

March 9, 2025

# OCC Clarifies Permissible Crypto-Asset Activities

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## Interpretive Letter 1183 Eliminates Requirement for National Banks to Obtain Supervisory Non-Objection Prior to Engaging in Certain Crypto-Asset Activities

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On March 7, 2025, the Office of the Comptroller of the Currency (“OCC”) issued Interpretive Letter 1183,<sup>1</sup> which reaffirms that national banks and federal savings associations may engage in certain crypto-asset activities discussed in prior interpretive letters, and—expressly rescinding Interpretive Letter 1179—that they may do so without first obtaining supervisory non-objection from the OCC.<sup>2</sup> In particular, national banks may:

- **Provide Crypto-Asset Custody Services:** In Interpretive Letter 1170, issued in July 2020, the OCC determined that national banks could provide crypto-asset custody services, including holding unique cryptographic keys, on the basis that these activities represented a modern form of traditional bank custodial and safekeeping services.<sup>3</sup>
- **Hold Deposits Backing Stablecoins as Reserves:** In Interpretive Letter 1172, issued in September 2020, the OCC concluded that national banks may hold deposits serving as reserves for stablecoins that are backed on a 1:1 basis by a single fiat currency and held in hosted wallets under national banks’ existing authority to receive deposits.<sup>4</sup>
- **Engage in Certain Other Stablecoin and Payment Activities:** In Interpretive Letter 1174, the OCC confirmed that national banks may use distributed ledgers and stablecoins to facilitate and engage in payment activities, and further noted that using independent node verification networks to facilitate payments transactions is permissible because it represents a modern form of traditional payment services.<sup>5</sup> This letter also concluded that—just as national banks may buy and sell electronically stored value to convert into dollars and complete customer payment transactions—national banks may also buy, sell and issue stablecoins to facilitate payments.<sup>6</sup>

Although Interpretive Letter 1183 is designed to “reduce burden, encourage responsible innovation, and enhance transparency” and “ensure that bank activities will be treated consistently, regardless of the underlying technology,” the letter, like those described above, reminds national banks that they must

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conduct all crypto-asset activities in (i) a safe, sound and fair manner, (ii) compliance with applicable law, (iii) conjunction with sound risk management practices and (iv) alignment with their overall business plans and strategies.<sup>7</sup>

Interpretive Letter 1183 is consistent with other recent crypto-friendly actions taken by the Trump Administration, including:

- President Trump's January 23, 2025 Executive Order, which, among other things, sets out certain crypto-asset policy objectives and creates a working group tasked with submitting recommendations for regulatory change;<sup>8</sup>
- The Securities and Exchange Commission's repeal of Staff Accounting Bulletin No. 121, which had presented significant challenges for regulated financial institutions (among others) seeking to provide custody or certain other services involving crypto assets by requiring 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;<sup>9</sup> and
- The Federal Deposit Insurance Corporation's ("FDIC") decision to release documents related to its historical crypto-asset supervision practices,<sup>10</sup> which Acting FDIC Chairman Travis Hill criticized as evidencing "almost universal [] resistance" to FDIC-regulated banks engaging in crypto-asset activities.<sup>11</sup>

To date, neither the FDIC<sup>12</sup> nor the Board of Governors of the Federal Reserve System (the "Federal Reserve Board")<sup>13</sup> has modified or withdrawn their existing crypto-asset activity guidance, which includes, among other things, a prior notification requirement for banks subject to their respective jurisdictions to engage in crypto-asset activities similar to the requirement just rescinded by the OCC. Unless and until the FDIC and Federal Reserve Board modify their current supervisory approach to crypto-related activities, different banks may be subject to differing limitations on their ability to engage in crypto-asset-related activities.<sup>14</sup> As a result, for at least some period of time, a bank's ability to engage in such activities may depend not on the nature of the activity itself or the bank's risk management practices, but instead may depend solely on which federal banking regulator is its primary regulator.

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ENDNOTES

- 1 Interpretive Letter 1183 (March 7, 2025), <https://occ.gov/topics/charters-and-licensing/interpretations-and-actions/2025/int1183.pdf> (“Interpretive Letter 1183”).
- 2 Interpretive Letter 1179 (Nov. 18, 2021), <https://www.occ.gov/topics/charters-and-licensing/interpretations-and-actions/2021/int1179.pdf> (“Interpretive Letter 1179”). For analysis of Interpretive Letter 1179, please refer to our December 21, 2021 Client Memorandum, <https://www.sullcrom.com/SullivanCromwell/Assets/PDFs/Memos/sc-publication-occ-issues-interpretive-letter-regarding-authority-of-banks-to-engage-in-cryptocurrency.pdf>.
- 3 Interpretive Letter 1170 (July 22, 2020), <https://www.occ.gov/topics/charters-and-licensing/interpretations-and-actions/2020/int1170.pdf> (“Interpretive Letter 1170”).
- 4 See Interpretive Letter 1172 (Sept. 21, 2020), <https://www.occ.gov/topics/charters-and-licensing/interpretations-and-actions/2020/int1172.pdf> (“Interpretive Letter 1172”).
- 5 See Interpretive Letter 1174 (Jan. 4, 2021), <https://www.occ.gov/news-issuances/news-releases/2021/nr-occ-2021-2a.pdf> (“Interpretive Letter 1174”) at 5.
- 6 See *Id.* at 7.
- 7 Interpretive Letter 1183, *supra* note 1.
- 8 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>.
- 9 See SEC, *Staff Accounting Bulletin 122* (Jan. 23, 2025), <https://www.sec.gov/rules-regulations/staff-guidance/staff-accounting-bulletins/staff-accounting-bulletin-122>.
- 10 FDIC, *FDIC Records—Correspondence Related to Crypto-Related Activities* (Feb. 5, 2025), <https://www.fdic.gov/foia/correspondence-related-crypto-related-activities>; FDIC, *FDIC Records—Additional Correspondence Related to Crypto-Related Activities* (Feb. 21, 2025), <https://www.fdic.gov/foia/additional-correspondence-related-crypto-related-activities>.
- 11 Statement of Acting Chairman Travis Hill, *FDIC Releases Documents Related to Supervision of Crypto-Related Activities* (Feb. 5, 2025), <https://www.fdic.gov/news/speeches/2025/fdic-releases-documents-related-supervision-crypto-related-activities>.
- 12 FDIC, *Notification of Engaging in Crypto-Related Activities*, FIL-16-2022 (Apr. 7, 2022), <https://www.fdic.gov/news/financial-institution-letters/2022/fil22016.html>. For additional information, please refer to our April 8, 2022 Client Memorandum, <https://www.sullcrom.com/SullivanCromwell/Assets/PDFs/Memos/sc-publication-FDIC-requires-notification-crypto-related-activities.pdf>.
- 13 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>.
- 14 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/>

ENDNOTES (CONTINUED)

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[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.

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