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# FDIC Simplifies Process for Banks to Engage in Crypto-Related Activities

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## Financial Institution Letter 7-2025 Eliminates Prior Notification Requirement for FDIC-Supervised Institutions Seeking to Engage in Crypto-Asset Activities

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On March 28, 2025, the Federal Deposit Insurance Corporation (the “FDIC”) issued Financial Institution Letter (“FIL”) 7-2025,<sup>1</sup> which affirms that FDIC-supervised institutions may engage in certain crypto-asset activities, and that they may do so without first receiving prior FDIC approval. The letter explicitly rescinds FIL-16-2022 which had established a prior notice and supervisory nonobjection process for FDIC-supervised institutions prior to engaging in certain digital asset/crypto-asset activities.<sup>2</sup> Accordingly, FDIC-supervised entities may engage in the following activities, among others, without prior approval:

- Acting as crypto-asset custodians;
- Maintaining stablecoin reserves;
- Issuing crypto and other digital assets;
- Acting as market makers or exchange or redemption agents;
- Participating in blockchain- and distributed ledger-based payment systems, including performing node functions; and
- Engaging in related activities, such as finder activities and lending.

FIL-7-2025 comes shortly after the Office of the Comptroller of the Currency (the “OCC”) issued Interpretive Letter 1183, which similarly reversed the OCC’s supervisory nonobjection requirement for national banks to engage in certain crypto-asset activities.<sup>3</sup> Like OCC Interpretive Letter 1183, FIL-7-2025 reminds FDIC-supervised institutions that they must conduct any crypto-asset activities “in a safe and sound manner and consistent with all applicable laws and regulations”, and should consider the associated risks, including

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market and liquidity risks, and operational and cybersecurity risks, as well as consumer protection and anti-money laundering requirements.<sup>4</sup>

FIL 7-2025 follows other crypto-friendly actions taken by the Trump Administration, including:

- President Trump’s January 23, 2025 Executive Order, which sets out crypto-asset policy objectives and creates a working group tasked with submitting recommendations for regulatory change;<sup>5</sup>
- OCC and FDIC statements announcing that they will no longer examine their respective supervised institutions for “reputation risk,” which some in the digital assets industry had viewed as discouraging banks from engaging in crypto-related activities;<sup>6</sup> and
- the Securities and Exchange Commission’s repeal of Staff Accounting Bulletin No. 121, which had presented significant challenges for regulated financial institutions and others seeking to provide custody or certain other services involving crypto assets.<sup>7</sup>

To date, the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”)<sup>8</sup> has not modified or withdrawn its existing crypto-asset activity guidance which, among other things, requires banks that it supervises to provide prior notice of crypto-asset activities similar to the requirements now rescinded by the FDIC and OCC. Unless and until the Federal Reserve Board changes course, banking organizations will be subject to different requirements with respect to crypto-asset-related activities based on their primary federal banking regulator.<sup>9</sup>

Further changes to the federal banking agencies’ crypto-asset activity policies may be forthcoming. FIL-7-2025 notes that the FDIC “expects to issue further guidance in the future to provide additional clarity regarding banks’ engagement in particular crypto-related activities” and is planning to work with the Federal Reserve Board and OCC “to replace . . . with further guidance” the inter-banking agency joint statements on risks arising to banks as a result of engaging in crypto-asset-related activities.<sup>10</sup>

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ENDNOTES

- 1 Financial Institution Letter 7-2025 (March 28, 2025), <https://www.fdic.gov/news/financial-institution-letters/2025/fdic-clarifies-process-banks-engage-crypto-related> (“FIL-7-2025”).
- 2 Financial Institution Letter 16-2022 (April 7, 2022), <https://www.fdic.gov/news/financial-institution-letters/2022/fil22016.html#letter> (“FIL-16-2022”).
- 3 Interpretive Letter 1183 (March 7, 2025), <https://occ.gov/topics/charters-and-licensing/interpretations-and-actions/2025/int1183.pdf> (“Interpretive Letter 1183”), rescinding Interpretive Letter 1179 (Nov. 18, 2021), <https://www.occ.gov/topics/charters-and-licensing/interpretations-and-actions/2021/int1179.pdf> (“Interpretive Letter 1179”). For more information, please refer to our March 7, 2025 Client Memorandum, <https://www.sullcrom.com/insights/memo/2025/March/OCC-Clarifies-Permissible-Crypto-Asset-Activities>.
- 4 FIL-7-2025.
- 5 Executive Order, *Strengthening American Leadership in Digital Financial Technology* (Jan. 23, 2025), <https://www.whitehouse.gov/presidential-actions/2025/01/strengthening-american-leadership-in-digital-financial-technology/>. For additional information, please refer to our January 23, 2025 Client Memorandum, <https://www.sullcrom.com/SullivanCromwell/Assets/PDFs/Memos/President-Donald-Trump-Signs-Digital-Assets-Executive-Order-Repeals-SAB-121.pdf>.
- 6 OCC, *Bank Supervision: Removing References to Reputational Risk* (Mar. 20, 2025), <https://www.occ.gov/news-issuances/bulletins/2025/bulletin-2025-4.html>; FDIC, Letter from Acting Chairman Travis Hill to Hon. Dan Meuser (Mar. 24, 2025), <https://www.law360.com/articles/2315393/attachments/0>.
- 7 See SEC, *Staff Accounting Bulletin 122* (Jan. 23, 2025), <https://www.sec.gov/rules-regulations/staff-guidance/staff-accounting-bulletins/staff-accounting-bulletin-122>. SAB 121 had required entities providing those services to record the fair market value of the relevant crypto-assets on their balance sheet, thus triggering capital and other requirements.
- 8 See Federal Reserve Board, *SR 22-6 / CA 22-6: Engagement in Crypto-Asset-Related Activities by Federal Reserve-Supervised Banking Organizations* (Aug. 16, 2022), <https://www.federalreserve.gov/supervisionreg/srletters/SR2206.htm>; Federal Reserve Board, *Policy Statement on Section 9(13) of the Federal Reserve Act* (Jan. 27, 2023), <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20230127a2.pdf>. For additional information, please refer to our January 30, 2023 Client Memorandum, <https://www.sullcrom.com/SullivanCromwell/Assets/PDFs/Memos/sc-publication-federal-reserve-policy-statement-permissible-activities.pdf>.
- 9 This dynamic stems, in part, from the distinct processes for appointing leaders and making policy decisions at each federal banking regulator. Note also that President Trump’s recent Executive Order, *Ensuring Accountability for All Agencies* (Feb. 18, 2025), <https://www.whitehouse.gov/presidential-actions/2025/02/ensuring-accountability-for-all-agencies/>, requires all agencies—including the Federal Reserve Board with respect to “its conduct and authorities directly related to its supervision and regulation of financial institutions”—to submit all proposed and final “significant regulatory actions” for review by the Office of Information and Regulatory Affairs before publication in the Federal Register.
- 10 See Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, *Joint Statement on Crypto-Asset Risks to Banking Organizations* (Jan. 3, 2023), <https://www.fdic.gov/sites/default/files/2024-03/pr23002a.pdf>; Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, *Joint Statement on Liquidity Risks to Banking Organizations Resulting from Crypto-Asset Market Vulnerabilities* (Feb. 23, 2023), <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20230223a1.pdf>.

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