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Dear Sirs,

I noted below some personal comments on the matters address in the Discussion Paper. As my comments are rather general, I noted them under the heading of Q15:

Q15. Do you have other suggestions regarding the design of a potential prudential treatment of crypto assets:

1. Nature of crypto-assets

Ideally the qualification as an asset should be recognized and comply with same criteria in all relevant jurisdictions. The risk is to have a market fragmentation as it was the case in the past with different type of assets where mismatches between different legal regimes are still causing issues – as in the case of custody of dematerialised assets. In case of crypto-currency the fragmentation impact liquidity which is one of the main benefits that crypto currency should bring.

2. Validation

The **DLT database design** and the **whitepaper** for launching the Crypto assets might need to be validated or complying with certain criteria in terms of integrity, cyber security and fair rules. Self-developed algorithms should not be allowed without prior checks (e.g. machine learning developing algorithms to redistribute units among participants). As in the case of terms and condition for products and services there should be some principles to prevent abusive terms or rules of access that can be amended over time to the disadvantage of certain participants. As in the case of standard contracts – the DLTs and the rules of operation could become *“effective instruments in the hands of powerful industrial and commercial overlords enabling them to impose a new feudal order of their own making upon a vast host of vassals”* as Friedrich Kessler wrote many years ago¹.

3. Scale of use –

If the permissioned system includes big multinational big companies that could have a big impact on distribution – e.g. Facebook Libra – the due diligence on the asset need to be undertaken at the regulators level.

¹ Friedrich Kessler *“Contracts of Adhesion, Some thoughts about Freedom of Contract”*-43 Colum L.Rev.629 (1943)

4. **Disintermediation of banks –**

The use of crypto-assets at a large scale might mean that many “payments” for services or products are done out of the banking system - additional rules might need to be considered for the entities operating “crypto payments” only to ensure there is a functional system.

5. **Anticompetitive behaviour**

The use of a certain crypto-asset might be expanded artificially if more big multinationals are opting for a certain type of crypto-currency offering better terms for payments made in crypto and customers would switch from certain brands to those on the respective crypto platform and therefore it would be easy to eliminate the small competition that cannot access the permissioned platform – (e.g. Facebook association for Libra required. USD 10 M for companies that intended to use the platform).