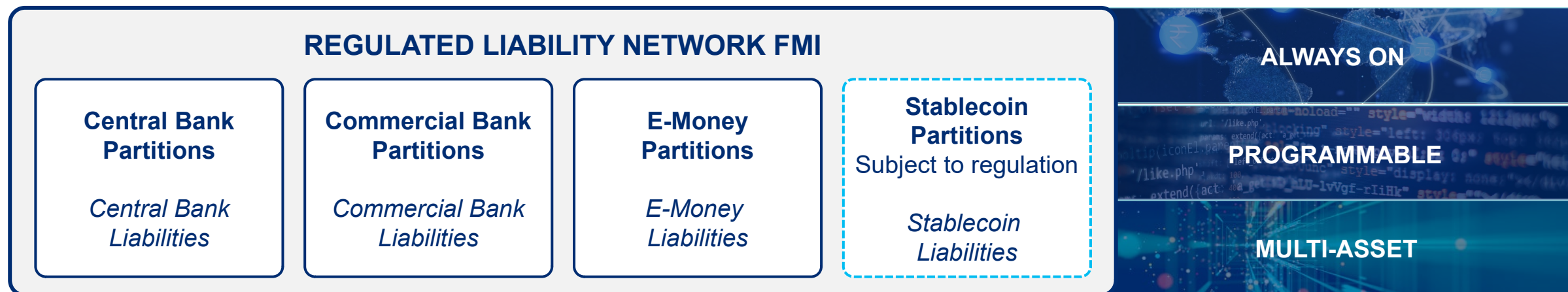
The Digital Money Format Race

The battle between **physical and digital** money recedes. The contest is between different formats of digital money: **liabilities vs non-liabilities**, **regulated vs non-regulated**, and **tokens vs accounts formats**.



The Regulated Liability Network Explained

The Regulated Liability Network (RLN) is an FMI operating a **shared ledger** with all sovereign money on the same chain including: **central bank money**, **commercial bank money** and **electronic money**.



- Maintain the **'two tier'** system – not only customer interface but also balance sheet
- Defuse the disintermediation effect of **'narrow' CBDC** proposals
- Avoid the fragmentation caused by the development of individual **'bank coins'**

- Include central bank money from multiple jurisdictions, creating **Global RTGS** capability
- Next generation of **multi-currency settlement** infrastructure, addressing CPMI/BIS work on cross border
- Explore less siloed financial system – **multi-asset infrastructure**

RLN US Proof of Concept

The Regulated Liability Network (RLN) represents a proposed next generation Financial Market Infrastructure (FMI)

The US Proof of Concept

12-week Proof of Concept (PoC), from November to February, with industry participants including the Federal Reserve Innovation Center and a host of leading banks.

Structure

- Business Workstream: value generated
- Tech Workstream: functional capability
- Legal Workstream: legal permissibility

BANK OF AMERICA



TRUIST

Proof of Concept Scope

- Sandbox environment: dummy transactions and data (no PII)
- Simulated liability issuance & redemption
- USD Scope: both domestic and cross-border use cases

White Paper

A detailed exposition of the design and purpose of the concept:

[Regulated Liability Network](#)



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Features & Benefits:

- Safeguards national currency sovereignty
- Concept supports all regulated money: central bank, commercial bank and e-money
- Intended to be operable within the current regulatory construct
- Lays foundation for future innovation
- Potential framework for global interoperability

RLN potential benefits

Consistency and Predictability

Establishes a single framework & standards for simultaneous real-time clearing & settlement

Data Transparency and Interoperability

Synchronized ledgers aim to eliminate data siloes and offers standardized data throughout payment lifecycle

Speed

Prospect of instantaneous movement of USD; reducing average time to process and post a transaction

Liquidity

May reduce liquidity locked in existing settlement cycle

Availability

May enable a global, 24/7 USD synchronized infrastructure removing availability limitations (weekends / holidays)

Operational Efficiency

Offers potential to eliminate some manual middle & back-office operations through use of smart contracts



Conclusion

The future of money is at an important crossroads



Experimentation continues across the Industry in a host of different directions



The RLN shows promise as a potential solution



There remains much work to be done to test the thesis of RLN



Industry collaboration is critical in delivering the promise of DLT



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