

# Trump Executive Order Establishes Federal Policy Supporting Digital Assets, Setting a Path Toward a Crypto Regulatory Framework

January 27, 2025

On January 23, 2025, President Trump issued an [Executive Order, Strengthening American Leadership in Digital Financial Technology](#) (the “E.O.”), which sets federal policy firmly in support of the digital assets industry in the United States.

The E.O. identifies certain key objectives to guide agencies involved in crypto regulation, including (i) promoting the “sovereignty of the United States dollar” by supporting USD-backed stablecoins, (ii) achieving “regulatory clarity and certainty” for individuals and firms involved in digital assets, including through “well-defined jurisdictional regulatory boundaries,” and (iii) prohibiting Central Bank Digital Currencies (“CBDCs”). To achieve these goals, the E.O. establishes a Working Group on Digital Asset Markets within the National Economic Council, comprised of representatives from key federal agencies, with a tight timeline for examining existing regulations and proposing a new regulatory framework.

## NEW FEDERAL POLICY

- The E.O. establishes federal policy in support of the “responsible growth and use of digital assets, blockchain technology, and related technologies across all sectors of the economy, including by . . . protecting and promoting the ability of individual citizens and private-sector entities alike to access and use for lawful purposes open public blockchain networks without persecution, including the ability to develop and deploy software, to participate in mining and validating, to transact with other persons without unlawful censorship, and to maintain self-custody of digital assets.” The E.O. also seeks to support the development of USD-backed stablecoins worldwide, and fair and open access to crypto-related banking services, while prohibiting the establishment, issuance, and use of CBDCs within the United States. Sec. 1(a); Sec. 1(a)(i)-(v).
- The E.O. directs federal agencies to “provid[e] regulatory clarity and certainty,” seeking to draw a sharp contrast with the Biden Administration’s approach of engaging in enforcement activity aimed at crypto entities, which many labeled

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regulation by enforcement. The E.O. also seeks “well-defined jurisdictional regulatory boundaries,” in an apparent effort to move past the recent turf battles between the Securities and Exchange Commission (“SEC”) and the Commodities Futures Trading Commission (“CFTC”). Sec. 1(a)(iv).

- The E.O. revokes the Executive Order on digital assets issued by President Biden in 2022, *Ensuring Responsible Development of Digital Assets* ([E.O. 14067](#)). It also revokes all guidance issued pursuant to it, including the Treasury Department’s “Framework for International Engagement on Digital Assets,” issued on July 7, 2022. Biden’s E.O. had emphasized that researching and developing a possible U.S. CBDC was of the “highest urgency” and outlined a “whole-of-government approach” to digital assets that included assessing the risks of digital assets in relation to consumer protection, financial stability, national security, and the climate. In revoking Biden’s E.O., the new E.O. not only reverses federal policy as to a U.S. CBDC (as discussed below) but also repudiates the prior administration’s cautious and research-based approach in favor of more aggressively and proactively supporting the digital asset industry in a way that strengthens the U.S. dollar. Sec. 3.

#### THE PRESIDENT’S WORKING GROUP ON DIGITAL ASSET MARKETS

- The E.O. establishes the President’s Working Group on Digital Asset Markets (the “Working Group”). The Working Group will be chaired by David Sacks, the President’s Special Advisor for AI and Crypto, and membership will be composed of officials from key federal agencies including the Department of the Treasury, the Justice Department, the Office of Management and Budget, the Department of Homeland Security, the SEC, and the CFTC. Notably, the E.O. excludes traditional banking regulators from the Working Group such as the FDIC and the Federal Reserve. While the OCC is part of the Treasury Department, the E.O. does not specifically refer to it as a member of the Working Group. Sec. 4(a).
- The E.O. sets an aggressive timeline for action by the Working Group:
  - Within 30 days of the E.O.’s issuance (by Feb. 22, 2025), the Working Group must inventory all regulations, guidance documents, orders and other items that affect the digital asset sector.

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- Within 60 days (by Mar. 24, 2025), each agency is to submit recommendations with respect to whether each of the identified regulations, guidance, and orders should be rescinded or modified.<sup>1</sup> Sec. 4(b).
  - Within 180 days (by Jul. 22, 2025), the Working Group is to submit a report to the President recommending regulatory and legislative proposals to advance the policy priorities identified by the E.O. This report will propose a federal regulatory framework governing the digital asset industry and will evaluate the potential for a national digital asset stockpile. Sec. 4(c).
  - The E.O. directs the Working Group “as appropriate and consistent with law” to hold public hearings and receive individual expertise “from leaders in digital assets and digital markets.” It remains to be seen whether the Working Group will face challenges under the Federal Advisory Committee Act of 1972 (“FACA”), which requires advisory committees to follow a specific authorization process, maintain balanced membership, have a clear charter as to the scope of the committee’s activities, hold meetings open to the public, and disclose records to the public. Sec. 4(e).

#### PROHIBITION OF CBDCS

- The E.O. prohibits federal agencies from taking any action to establish, issue, or promote Central Bank Digital Currencies within the U.S. or abroad, except where required by law. CBDCs are digital versions of a country’s official currency, issued and controlled by the central bank. Unlike other cryptocurrencies, CBDCs are backed by a sovereign government and function as legal tender. Sec. 5(a).
- The E.O. also directs the immediate termination of any ongoing agency initiatives to create a CBDC within the United States. Sec. 5(b).
- President Trump was a vocal critic of CBDCs throughout his presidential campaign, calling them a “dangerous threat to freedom,” and claiming that they could “result in money suddenly disappearing from people’s bank accounts.” The E.O. calls on the administration “to protect Americans from the risks of [CBDCs], which threaten the stability of the financial system, individual privacy, and the sovereignty of the United

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<sup>1</sup> To that end, the SEC staff issued Staff Accounting Bulletin 122 (“SAB 122”) on January 12, 2025. SAB 122 rescinds Staff Accounting Bulletin 121 (“SAB 121”), which was issued in March 2022, and required public companies holding crypto assets for customers to recognize a liability and corresponding asset on their balance sheets. It was criticized for imposing substantial operational and compliance costs and potentially discouraging financial institutions from offering custodial crypto services.

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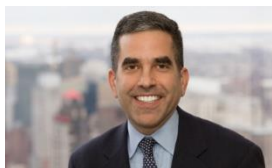
States.” These claims appear to stem from concerns about privacy, financial control, and potential government overreach. Critics argue that because CBDCs are typically designed to be traceable, all transactions could be monitored by government authorities thereby undermining financial privacy. Further, since CBDCs are entirely digital and centralized, government authorities could have the ability to freeze, confiscate, or restrict access to individuals’ assets. Sec. 1(a)(v).

#### KEY TAKEAWAYS:

- The E.O. marks a sharp shift in federal policy toward promoting and supporting the digital assets industry. It is a clear departure from the Biden Administration in both tone and substance. That said, the impact will become clear in coming weeks, as federal agencies respond accordingly.
- The E.O. establishes a Working Group consisting of key federal departments and agencies, which are directed to inventory all regulations, guidance, and orders related to digital assets, recommend modification and rescission of those agency actions where appropriate, and, within 180 days, propose a regulatory framework governing digital assets and the creation of a national digital asset stockpile. The Working Group faces an aggressive timeline, with initial findings due within 30 days.
- Consistent with Trump’s “America First” foreign policy agenda and apparent preference for private over government-led solutions, the E.O. seeks to “promot[e] and protect[] the sovereignty of the United States dollar” by supporting USD-backed stablecoins worldwide, while effectively prohibiting the establishment or use of a U.S. Central Bank Digital Currency.
- It will take time for federal agencies—and Congress—to create the legal and regulatory framework necessary to foster a stable digital assets industry. But the E.O. strongly indicates that the Trump Administration regards this as a top priority. Indeed, the SEC recently announced its own Crypto Task Force, headed by Commissioner Hester Peirce, further indicating that the administration intends to move swiftly.

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Please do not hesitate to contact us with any questions.



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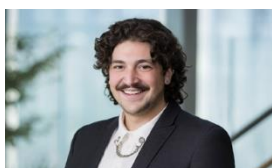
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