

FEDERAL RESERVE BANK *of* NEW YORK

Innovation Advisory Council

September 24, 2025

33 Liberty Street, New York, NY

and *via* Teams

10:00 am – 12:00 pm

Opportunities and Challenges for Financial Institutions Interacting with Public (Permissionless) Infrastructures

Meeting Minutes

Introductory Remarks

Per von Zelowitz, *Chief Product Owner*, New York Innovation Center (NYIC) and Chair of the Innovation Advisory Council (IAC) opened the meeting by welcoming members and Federal Reserve attendees and thanked departing member Jose Fernandez da Ponte for his contributions to the IAC.

He reminded members they are required to adhere to the Federal Reserve Bank of New York's *Antitrust Guidelines for Members of the Federal Reserve Bank of New York's Advisory and Sponsored Groups*.¹

For their discussion on public (permissionless) infrastructures, panelists and members were asked to discuss both the benefits and how they are currently de-risking implementation.

1. Panel I - Value Propositions & New Business Models

The Chair introduced the moderator for the first panel, Leslie Connor Warren from the Supervision Group at the Federal Reserve Bank of New York and speakers Nadine Chakar, Global Head of DTCC Digital Assets and Sandy Kaul, Head of Innovation at Franklin Templeton.

Members and panelists discussed that interest in public infrastructures stems from the industry seeking alternatives to current transfer rails, particularly to attract new customers and provide value to existing customers. One speaker noted such infrastructures may provide a new engagement model for institutions and their clients, allowing entities to aggregate and program multiple types of activity in hosted wallets and to conduct more activity intraday.

On evolving business models, one speaker suggested the primary value of the technology is that it allows the financial institution to not be in the middle of every transaction and instead focus on activities such as whitelisting for KYC purposes, monitoring and governance. Speakers suggested the roles of traditional intermediaries could evolve into technology platform operators, providing the golden source of validated data, and 'control locations' (i.e. the trusted holders of records) to provide guaranteed value behind tokenized assets. Additionally, traditional intermediaries may still provide custody, but may not need to clear assets that are directly issued onto public chains. Asset managers might see fewer changes to their operating models, but may expand the scope of assets being

¹ Accessible [here](#).

managed for clients by incorporating tokenized assets in their portfolios, including assets that are investable but historically have been difficult to trade.

Speakers provided specific use-cases from current implementation that demonstrate benefits enabled by the technology but noted that broader tokenization of real world assets is a prerequisite to create more value for clients. Some institutions are seeing the greatest benefits where they are able to simplify or speed up operational processes. Specific examples were collateral management, reconciliation and transfer agency services. More 'dynamic' models of settlement enabled by the technology, i.e. where settlement is not fixed to a specific window, can also free up liquidity.

2. Panel II – Challenges of Interacting with Public Infrastructures

The Chair introduced the moderator for the second panel, Michael Lee from the Research Group at the Federal Reserve Bank of New York as well as panelists Neha Narula, Director of the Digital Currency Initiative at the MIT Media Lab, and Tom Zschach, Chief Innovation Officer at SWIFT.

Speakers identified certain opportunities and challenges when using public infrastructures with respect to KYC/AML compliance and interoperability, particularly in the cross-border context. Discussants noted it is important for institutional frameworks to identify how the public chains allocate confirmations of transactions across diversified validators, to avoid inadvertent participation in a centralized private chain being operated under the auspices of a public blockchain. One member noted that conversely there can be benefits of having a single validator who can be held responsible for failed settlement or other claims.

Additionally, one speaker suggested it could be important for the financial institution to operate a node on the chain as a new form of operational due diligence, in order to receive a copy of the transaction and have confidence in the infrastructure without relying on another entity's assurance.

Members suggested that entities are able to implement accreditation and controls in the technology stack despite the public, permissionless nature of these infrastructures. If a wallet is compromised, its contents can be destroyed, frozen and clawed back. One speaker noted that wallets do not enable entirely free exchange, as the transaction still needs to be verified.

Members discussed that a number of elements would make broader adoption credible, such as scalability of public infrastructures to handle more volumes; addressing which elements of trust should be transferred to the code instead of handled at the institutional level (e.g. digital identity); and broader tokenization of real-world assets to expand value propositions.

Closing Remarks

The meeting adjourned at 12:00 pm.

Attendees

IAC Members present:

Nadine Chakar, *Managing Director, Global Head of DTCC Digital Assets*, DTCC

Umar Farooq, *JPMorgan Chase*

David Haber, *General Partner*, Andreessen Horowitz

Melissa Koide, *CEO & Director*, FinRegLab

Christine Moy, *Partner Digital Assets, Data & AI Strategy*, Apollo

Neha Narula, *Director of Digital Currency Initiative*, MIT Media Lab

Guest speakers:

Sandy Kaul, *Senior Vice President, Head of Innovation*, Franklin Templeton

Tom Zschach, *Chief Innovation Officer*, SWIFT

Federal Reserve attendees:

John C. Williams, *President and CEO*, Federal Reserve Bank of New York

Anna Nordstrom, *Markets Group Head and IAC Sponsor*, Federal Reserve Bank of New York

Per von Zelowitz, *Chief Product Owner, New York Innovation Center and IAC Chair*, Federal Reserve Bank of New York

Dianne Dobbeck, *Head of Supervision*, Federal Reserve Bank of New York

Mihaela Nistor, *Chief Risk Officer*, Federal Reserve Bank of New York

Frederic Veron, *Chief Information Officer*, Federal Reserve Bank of New York

Katherine Tilghman Hill, *Supervision*, Federal Reserve Bank of New York

Zareera Bukhari, *Supervision*, Federal Reserve Bank of New York

Elizabeth Bustamante, *Supervision*, Federal Reserve Bank of New York

Beth Caviness, *Markets*, Federal Reserve Bank of New York

Leslie Connor Warren, *Supervision*, Federal Reserve Bank of New York

Jon Durfee, *NY Innovation Center*, Federal Reserve Bank of New York

Mark Fischer, *Supervision*, Federal Reserve Bank of New York

Brian Gattoni, Federal Reserve Board

David Hou, Federal Reserve Board

Michael Lee, *Research*, Federal Reserve Bank of New York

Megan Lindgren, *Legal*, Federal Reserve Bank of New York

Sishush Maru, *Supervision*, Federal Reserve Bank of New York

Jenny McMahan, *Supervision*, Federal Reserve Bank of New York

David Mills, Federal Reserve Board

Jean-Baptiste Parmentier, *Supervision*, Federal Reserve Bank of New York

Emilie Walgenbach, *Supervision*, Federal Reserve Bank of New York

Morgan White, *NY Innovation Center*, Federal Reserve Bank of New York

Anita Yacono, National IT