

Project Acacia Industry Advisory Group (IAG) Meeting

April 2025



Agenda

1. Welcome
2. Project Acacia update
3. Recent international developments
4. Considerations in relation to a wrapped CBDC: What are the implications if wCBDC is issued on only some asset chains?
5. Any other business

Competition law guidance

- This Industry Advisory Group meeting will be conducted in accordance with RBA Competition Law Guidance for RBA convened meetings.
- You should have received the Guidance via email and a hard copy is available upon request. You must ensure you are familiar with the Guidance.
- The RBA and DFCRC are committed to ensuring that all meetings are conducted in compliance with all applicable competition laws.
- If you have a concern about today's discussion from a competition law perspective, you should make your concerns known to the Chair of this meeting and the discussion giving rise to such concerns should cease.

Project update: progress to date

- RFI submission review is progressing:
 - Pilots and PoCs: First round of questions sent to Lead Entities (where further info required).
 - PoCs: Meetings being arranged for mid-April to confirm requirements.
 - Desktop research: Meetings held with most interested parties.
- RBA and DFCRC are continuing analysis of the various platform types proposed by interested parties, as well as distribution and access arrangements, for CBDC issuance.
- Timetable for use case selection – for Pilots and PoCs – is being updated with selection decisions expected to be made progressively over the coming months.
- Formalisation of the ASIC relief for Project Acacia is progressing in line with other project milestones.

Recent international developments

US House Financial Services Committee approves Stablecoin bills

- Regulatory framework for issuance and regulation of payment stablecoins, including required amount/types of reserves for issuers
- Non-financials can create stablecoins via subsidiaries (previous iterations only allowed creation by banks)

SEC rules that covered stablecoins will not be treated as securities

- Applies to stablecoins designed to maintain stable value to USD on one-to-one basis, backed by low-risk liquid assets with USD value. Interest bearing stablecoins still fall under securities regulations.

Eurosystem wholesale DLT settlement exploratory work

- Pursuing two-track approach to settling transactions in central bank money - a) development of interoperability link with RTGS, and b) a more integrated solution involving central bank money.

Banco Central do Brasil report on DREX wholesale CBDC proof of concept

- Report highlighted challenges balancing decentralization, programmability, and privacy issues alongside compliance with legal framework.

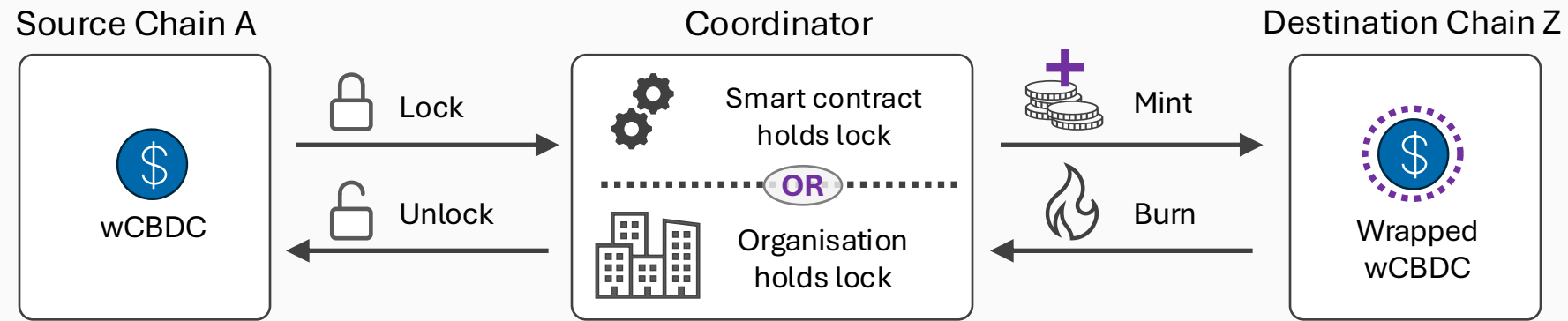
Bank of Korea – launching wholesale CBDC pilot

- Convert bank deposits into tokenised deposits for payments. DLT settlement across 7 participating banks, rather than transfers across BOK reserve accounts

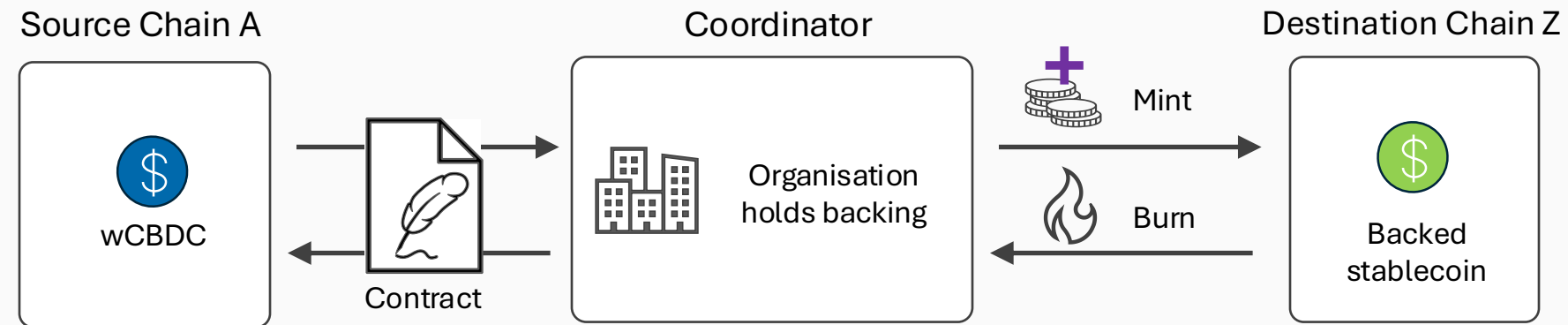
Approaches to cross chain integration

If wCBDC is issued only on some chains (represented as 'Chain A' here), what are some options by which it might be used to enable settlement of transactions in assets that are only available on other chains ('Chain Z' here)?

"Lock and mint"



Backed stablecoin



Considerations in relation to a wrapped CBDC: What are the implications if wCBDC is issued on only some asset chains?

1. If wCBDC is issued on Chains A-C but not Chains X-Z, what are the cross-chain integration options by which it might be used to facilitate settlement of transactions in assets that are only available on Chains X-Z?
2. How might wCBDC-linked instruments then be used on Chains X-Z? For example, as a settlement asset, an interchange asset or a store of value?
3. Which of these indirect uses of wCBDC on Chains X-Z would be likely to emerge in reality? How might this depend on the design characteristics of the wCBDC on Chains A-C?
4. What controls (tech, contractual, etc) might be open to the central bank in such arrangements? Eg to manage access to wCBDC-linked instruments on Chains X-Z, to control risks around wrapping/bridging to Chains X-Z, or other concerns regarding Chains X-Z?
5. What are the implications (benefits, risks, lost opportunities, etc) for tokenised asset markets and the evolution of money when wCBDC is issued to only some asset chains?

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