

## FDIC Acting Chair Hill Orders Release of Trove of Crypto-Related Documents

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On February 5, the Federal Deposit Insurance Corporation (“FDIC”) released **175 documents** related to supervision of banks it oversees that either engaged in or sought to engage in crypto-related activities. Acting Chairman Travis Hill also issued a **statement** related to the release of the documents.

Acting Chair Hill noted that the 175 documents include (1) additional correspondence with the 24 institutions involved in the **previous release** of so-called “pause” letters, and (2) correspondence with additional institutions. The release of documents is related to a review of all supervisory correspondence with banks seeking to offer crypto-related products or services that Mr. Hill directed FDIC staff to conduct. That review “remains underway,” but Acting Chair Hill noted that the release of documents on February 5 is in advance of a court-ordered deadline of February 7, and “reflects a commitment to enhance transparency, beyond what is required by the Freedom of Information Act (“FOIA”), while also attempting to fulfill the spirit of the FOIA request.” Though not mentioned in the statement, the release also coincides with a Senate Banking Committee hearing entitled “**Investigating the Real Impacts of Debanking in America.**”

Acting Chair Hill noted in his statement his past criticism “of the FDIC’s approach to crypto assets and blockchain [that] . . . has contributed to a general perception that the agency was closed for business if institutions are interested in anything related to blockchain or distributed ledger technology.” He added that the FDIC is “actively reevaluating our supervisory approach to crypto-related activities.” He also noted that he intends to replace Financial Institution Letter (**FIL**) **16-2022**, which took a restrictive approach to banks’ pursuit of crypto-related activities. Mr. Hill also said that “the FDIC looks forward to engaging with the President’s Working Group on Digital Asset Markets established by the President’s **January 23, 2025 Executive Order**” and “providing a pathway for institutions to engage in crypto- and blockchain-related activities while still adhering to safety and soundness principles.”

Accompanying the release of the 175 documents was also a fourteen-page internal procedure document called the “**Procedures for Reviewing Notifications of Engagement in Crypto-related Activities**” issued originally in **April 2022** and updated twice, the last time being in February 2024. The procedure provides a series of questions and due diligence requests that supervision staff were directed to obtain responses to, which are particularly useful to review and understand what concerns the FDIC staff will have, should even the FDIC’s stance on crypto-related activities be freed up. In particular, there is a list addressing situations when the bank wants to facilitate “customer purchase and sale of crypto-assets” with a third party, and then there is a list focused upon when the bank want to engage in crypto-asset collateralized lending (i.e., wants to use crypto as the collateral for a loan). Tellingly, however, the procedure ended with a sample response that only denied a bank’s request to engage in crypto-related activities, saying, “Upon review of the information provided by the Bank, we have determined that the activity(ies) described by the Bank in its notification fall outside the scope of the review and feedback process described in FIL-16-2022.”