

Minutes of the regular meeting of the
Innovation Advisory Council
10:30am – 12:30pm ET, Wednesday, April 6, 2022
Federal Reserve Bank of New York
33 Liberty Street, New York, NY
and via Teams

Present:

Michael Bodson, *President and CEO, DTCC*
Matt Harris, *Partner, Bain Capital Ventures*
Alex Holmes, *President and CEO, MoneyGram*
Cathie Mahon, *President and CEO, Inclusiv*
Neha Narula, *Director, MIT Digital Currency Initiative*
Bradley Peterson, *Chief Information/Technology Officer, Nasdaq*
Steve Streit, *Founder, SWS Venture Capital*
Michael Tae, *President, Mutual Funds and Retirement Solutions, Broadridge*

Federal Reserve attendees:

John C. Williams, <i>President & CEO</i>	Antoine Martin, <i>Research and Statistics</i>
Naureen Hassan, <i>Chief Operating Officer</i>	Heidy Medina, <i>Supervision</i>
Robert Bench, <i>Boston Fed</i>	Sishush Maru, <i>Supervision</i>
Elizabeth Caviness, <i>Markets</i>	David Mills, <i>Federal Reserve Board</i>
Sonja Danburg, <i>Federal Reserve Board</i>	Michelle Neal, <i>Markets</i>
Pamela Dyson, <i>Technology</i>	Allison Riley, <i>Executive Office</i>
Mark Fischer, <i>Supervision</i>	John Rutigliano, <i>Supervision</i>
Justine Hansen, <i>Legal</i>	Sunayna Tuteja, <i>Tech Chief Innovation Officer</i>
Beverly Hirtle, <i>Research and Statistics</i>	Morgan White, <i>New York Innovation Center</i>
Lorie Logan, <i>Markets</i>	Per von Zelowitz, <i>New York Innovation Center</i>

Guests:

Ian De Bode, *Partner, McKinsey & Company*
Robert Byrne, *Senior Partner, McKinsey & Company*
Robert Palatnick, *Managing Director/Global Head of Technology, Research & Innovation, DTCC*
Byron Vielehr, *Chief Strategy & Business Development Officer, Fiserv*
Michael Yu, *Data & Services, Global Practice Lead, Cryptocurrencies & Innovative Payments, Mastercard*

Heidy Medina, Supervision, called the videoconference to order at 10:30am ET.

1. Introductory remarks¹

Per von Zelowitz, Director of the New York Innovation Center, welcomed members and Federal Reserve attendees to the first Innovation Advisory Council (IAC) meeting of the year. Naureen Hassan, Chief Operating Officer and chair of the IAC, delivered welcome remarks. Heidy Medina introduced the agenda; the direction and implications of digital assets and liabilities, including digital currencies.

¹ A review of the charter and anti-trust guidelines was conducted during an introductory call with members on March 29, 2022.

2. The first topic for discussion was “Digital currency innovation and intersections between the private and official sectors” led by a presentation from IAC member Michael Bodson (DTCC) and guest speaker Robert Palatnick (DTCC).²

Speakers shared views around the complex landscape of digital assets and expectations for how the appetite for digital forms of money may evolve. Given how many different players are involved, the need for clarity around regulation, risks, governance, and need to define the role of central market utilities, the transition to digital assets is expected to be long and complex. The presentation focused on DTCC initiatives around digital assets and distributed ledger technology (DLT), including specific programs in development like ION (equities clearing and settlement on DLT) and DSM (digital platform for private market securities). Some members discussed digital identity technology to protect consumer information, the importance of KYC/fraud controls around digital assets, and how the industry should consider more coordination as technologies are developed to ensure interoperability and continuity as more innovations come to market. Interoperability was emphasized given the potential costs of limited industry coordination. The discussion concluded with thoughts around the value-add of DLT, which some members characterized as a work-in-progress as cost efficiency, security, and use cases continue to be defined.

3. The second topic was on “CDBC’s vs. stablecoin vs. crypto” led by a presentation from guest speakers from McKinsey & Company.³

The presentation focused on the different applications of digital assets, including banking, and the business models that can be enabled by blockchain technology. Some members discussed the importance of tokenized assets addressing KYC/AML concerns, and how decentralized banking models differ from traditional capital markets, including the need to consider financial stability implications. A few members also raised the need to consider oversight and regulatory requirements as well as different cost models around KYC/AML controls.

4. Closing

President Williams delivered closing remarks, thanking members for their participation in the IAC.

The meeting adjourned at approximately 12:25pm ET.

² Refer to presentation material titled “DTCC directions on Digital Assets and DLT”.

³ Refer to presentation material titled “Digital Assets”.