

13. March 2020

Subject: Comments on Basel Committee documents

Bitpanda GmbH (**“Bitpanda”**) would like to thank the Basel Committee on Banking Supervision (**“BCBS”**) for the publication of its discussion paper and for the chance to provide feedback on the proposals. Please see the feedback from Bitpanda below.

General Comments on the questionnaire:

In general, cryptoassets need to be differentiated from “normal money” which is issued by governments/central banks. Cryptoassets show a very different technical set-up and should therefore not be treated in the same way as money. Nevertheless, we see the idea of a regulatory framework in a technologically neutral way. We strictly argue against any discrimination of cryptoassets, especially from an innovative perspective. We see strong potential in cryptoassets and banking services connected to or performed via cryptoassets. A proportionate regime is welcomed by Bitpanda and the crypto sector as a whole. Limiting innovative potential by implementing rules which are too bureaucratic or simply too restrictive is strongly opposed by Bitpanda. From Bitpanda’s perspective, the BCBS’ questionnaire focuses mainly on the risks of cryptoassets and does not take into account the potential and opportunities of cryptoassets. Neither benefits nor potential nor opportunities are listed in your questionnaire at any point. Other questionnaires take a much more balanced approach (see e.g. the questionnaire from the [European Commission](#) or [FCA](#)). We therefore strongly recommend to also take into account the potential benefits and applications of cryptoassets, in order to prevent an unbalanced view and regulations that are too strict being applied in general.

Furthermore, the examples given in the questionnaire are potentially worrisome and cannot be understood as a balanced approach (e.g. the treatment regarding the illustrative example on page 11 et seq.). The same is true for some internal wording: calling cryptoassets an immature asset class because of constant evolution is as scientific as calling banks outdated because the services they provide are roughly the same as they’ve been over the last 20 years. Just because banks are not changing enough does not

mean that banking is a more mature product, which can also be seen by the big impact and success of challenger-/digital banks. Although cryptoassets need to resolve some issues and need further evolution, the same is true for modern banking. Calling cryptoassets immature in general would need a much stronger argument and tangible proof. Bitpanda therefore strongly encourages BCBS to review your risk classification, include the added benefits alongside your analysis and address the given issues in a more positive light.

Key features of crypto-assets

1. What features of crypto-assets should be considered in the context of developing any potential prudential regulatory definition? Please describe the features and their relevance for the prudential treatment of crypto-assets.

The described features on page 5 are viewed as sufficient in general, although the “exchange-value” of cryptoassets should be more pronounced. The markets give value to Bitcoin & co. and this value itself should not be questioned. An exchange-value/market-value therefore, is a necessary key-feature of cryptoassets from our perspective.

Regarding the digital/virtual nature, we want to also highlight that more and more banking transactions are solely performed digitally/virtually. The example (“unlike banknotes or coins”) therefore lacks comparability, as most money is transmitted via digital/virtual channels nowadays.

For designing a prudential regulatory definition, the following aspects should be taken into account:

First, a differentiation must be made between already regulated cryptoassets, like security tokens, e-money tokens and non-regulated cryptoassets (the [European Commission](#) questionnaire has more details on this approach). From a regulatory perspective the already-regulated cryptoassets should not be treated differently in a prudential regulation, as they are already regulated. Every additional regulation would breach the key concept of technological neutrality. Therefore DLT-/cryptoasset-based e-money and Securities should be treated exactly as every other e-money/Security, unless additional risks arise from the technology. Such additional risks would need to be concretised in detail and argued well to justify a different treatment.

Second, the intended use case of the cryptoassets should be considered. A general analysis of cryptoassets lacks in key aspects, as cryptoassets cover a broad variety of different use cases. The literature defines 3 archetypes of cryptoassets, which could also help for designing a prudential framework:

- Security/Investment tokens, payment/exchange tokens and utility tokens (for more information, see e.g. [ESMA, Annex cryptoassets](#), see also page 6 of your discussion paper). An investment type cryptoasset, which enables the holder to receive dividends should be treated differently to a payment type cryptoasset or a utility token, as they are used to pay or exchange against products and services. While it makes sense to treat investment tokens similarly to securities, also from a prudential perspective, payment/utility tokens should be treated differently.
- Payment tokens should be treated similarly to money with changing values (e.g. foreign currencies), if necessary, with higher haircuts, but should not be treated similarly to securities. Also, the counterpart risk is often very different to securities as payment tokens are also accepted by third parties. Even without an issuer, the market gives such tokens a value – see e.g. Bitcoin.
- Utility tokens should be, as a rule of thumb, treated like vouchers as they are most comparable to them. A general prudential regulation for all cryptoassets will therefore fall short and should be replaced by purpose-driven regulation and a risk-based approach, which demands a different assessment of different cryptoassets.

Economic functions and potential sources of value of crypto-assets

- 2. What are the main economic and related functions and potential sources of value of crypto-assets that are relevant in the context of developing a prudential treatment? To what extent do these functions and potential sources of value affect the relative prudential risks of different crypto-assets for banks? Are there other potential sources of value that are relevant in designing a prudential treatment for crypto-assets?**

In general, cryptoassets are a new type of asset/investment especially for innovative investors, cryptoassets can be used for investment, payment and trading purposes. Cryptoassets are also a new form of money, which allows customers to hold their money in a non-confiscatable digital form and to cut out intermediaries. Additionally,

different blockchains (e.g. Ethereum) enable different programming and innovations.

The following are the main economic and related features of cryptoassets from Bitpanda's perspective:

- Peer-to-peer, directly without an intermediary
- Live/Instant settlement and not "next working day"
- Global and borderless, one-system and high standardisation within this system
- High level of data security due to DLT and decentralisation
- Irreversible transactions and protection from access by third parties
- Customers are able to hold their funds on their own/without an intermediary
- Cryptoassets can be traded at any time (24/7, 365 days a year)
- Automatic settlement and programming possible (e.g. smart contracts)
- Reduced counterparty risks for settlements
- Real digital solutions, able to interact with other services e.g. via API
- No trust in a counterparty necessary
- Huge potential for tokenisation of diverse assets
- Huge potential for digitalisation of security offerings and settlement and clearing

The value of cryptoassets is determined via different markets and is based on supply and demand. Bitpanda agrees with the general idea of regulating marketplaces and having an adequate regulatory framework in place to ensure a functional market. A different treatment of cryptoassets from a prudential perspective is therefore not necessary and they should be treated as answered in Question 1.

Cryptoassets are therefore, by nature, volatile. Adequate haircuts might therefore be necessary to treat the risk accordingly. An approach that is too strict would hinder innovation and would block the implementation of cryptoassets in banking services, which would create less compliance and less investor protection. (Banks are more reliable sellers than a random crypto company). Banks should not be blocked out – a fair chance to offer crypto services by banks should be given so they can compete with cryptoasset service providers if desired. We don't see it as the role of regulations to block banks from offering such services. Banks should be able to benefit from the opportunities and benefits of cryptos as well and not be blocked by regulations that are too strict.

Hacking risks or loss of keys should also be kept in mind and a limit to how much can be held if not insured or otherwise secured might be necessary to prevent banks from failing just because of a crypto hack. Additionally, a regulation here on how to safeguard cryptoassets is a better way to tackle that issue.

3. What benefits do crypto-assets provide for the banking system, and the provision of financial services more generally?

- Additional business opportunities for banks (especially for asset management and trading, in addition to research and advising on cryptoassets for their clients).
- New technology and new features.
- Sources of innovation and a new concept.
- Portfolio diversification – low correlation with other assets.

For financial services – direct transactions are possible without intermediaries, sending money worldwide to lower costs, international money transfers, a borderless 24/7 available digital system, easy tools for financing and investing (e.g. ICOs), lowering the risk of counter parties (e.g. self-executing smart contracts), innovation, safety, technological improvement of processes, documentation and data security (DLT).

Additional factors that could affect the risk profile of crypto-assets

4. What additional factors affect the risk profile of different crypto-assets which are relevant in the context of determining a prudential treatment?

The five mentioned features cover the factors affecting the risk profile at large. Bitpanda openly criticises the fact that only the risk of cryptoassets has been taken into account (see also general comment above). Hacking might be a factor, which should be taken more into account (see also Question 2) – as normal money can often be restored, which is impossible for cryptoassets. A hacking event or a loss of access to the private key can therefore endanger the company.

Special features of cryptoassets need to be addressed in much more detail, as they require different prudential regulations. Among others, such features include stablecoins, privacy coins, asset-backed tokens, “No-rights-Tokens” etc.

Bitpanda strongly recommends addressing the risks using a feature-based approach instead of a general “one-rule-fits-all” stance, otherwise the regulation would not fit at all and negative consequences would follow.

Stablecoins are often “pegged” to legal tenders. As long as the counterparty risk doesn’t materialise, the risk of such cryptoassets is significantly different to other cryptoassets as volatility is not an issue. From a comparison perspective, stablecoins might therefore be treated similarly to credit and less like securities or other volatile assets.

Privacy coins are coins where the origin of the funds can’t be traced, which seems especially critical from an AML/CFT-perspective. From a prudential view, there might only be small differences, but the AML/CFT-risk might be addressed in prudential regulation too.

Asset-backed tokens are “linked” to an asset, e.g. real estate, metal, art or similar. It seems adequate to treat the asset-backed token similarly to the underlying asset.

Designing a potential prudential treatment of cryptoassets

5. Do you agree with these general principles in guiding the design of a potential prudential treatment of crypto-assets? Are there additional principles that should be considered?

Yes, we agree with the proposed principles. From our point of view, the following examples and the direction of the consultation does not seem to be in line with these principles. In Bitpanda’s opinion, cryptoassets should be treated much stricter than other assets, which would clearly breach the principal “same risk, same activity, same treatment”.

Furthermore, Bitpanda doesn’t see how the example on page 11 can be seen as a minimum standard – should other member states decrease more than 100% in the banking book treatment? Should cryptoassets be negatively valued for credit risk mitigation? Should cryptoassets affect LCR/NSFR negatively? A stricter approach than a complete, 100% ban/exclusion/deduction is simply not possible. This also visualises the very strict approach of BCBS, which Bitpanda clearly sees as negative. More details can be found in the answer to question 9.

Additional principles to consider Include the different features of the cryptoassets stated in questions 1 and 4.

Channels of bank exposures to cryptoassets

- 6. Are there additional channels other than those listed above by which banks could be directly or indirectly exposed to crypto-assets? Which channels could potentially be the most material for banks? How do these exposure channels vary by different types of crypto-assets? What are the benefits and risks associated with banks' crypto-asset exposures through these different channels?**

The list of channels seems to cover the relevant aspects and Bitpanda is not aware of other additional channels other than those listed. One "missing channel", where banks can indirectly be exposed to cryptoassets, is via "cryptoassets as a source of funds". This is neither a direct nor a primarily prudential channel but, as we saw in recent cases, the AML-risk could materially affect banks. The same channel applies for business connections with crypto companies, where the banks perform payment and other banking services for them.

Currently the most relevant channels for banks are from our perspective in order of their relevance based on our experience:

1. The above mentioned "source of funds" channel
2. (vi) Lending and taking cryptoassets as collateral
3. (xiii) Trading cryptoassets on behalf of their clients
4. (v) Lending to individuals, corporations or financial institutions to allow them to invest in cryptoassets
5. (xvii) Using cryptoassets for internal or inter-bank operational processes

These exposures can bring additional business for banks, can fuel innovation and digitalisation and can contribute to modern banking/banking as a service.

On the other hand, Compliance, Risk and AML issues are connected to the channels above. From our perspective, the risks could be minimised by regulating cryptoassets themselves or, to be precise, intermediaries dealing with cryptoassets (adequate licenses, subject to AML-rules, ICS, Cyber-security, adequate customer protection) and not too restrictive, but strong prudential regulations regarding potential partners. If banks are not able to work together within the crypto sector, e.g. due to overly strict prudential rules, this would endanger the innovative potential of both cryptoassets and banks

together. Only cooperation can lead to a full development of their potential.

7. Are any exposure channels likely to change in response to ongoing or envisaged developments in crypto-asset markets?

The more cryptoassets gain popularity, the more banks will consider offering services with cryptoassets. Moreover, banks will have to be fit in terms of technology in order to be able to offer these services. In the future it is hard to say how the future of financial markets might develop e.g. issuing, mining, owning, prop trading, clearing. All channels are then potentially imaginable. In general, we see a strong focus in the future for security tokens – as blockchain technology has much potential to further develop the process of investing and especially the settlement and clearing – and for international standardised payment tokens – like central bank digital currencies (CBDC), global stablecoins (G-SC), Libra etc. Our answers therefore depend on which road is taken on cryptoassets (clarified in bracelets). As already mentioned, the regulation should clearly distinguish between regulated and non-regulated cryptoassets.

The following channels are seen as most relevant, although an estimation is very hard to make (additional to the channels listed above, again ranked (estimation)):

1. (i) issuing crypto-assets directly (Security-Token)
2. (xii) providing custody/wallet service (Security-Token, CBDC, G-SC)
3. (xi) Underwriting initial coin offerings (Security-Token)
4. (xv) exchanging crypto for fiat currency & vice versa (CBDC, G-SC)
5. (viii) proprietary trading (especially security-Token)
6. (x) clearing crypto-assets derivatives (especially Security-Token)
7. (ii) validating crypto-assets transactions/mining (Security-Token and CBDC)

Risks arising from crypto-asset exposures

8. Which risks would be the most material with respect to banks' exposures to crypto-assets? Are there additional risks other than those listed above which banks could be exposed to as a result of holding direct or indirect exposures to crypto-assets, or providing related services? To what extent do these risks differ based on the type and design of crypto-assets, and how do they differ to traditional asset classes?

The type of risk strongly depends on the use case of the cryptoassets and needs to therefore also be differentiated according to the channels mentioned in questions 7 and 8. In general, market risk and credit risk are very relevant risks in the crypto sector, as cryptoassets are often more volatile than classical assets and the counterparty risk, including fraud, is higher. For the second part, an adequate regulation of issuers, offerors and intermediaries like exchanges seems the best way forward.

Detailed view on each risk:

Liquidity Risk – Bitpanda doesn't agree with the general findings of the BCBS regarding the liquidity risks of cryptoassets. Especially, regarding big and well-known cryptoassets like e.g. Bitcoin, Ethereum and similar, which are tradeable 24/7 and worldwide, with no known major downtime with their respective markets. This effectively makes those assets more liquid than stocks. Other cryptoassets are less liquid. Bitpanda therefore sees a need to distinguish and to classify (e.g. high-/medium-/low-liquid cryptoasset) or – more appropriately – take the general approach of LCR and other liquidity measures and extend the principles to cryptoassets.

Market Risk – Bitpanda agrees in general with the risks described, although the best way to solve “structural impediments” is again an adequate regulation of cryptoasset service providers. Obviously, the market risk is very small for stablecoins, which again shows that the generalisation of “all Cryptos” is not sufficient and needs further definition.

Credit and counterparty credit risk – Bitpanda again generally agrees with the mentioned points regarding this risk but wants to also highlight that cryptoassets exist without a classical credit and counterparty risk. Take Bitcoin for example– it is unknown who issues this cryptoasset and the price is not directly linked to the issuer or their credit risk. For classic ICOs, Bitpanda shares the view that credit and counterparty risk is a significant risk. The last point is not shared, as the pricing and risk treatment of credit risk is, in general, a core competence of banks and we see no special circumstances, which would make the evaluation of crypto companies totally different.

Cyber and operational risk – Bitpanda agrees and highlights that this risk is one of the strongest in the cryptoasset area, but we strongly propose (again) to resolve this risk at the level of the issuer and intermediary with separate regulation, e.g. how to safeguard funds, what risk management and ICS is necessary, etc. and not indirectly via prudential banking regulations.

Other risks (legal, reputational, third-party and implementation risk) – In general Bitpanda does not agree that those risks are specific to cryptoassets, as they are also valid for normal bank processes. Bitpanda sees legal unclarity and is strongly urging the European Union and/or the member states to resolve them and to create a harmonised and clear legal framework. Apart from this aspect, the legal risk of the issuance of an ICO or even to issue a security token is not seen differently to that of issuing normal securities. The same is true for reputational risk – Bitpanda sees no added reputational risk in dealing with cryptoassets, as other Assets could also have negative effects on reputation. Third-party risks are already covered sufficiently by Outsourcing Management and the corresponding risks – Bitpanda sees no higher risk for the crypto environment. The same is true for “implementation risk” – this is seen as a normal procedure and a necessary update to ICS. Bitpanda sees more risk in long-term not changed processes and ICS than in the implementation of new processes.

In summary therefore, only the cyber-risk is clearly stronger than for other assets. The other risks are neither special nor stronger for cryptoassets. Some risks, like market and/or credit risk depend on the cryptoassets and needs a deeper analysis.

Illustrative example of capital and liquidity requirements for high-risk crypto-assets

9. What are your views on the illustrative example of a prudential treatment for high-risk crypto-assets? Which crypto-assets would classify as high-risk based on the criteria set out above? What other features could be considered in specifying the scope for such a potential treatment?

High-risk cryptoassets need to be clearly and legally defined. We strongly disagree that the given example is a good description of high-risk cryptoassets as the definition seems to primarily cover Bitcoin. We see Bitcoin as much less risky than a coin issued by any random third party without any business or even with a fraud background. Therefore, we strongly urge adapting what is defined as high-risk cryptoassets. The current proposal is explicitly not shared and doesn't seem risk adequate. The definition might even imply an attempt of BCBS limiting Bitcoin and should therefore be discussed with the crypto community. The risks lie in “shady” issuers or intermediaries, which can again be resolved via separate regulation and a licence requirement.

Details regarding the example:

Banking book treatment – A full deduction of one's own funds from CET 1 is not adequate and is explicitly not shared. Such a full deduction or a risk weight of 1250% is clearly the exemption in the framework. Such strict treatment would need additional arguments and Bitpanda doesn't see it as adequate to treat cryptoassets so strictly. Furthermore, a bank which is trading with e.g. bitcoins for their clients and has a supply of 1 million BTC on their books would be subject to a full deduction of this 1 million. From Bitpanda's perspective, there is no reason to treat cryptoassets so strictly.

The same arguments apply to the trading book treatment. Bitpanda sees the necessity of higher haircuts or safety buffers and agrees that a stricter treatment of exchange-listed shares might be necessary but disagrees with the rigid rules put forward in the example.

Bitpanda understands also the necessity of a haircut for cryptoassets as financial collateral due to its volatile nature, but Bitpanda strictly disagrees that cryptoassets should not be eligible for credit risk mitigation at all. A haircut of 100% is just far too restrictive and would hinder the crypto sector and its cooperation with banks. Additionally, this seems to imply a political decision ("cryptoassets are unwanted") and doesn't accurately reflect the risks associated with cryptoassets. Similar arguments can put forward why government bonds are treated with a "haircut/risk-weight" of 0 – also this was a political decision, which is not risk-based (e.g. Greece in past years). Bitpanda strongly disagrees with any political decisions and will be taking steps against such discrimination of cryptoassets.

In line with the points mentioned above it seems that the liquidity risk treatment is more based on a political decision, than on the actual liquidity of cryptoassets. This is inconsistent and not in line with the framework. LCR and NSFR are based on liquidity criteria and should not be based on political decisions. BCBS brings no argument to why such high-risk cryptoassets should not be liquid. Bitcoin can safely be defined as liquid (see also question 8).

Regulations should not hinder innovation and should not discriminate against assets. We see strong indications that BCBS is discriminating against cryptoassets with such a proposed treatment. The example is not backed by facts but more so based on political decisions, which seem to imply "we don't want cryptoassets" and especially Bitcoin, which would qualify as a "high-risk cryptoassets" according to BCBS. This classification is entirely wrong and pointless – Bitcoin is seen as one of the least risky cryptoassets.

Every prudential treatment of cryptoassets needs to be proportionate and adequate. The example put forward by BCBS is neither of those – BCBS doesn't argue why high-risk cryptoassets are not liquid or can't be used for credit risk mitigation, but decides this on a general basis ("political decision"). This approach is strictly rejected by Bitpanda and is methodically questionable. The prudential regulation should be based on a risk-based approach and not on political opinions or discriminations against certain assets. The example put forward by BCBS seems to indicate that BCBS does not favour Bitcoin and other cryptoassets and wants to "quasi prohibit banks to use or work with cryptoassets". This shows, on the one hand, an alarming misunderstanding of the technology and on, the other hand, a potential conflict of interest by BCBS – as it seems they are trying to protect banks from innovation. In the same way as with cryptoassets. Just limiting new innovations is not a potential way forward but will lead to increased problems in the future as e.g. banks will not adapt.

The example and the messages behind the example therefore need to be reworked completely in Bitpanda's opinion.

10. What further supervisory measures could be considered in specifying a potential prudential treatment for Crypto-Assets?

A "materiality threshold" of holding, trading etc. cryptoassets should be implemented so that Banks can hold insignificant positions without bureaucratic prudential rules e.g. if a bank decides to buy 1 Bitcoin (currently below TEUR 10) a disclosure requirement, deductions of one's own funds and similar prudential rules do not seem adequate.

Special banks dealing primarily or exclusively with cryptoassets need to be taken more into account. In Germany for example, trading and safekeeping of cryptoassets requires a "bank licence" (KWG). If the rules above would apply in such a case every business model would be impossible with cryptoassets. Companies would not be allowed to provide cryptoasset services regardless of whether they have a licence or not, as a deduction from one's own funds, liquidity treatment etc. would defeat all attempts to fund and run a bank, rendering it unfeasible from an economical perspective.

11. What are your views on the disclosure requirements related to banks' crypto-assets? Should additional information related to banks' crypto-asset exposures be disclosed?

The disclosure requirements are sufficient and satisfactory; no additional information should be disclosed. Disclosure requirements

related to a banks' cryptoassets should not be regulated in a stricter way compared to traditional assets. Only if it were to lead to a concrete, high-risk for the customer when banks are holding cryptoassets, would such a disclosure regime be adequate. We believe that such a measure would need additional argumentation. From the current perspective, Bitpanda sees no such arguments. Similar things could also happen via "fat-finger-trading", malicious activities by employees or fraud/bank robberies etc. In no such case, is a disclosure requirement set in place. Only general financial figures like LCR, NSFR, leverage ratio, own funds, need to be disclosed currently – the disclosure of some assets would breach the system. Why is then e.g. gold, not disclosed, why not shares etc.? Therefore, Bitpanda disagrees that such exposures should be disclosed.

General considerations for the prudential treatment of other types of crypto-assets

12. What are your views on the appropriate prudential treatment of these types of crypto-assets? Are there additional types of crypto-assets that would warrant a different treatment to the illustrative example outlined in this paper?

Yes, please see the questions above (especially regarding stablecoins, asset-backed tokens, privacy coins, regulated coins, payments/security/utility tokens etc.).

13. What are your views on the potential prudential treatment of specific types of crypto-assets that bear economically equivalent risks to traditional asset classes? To what extent could the prudential treatment of such crypto-assets build on the existing framework?

As highlighted in BCBS principles (page 8), same risks and same activity should be treated the same way. This can also be referred to as a "technologically-neutral approach". If the risk equals traditional assets, cryptoassets mustn't be discriminated against. Please see the questions above for more details.

14. What specific conditions and criteria are needed for different types of crypto-assets to be subject to a different treatment to the illustrative example discussed in this paper?

Please see the questions above (especially regarding stablecoins, asset-backed tokens, privacy coins, regulated coins, payments/security, utility, tokens etc.).

15. Do you have other suggestions regarding the design of a potential prudential treatment of cryptoassets?

Please see the questions above (especially regarding stablecoins, asset-backed tokens, privacy coins, regulated coins, payments/security, utility, tokens etc.). A more detailed discussion is only possible from Bitpanda's perspective if the above-mentioned points are taken into account and a more balanced approach is put forward by BCBS.

Resume:

The benefits and opportunities of cryptoassets should be taken into account more and an approach that is too negative/purely risk-focused must be avoided. Bitpanda strongly raises its voice against any potential discrimination of cryptoassets. All prudential treatments need to be based on risks, arguments and facts and not on political opinions. The example on page 11 shows strongly that BCBS is taking an approach that is far too restrictive. Such a strict approach is neither necessarily based on risks and facts, nor is it in line with the understanding of Bitpanda. Bitpanda strongly urges BCBS to take a more appropriate way forward to ensure that banks can work with cryptoassets and that the sector and innovation is not hindered by regulation.

Furthermore, the prudential treatment needs to focus more on the different aspects of cryptoassets and their different set-ups (e.g. stablecoins, asset-backed tokens, privacy coins, regulated coins, payments/security/utility tokens etc.). A fitting regulation needs to distinguish between the set-up, as different risks are connected with different features (e.g. more like "money" or more like a security) and not the generalisation of cryptoassets. Cryptoassets are just too inhomogeneous to treat them all the same. Additionally, business models by banks dealing primarily or even exclusively with cryptoassets need to be excluded from this prudential treatment as otherwise, the business model would not be feasible.

In general, Bitpanda thanks BCBS again for the discussion paper and highlights that – in Bitpanda's opinion – the prudential treatment of cryptoassets needs a much higher level of detail and varying approaches. We encourage BCBS to hold a brainstorming/expert group to discuss the technology, its impact and the aligned risks to ensure a fuller picture of the risks and also the benefits – not only for the customers, but also for the financial sector including banks. Bitpanda would be happy to participate in such a discussion process.