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BLOG

Federal Reserve Withdraws Crypto-Asset Guidance: Policy Shift or Policy Compromise?

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On April 24, 2025, the Federal Reserve Board (Board) announced that it had withdrawn key supervisory guidance published during the prior Administration that, for more than two years, had constrained state member banks and other Board-supervised banking organizations from engaging in digital asset activities.

WHAT HAPPENED

The Board rescinded two supervisory letters imposing requirements for prior approval for digital assets-related activities. The first letter—published August 16, 2022—required state member banks to notify the Board before engaging in any activity involving digital assets. The second letter—published August 8, 2023—imposed a formal nonobjection process for state member banks seeking to issue or facilitate the use of "dollar tokens," at the time a catch-all name for stablecoins, tokenized deposits, or any other digital representations of United States dollars designed for use on blockchain networks. In practice, these notification and approval procedures created significant delays, and in most cases, effectively foreclosed participation by state member banks with digital assets products and the digital assets services providers.

The Board also formally withdrew from two Joint Statements it had issued in early 2023 with the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC). The two Joint Statements had cautioned that digital asset activities, including the provision of basic banking services to crypto-asset firms, could pose heightened safety and soundness or liquidity risks. Although each Joint Statement included disclaimers asserting that lawful activities were not prohibited, the messaging signaled that banks would face supervisory scrutiny simply for engaging with digital asset market participants.

Taken together, the supervisory guidance from which the Board withdrew formed the foundation of a coordinated supervisory posture that functionally excluded digital assets activities from the perimeter of regulated banking. They were never adopted through formal rulemaking but were enforced through examination practices, procedural obstacles, and the implicit weight of supervisory disapproval. Their withdrawal marks a substantial shift in tone, although the absence of any serious attempt at an explanation for the change makes it difficult to determine whether the Board's shift reflects a change in principle or simply a change in tactics.

THE BIGGER PICTURE

The Board's withdrawal of its supervisory letters on April 24, 2025 followed the earlier actions of the OCC and FDIC, which rescinded their respective corresponding guidance in March 2025. Those agencies communicated their decisions in a timely and public manner, suggesting a deliberate (and arguably even enthusiastic) recalibration of supervisory policy. By contrast, the Board waited, without public explanation as to the reason for its delay and finally made its announcement without any of the fanfare that accompanied the announcements by the OCC and FDIC. That divergence in timing and tone raises questions about whether the Board's shift reflects genuine policy alignment or reluctant alignment under pressure.

WHAT COMES NEXT

The Board's actions to withdraw these four supervisory documents remove several key procedural barriers that previously inhibited regulated engagement with digital assets. These are steps in the right direction, but in light of the broader political context and the manner in which the Board made the announcement, we would advise Board-supervised institutions to proceed with eyes open: the withdrawal of published supervisory guidance is not necessarily the same thing as shifting policy positions, and it is not clear at this time which path the Board will take. Board-supervised institutions must now navigate a legal and operational landscape in which the only available formal guidance has been withdrawn, but the new policy direction—if there is one—has not yet been clearly charted.

2 Min Read

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