**February 2025**

# ICBA Regulatory Update: Digital Assets Regulation

Topic/Issue: Digital Assets

Agency: White House

Status: On January 23, President Trump issued an executive order to “to support the responsible growth and use of digital assets, blockchain technology, and related technologies across all sectors of the economy.” The order aims to protect access and use of public blockchains and promote the strength of the US dollar through the issuance of dollar-backed stablecoins. Other key actions include:

1) Revokes President Biden’s previous executive order on digital assets (EO 14067).

2) Establishes the President’s Working Group on Digital Assets led by David Sacks, Special Advisor for AI and Crypto. The Working Group will recommend new regulations and legislation to support digital assets.

3) Prohibits agencies from undertaking any actions to support the issuance or promotion of a US central bank digital currency.

**ICBA Position:**

* ICBA opposes the creation of a retail Central Bank Digital Currency (CBDC) because the associated risks would outweigh its potential benefits. The policy goals that have been articulated in support of a retail CBDC would best be addressed through alternatives that are readily available in the market today.
* ICBA urges the Administration to include bank regulators, such as the Federal Reserve and Office of the Comptroller of the Currency, in the newly assembled President’s Working Group. Without their involvement, the Administration will lack valuable insights that could help community banks support the burgeoning digital assets ecosystem and develop new products and services based on distributed ledger technology.

Key Talking Points:

* Policymakers should stand up a regulatory framework for crypto that ensures the traditional banking system continues to be a safe haven from the crypto sector’s instability. This means that policymakers should address the risks posed by decentralized finance, or DeFi, which presents new opportunities for bad actors to engage in illicit activities and avoid the scrutiny of traditional, regulated financial intermediaries. Unregulated cryptocurrency threatens to disintermediate community banks and undermine their ability to provide funding to support local economic activity, growth, and development.