Q2. What are your views on the Committee's approach to classify cryptoassets through a set of classification conditions? Do you think these conditions and the resulting categories of cryptoassets (Group 1a, 1b and 2) are appropriate? Which existing cryptoassets would likely meet the Group 1 classification conditions?

Comments: Group 2 should also be classified into 2 categories, one is the main crypto assets, which are BTC, ETH in the crypto world that can be taken as USD, Euro in the traditional financial world.
The other categories are the less strong crypto assets such as Doge.
The risk weight for these 2 categories are different in the crypto world.

The value of the crypto assets should be viewed and assessed from those living in crypto world.

Q3. What are your views on the classification conditions? Are there any elements of these conditions that should be added, clarified or removed in order to:
− ensure full transferability, settlement finality, and/or redeemability;
− limit regulatory arbitrage, cliff effects and market fragmentation; and
− take account of new and emerging cryptoassets

Comments: Tokenised traditional assets are not limited to the 3 categories set out in the DP Page 8 (bonds, loans, commodities, cash held in custody)
Properties and artworks can also be tokenized and it may be quite common asset classes. Also, some special and unique goods such as wines, Chinese alcohols can be tokenized.

The classifications set out on Page 2 for Group 1a crypto assets are quite limited.

Q5. For the third classification condition, (i) would risk governance and risk control practices for Group 1 and Group 2 cryptoassets differ; and (ii) are there alternatives to the required risk governance and risk control practices that would ensure that material risks of the network are sufficiently mitigated and managed?

Comments: The risk governance is different and should be different between Group 1 and Group 2 crypto assets.
Group 1 assets are valued by the underlying assets, therefore, the risk governance system and methodology should be align with the methodology to govern the underlying assets in traditional financial world.

Q7. Do you consider the responsibilities of banks and supervisors to be clear and appropriate? Are there any other responsibilities for banks or supervisors that the Committee should consider?

Comments: Both banks and supervisors have the responsibilities to improve their

perceives and knowledge about the crypto assets and crypto world. They should not be a spectator but be a active player in the crypto world.
They also should have the responsibilities to educate the investors and the public who are interested or a stakeholder of these crypto assets.

Q9. Are there further aspects of the credit risk and market risk requirements that could benefit from additional guidance on how they should apply to Group 1a cryptoassets?

Comments: As mentioned, there are underlying assets under Group 1a cryptoassets. The credit risk and market risk requirements of the underlying assets are very important factors to consider. Yet this is like a spot market and future market, there may be some price gaps between the tokenized assets and the underlying assets. This factor should also be considered to guide the the application on Group 1a cryptoassets.

Q10. Do you have any views on the Committee's current thinking on the capital requirements for Group 1b cryptoassets?

Comments: Group 1b crypto assets should value as almost 1:1 as the underlying assets.

Q11. What further aspects of the credit risk and market risk requirements could benefit from additional guidance on how they should apply to Group 1b cryptoassets?

Comments: The credit of the issuers of the Group 1b cryptoassets should be taken into consideration on the application of Group 1b cryptoassets

Q12. Do you think the proposed capital treatment of Group 2 cryptoassets, including the application of a 1250% risk weight instead of deducting the asset from capital (for the reasons explained above), appropriately reflects the unique risks inherent in these assets?

Comments:

1. Group 2 cryptoassets are high risk and volatile, but this is only applicable to those traditional financial institutions who hold some little positions of the Group 2 crypto assets.
   In the crypto world, it's another view about the risks of the Group 2 crypto assets. And this area is certainly blank.
2. Group 2 crypto assets are new and disruptive, but it doesn't mean that it will be more risky as other commodities like gold, copper. The 1250% is too conservative.
3. If the assets side are adjusted based on the risk weight, the liabilities side of the financial institution should also be adjusted based on the risk weight when calculating the Pillar 1 capital and the capital adequacy. Because normally traditional financial institutions are not holding high risk liabilities items. But Group 2 crypto assets can

appear both on the assets items and the liabilities items on the balance sheet.

Other comments

1. There are more and more platforms and institutions that support Group 2 crypto assets and stable coins as a payment methods. That means the crypto world can complete self-circulations. They are another world in parallel or can be treat as another “country”. When giving guidance the Basel committee must consider the real living condition and their ideology in that “country”.

2. If a company that doing finance business in crypto world and there is no business flow with fiat currencies, then the guidance and requirements on this kind of companies should apply with another system.

3. The accounting treatment of the crypto assets as intangibles under the applicable accounting framework needs to be discussed and developed. This is still a traditional consciousness to judge these assets, but not the substance of these assets and why people are holding and trading them. From the First-Principles theory to think these crypto assets, they are hardly to fall into the intangible assets category.

   Statement: The above comments and contents only represent personal views, and do not represent any other personal or organization positions.