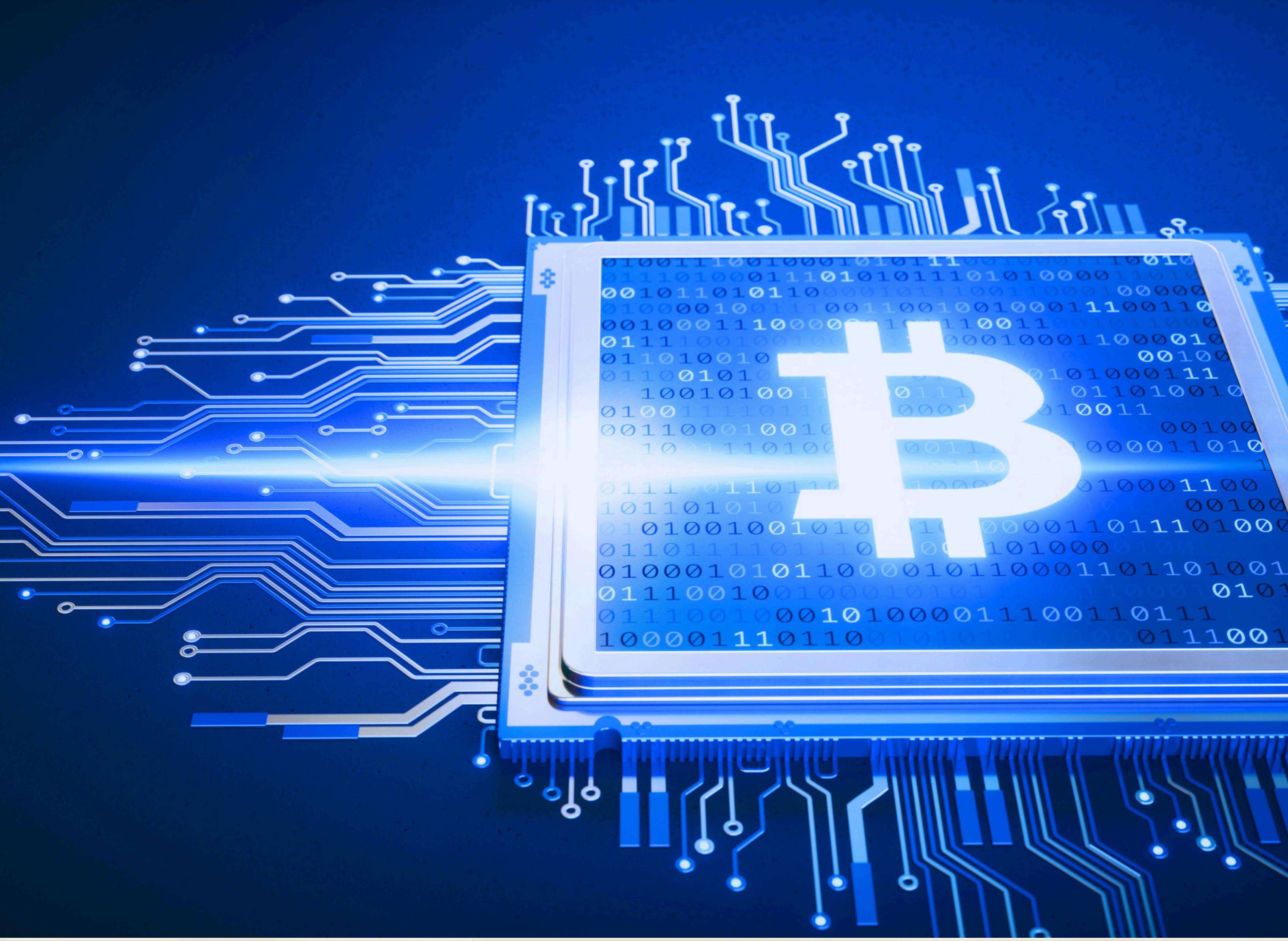


Stay ahead with us.

Insights

The Future of U.S. Digital Asset Regulation Under the Trump Administration

dgagroup.com

March 2025

Under the Biden administration, digital assets, which encompass cryptocurrencies, tokenized assets, non-fungible tokens (NFTs), new cryptocurrency-based exchange-traded funds (ETFs), and other blockchain-based products, have been treated by Washington policymakers as unregulated securities and high-risk assets. **President Trump's pledge to make the U.S. the "crypto capital of the world" marks a dramatic reversal and opens new opportunities across digital assets.** Many industry leaders agree with Coinbase CEO Brian Armstrong that the Trump Administration is ushering in a "new dawn for the crypto industry."

While former President Biden closed out his term with debanking initiatives — such as the closure or denial of bank accounts for digital asset companies and entrepreneurs — President Trump has appointed digital-asset-friendly regulators and brought in a new "AI/Crypto Czar." In the opening weeks of the Trump administration, the president signed an executive order titled "*Strengthening American Leadership in Digital Financial Technology,*" which focuses on promoting U.S. leadership in blockchain, digital assets, and other emerging financial technologies, including cryptocurrencies. The newly appointed White House AI/Crypto Czar, David Sacks, has pledged to investigate debanking and collaborate with lawmakers like Representative French Hill (R-AZ) and Senator Tim Scott (R-FL) on legislative safeguards. Efforts to counter debanking have also been championed by digital asset venture capitalist Marc Andreesen, who has been a frequent visitor to Trump's Mar-a-Lago resort and will serve as an informal advisor to the administration on digital asset policy.

Perhaps most importantly, Trump has tapped digital-asset-friendly former Securities and Exchange Commission (SEC) Chairman Paul Atkins as the new SEC Chairman, a move widely celebrated in the digital asset community as a welcome shift away from the tough regulatory stance of Atkins' predecessor, Gary Gensler. Gensler became the bête noire of digital asset supporters by presiding over a series of regulatory moves against major digital asset players and refusing to clarify whether key digital assets should be classified as securities or commodities. He is widely blamed by the digital asset industry for forcing many firms offshore to more regulator-friendly jurisdictions in the Middle East and the United Kingdom. Atkins's prior firm, Patomak, represented several leading digital asset companies, and, in some cases, assisted in the development of regulatory policy frameworks for the industry. While this does not necessarily mean that the new SEC Chairman will immediately grant major concessions to the industry, the presence of a seasoned SEC Chair who understands the digital asset landscape bodes well for the return of digital asset companies to U.S. shores.

Concurrently with longer-term regulatory reform efforts, the administration has moved to roll back regulatory actions and has launched several high-profile initiatives in the digital asset space. On March 2, Trump announced his administration would move forward with a U.S. digital asset strategic reserve with five key tokens under consideration for inclusion: Bitcoin, Ether, Solana, XRP, and Cardano. In late February, the SEC indicated that it would vote on an agreement to drop all charges against Coinbase, a watershed move that could be the first in several such decisions overturning Gensler-era legal action against digital asset firms.
In addition, a joint press conference on February 4, led by Sacks and bipartisan congressional leaders, unveiled plans to establish the U.S. as the global leader in digital assets.

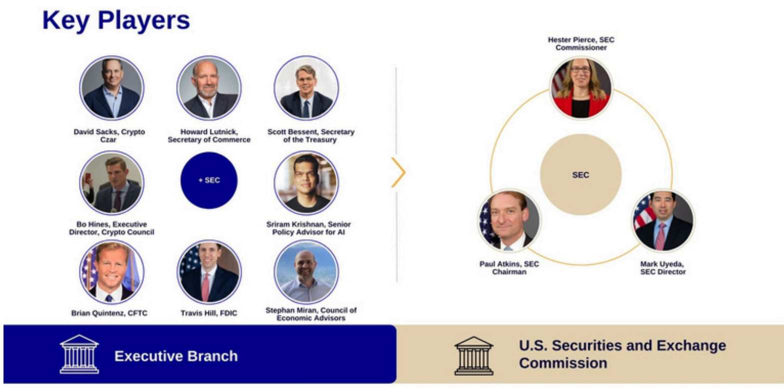
These legislative efforts will eventually align with the executive branch efforts led by the SEC and Atkins, as highlighted by staffing shifts at the White House, including Sacks' role coordinating digital assets policy across agencies and Congress, and the formation of an SEC Crypto Task Force under Commissioner Hester Peirce to streamline regulations. This marks a stark departure from previous administrations' digital asset policies and represents a major win for digital asset companies, industry supporters, and critics of restrictive measures such as debanking.

Looking forward, we can expect the Trump administration to move forward with implementing a U.S. digital asset reserve, otherwise known as a Strategic Bitcoin Reserve (SBR), to clarify jurisdiction between federal agencies and states on digital asset governance, and to leverage the role of digital assets in ensuring the continued dominance of the U.S. dollar in global financial markets.

Trump 2.0: Embracing digital assets and cryptocurrency, seeking integration in financial systems

The second Trump administration has embraced digital assets. This shift represents a clear break from both the previous administration and Trump's first term approach. **The administration's new direction emphasizes regulatory clarity, innovation support, and the integration of digital assets into the traditional financial system.** Although it is still early days, the administration has already voiced support for responsible growth and use of digital assets across all economic sectors while opposing a digital dollar. There is also interest in a potential national digital asset reserve, including a Bitcoin stockpile.

January 2025 Executive Order



Issued on January 23, 2025, Executive Order 14178 offers a preview of Trump's digital asset priorities. At its core, the order establishes five strategic objectives: 1) fostering responsible growth of blockchain technologies across economic sectors, 2) protecting public blockchain access for lawful activities like software development and self-custody, 3) advancing dollar--backed stablecoins as instruments of monetary sovereignty, 4) ensuring equitable banking access for compliant digital asset entities, and 5) creating jurisdictional clarity through technology-neutral regulations. This marks a decisive break from the Biden administration's risk-averse approach, exemplified by the revocation of Executive Order 14067. The revocation of Executive Order 14067 aligns with the Trump administration's anti-CBDC stance and dismantles the Treasury's 2022 international digital asset framework.

The order establishes the President's Working Group on Digital Asset Markets within the National Economic Council, chaired by Sacks and composed of Secretary of the Treasury Scott Bessent, Secretary of Commerce Howard Lutnick, SEC Chairman Atkins, CFTC Chairman Brian Quintenz, Assistant to the President for National Economic Policy Kevin Hassett, Executive Director of the Crypto Council Bo Hines, and other leaders from the Justice Department, Homeland Security, and OMB. This interagency body must abide by a 60-day timeline to review existing regulations and a 180-day timeline to propose a comprehensive federal framework addressing market structure, consumer protection, and risk management. Notably, the working group must evaluate the creation of a national digital asset stockpile—likely consolidating seized digital assets and potentially authorizing Treasury purchases—while holding public hearings to incorporate industry expertise. The SEC's controversial SAB 121 accounting rules, which constrained institutional custody solutions, were promptly rescinded in accordance with the executive order.

The order also reversed the Federal Reserve's multi-year CBDC research initiative and aligned with congressional efforts to block digital dollar development. By contrast, the administration champions dollar-pegged stablecoins to maintain global dollar dominance. This walk back from a U.S. CBDC creates openings for economies -- such as China -- that are already far along in deploying a CBDC to gain further traction in establishing a digital sovereign currency for cross-border transactions. Stablecoins have garnered support in the context of efforts led by China and other BRICS countries to develop an alternative to the dollar.

Key Executive Branch Players: SEC & FDIC

While the President's Working Group on Digital Asset Markets will set the direction, the SEC and Federal Deposit Insurance Corporation (FDIC) will be central in implementing the administration's digital assets policies. At the SEC, Atkins has already reversed several Biden-era policies, collaborated with the CFTC to classify decentralized protocols and non-security tokens, and paused all SEC investigations into digital asset firms unless fraud or investor harm is evident.

SEC Commissioner Hester Peirce leads the SEC’s Crypto Task Force with a mandate to resolve jurisdictional ambiguities. Her 10-point agenda focuses on clarifying asset classifications (securities vs. commodities), creating safe harbors for token issuers, and modernizing custody rules for investment advisers. Peirce has openly criticized the SEC’s historical reliance on the Howey Test as “legally imprecise,” advocating instead for tailored disclosure frameworks and retroactive relief for compliant projects. The Howey Test, derived from the 1946 U.S. Supreme Court case SEC v. W.J. Howey Co., determines whether a particular arrangement qualifies as an “investment contract” and, therefore, should be regulated as a security under U.S. federal securities laws. Mark Uyeda, appointed Acting SEC Director in January 2025, has taken initial actions to recalibrate the agency’s approach to digital assets. Uyeda has prioritized rescinding controversial policies like SAB 121 and revisiting enforcement actions against major exchanges.

Acting FDIC Chair Travis Hill has spearheaded efforts to reverse debanking practices by releasing over 170 internal documents showing Biden-era resistance to digital assets partnerships dubbed the Biden administration's “Operation Choke Point 2.0”. His January 10 policy speech condemned blanket digital asset prohibitions, advocating instead for risk-based assessments. Hill is reevaluating the FDIC’s 2024 “pause letters”, which required banks to seek pre-approval for digital assets-related activities, and drafting new guidance to facilitate compliant blockchain adoption. Hill is reportedly under consideration to assume leadership of the FDIC on a permanent basis.

Outlook & priorities

The Trump administration's pro-digital asset policies signal a significant shift in U.S. digital asset regulation. **In the short term, priority will be given to rolling back SEC regulatory action, pursuing SBRs, and achieving jurisdictional clarity over digital assets governance mechanisms.** Over the longer term, developing mechanisms, including some involving support for stablecoins, designed to ensure U.S. dollar dominance will remain a priority.

Dollar Defense Through Stablecoins
Administration officials have articulated a "digital dollarization" strategy leveraging regulated stablecoins to counter the erosion of U.S. dollar reserve status. Treasury Secretary Scott Bessent's team is evaluating mechanisms to mandate the use of dollar-backed stablecoin usage in commodity trades, mirroring historical petrodollar arrangements. This aligns with Trump’s strategy to impose 100% tariffs on BRICS countries should they pursue alternatives to the dollar.

Bitcoin Reserve Accumulation
The proposed Strategic Bitcoin Reserve (SBR) would consolidate government-seized digital assets while authorizing Treasury purchases on open markets. White House advisors project initial reserves exceeding $10 billion, positioning the U.S. as a dominant sovereign holder. Reserve management guidelines under development would permit limited sales during market crises to stabilize valuations, drawing parallels to the Strategic Petroleum Reserve's price modulation functions. On March 2, it was announced that, in addition to Bitcoin, Ether, Solana, XRP, and Cardano would also be included in the reserve. **Critics argue that**

establishing a SBR risks bypassing democratic processes to enrich existing digital assets holders through taxpayer-funded speculation, while exposing national reserves to Bitcoin's extreme volatility without clear strategic utility compared to that of gold or energy assets.

Jurisdictional Clarification

Several pieces of legislation aim to define the balance of federal and state powers in overseeing digital assets, as well as the specific roles of the OCC and Federal Reserve. Simultaneously, executive action has created a new advisory body on digital asset policy and clarified the role of the SEC and CFTC in regulatory oversight. **Emerging guidance designates the CFTC as primary regulator for decentralized protocols and non-security tokens, while the SEC maintains authority over investment contract assets and exchange-traded products.**

As of February 2025, more than 30 states have introduced or enacted legislation addressing digital assets, spanning tax treatment, payment systems, and institutional investment frameworks. Notably, Arizona has passed bills clarifying taxation of digital assets (HB 2204) and allowing state agencies to accept digital assets for fines, taxes, and other obligations (SB 1127). Texas has introduced SB 21 (pending) which seeks to establish an SBR funded by legislative appropriations and private donations. The bill authorizes the state comptroller to invest in digital assets with market capitalizations exceeding $500 billion (currently only Bitcoin). California has advanced AB 2269, requiring digital assets businesses to obtain state licenses, and AB 2689, permitting public and private entities to accept digital assets payments.

CBDC Prohibition and Global Response

The administration's absolute ban on Federal Reserve CBDC development has sparked coordinated pushback from G7 partners. Treasury Undersecretary for Domestic Finance Nellie Liang has confirmed the U.S. will oppose IMF CBDC technical assistance programs while advocating private sector stablecoin alternatives. This stance aligns with draft legislation prohibiting commercial bank CBDC usage, effectively blocking potential future implementations.

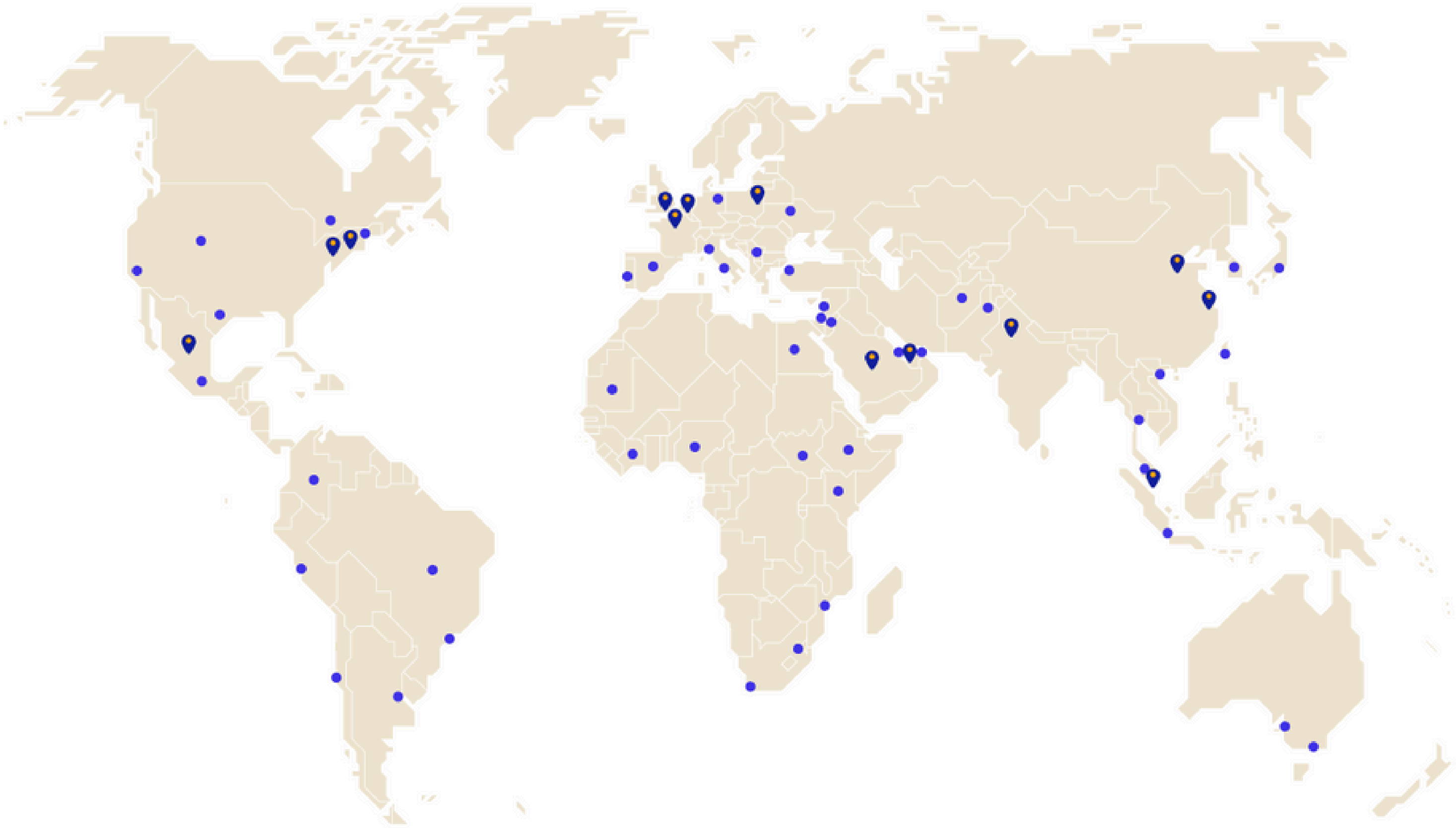
Developing a comprehensive framework for digital asset regulation will take time. SEC Commissioner Pierce, referring to Gensler-era actions, emphasized, "it took us a long time to get into this mess, and it is going to take us some time to get out of it." Looking ahead, several key milestones will shape the regulatory landscape. The SEC's final resolution of the Coinbase case during regular enforcement meetings will be closely watched, as digital asset critic Democratic Commissioner Caroline Crenshaw, could vote against dismissing the case. Meanwhile, Atkins' confirmation process has been delayed, causing some concern within the digital assets industry, though it is likely due to routine Senate processes. Both Pierce and Uyeda served as Atkins' deputies during his previous stint at the SEC and are well acquainted with his policy approach.

In addition, there is a growing backlog of digital asset companies awaiting approval to list on public stock exchanges. While these firms urgently seek regulatory clarity, progress will likely be gradual as the SEC winds down regulatory actions and Atkins, Uyeda, Sacks and others push a legislative agenda that provides investor clarity. Cleaning up what many in the digital asset space see as the regulatory overreach of Gensler's tenure will be Atkins' top priority when he takes office, likely in late March.

About Us

DGA Group is a global advisory firm that helps clients protect – and grow – what they have built in today's complex business environment. We understand the challenges and opportunities of an increasingly regulated and interconnected world. Leveraging the experience and expertise of **Albright Stonebridge Group**, a leader in global strategy and commercial diplomacy, and a deep bench of communications, public affairs, government relations, and business intelligence consultants, we help clients navigate and shape global policy, reputational and financial issues. To learn more, visit dgagroup.com.

Please contact **Paul Triolo**, Partner, at Paul.Triolo@dgagroup.com and **Jessica Kuntz**, Associate Partner, at Jessica.Kuntz@dgagroup.com with any questions or to arrange a follow up conversation.



Global coverage for global needs.
13 offices | 46 extended locations