



United States House of Representatives
One Hundred Eighteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

September 23, 2024

The Honorable Jerome Powell
Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Dear Chair Powell:

We write to you as part of our ongoing efforts to examine and understand the Board of Governors of the Federal Reserve System's (Federal Reserve) ability to ensure financial institutions are able to safeguard digital assets. We are concerned that the Securities and Exchange Commission's (SEC) Staff Accounting Bulletin (SAB) 121 interferes with this objective by imposing burdensome and impractical requirements on Federal Reserve member-banks seeking to offer digital asset custodial services to their customers.¹ While Congress's concerns about SAB 121 have been well-documented,² concerns surrounding the lack of interagency communication leading up to SAB 121's publication continue to grow after examining communications provided to the House Committee on Financial Services (the Committee) by the prudential regulators.³

Based on documents produced to the Committee, it is apparent that all three federal prudential regulators dedicated considerable time and resources to creating both an Interagency Statement on Crypto-Asset Custody Services and a related request for information (RFI) regarding crypto-asset custody ancillary activities. However, there are concerns that SAB 121's publication may have disrupted this interagency initiative. While it remains unclear the extent to which SAB 121's publication impacted the interagency workstream, neither the Interagency Statement nor the RFI were ultimately published.

The Committee is seeking to understand the Federal Reserve, SEC, Office of the Comptroller of the Currency (OCC), and Federal Deposit Insurance Corporation (FDIC)

¹ Securities and Exchange Commission, Staff Accounting Bull. No. 121 (Mar. 31, 2022), available at <https://www.sec.gov/oca/staff-accounting-bulletin-121>.

² Providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Securities and Exchange Commission relating to "Staff Accounting Bulletin No. 121, H. J. Res. 109, 118th Cong. (2024) (Passed out of both chambers on bipartisan basis. Vetoed by President Biden on May 31, 2024).

³ See Letter from Representatives McHenry, Hill, Huizenga to Board of Governors of the Federal Reserve System Chair Jerome Powell (Apr. 25, 2023); Letter from Representatives McHenry, Hill, Huizenga to Federal Deposit Insurance Corporation (FDIC) Chairman Martin Gruenberg (Apr. 25, 2023); Letter from Representatives McHenry, Hill, Huizenga to Acting Comptroller of the Currency Michael Hsu (Apr. 25, 2023).

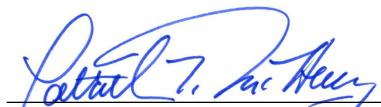
discussions regarding SAB 121 and the impact on the interagency initiative. It is imperative to ensure that no agency undermines another agency through siloed regulatory actions, which risks introducing uncertainty and instability into our financial system.

To that end, please provide the following records and communications:


1. All non-public records and communications between the Federal Reserve, SEC, OCC, and FDIC related to Interagency Custody Statement and the related RFI;
2. All non-public records and communications between the Federal Reserve, the SEC, OCC, and FDIC related to the need for additional guidance or regulation related to digital asset custody;
3. All Federal Reserve internal communications referring or related to the Interagency Custody Statement and the related RFI; and
4. All Federal Reserve internal communications referring or related to the SEC, OCC, or FDIC's regulatory treatment of digital asset custody prior to March 31, 2022.

Please provide this material as soon as possible, but no later than October 7, 2024. The Committee on Financial Services has jurisdiction to oversee the activities of the Board of Governors of the Federal Reserve System pursuant to Rule X of the Rules of the House of Representatives. Thank you for your attention to this important matter


Sincerely,




Patrick McHenry
Chairman



Bill Huizenga
Chairman of the Subcommittee on
Oversight and Investigations



French Hill
Chairman of the Subcommittee on
Digital Assets, Financial Technology
and Inclusion



Andy Barr
Chairman of the Subcommittee on
Financial Institutions and Monetary
Policy