

CAPITAL MARKETS: PHASE 1 DRAFT Proposed Risk Mitigation Framework for Non-Financial Risks of Blockchain **Infrastructures**

for Regulated Financial Institutions

WHAT IS THE RISK MITIGATION FRAMEWORK (RMF)?

- Led by industry leaders to help financial institutions identify, evaluate, and minimize non-financial risks associated with blockchain infrastructures, particularly public blockchains
- Prioritizes the integration of blockchain-specific risks into existing enterprise risk frameworks using the broad set of risk management frameworks deployed in regulated financial institution's

CORE CONTRIBUTORS (PHASE 1)

- Ava Labs
- Cardano Foundation
- Clearstream
- DTCC
- Euroclear Group
- **GBBC**
- Hedera Foundation
- Oliver Wyman
- Ripple
- And other regulated financial institutions

Observer: The World Bank

Confirmed Phase 2: Canton Foundation, Chainlink

ROADMAP

- Phase 1 (Published Q3 2025)Focused on blockchain infrastructures
- Initial risk taxonomy and mitigation alignment

Phase 2 (2H 2025)

- On-chain digital payments
- Further analysis in operational resilience and payment rails

Phase 1B (2H 2025)

- Extend analysis to Layer 2s
- Déep dive into custody
- Incorporate feedback on initial framework

Phase 3 (2026)

- Extend to native cryptoassets
- Update framework from Phases 1 and 2
- Benchmark RMF to realworld use cases

WHY RMF?

- ✓ Increasing trend of blockchain infrastructure use
- ✓ Bridging the gaps amongst existing risk frameworks
- Provide global risk mitigation solutions

KEY RISK CATEGORIES COVERED



Novel Risks

- Tech risks Ex. protocol governance, node diversity
- Financial crime
- Sanctions evasion, AML, KYC
- Key management & cybersecurity
- Smart contráct vulnerabilities

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Adapted Risks

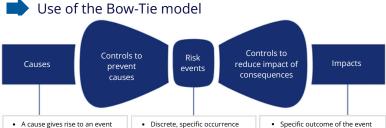
- Contractual enforcement
- Legal ambiguity
- Data management & irreversible transactions



Standard Risks

- Traditional risk domains
 - Regulatory compliance
 - Internal fraud
 - People risk

APPROACH TO FRAMEWORK



- Defined in terms of the underlying causes i.e. the environment that allows risks to develop
- Multiple causes can be mapped to an event
- that has an impact on the institution
- Used as unique identifier
- · Risk event needs to have immediate impact
- Can be financial, regulatory, legal, or reputational, must be measured in a consistent way
- to allow comparison Multiple impacts can be mapped to a single event

