

## **Banking and Finance Law Daily Wrap Up, FINANCIAL INTERMEDIARIES— National banks and federal thrifts may provide custody services for crypto assets, (Jul. 23, 2020)**

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The OCC has clarified the authority of a national bank to provide cryptocurrency custody services for customers. Building upon agency precedent, as well as existing statutory and regulatory authorities, the Office of Comptroller of the Currency has clarified the authority of national banks and federal savings associations to provide cryptocurrency custody services, including holding unique cryptographic keys associated with cryptocurrency, for customers ([Interpretive Letter No. 1170](#)).

A national bank had proposed to offer cryptocurrency custody services to its customers as part of its existing custody business. The OCC noted, in its Interpretive Letter, that there is a growing demand for safe places, such as banks, to hold unique cryptographic keys associated with cryptocurrencies on behalf of customers and to provide related custody services due to several reasons. Among other things, the OCC cited the fact that the underlying keys to a unit of cryptocurrency are essentially irreplaceable if lost, owners may lose access to their cryptocurrencies as a result of misplacing their keys, resulting in significant losses of value.

In allowing banks and federal thrifts to provide cryptocurrency custody services for customers, the OCC underscored that these institutions have long provided safekeeping and custody services, including both physical objects and electronic assets. The agency added that it has specifically recognized the importance of digital assets and the authority for banks to provide safekeeping for such assets since 1998. The OCC concluded its analysis noting that "as the financial markets become increasingly technological, there will likely be increasing need for banks and other service providers to leverage new technology and innovative ways to provide traditional services on behalf of customers [and that by] providing such services, banks can continue to fulfill the financial intermediation function they have historically played in providing payment, loan and deposit services."

Commenting on the Interpretive Letter, Acting Comptroller of the Currency Brian P. Brooks [stated](#), "From safe-deposit boxes to virtual vaults, we must ensure banks can meet the financial services needs of their customers today." He added, "This opinion clarifies that banks can continue satisfying their customers' needs for safeguarding their most valuable assets, which today for tens of millions of Americans includes cryptocurrency."

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