

Cabinet News and Views

Informed analysis for the financial services industry



FDIC Weighs In on Crypto Activities



By **Daniel Meade**
Partner | Financial Regulation

Last week, the FDIC issued a [Financial Institution Letter](#) (“FIL”) related to crypto activities, following in some ways in the footsteps of the [OCC](#) in requiring notice to the regulator before engaging in crypto-related activities. The FDIC stated that “[a]n FDIC-supervised institution that engages, or intends to engage in, any crypto-related activities should notify the FDIC and provide any information requested by the FDIC that will allow the agency to assess the safety and soundness, consumer protection, and financial stability implications of such activities.”

The FDIC further defined “crypto asset” to mean “any digital asset implemented using cryptographic techniques.” The term “crypto-related activities” for the purposes of this FIL includes 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 settlement or payment systems, including performing node functions; as well as related activities such as finder activities and lending.” The FDIC noted further that “[t]he inclusion of an activity within this listing should not be interpreted to mean that the activity is permissible for FDIC-supervised institutions.”

As noted by the FDIC, it is open to the innovation that crypto assets provide but is concerned that the fast evolution of crypto assets may present risk to insured depository institutions. Thus, “to assess the safety and soundness, consumer protection, and financial stability implications of such activities,” the FDIC is requiring prior notice (or in the case of institutions that are already engaged in such activities, post notice).
