

# OCC Takes Initial Steps to Liberalize Approach to Bank Crypto-Asset Activities

March 10, 2025

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## Overview

On Friday, March 7, 2025, the new leadership of the Office of the Comptroller of the Currency (the “OCC”) took initial steps in what we believe to be a broader effort to liberalize the OCC’s approach to regulating crypto-asset activities of national banks and federal saving associations (“FSAs”). Most significantly, in [Interpretive Letter #1183](#), it rescinded OCC Interpretive Letter #1179, which imposed a requirement for prior written supervisory non-objection in order to engage in crypto-asset-related activities that the OCC had previously approved as legally permissible.

In [OCC Bulletin 2025-2](#), the OCC also withdrew from two interagency joint statements issued in early 2023 that highlighted risks to banking organizations from crypto-asset activities. In accordance with the withdrawal, it is no longer the OCC’s official view that “issuing or holding as principal crypto-assets that are issued, stored, or transferred on an open, public, and/or decentralized network, or similar system is highly likely to be inconsistent with safe and sound banking practices.”

With these steps, the OCC has restored the agency’s official posture on crypto-asset-related activities to the position held at the end of the first Trump administration. National banks and FSAs again should be permitted to provide crypto-asset custody services, hold stablecoin reserves and use distributed ledgers and stablecoins to engage in and facilitate payment activities (including by operating a node on a distributed ledger and by buying, selling and issuing stablecoins) *without* first obtaining written supervisory non-objection, consistent with their generally legally permissible activities.

In light of the Trump administration’s policy of encouraging innovation and engagement in the crypto-asset space, we expect the leadership of the OCC to take further steps to clarify the permissibility of additional crypto-asset-related activities for national banks and FSAs. The Federal Deposit Insurance Corporation (the “FDIC”) and Federal Reserve Board (the “FRB”) are also likely to remove some of the supervisory hurdles those agencies had put in place for state member and non-member banks and

bank holding companies to engage in crypto-asset-related activities. At a minimum, because insured state banks are generally precluded from engaging as principal in any activity not permissible for a national bank, the OCC's recent actions may remove one barrier to state member and nonmember banks engaging in more crypto-related activities.

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## Background

In 2020 and early January 2021, the OCC released three interpretive letters (the "Letters") that concluded certain crypto-asset-related activities were legally permissible for national banks and FSAs:

- [Interpretive Letter #1170](#) (July 22, 2020) concluded that it is legally permissible for national banks and FSAs to provide custody services for crypto-assets, including by holding the unique cryptographic keys associated with a customer's crypto-assets and by providing other, related services, such as facilitating the customer's exchange of crypto-assets and fiat currency, transaction settlement, trade execution, recordkeeping, valuation, tax services and reporting.
- [Interpretive Letter #1172](#) (Sept. 21, 2020) concluded that it is legally permissible for national banks and FSAs to hold deposits representing stablecoin reserves where the stablecoin is backed 1:1 by a single fiat currency and held in hosted wallets.
- [Interpretive Letter #1174](#) (Jan. 4, 2021) concluded that it is legally permissible for national banks and FSAs to use distributed ledgers and stablecoins to engage in and facilitate payment activities, including by (1) acting as nodes on an independent node verification network (i.e., distributed ledger) to verify customer payments and (2) using stablecoins to facilitate payment transactions on a distributed ledger, including by buying, selling and issuing stablecoins.

In each case, the Letters emphasized the need for sound risk-management practices that address the full range of potential risks, including operational, liquidity and compliance risks. Letters #1170 and #1174 also suggested that national banks and FSAs should consult with their OCC supervisors before launching new crypto-asset activities, but none of the Letters required prior supervisory non-objection.

After taking office as acting comptroller under the Biden administration, Michael Hsu announced a [review](#) of the letters, which resulted in [Interpretive Letter #1179](#) in November 2021, which provided that the activities approved in Letters #1170, #1172 and #1174 were only legally permissible if a bank could demonstrate, to the satisfaction of

its supervisory office, “that it has controls in place to conduct the activity in a safe and sound manner” and imposed a requirement to apply for and receive written supervisory non-objection prior to engaging in the activity.

In November 2021, the OCC also joined the first of three interagency joint statements from the OCC, FDIC and FRB on bank crypto-asset activities.

- The [Joint Statement on Crypto-Asset Policy Sprint Initiative and Next Steps](#) (Nov. 21, 2021) described the results of interagency “policy sprints” on crypto-asset activities and identified a “roadmap” of areas for further guidance, including (1) traditional and ancillary custody services, (2) facilitation of customer purchases and sales, (3) lending against crypto-assets, (4) stablecoin issuance and distribution and (5) holding crypto-assets on balance sheet.
- The [Joint Statement on Crypto-Asset Risks to Banking Organizations](#) (Jan. 3, 2023) (covered in our FinReg blog [here](#)) described key risks the banking agencies associated with the digital asset sector. Among other things, it stated that the agencies were continuing to assess “whether or how” various digital asset-related activities can be conducted in a legally permissible manner that addresses safety and soundness, consumer protection and compliance concerns. It also expressed the view that issuing or holding as principal digital assets that are issued, stored or transferred on an open, public and/or decentralized network is “highly likely to be inconsistent with safe and sound banking practices” and stated that the agencies have “significant safety and soundness concerns” with business models that are concentrated in crypto-asset-related activities or have concentrated exposures to the crypto-asset sector.
- The [Joint Statement on Liquidity Risks to Banking Organizations Resulting from Crypto-Asset Market Vulnerabilities](#) (Feb. 23, 2023) highlighted the liquidity risks of certain crypto-asset-related deposit activities, including accepting deposits for the benefit of a crypto-asset-related company’s customers and deposits that constitute stablecoin-related reserves.

In the same period between late 2021 and 2023, the FDIC and FRB also established supervisory prior notice or non-objection requirements and provided further guidance on their supervisory approach to crypto-asset activities. (These releases are summarized in our [Guide to Crypto Assets Under the Trump Administration](#).)

In Interpretive Letter #1183, the OCC explains that its decision to rescind Letter #1179 is based on the OCC staff having developed “knowledge and expertise regarding crypto-asset activities” and is “intended to reduce burden, encourage responsible innovation, and enhance transparency” and to “ensure that bank activities will be treated

consistently, regardless of the underlying technology.” The OCC expects to examine the crypto-asset activities described in Letters #1170, #1172 and #1174 “as part of its ongoing supervisory process” and reiterates prior statements that all crypto-asset activities should be conducted “in a safe, sound, and fair manner,” “in compliance with applicable law,” “consistent with sound risk management practices” and aligned with a bank’s “overall business plans and strategies.”

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## Implications and Open Questions

In practice, the additional procedural step introduced in 2021 by Letter #1179, combined with the high degree of skepticism subsequently expressed in the 2023 Joint Statements, imposed an effective bar on national banks and FSAs engaging in most new crypto-asset-related activities. With the rescission of Letter #1179 and the OCC’s withdrawal from the two 2023 Joint Statements, national banks and FSAs should again be permitted to engage in the activities described in Letters #1170, #1172 and #1174, including stablecoin activities, without first receiving a written OCC non-objection. National banks and FSAs seeking to engage in these activities for the first time should still be prepared to have open and frank conversations with their OCC supervisory teams about their plans, including their risk management analysis, framework and controls.

The rescission of Letter #1179 does not, however, settle questions of legal permissibility to engage in crypto-related activities not already addressed in Letters #1170, #1172 and #1174—for example, whether, and in what circumstances, a national bank or FSA might be permitted to hold crypto-assets other than stablecoins as principal, what scope of ancillary services (such as staking and crypto-asset lending) might be permitted in connection with providing custody, and what limits, if any, would apply to a national bank or FSA acting as a stablecoin issuer. These and other novel activities may be addressed in further OCC guidance or through legislative action. In the meantime, they may potentially be addressed through informal consultation with OCC staff.

The full implications of the rescission of Letter #1179 for state member and non-member banks regulated by the FRB and FDIC also remain to be seen. As noted, since insured state banks are generally precluded from engaging as principal in any activity not permissible for a national bank, the OCC’s recent actions may remove one barrier to state member and non-member banks engaging in more crypto-related activities. For example, the FRB released a [Policy Statement](#) in February 2023 stating that it would presumptively limit state member banks to engaging as principal in only those activities that are permissible for national banks and subject to the terms, conditions and limitations placed on national banks. In connection with stablecoin activities, the FRB stated that it would require state member banks to go through the same supervisory

non-objection process that the OCC required in Letter #1179. Now that national banks will no longer be required to seek supervisory non-objection, the FRB may decide to lift its non-objection process for these stablecoin activities at state member banks.

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Please do not hesitate to reach out to us if you would like to discuss these developments and their implications for bank crypto-asset-related activities.



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