

January 23, 2025

President Donald J. Trump Signs Digital Assets Executive Order; Repeals SAB 121

Today President Donald J. Trump signed an Executive Order titled "[Strengthening American Leadership in Digital Financial Technology](#)" (the "Order"). To advance the Administration's goal to "make America the world capital in crypto," the Order:

- Outlines key digital asset policy objectives, including: (i) protecting and promoting access to and use of open public blockchain networks "for lawful purposes" and without "persecution," including developing and deploying software, mining and validating activity, transacting without "unlawful censorship," and maintaining self-custody of digital assets; (ii) promoting the growth of "lawful and legitimate" U.S. dollar-backed stablecoins; (iii) protecting "fair and open access" to banking services for "law-abiding" individuals and firms; (iv) providing regulatory clarity and certainty "built on technology-neutral regulations"; and (v) protecting against the risks associated with Central Bank Digital Currencies ("CBDCs");
- Revokes Biden-era policies, including: [Executive Order 14067 \("Ensuring Responsible Development of Digital Assets"\)](#), the Department of the Treasury's "Framework for International Engagement on Digital Assets," and all associated policies, directives, and guidance;
- Establishes the President's Working Group on Digital Asset Markets (the "Working Group"), chaired by the Special Advisor for AI and Crypto and including the Treasury Secretary, SEC Chairman, CFTC Chairman, Attorney General, and various national security and technology officials;
- Instructs the Working Group to: (i) within 30 days, identify all "regulations, guidance documents, orders, or other items that affect the digital asset sector"; (ii) submit recommendations to the Chair within 60 days with respect to those regulations and guidance (e.g., to rescind or modify); (iii) submit a report to the President within 180 days proposing a Federal regulatory framework for digital assets; (iv) evaluate a potential national digital assets stockpile; and (v) consult with the National Security Council and digital asset market experts, as appropriate; and
- Prohibits agencies from undertaking any action to establish, issue, or promote CBDCs.

The SEC also repealed Staff Accounting Bulletin No. 121 ("SAB 121") today. SAB 121 had presented significant challenges for regulated financial institutions (among others) seeking to provide custody or certain other services involving crypto assets by requiring entities providing those services to record the fair market value of the relevant crypto-assets on their balance sheet, thus triggering capital and other requirements.

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The Order and the repeal of SAB 121 represent a rapid and significant change in the Federal government's approach to digital asset markets and regulation. They present the prospect for:

- More openness to allowing regulated financial institutions to provide services to customers on top of public blockchains and to the digital asset industry more broadly;
- Recognition of distinctions as between traditional financial intermediary services, on one hand, and self-directed activity taking place through credibly neutral, transparent and non-custodial software, on the other hand; and
- Receptiveness to tailoring regulations to reflect the attributes of new technologies, including by recognizing the opportunities that new technologies present for achieving market integrity, risk mitigation, consumer and investor protection and AML/CFT compliance, rather than focusing solely on potential risks.

In addition, perhaps the best reading of the Working Group's review, which covers "regulations, guidance documents, orders, or other items," would include enforcement matters. This, too, would present a significant shift in the government's policy toward the digital assets industry.

Many important questions are not resolved by the Order. For example:

- The CBDC definition, read literally, is quite expansive, which could have implications for projects within the regulated financial system that might rely upon tokenization of assets, including central bank funds;
- The blockchain definition appears to exclude private and, potentially, permissioned blockchains, which can also play an important role in digital asset markets; and
- The ultimate contours of the "fair and open access" provision of the Order.

Engagement with Working Group members on these and other questions will be critical in the coming months, particularly given the accelerated timelines set out by the Order.

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