

**FEDERAL DEPOSIT INSURANCE CORPORATION****Re : Request for Information and Comment on Digital Assets (RIN 3064-ZA25)**

July 16, 2021

Dear FDIC,

Regarding the activities related to digital assets/virtual assets, the following management recommended can be used for reference by IDIs or Virtual Asset Service Providers (VASPs):

01. Establish a reasonable internal control system based on risk-driven to facilitate IDIs or VASPs to achieve profitable, performance and asset preservation goals. We can refer to COSO's "2017 Enterprise Risk Management-Integrated Framework" to establish internal controls. For example, the transfer of digital assets/virtual assets to other units must be authorized by layers or roles to complete the result of the transfer.

02. The establishment of a complete information security system, coupled with cybersecurity insurance for digital assets/virtual assets, can reduce the scope of the loss of IDIs or VASPs caused by the theft of digital assets/virtual assets. The business models of the following companies are available for reference:

- ( 1 ) BitGo, <https://www.bitgo.com/resources/digital-asset-insurance>
- ( 2 ) CYBAVO, <https://www.cybavo.com/cybavo-vault/>

03. Regarding the fiat-backed stablecoins and stored value products , the following management is for reference:

- ( 1 ) It is recommended that two different independent accounting firms to confirm the fiat-backed stablecoins and stored value products every quarter or every month, and complete and transparent announcement of the results to the public. The business models of the following companies are available for reference:

- A. PAXOS, <https://www.paxos.com/attestations/>
- B. Lugh, <https://www.lugh.io/all-pwc>

- ( 2 ) It is recommended to use trust accounts or escrow accounts as the funds deposit for any fiat currency, or use SWIFT MT799 to declare that the funds are self-locked.

04. Regarding digital assets/virtual assets are activities that link physical assets, it is recommended to discuss the calculation of insurance rates after the Basel Committee on Banking Supervision publishes the risk management policy of crypto assets. Reference URL: Basel Committee on

Banking Supervision, <https://www.bis.org/bcbs/publ/d519.htm>

05. It is recommended that global IDIs or VASPs establish a mutual insurance system. We can refer to the economic activities of digital assets/virtual assets and the number of participating IDIs or VASPs, so that IDIs or VASPs can prepare a reasonable proportion of digital assets/virtual assets to the mutual insurance pool as a preparation for jointly taking risks (digital assets/virtual assets reserves).

Yours sincerely,

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