

Article Information

Authors: Steven Pettigrove, Jake Huang

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RBA announces Project Acacia to test use cases for wholesale CBDC

The Reserve Bank of Australia (RBA) has released a consultation paper outlining a joint research initiative by the RBA and the Digital Finance Cooperative Research Centre (DFCRC) to explore how different forms of digital money and associated infrastructure could support the development of wholesale tokenised asset markets in Australia.

[The consultation is the public phase of a project dubbed Project Acacia](#), which builds on the lessons from the [RBA's central bank digital currency \(CBDC\) pilot last year](#), by focusing on opportunities to uplift the efficiency, transparency and resilience of wholesale markets through tokenised money and new settlement infrastructure. At [the Intersekt Fintech Conference in September, the RBA announced details of the project](#), which reflects its strategic commitment to exploring a wholesale, rather than a retail, CBDC.

Project Acacia overview

As mentioned, the project is divided into two main phases:

Phase 1 – Conceptual Research: This was undertaken by the RBA and DFCRC during the first half of 2024 as an initial desktop research phase in which different models for the settlement of tokenised asset transactions were identified and evaluated.

- The focus was on exploring how different settlement models – utilising various forms of digital money and associated infrastructure – could facilitate the delivery-versus-payment (**DvP**) settlement of tokenised asset transactions (i.e. a transaction between a buyer and seller whereby the transfer of a tokenised asset occurs if and only if the associated payment has been made). Five settlement models were identified and then subject to a structured evaluation.

Phase 2 – Experimentation: The current phase will involve practical experimentation to test the identified models and approaches. The RBA and DFCRC, in collaboration with selected industry participants, propose to develop and test prototypes of one or more models for settlement of wholesale tokenised asset markets.

- This exercise will be framed by use cases proposed by industry. This may involve the RBA issuing a pilot wholesale CBDC and/or private sector parties issuing deposit tokens or other forms of tokenised money (e.g. reserves-backed digital currency or stablecoins), depending on the use cases proposed by industry stakeholders and selected for development and testing.
- It is envisaged that the work would be supported by industry stakeholders, working collaboratively, in roles such as tokenised asset issuers, investors and token platform market operators.
- The purpose of Phase 2 is to test some of the findings of the conceptual research in Phase 1 by overlaying the business objectives of industry stakeholders, and to explore more deeply questions of technology design, risk management, governance and regulation associated with one or more of the settlement models evaluated in Phase 1 and/or alternative models nominated by industry participants.
- Industry stakeholders are invited to provide feedback on how and where the applied research effort in Phase 2 could be directed, by nominating use cases they have an interest in exploring in collaboration with the RBA and DFCRC and the research questions they wish to focus on.
- The RBA and DFCRC do not intend to set up or make available a simulated or pilot tokenised asset platform or

trading venue for Phase 2. Industry participants will need to establish these platforms to suit their needs.

- Industry participants will bear their own costs for the conception, design, development, implementation and execution of their proposed use cases in Project Acacia.
- The RBA and DFCRC, in collaboration with relevant regulatory agencies (ASIC, APRA and AUSTRAC, as applicable), will work with interested parties to establish what licences or regulatory relief those parties may need to participate in the project. Use case proposals will be selected for development and testing and announced by the RBA and DFCRC only after licences or regulatory relief (where required) are obtained.

Industry Advisory Group

The RBA and DFCRC also intend to establish an 'Industry Advisory Group' of selected industry experts, to support Phase 2 of Project Acacia. The Industry Advisory Group will receive periodic updates on Project Acacia and will have an important role providing advice on the project pathway, findings and future research opportunities. It will be an advisory forum and will not make decisions with respect to the management or running of the project. It will be chaired by a representative of the DFCRC and will report to the Project Acacia Steering Committee.

Next Steps

The RBA has invited industry stakeholders to:

- **Respond to the consultation questions** – by completing Part 1 of the Response Template in Appendix A of the paper.
- **Register their interest in participating in the experimental research phase of Project Acacia in 2025** – by completing Part 2 of the Response Template in Appendix A of the paper.
- **Register their interest in joining the Industry Advisory Group for Project Acacia** – by completing Part 3 of the Response Template in Appendix A of the paper.

Submissions are due by **Wednesday, 11 December 2024**.

Conclusion

Project Acacia [follows the RBA's successful CBDC pilot in 2023](#) with a view to unlocking [the potential benefits of tokenised markets for the Australian economy which the DFCRC has estimated at up to \\$12 billion in value per annum](#).

The project represents a significant step towards understanding and implementing digital money in wholesale markets. The collaboration between the RBA, DFCRC, and industry stakeholders aims to develop a robust and efficient framework for digital asset transactions, with a view to ensuring that Australia's financial infrastructure remains globally competitive with the likes of Singapore (which has operated a long running [tokenisation pilot called Project Guardian](#)) and ready to embrace the digital economy.

The Piper Alderman Blockchain Group advises on asset tokenisation projects and can assist industry stakeholders interested in participating in Project Acacia with preparing their expressions of interest and exploring necessary licensing approvals and relief.