

December 12, 2025

Mark Chorazak, Partner
Skadden, Arps, Slate, Meagher & Flom LLP
One Manhattan West
New York, New York 10001-0000

Re: Application by Paxos Trust Company, LLC, New York, New York to Convert to an
Uninsured National Trust Bank
OCC Control Number 2025-Conversion-342828
OCC Control Number 2025-Waiver-344112
OCC Control Number 2025-Capital&Div-344142 (collectively, Applications)
New Charter Number 25379

Dear Mr. Chorazak:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves the application filed by Paxos Trust Company, LLC (PTC), New York, New York, a New York state trust company, to convert to a national trust bank, which will engage in operations of a trust company and activities related thereto, including fiduciary activities. The OCC hereby grants conditional approval of the Application upon determining that the proposal meets certain regulatory and policy requirements.¹ This approval is granted based on a thorough evaluation of all information available to the OCC, including the representations and commitments made in the Application and by the Bank's representatives. The OCC made its decision to grant conditional approval with the understanding that the Bank will apply for stock in a Federal Reserve Bank in accordance with 12 USC 222.²

The converted bank will operate under the title of Paxos Trust Company, National Association (Bank) under OCC Charter Number 25379. The Bank's main office will be located at 71 Fifth Avenue, 4th Floor, New York, New York 10003-3004. The Bank will not take deposits and will not be insured by the Federal Deposit Insurance Corporation.

Proposal

On August 12, 2025, PTC filed an application to convert to a national bank charter and operate with full fiduciary powers. PTC requested residency waivers for a majority of the directors, and upon conversion, requested approval to effectuate a noncash dividend and reduction in permanent capital. PTC also requested the OCC exercise its reservation of authority under 12

¹ The OCC also grants the request to waive the director residency requirement for a majority of the directors of the Bank.

² See also 12 CFR 209.2.

Mr. Mark Chorazak
2025-Conversion-342828
2025-Waiver-344112
2025-Dividend-344142

CFR 3.1(d) to adjust the capital treatment of stablecoin reserve assets held in custody and segregated from proprietary assets.

PTC is a wholly owned subsidiary of Paxos Holdings, LLC, a Delaware limited liability company that is wholly owned by Kabompo Holdings, Ltd., a private company incorporated in the Cayman Islands. Kabompo Holdings, Ltd. will be the Bank's ultimate parent. Proposed operations of the Bank include activities that PTC currently conducts, including custody of crypto-assets, fiat currency, securities, and commodities on a fiduciary basis; U.S. dollar-backed stablecoin issuance; gold-backed digital asset³ issuance;⁴ escrow, fiduciary agent, payment agent and exchange agent services; and cryptocurrency exchange, brokerage, and trade facilitation services.

PTC has filed an application to convert to a national bank limited to the operations of a trust company and activities related thereto. A state bank, including a state trust company, may convert into a national bank under 12 USC 35 with the approval of the OCC.⁵ PTC is a state trust company organized under New York law and is authorized to convert to a national bank under 12 USC 35 and 12 CFR 5.24.

Twelve USC 35 provides that any bank incorporated by special law of any state or organized under the general laws of any state may convert into a national banking association provided that: 1) it has capital sufficient to entitle it to become a national bank, 2) the conversion is approved by a vote of the shareholders owning not less than fifty-one percent of the stock, 3) the bank obtains the approval of the Comptroller, 4) the name of the new association includes the word "national," and 5) the conversion is not in contravention of state law.

The OCC concludes that the conversion meets the criteria in 12 USC 35. First, the conversion would not be in contravention of applicable law. PTC also meets the other criteria in section 35, including shareholder approval. Thus, the conversion is authorized under section 35. In addition, the OCC has reviewed the factors applicable to the conversion under 12 CFR 5.24 and 5.13(b) and found them consistent with approval.

In 1978, Congress specifically confirmed the OCC's general authority to charter banks that limit their operations to those of a trust company and activities related thereto.⁶ As PTC is currently operating a New York trust company, its current activities are already those of a trust company and would be continued after the conversion. The operations of a trust company (i.e., the

³ This letter uses digital assets and crypto-assets or cryptocurrency interchangeably.

⁴ PTC refers to the gold-backed asset it issues as both a digital asset and a stablecoin. For ease of reference, this letter refers to it as a digital asset.

⁵ See, e.g. OCC Conditional Approval No. 1170 (Apr. 3, 2017).

⁶ Congress amended the National Bank Act, 12 USC 27 to add this language in 1978. Financial Institutions Regulatory and Interest Rate Control Act of 1978, Pub. L. 95-630, § 1504, 92 Stat. 3641, 3713 (1978) (adding this sentence to what is now 12 USC 27(a)).

Mr. Mark Chorazak
2025-Conversion-342828
2025-Waiver-344112
2025-Dividend-344142

operations of a trust department of a bank or a limited purpose trust company) typically include performing fiduciary activities as well as other activities that are non-fiduciary in nature, such as non-fiduciary custody and safekeeping activities.⁷ Custody and safekeeping activities were fully within the activities of both trust departments⁸ and limited purpose trust companies in 1978 and continue to be today.⁹ All of the Bank’s proposed activities are trust company operations or activities related thereto and are permissible for a national bank under 12 USC 92a or 24(Seventh), as described below.

The Bank will act in a fiduciary capacity by providing custodial services, including custody of cash, securities, and cryptocurrencies. Trust company activities include providing such custody services in a fiduciary manner. Therefore, the Bank’s proposed fiduciary custody services are permissible under 12 USC 27(a) since they are activities of a trust company.

The Bank’s proposed issuance of U.S. dollar-backed stablecoins is also permissible under 12 USC 27(a) as operations of a trust company or activities related thereto. Various state-chartered limited purpose trust companies, including PTC, have been permitted to issue stablecoins. Further, Congress in the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) has expressly recognized uninsured national banks’ authority to issue stablecoins.¹⁰

The Bank’s proposed issuance of gold-backed digital assets is also permissible under 12 USC 27(a) as operations of a trust company or activities related thereto. PTC, a state limited purpose trust company, has been authorized to issue gold-backed digital assets, and the issuance of such assets will be related to the Bank’s custody activities. Issuance of a gold-backed digital asset also is permissible under 12 USC 24(Seventh) as a logical outgrowth or functional equivalent of

⁷ See OCC Interpretive Letter No. 1170 (July 22, 2020); OCC Interpretive Letter No. 1078 (Apr. 19, 2007); OCC Interpretive Letter No. 1176 (Jan. 11, 2021). In addition, as of September 30, 2025, OCC-supervised uninsured national trust banks reported a total of \$6.8 trillion in assets under administration. Of that total, \$1.6 trillion consisted of custody and safekeeping accounts, while total fiduciary accounts totaled \$5.2 trillion.

⁸ *Id.* See Letter from James. J. Saxon, Comptroller of the Currency, (June 25, 1963) (“safekeeping of the securities in the customer’s portfolio and other custodian services, all of which will be performed by the bank’s Trust Department in the usual case.”). See also *Hearings before the House of Representatives Committee on Banking and Currency* on H.R. 6778, 91st Congress, Part 3 at 1056 (May 7, 8, and 9, 1969) (including proxy statement of Chase Manhattan Bank, N.A. from 1969 stating that it provided custody services in its trust department).

⁹ See, e.g., 1976 S.D. Sess. Laws. ch. 304 § 1(1), (2) 492 (creating South Dakota “trust company” charter for a “corporation” that sole purpose is the conduct of “trust business” and among the items defined as part of the trust business is acting as a custodian and holding property for safekeeping).

¹⁰ See 12 USC 5901(11).

Mr. Mark Chorazak
2025-Conversion-342828
2025-Waiver-344112
2025-Dividend-344142

recognized banking activities, including a national bank’s express power to buy and sell bullion, and is otherwise consistent with 12 CFR 7.1000.

Additionally, the Bank’s proposed crypto-asset exchange, brokerage, and trade facilitation services are permissible under 12 USC 27(a) as operations of a trust company or activities related thereto. The OCC has recognized that national banks may provide trading-related services to their custody customers, including for digital assets.¹¹ With respect to the Bank, these services facilitate and are related to a customer’s use of the customer’s custodial account, such as by permitting the customer to engage in transactions to and from the customer’s custodial account or allowing transactions between custodial customers.¹² Additionally, state-chartered institutions in a number of states have been permitted to engage in cryptocurrency-related activities.¹³ The Bank’s crypto-asset exchange, brokerage, and trade facilitation services also are the logical outgrowth or functional equivalent to recognized banking activities, including trading-related services to custody customers and crypto-asset custody services, and are otherwise consistent with 12 CFR 7.1000.

Finally, the Bank’s proposed escrow, fiduciary agent, payment agent, and exchange agent services are permissible under 12 USC 27(a) as operations of a trust companies or activities related thereto. The OCC has long recognized the ability of national banks to serve as paying, escrow, and other forms of agent.¹⁴ Each of these activities have multiple connections to the

¹¹ See, e.g., OCC Interpretive Letter No. 1188 (Dec. 9, 2025) (stating that “[t]he business of banking includes brokerage of financial investment instruments” because “[a]s part of their traditional role as financial intermediaries, banks have broad powers to buy and sell financial investment instruments as agent for customers” (quoting OCC Interpretive Letter No. 499 (Feb. 12, 1990))).

¹² See *id.* (“[A]cting as a riskless principal in crypto-assets for custody customers is a logical outgrowth of the services that national banks may already provide for custody customers”); OCC Interpretive Letter No. 1170, n.39 (The services national banks may provide in relation to the cryptocurrency they are custodizing may include services such as facilitating the customer’s cryptocurrency and fiat currency exchange transactions, transaction settlement, trade execution, recording keeping, valuation, tax services, reporting, or other appropriate services.); n.23 (“‘Custody’ is a broader term that may involve all aspects of bank services performed for customers in relation to items they are holding for them (*i.e.*, processing, settlement, fund administration)”). See also “Custody Services” booklet of the *Comptroller’s Handbooks* (Jan. 2002).

¹³ See, e.g., Press Release: NYDFS Grants Charter to “Gemini” Bitcoin Exchange Founded by Cameron and Tyler Winklevoss (Oct. 5, 2015) (regarding granting of limited purpose trust company charter to Bitcoin exchange); Order Pursuant to New York Banking Law §§ 2-b, 24, 32, 102-a, and 4001-b and Financial Services Law §§ 301(c) and 302(a) (Mar. 11, 2014) (stating the intention of the NYDFS to accept applications to operate exchanges).

¹⁴ See, e.g., OCC Conditional Approval No. 436 (Dec. 20, 2000).

Mr. Mark Chorazak
2025-Conversion-342828
2025-Waiver-344112
2025-Dividend-344142

proposed fiduciary custody activities and require or otherwise involve the assets held in fiduciary custody.

Accordingly, the Bank will be a national bank whose operations are limited to those of a trust company or activities related thereto under 12 USC 27(a).¹⁵

Public Comments and Analysis

The OCC received three comment letters: one comment from a trade group representing banks, one comment from a technology industry coalition, and one comment from a one from a community group. One commenter asserts that the OCC and the Bank did not provide an appropriate amount of information or give a sufficient amount of time for the public to have an opportunity to meaningfully comment on the Application. The Bank filed all required publicly available information on a timely basis. In considering the Bank’s identification of public information and request for confidential treatment of specific information pursuant to 12 CFR 5.9(c), the OCC followed its established policies and procedures. Despite raising the insufficiency of public information, the commenter was nonetheless able to provide voluminous comments on the Application.. The OCC has received sufficient information to make an informed decision regarding the Bank’s Application, consistent with established agency policy and procedures, applying relevant statutory requirements and regulatory factors. Although conversions are generally not subject to a comment period, the OCC received some comments on the Application, and the OCC has used its discretion to consider all comments received.

One commenter discusses issuance of a stablecoin by a national trust bank, including whether it constitutes the acceptance of a “deposit” for purposes of the Federal Deposit Insurance Act and requires that a national trust bank obtain deposit insurance from the Federal Deposit Insurance Corporation (FDIC), and other implications of stablecoin issuance and whether such activities resemble deposits. As noted, the OCC and state law permit nondepository, uninsured institutions to issue stablecoins. Under the GENIUS Act, Congress clearly approved and adopted this authority for such institutions. Further, stablecoins are not deposits under the FDI Act,¹⁶ which Congress has confirmed in the GENIUS Act. Specifically, the GENIUS Act defines a payment stablecoin as not including a digital asset that is a deposit,¹⁷ stating that payment stablecoins shall

¹⁵ In 2003, the OCC amended 12 CFR 5.20(e)(1)(i) to address a subset of national banks, namely special purpose banks that conduct at least one of the “core banking functions.” As evidenced by the 2003 rulemaking to amend 12 CFR 5.20(e)(1)(i) and the OCC’s chartering and supervision of national trust banks, this amendment did not interpret or otherwise affect the OCC’s longstanding authority to charter a national bank limited to operations of a trust company and activities related thereto under 12 USC 27(a). *See* 68 Fed. Reg. 71026 (Dec. 17, 2003).

¹⁶ *See* 12 USC 1813(l).

¹⁷ 12 USC 5901(22).

Mr. Mark Chorazak
2025-Conversion-342828
2025-Waiver-344112
2025-Dividend-344142

not be subject to deposit insurance by the FDIC,¹⁸ and making it unlawful to represent payment stablecoins are subject to Federal deposit insurance.¹⁹ The GENIUS Act also defines a federal qualified stablecoin issuer to include an uninsured national bank.²⁰ In addition, as a condition of approval of this Application, the Bank is required to conform its stablecoin activities with the GENIUS Act and any implementing regulations.²¹ If the Bank's stablecoin activities do not comply with the GENIUS Act and implementing regulations, the condition requires the Bank to cease or divest of such activities. The OCC has no indication that the Bank will not be able to comply with the GENIUS Act. The OCC considered systemic risk to the extent relevant to the statutory requirements and regulatory factors for approval.

One commenter discusses whether the Bank may engage in brokerage activity for digital assets that are securities for purposes of Federal securities laws that would subject the Bank to registration requirement under the Securities Exchange Act of 1934²² or require exemption from registration under Regulation R.²³ To the extent the Bank's activities implicate the Securities Exchange Act of 1934 or Regulation R, the OCC will monitor for compliance, as applicable.

One commenter references the New York Department of Financial Service's Consent Order against PTC. In accordance with 12 CFR 5.24, the OCC has considered the effect of this enforcement action and is imposing conditions related to the Bank's compliance program.

One commenter discusses that the Community Reinvestment Act or Community Reinvestment Act-like requirements should apply to stablecoin issuers;²⁴ however, the Community Reinvestment Act is not applicable to this Application as a matter of law. The Community Reinvestment Act applies to regulated financial institutions, and regulated financial institutions is defined in 12 USC 2902(2) to mean an insured depository institution as defined in 12 USC 1813. Insured depository institution means any bank or savings association the deposits of which are insured by the FDIC.²⁵ The Bank will not be an insured depository institution. Whether Community Reinvestment Act-like requirements should apply to stablecoin issuers, or to the Bank, are not relevant to the factors the OCC may consider for approval.

¹⁸ 12 USC 5903(e)(1).

¹⁹ 12 USC 5903(e)(2)(A).

²⁰ 12 USC 5901(11).

²¹ *See* 12 USC 5901(11).

²² 15 USC 78a *et seq.*

²³ 17 CFR 247.

²⁴ 12 USC 2901 *et seq.*

²⁵ *See also* 12 CFR 25.11(c)(3).

Mr. Mark Chorazak
2025-Conversion-342828
2025-Waiver-344112
2025-Dividend-344142

One commenter expresses support for the OCC continuing to evaluate all national trust bank charter applications, including those with a digital asset focus, on the merits of each individual application. Specifically, the commenter argues that granting these charters will strengthen federal oversight, bolster consumer protection, and foster a more innovative and competitive U.S. financial system.

Fiduciary Activities

The OCC approves your plan to continue to exercise fiduciary powers pursuant to 12 USC 92a and 12 CFR 5.26. This approval constitutes a permit to exercise the fiduciary powers requested in your application under 12 USC 92a and 12 CFR 5.26(e)(4). Specifically, the Bank will provide custody services in a fiduciary capacity. The Bank's proposed fiduciary custody activity is permitted under the bootstrap provision of 12 USC 92a and the New York state law, and its provision of custody services will be subject to fiduciary duties and standards of behavior.

Reservation of Authority

PTC has separately requested that the OCC exercise its reservation of authority under 12 CFR 3.1(d) concerning assets backing U.S. dollar-backed stablecoins and gold-backed digital assets currently issued by PTC and held on PTC's balance sheet and the regulatory capital treatment under 12 CFR 3 of the types of reserve assets currently backing such digital assets (Reserve Assets) upon its conversion to an uninsured national trust bank. Simultaneously with this approval, the OCC has also exercised its reservation of authority at 12 CFR 3.1(d) to permit the Bank to assign the Reserve Assets a different risk-weighted asset amount than otherwise provided under 12 CFR Part 3, and adjust the exposure amount in the denominator for purposes of the leverage ratio calculation.

Conditions

This approval is subject to the following conditions and conversion requirements:

1. The Bank must limit its operations to those of a trust company and activities related thereto, as specifically stated in the business plan. The Bank must not meet the definition of "bank" under section 2(c)(1)-(2) of the Bank Holding Company Act.
2. If and to the extent necessary, the Bank must conform, cease, or divest its proposed collateral trustee structure and any other activities to comply with the GENIUS Act (12 USC 5901 et seq.), any implementing regulations, and any other applicable laws and regulations that take effect in the future, such compliance to be determined in the sole discretion of the OCC.
3. The Bank must: (i) give the Novel Bank Supervisory Office at least sixty (60) days prior written notice of the proposed Bank's intent to significantly deviate or change from its business plan or operations (if such deviation is the subject of an application filed with the OCC, no separate notice to the supervisory office is required); and (ii) obtain the

Mr. Mark Chorazak
2025-Conversion-342828
2025-Waiver-344112
2025-Dividend-344142

OCC's written determination of no objection before the proposed Bank engages in any significant deviation or change from its business plan or operations. For the avoidance of doubt, a significant deviation includes changes to the proposed Bank's risk and operating limits, as detailed in its business plan. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to the proposed Bank's notice. This condition will remain in effect during the Bank's first three years of operations as a national bank.

4. The Bank must obtain a written determination of no objection from the OCC before the Bank offers, markets, issues, or otherwise makes available Global Dollar (USDG) within the "Multi-Jurisdictional Stablecoin Issuance Platform" (or any substantially similar product). The OCC may impose additional conditions it deems appropriate in a written determination of no objection to the Bank's notice.
5. The Bank must complete its dividend pursuant to its distribution plan as soon as practicable. The Bank must obtain the OCC's written determination of no objection before deviating from this approved plan.²⁶
6. The Bank must maintain at least \$15 million in tier 1 capital of which and must hold the greater of at least 50 percent of its tier 1 capital or \$7.5 million in Eligible Liquid Assets.²⁷ The Bank must assess the appropriateness of its level of capital and liquidity on a quarterly basis and hold such higher amounts of capital and liquidity as it determines necessary to support the bank's risk profile, business strategies, and future growth prospects, and to provide a cushion against unexpected losses. This condition will remain in effect during the Bank's first three years of operations as a national bank.
7. The Bank must maintain 180 days of operating expenses²⁸ in Eligible Liquid Assets. This

²⁶ To the extent that assets subject to the distribution plan are non-conforming assets, the Bank must dispose of them as soon as possible, and in any event no later than 2 months after conversion.

²⁷ The term "Eligible Liquid Assets" means only Liquid Assets that exceed the aggregate amount of all deposits, borrowed funds, and other liabilities on the Bank's balance sheet that reflect an obligation to repay funds to any party. The term Eligible Liquid Assets shall not include any assets that are pledged in any manner, nor any assets that are not free and kept free from any lien, encumbrance, charge, right of set off, credit or preference in connection with any claim against the Bank. The term "Liquid Assets" means: (i) unencumbered cash; (ii) deposits at insured depository institutions with a maturity of 90 days or less; (iii) United States government obligations maturing within 90 days or less; and (iv) such other assets as to which the Bank has obtained a written nonobjection from the OCC. The term Eligible Liquid Assets shall not include any obligation of any affiliate.

²⁸ The minimum 180 days operating expenses must include all fixed and variable operating expenses that would apply in a distressed, wind-down scenario and need not include expenses

Mr. Mark Chorazak
2025-Conversion-342828
2025-Waiver-344112
2025-Dividend-344142

amount must not be double counted with the Eligible Liquid Assets held to comply with the foregoing condition. This condition will remain in effect during the Bank's first three-years of operations as a national bank.

8. Prior to January 1, 2026, the Bank must set aside \$7.25 million to invest in its compliance programs during 2026. In addition, prior to January 1, 2027, the Bank must set aside \$8.5 million to invest in its compliance programs during 2027. The Bank must use these funds to remediate the issues described in the Consent Order issued by the New York Department of Financial Services dated August 7, 2025.
9. Prior to the appointment of any individual to the position of "senior executive officer," as defined in 12 CFR 5.51(c)(4) or the appointment of any individual to the board of directors, the proposed Bank shall submit to the OCC the information described in the "Changes in Directors and Senior Executive Officers" booklet of the Comptroller's Licensing Manual, and receive a letter of no objection from the OCC. For purposes of this condition, "senior executive officer" includes the Chief Compliance Officer, the Bank Secrecy Act Officer, the Chief Technology Officer, the Chief Information Security Officer, the Chief Trust Officer, and any fiduciary officers or employees designated for that purpose. This information is required by the authority of 12 USC 1818(b) and 12 CFR 5.24(e)(2) and does not require the OCC to review or act on any such information within ninety (90) days. This condition will remain in effect during the Bank's first three years of operations as a national bank.

The conditions of this approval are conditions "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

In addition, the following conversion requirements must be met:

1. The Bank must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy.
2. The board of directors must adopt policies, practices, and procedures to ensure the safe and sound operation of the bank. The board also must review those policies, practices, and procedures continually and ensure the bank's compliance with them.
3. Bank must apply for stock in a Federal Reserve Bank in accordance with 12 USC 222.²⁹
4. The converting institution must ensure that all other required regulatory approvals have been obtained.

that would apply only in a normal operating scenario, such as expenses related to research and development.

²⁹ See also 12 CFR 209.2.

Mr. Mark Chorazak
2025-Conversion-342828
2025-Waiver-344112
2025-Dividend-344142

5. The directors must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.

Upon conversion to a national banking association, submit the enclosed Conversion Completion Certificate certifying that you have done so. When the Bank has satisfactorily completed all of the above steps and has satisfied any conditions imposed by the OCC, the OCC will issue a Conversion Completion Acknowledgement officially authorizing the Bank to commence business as a national trust bank. Shortly after conversion, you will receive a charter certificate.

If the conversion is not consummated within six months from the date of this decision, the approval will automatically terminate unless the OCC grants an extension. The OCC does not grant extensions of the approval period, except under extenuating circumstances, and expects the conversion to occur as soon as possible after approval.

Conclusion

This conditional approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable laws and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

The OCC's approval is based on PTC's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend, or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains.

Sincerely,

//signed//

Stephen A. Lybarger
Senior Deputy Comptroller
Chartering, Organization
and Structure