

Summary of approach on digital assets



Context/Background

We consider Digital Assets to be an important and permanent part of the future of financial services. Digital Assets and related technologies are rapidly evolving, and client demand is growing. The extraordinary developments in distributed ledger technology (DLT), innovation and mainstream adoption could potentially benefit the global economy in supporting financial inclusion, greater efficiency, and transparency.

We believe we have a strategic role to play in equipping the Web 3 enabled economy through the thoughtful adoption of Digital Assets in support of our clients and communities. We see significant opportunity for institutions, investors, fintechs, exchanges, issuers, infrastructure providers and consumers. We continue to engage with Digital Assets innovation to explore the creation and/or adoption of products and technologies that enable new models for payments, trade, investments, custody and liquidity. We will work with regulators to ensure responsible innovation and support the evolution of an open and trusted global financial architecture for Digital Assets. The global economy is shifting to digital at pace and we are committed to supporting the growth of Digital Assets infrastructure to seek to deliver value to our investors, stakeholders and clients.

The potential risks associated with Digital Assets are managed under the oversight of our Group Risk Committee via our Digital Assets Risk Committee which oversees implementation of Digital Assets as an Integrated Risk under our Enterprise Risk Management Framework.

How we work

Our approach for Digital Assets is underpinned by the following:

Client driven capabilities

Our goal is to enable access, services and tools to connect institutions, Digital Assets service providers and clients to provide access to emerging

opportunities in our network through a wide range of solutions such as:

- access to alternative cross-border payment rails and central bank digital currencies;
- custody services across multiple networks and asset classes;
- trading and transacting of Digital Assets;
- tokenisation of traditional assets across networks and markets; and
- interoperability across Digital Assets infrastructures.

People

We recognise the need for applicable employees to have deep industry knowledge on Digital Assets to build appropriate Digital Assets capabilities and client engagements.

We are committed to investing in our existing talent pool through upskilling/reskilling in partnership with educational institutions, regulators and industry participants, attracting top talent and increasing subject matter experts to support our goals for Digital Assets.

Responsible innovation and compliance

Laws and regulations in relation to Digital Assets are evolving rapidly and we will take steps to support responsible innovation while managing risk.

- Financial Crime Compliance: We will continue to invest in financial crime prevention tools and technology, including privacy and security of client information and compliance protocols which aim to prevent the abuse of these technologies for criminal purposes.
- Risk Management: Digital Assets activities are subject to our Group Risk Appetite, policies and standards and we adopt relevant 'Appropriateness and Suitability' criteria when engaging clients. We are enhancing our risk management frameworks, requirements and standards to support the growth and evolution of Digital Assets activities across our network.

- Regulation: The industry faces common challenges such as an evolving global regulatory environment and differences in regulatory guidance between jurisdictions. We recognise that we will need to address developing regulatory, legal and information security risks, engage a wide range of stakeholders including global policy makers, regulators, and central banks, support the development of industry standards and help drive market advocacy.

Industry and community collaboration

We are an active member of various professional and industry associations, working closely with industry partners, fintechs and regulators with the aim of tapping the benefits of Digital Assets and building the bridge between traditional finance and Digital Assets by:

- developing innovative use cases, business models, payments and technology solutions;
- participating in leading the industry voice on the development of Digital Assets standards and Digital Assets based financial market infrastructures across brokerage, custody, derivatives, and settlement to promote efficient, fair and transparent financial markets;
- shaping regulatory frameworks and building trust with global regulators through participating in regulatory outreach and industry responses to laws and regulations; and
- building community programmes to increase common knowledge and fluency on Digital Assets

to help businesses, governments and consumers unlock opportunities in a digital-first economy and drive value back to the communities we serve.

SC Ventures, our innovation and ventures unit has various partnerships aimed at building a safe and reliable infrastructure for institutional and professional investors who want to gain exposure to Digital Assets.

Sustainability

We have an ambition to become the world's most sustainable and responsible bank. Our approach to Digital Assets will be considered as part of our broader sustainability strategy, including our commitment to be net zero in our financing by 2050.

Glossary

Digital Assets

Digital Assets (DA) is the Group's preferred term to encompass DA related artefacts which include cryptoassets, central bank digital currencies, stablecoins and/or transfer of rights per the Financial Control Authority's (FCA) definition.

Web 3

Web 3, also known as decentralised web, is a concept representing the latest generation of internet applications and services powered by DLT such as blockchain (January 2022, [CoinMarketCap](#))

