

Executive Briefing:

Latest Updates on Trump Executive Actions

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White House Announces First Steps Toward New Policies Supporting Cryptocurrencies and Digital Financial Technology

President Trump has taken the first steps toward fulfilling his promise to reverse the Biden administration's approach to digital assets by issuing an executive order that establishes a framework for fostering the growth of digital financial technology (Trump EO). While the Trump EO, [Strengthening American Leadership in Digital Financial Technology](#), issued on January 23, 2025, makes few specific policy changes, it marks a philosophical shift away from the Biden administration's focus on safeguarding individuals against the potential risks posed by digital assets, toward a more pro-innovation approach with clear regulatory guidance aimed at promoting the growth of this sector.

That same day, in a highly anticipated move, the U.S. Securities and Exchange Commission (SEC) Division of Corporation Finance and Office of the Chief Accountant issued [Staff Accounting Bulletin \(SAB\) 122](#), repealing SAB 121, which had made it difficult for financial institutions seeking to offer cryptoasset custody services. Two days earlier, the SEC Acting Chair Mark T. Uyeda announced the establishment of the SEC Crypto Task Force, charged with "developing a comprehensive and clear regulatory framework for cryptoassets." The mission statement of the task force is to regulate "less through enforcement" and instead focus on established regulatory guidelines and paths to registration. The Task Force is led by SEC Commissioner Hester Peirce, who has long been seen as the cryptoasset sector's most vocal proponent on the commission.

Below we describe in more detail the priorities, directives and significance of the Trump EO and the SEC's initiatives, and the impacts we expect they will have on stakeholders in this space.

Key Policy Shifts in the Trump EO

The Trump EO seeks to establish clear, technology-neutral regulatory frameworks that account for emerging technologies, foster transparent decision-making and implement clear jurisdictional boundaries, including defined roles for the SEC, the Commodity Futures Trading Commission (CFTC) and the federal banking agencies.

Revocation of Biden Regulatory Policy

Notably, the Trump EO revokes the Biden administration's comprehensive policy outline for digital assets set out in [Executive Order 14067](#), Ensuring Responsible Development of Digital Assets, on March 9, 2022 (Biden EO), and all policies, directives and guidance issued pursuant to the Biden EO, including the Department of the Treasury's Framework for International Engagement on Digital Assets.

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The tenor of the Trump EO stands in stark contrast to the Biden EO and that administration's crypto efforts, including Operation Chokepoint 2.0, which was premised on the need to understand and actively counter the perceived risks that digital assets present. The Biden EO included, among other items, directives to evaluate the risks that digital assets pose for efforts to police money laundering, and to explore the merits of a U.S.-issued central bank digital currency (CBDC).

The Trump EO, by contrast, focuses less on risk and more on promoting innovation through regulatory clarity. Specifically, the EO highlights the following policy goals:

- Protecting and promoting the access and use of open public blockchain networks.
- Promoting and protecting the sovereignty of the U.S. dollar through the development and growth of dollar-backed stablecoins.
- Protecting and promoting fair and open access to banking services.
- Fostering innovation in digital assets and blockchains through regulatory clarity and well-defined jurisdictional regulatory boundaries.
- Protecting Americans from the risks of CBDCs by prohibiting the U.S. from issuing its own CBDC.

Establishment of the President's Working Group on Digital Asset Markets

The Trump EO establishes the President's Working Group on Digital Asset Markets (Working Group) to coordinate federal efforts on digital financial technology. It will be chaired by the Special Advisor for AI and Crypto, David Sacks, and will include the heads of 11 federal agencies, including the Departments of Treasury, Commerce and Homeland Security, the SEC and the CFTC. The federal banking regulators are notably absent from this list.

The Working Group is required to submit a report to the President by July 22, 2025, setting forth regulatory and legislative proposals to advance the EO's objectives. The EO also directs relevant federal agencies to identify by February 22, 2025, all regulations, guidance documents, orders or other items that affect the digital asset sector, and recommend by March 24, 2025, whether any should be rescinded, modified or adopted in new regulations. These recommendations will likely lay the groundwork for new laws and regulations that will form a framework for digital financial technology in the U.S.

Prohibition of Central Bank Digital Currencies in the U.S.

The Trump EO prohibits the establishment, issuance, circulation and use of CBDCs in the U.S., likely a move by the Trump administration to ensure that digital assets stay within the private sector with minimal regulatory or governmental interference. To that end, the EO specifically bans federal agencies from undertaking any action, including any previously-approved plans or initiatives, to establish, issue or promote CBDCs within the U.S. or abroad.

By contrast, the Biden EO directed agencies to place "the highest urgency on research and development efforts into the potential design and deployment options of a U.S. CBDC." The Biden administration then announced policy objectives and a technical evaluation for the potential use of CBDCs in the U.S., but never took any concrete steps to implement these initiatives. Under the Trump EO, any agency action underway as a result of the Biden administration's efforts must cease indefinitely.

Support for Dollar-Based Stablecoins

The Working Group is charged with proposing a regulatory framework governing the issuance and operation of digital assets, including stablecoins. While the U.S. currently lacks comprehensive stablecoin legislation and there are ongoing debates about which laws and regulations may apply to stablecoins, the new proposed regulatory framework would likely delineate regulatory jurisdiction and priorities among key regulators and provide greater legal certainty.

The Trump EO also makes several references to the prompt implementation of stablecoins, particularly in the context of promoting the development and growth of lawful and legitimate dollar-backed stablecoins worldwide. These specific directives, in conjunction with the other actions set forth in the Trump EO, seem to suggest that a priority of the Trump administration is to foster broader acceptance and institutionalization of stablecoins.

Legislators are already taking note of this priority item. On February 4, Senator Bill Hagerty (R-Tenn.) introduced the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act, which would create a regulatory framework in which stablecoins that are pegged to the U.S. dollar will be governed by Federal Reserve rules. The GENIUS Act has already received support from Senators Tim Scott (R-N.C.), Kirsten Gillibrand (D-N.Y.), and Cynthia Lummis (R-Wyo.), as well as David Sacks.

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Sacks announced at a press conference on the same day his support for stablecoin legislation, stating that, “Stablecoins have the potential to ensure American dollar dominance internationally, to increase the usage of the U.S. dollar digitally as the world’s reserve currency, and in the process create potentially trillions of dollars of demand for the U.S. Treasury.” During this press conference, he also announced the formation of a bicameral working group tasked with developing crypto regulation focused on stablecoins and market structure.

Fostering Digital Assets Infrastructure and Institutionalization

The Trump EO also aims to promote open public blockchain networks by permitting the ability to develop and deploy blockchain software and participate in mining and validating, enabling transactions with other persons without “unlawful censorship,” and encouraging self-custody of digital assets. This provision is directed at the uncertainty that has existed as to whether software developers, miners, validators and other infrastructure participants could face liability for their blockchain-related activities.

Strategic Cryptocurrency Reserve

The Trump EO also directs the Working Group to evaluate whether the federal government should create and maintain a national digital asset stockpile. Interestingly, the Trump EO fashions this as a strategic crypto reserve (SCR) as opposed to a bitcoin-only reserve, causing some pushback from bitcoin purists who believe that any strategic reserve should be limited to bitcoin. While some were hoping that President Trump would call for the establishment of a strategic bitcoin reserve (SBR) or SCR — as opposed to a study to evaluate it — some industry stakeholders hope that the administration will eventually adopt that strategy.

To that end, the new Senate Panel on Digital Assets, chaired by blockchain technology and cryptocurrency champion Senator Lummis, has declared that passing legislation to support a SBR is one of its top priorities. Similarly, while Sacks did not announce the development of a national digital asset stockpile or SCR during his prepared remarks at the previously mentioned press conference on February 4, he did confirm that one of the first steps of the Working Group will be to assess “the feasibility of a bitcoin reserve.” Some have questioned, however, whether an SBR or SCR is sound policy given the volatility of digital assets.

Notably, while the Trump EO adopts the pro-digital asset posture that cryptoasset advocates had hoped for in a Trump administration, a number of crucial terms are not precisely defined, and it was not clear if that was deliberate or not:

- It was not clear if references to protecting and promoting “open public blockchain networks” and “permissionless blockchains” were meant as a critique of permissioned or private blockchains or privacy-oriented cryptocurrencies.
- The definition of blockchain includes a requirement that data is “distributed among network participants in an automated fashion.” It is unclear what this means for chains that do not operate in this manner.
- The definition also requires that a blockchain have publicly available source code. This could potentially exclude projects that use a business source license to protect their code or otherwise keep their code proprietary.
- The Trump EO also does not address, or direct any agency to address, what constitutes “permissionless.”
- Whether “sufficient decentralization” — a key focus of many regulatory battles in the past — remains a core issue going forward remains to be seen.

This shows how even the most pro-cryptoasset policies will need to wrestle with how to define blockchain technology and other key terms so that certain protocols and applications are not omitted, literally, by definition.

SAB 122: Facilitating Bank Custody of Digital Assets

SAB 122 rescinded interpretive guidance from the SEC’s April 2022 [SAB 121](#), which required financial institutions performing custodial duties for cryptoassets to simultaneously recognize a safeguarding liability and corresponding asset on their balance sheets. SAB 121 had major implications for banks and broker-dealers by causing customers’ cryptoassets held in custody to be treated as part of the institutions’ own balance sheets and subject to significant regulatory capital requirements. These capital impacts have discouraged many banks and broker-dealers from offering cryptoasset custody services to customers at scale. See our September 23, 2024, client alert “[Recent Developments Could Facilitate Greater Bank and Broker-Dealer Involvement in Cryptoasset Services](#).”

SAB 122 allows financial institutions that hold cryptoassets on behalf of their customers to determine whether to recognize the held digital assets as a safeguarding liability, thereby reducing the balance sheet and capital impacts associated with the provision of such services. Financial institutions can now adhere to established standards from the Financial Accounting Standards Board (FASB) or other international accounting guidelines that require a liability to be recognized depending

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upon the probability that the loss will occur and whether the amount can be reasonably estimated.¹

This policy shift broadens prospects for banks and broker-dealers seeking to provide fiduciary and other crypto-related services, subject to compliance with existing U.S. banking and broker-dealer legal requirements.

Conclusion

The Trump EO and the repeal of SAB 121 represent a markedly different approach to fostering and regulating digital financial technology in the U.S. The Biden EO imposed a studied approach to developing digital currency regulations and decision-making, and the SEC, under the chairmanship of Gary Gensler, pursued

¹ In determining whether to recognize a liability related to the risk of loss under a cryptoasset safeguarding obligation, financial institutions should apply the recognition and measurement requirements for liabilities arising from contingencies in FASB Accounting Standards Codification, Subtopic 450-20, *Loss Contingencies*, or International Accounting Standard 37, *Provisions, Contingent Liabilities and Contingent Assets*.

a number of enforcement actions where it alleged cryptosassets were securities but never established regulatory guidance for digital assets and blockchain-related activities.

The Trump EO seeks to bring such regulatory clarity to this sector with a pro-innovation approach. We also expect federal banking regulators like the Office of the Comptroller of the Currency to reduce impediments — both explicit and supervisory in nature — allowing regulated institutions to form relationships with participants in the digital assets space.

Setting aside cases centered on fraud and other financial crimes, the anticipated regulatory changes will have a significant impact on litigation and enforcement, particularly in cases examining whether digital assets are securities, and how they can be sold and marketed. Although the EO remains a high-level policy document, with much detail to be filled in over the months to come, its ambitious timeline will put pressure on government officials to provide additional clarity and take measures to further support the digital assets industry.

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