



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

March 31, 2025

The Honorable Travis Hill
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

The Honorable Rodney Hood
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, S.W.
Washington, D.C. 20219

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

Dear Acting Chairman Hill, Acting Comptroller Hood, and Chair Powell:

Congratulations on your appointments and continued service. Over the last four years, the prudential regulators' digital asset regulatory approach has impeded financial innovation and restricted financial institutions' abilities to compete, develop, and grow. The open hostility toward financial institutions seeking to engage in digital asset-related activities has fostered regulatory uncertainty, discouraging investment in new financial products and limiting competition. The strategy has reduced consumer access to innovative financial solutions that could enhance efficiency, lower costs, and expand economic opportunities for Americans. With your leadership, we are hopeful the prudential regulators will turn a corner. We respectfully request the reversal of the regulatory actions outlined, as they have unduly stifled innovation and effectively prevented financial institutions from engaging in digital asset-related activities.

Federal Deposit Insurance Corporation (FDIC)

In April 2022, the FDIC issued FIL-16-2022, which requires all FDIC-supervised institutions engaged in or planning to engage in digital assets or blockchain technology to notify the FDIC.¹ According to the FDIC, this requirement was established because digital assets and blockchain technology "may pose significant safety and soundness risks as well as financial stability and consumer protection concerns."²

The FDIC should withdraw FIL-16-2022, as it imposes unnecessary supervisory burdens on banks' use of distributed ledger technology. FIL-16-2022 was frequently cited in the FDIC's pause letters

¹ FDIC, *Notification of Engaging in Crypto-Related Activities* (Apr. 7, 2022), <https://www.fdic.gov/news/financial-institution-letters/2022/fil22016.html#letter>.

² *Id.*

as justification for why financial institutions should not utilize blockchain technology.³ Banking regulations should be technology neutral, avoiding policies that favor or disadvantage specific innovations. Imposing heightened regulatory burdens on a technology irrespective of the activity overlooks the broader landscape and fails to mitigate the real risks facing our financial institutions. We appreciate that Acting Chairman Hill has recently committed to replacing FIL-16-2022.⁴

Federal Reserve

In August 2022, the Federal Reserve provided information for banking organizations engaging in or seeking to engage in digital asset-related activities. The supervisory letter, SR 22-6, stated that Board-supervised banking organizations should notify the Board prior to engaging in digital asset-related activities.⁵ It also emphasized that institutions already engaged in digital asset-related activities should notify the lead supervisory point of contact promptly.⁶ State member banks were also encouraged to notify their state regulator prior to engaging in any digital asset-related activity.⁷

In August 2023, the Federal Reserve unveiled SR 23-8, creating a supervisory nonobjection process for state member banks “to engage in certain activities involving tokens denominated in national currencies and issued using distributed ledger technology.”⁸ State member banks were required to demonstrate to the Board that they have adequate systems in place to manage the operational, cybersecurity, liquidity, illicit finance, and consumer compliance risks associated with dollar-denominated digital assets.⁹ The state member banks must obtain a written notification of supervisory nonobjection from the Board confirming such requirements have been met before engaging in certain digital asset-related activities.¹⁰

The Board should rescind SR 22-6 and SR 23-8, as both impose unnecessary supervisory burdens on the use of distributed ledger technology. In practice, the supervisory nonobjection process has been a method to stonewall financial institutions and limit their engagement with blockchain technology. Furthermore, the limitations on financial institutions’ stablecoin activities run contrary to congressional efforts to create pathways for financial institutions to participate in the stablecoin ecosystem.

Office of the Comptroller of the Currency (OCC)

³ FDIC, *FDIC Releases Documents Related to Supervision of Crypto Related Activities* (Feb. 5, 2025), <https://fdic.gov/news/press-releases/2025/fdic-releases-documents-related-supervision-crypto-related-activities>.

⁴ *Id.*

⁵ Board of Governors of the Federal Reserve System, *Engagement in Crypto-Asset-Related Activities by Federal Reserve-Supervised Banking Organizations* (Aug. 16, 2022), <https://www.federalreserve.gov/supervisionreg/srletters/SR2206.htm>.

⁶ *Id.*

⁷ *Id.*

⁸ Board of Governors of the Federal Reserve System, “SR 23-8/CA 23-5: Supervisory Nonobjection Process for State Member Banks Seeking to Engage in Certain Activities Involving Dollar Tokens,” (Aug. 8, 2023), <https://www.federalreserve.gov/supervisionreg/srletters/SR2308.htm>.

⁹ *Id.*

¹⁰ *Id.*

We applaud the OCC for rescinding Interpretive Letter 1179, as it imposed unnecessary supervisory burdens on banks' use of distributed ledger technology. Under the leadership of then-Acting Comptroller Brooks, the OCC conducted a holistic review of its authorities and their relation to digital assets. Accordingly, the OCC had issued Interpretive Letters 1170, 1172, and 1174, which concluded that certain digital asset-related activities were permissible for national banks.¹¹ Interpretive Letter 1179 reversed much of the positive work by introducing a policy of non-objection, which made it nearly impossible for national banks to engage with blockchain technology.¹² The OCC's recent issuance of Interpretive Letter 1183 is a positive development, and we encourage the FDIC and the Board to adopt similar approaches.¹³

We sincerely appreciate your attention to these important matters and your commitment to addressing the challenges and opportunities that arise within the evolving financial landscape. Your efforts in fostering a balanced and forward-thinking regulatory environment are crucial for ensuring the continued growth and stability of the digital asset ecosystem.

Sincerely,



French Hill
Chairman



Bryan Steil
Chairman, Subcommittee on Digital Assets,
Financial Technology and Artificial Intelligence



Bill Huizenga
Vice Chairman



Tom Emmer
Member of Congress



Warren Davidson
Member of Congress



John Rose
Member of Congress

¹¹ See Brian Brooks, *Statement of Brian P. Brooks before the Subcommittee on Financial Institutions and Consumer Protection of the Committee on Financial Services* (Apr. 15, 2021),

<https://www.congress.gov/117/meeting/house/111447/witnesses/HHRG-117-BA15-Wstate-BrooksB-20210415.pdf>.

¹² OCC, *Chief Counsel's Interpretation Clarifying: (1) Authority of a Bank to Engage in Certain Cryptocurrency Activities; and (2) Authority of the OCC to Charter a National Trust Bank* (Nov. 18, 2021),

<https://www.occ.gov/topics/charters-and-licensing/interpretations-and-actions/2021/int1179.pdf>.

¹³ OCC, *Bank Activities: OCC Issuances Addressing Certain Crypto-Asset Activities* (Mar. 7, 2025),

<https://www.occ.treas.gov/news-issuances/bulletins/2025/bulletin-2025-2.html>.



William R. Timmons, IV
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cc: Representative Maxine Waters, Ranking Member, Committee on Financial Services
Kevin Hassett, Director of the National Economic Council