



**Interpretive Letter #1186**  
**November 2025**

November 18, 2025

**Subject:** Authority of National Banks to Hold Crypto-Assets as Principal and Pay Crypto-Asset Network Fees as Incidental to a Permissible Banking Activity

Dear [ ],

This responds to your letter requesting that the Office of the Comptroller of the Currency (the “OCC”) confirms that [ ] (the “Bank”) may, as an activity incidental to the business of banking, pay network fees on blockchain networks to facilitate otherwise permissible activities and hold, as principal, amounts of crypto-assets on balance sheet necessary to pay network fees for which the bank anticipates a reasonably foreseeable need. We confirm that the proposed activities, as described and qualified by the Bank, are permissible.<sup>1</sup> Similarly, we confirm that the Bank may hold amounts of crypto-assets as principal necessary for testing otherwise permissible crypto-asset-related platforms, whether internally developed or acquired from a third party.

**I. Background**

**A. Transaction Fees on Distributed Ledger Technology Networks**

Distributed ledger technology (“DLT”) networks, such as blockchains, are a shared electronic database where copies of the same information are stored on multiple computers. Individual participants on a DLT network, typically known as “nodes,” run the network’s code and, while the specifics of each DLT differ, nodes typically validate transactions, store transaction history, and broadcast data to other nodes.<sup>2</sup> Certain DLT networks generally require

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<sup>1</sup> This letter responds to the facts of the request submitted and does not address whether this activity or any other activity related to holding crypto-assets as principal would be considered *part of* the business of banking.

<sup>2</sup> In the case of proof-of-work systems, like the Bitcoin blockchain, validation is effected by “mining,” which is, broadly speaking, solving complex mathematical computations. The “miner” who first successfully solves the computation is awarded a crypto-asset fee. In the case of proof-of-stake systems, like the Ethereum network, users of the network “stake,” or lock up,

users to pay a transaction fee to incentivize nodes to validate transactions (including deploying smart contracts) and add them to the blockchain (a “network fee”).<sup>3</sup> These network fees are typically comprised of some base fee plus a “tip” to incentivize validators to validate the user’s transaction ahead of other users. Network fees are also typically dynamically calculated based in part on current demand for validation on the DLT network.

Certain DLT networks allow more than one distinct crypto-asset to operate on the network; however, network fees for any transaction on that network may be denominated and payable only in the primary native crypto-asset of the DLT network. For example, the Ethereum network supports crypto-assets that utilize the Ethereum network’s token standards (*e.g.*, ERC-20) but requires each transaction to be accompanied by a network fee denominated in ETH, the native crypto-asset of the Ethereum network. A user may have an amount of crypto-assets or be party to a smart contract that operates on the Ethereum network but would be unable to conduct a transaction in that crypto-asset or through that smart contract absent the ability to pay ETH. Such a user would have to either maintain a separate ETH account, conduct a spot transaction on a crypto-asset exchange to obtain ETH prior to the transaction, engage with a third-party network fee-provider, or obtain ETH by some other method. This process can add costs and significant risks, including those related to operational complexity, asset price changes,<sup>4</sup> and delayed transactions.

Certain third parties provide the service of paying the network fees associated with a user’s crypto-asset transactions in return for payment denominated in currency or a separate crypto-asset. Additionally, where a user relies on the services of an agent to engage in crypto-asset-related activities, there may be certain instances where the agent seeks to pay the network fees, either as a courtesy to its customer or because the fees cannot be covered by the user’s current holding of crypto-assets, for example.<sup>5</sup> In such circumstances, the third party directly takes on the risks related to holding the native crypto-asset, in addition to the risks related to paying network fees.

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certain amounts of the native crypto-asset of the DLT network in hopes of being pseudo-randomly selected to validate transactions and be awarded a crypto-asset fee.

<sup>3</sup> These network fees are sometimes referred to as “gas fees.” Network fees also help protect a DLT network against attempts to maliciously flood the network with excess data in a denial-of-service type of attack, as each attempt to engage with the DLT network incurs a fee.

<sup>4</sup> For example, since network fees are typically dynamic, users acquiring the native crypto-asset to pay the network fee may find that they have not acquired a sufficient amount of the native crypto-asset should network fee prices increase, or that they are exposed to excess holdings of the native crypto-asset should those prices decrease.

<sup>5</sup> There may also be transactions that the agent is required by law or contract to undertake, such as disposing of foreclosed crypto-assets, liquidating an estate, or transferring crypto-assets in response to court orders or sanctions.

## **B. Testing**

A bank designing or acquiring from a third party a crypto-asset platform, such as for providing crypto-asset custody services, will typically test the platform prior to opening the platform to customers. Such testing may include confirming the bank's ability to effectuate account transfers (*e.g.*, from the customer's wallet to the bank's custodial wallet, and, in some cases, to the bank's subcustodian's wallet), trade execution and settlement, and recordkeeping, as well as to test the effectiveness of the bank's controls, safeguards, and ability to comply with laws and regulations.<sup>6</sup> Absent the ability to hold some amount of the relevant crypto-assets for which the bank seeks to provide services, the bank would be required to contract for the services of a third party to provide crypto-assets for the bank to test its platform. This could introduce risks (*e.g.*, operational) that could disincentivize thorough and ongoing testing.

## **C. The Bank's Proposed Activities**

The Bank represents that it intends to engage in certain crypto-asset activities that the OCC has previously determined to be permissible for national banks under 12 U.S.C. 24(Seventh) as part of the business of banking or incidental thereto,<sup>7</sup> or which are explicitly allowed under the Guiding and Establishing National Innovation for U.S. Stablecoins Act.<sup>8</sup> These activities will likely incur network fees that the Bank or its operating subsidiary would either be required to pay (*e.g.*, where the Bank is acting as principal or is otherwise required by law to transfer crypto-assets) or may seek to pay in its capacity as a service provider to a

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<sup>6</sup> See, *e.g.*, IL 1170; OCC Bulletin 2017-43, "New, Modified, or Expanded Bank Products and Services: Risk Management Principles" (Oct. 20, 2017); OCC, Comptroller's Handbooks, "Custody Services" (Jan. 2002) and "Internal Control" (Jan. 2001).

<sup>7</sup> See, *e.g.*, OCC, *Interpretive Letter No. 1170* (July 20, 2020) ("IL 1170") (affirming that banks may provide crypto-asset custody services, which may include services such as facilitating the customer's cryptocurrency and fiat currency exchange transactions, transaction settlement, trade execution, recordkeeping, valuation, tax services, reporting, or other appropriate services); *Interpretive Letter No. 1172* (Sept. 21, 2020) (affirming that banks may hold dollar deposits as reserves backing stablecoins in certain circumstances); *Interpretive Letter No. 1174* (Jan. 4, 2021) ("IL 1174") (affirming that banks may act as nodes on a DLT network to verify customer payments and engage in certain stablecoin activities to facilitate payment transactions on a DLT network); and *Interpretive Letter No. 1184* (May 7, 2025) ("IL 1184") (affirming that banks may buy and sell assets held in custody at the custody customer's direction and may outsource bank-permissible crypto-asset activities, including custody and execution services to third parties, subject to appropriate third-party risk management practices).

<sup>8</sup> Pub. L. 119-27, 139 Stat. 419 (2025) (the "GENIUS Act"). A national bank may purchase and sell certain stablecoins as principal to facilitate payment activities, which would include transactions in "payment stablecoins" as defined in Sec. 2(22) of the GENIUS Act. See IL 1174. See also GENIUS Act at Sec. 16(a) ("RULE OF CONSTRUCTION.—Nothing in this Act may be construed to limit the authority of a . . . national bank . . . to engage in activities permissible pursuant to applicable State and Federal law . . .").

customer for a permissible activity, either as an agent (*e.g.*, using client assets held in custody at the Bank pursuant to the terms of a custody agreement)<sup>9</sup> or as principal (*e.g.*, as a convenience to custody customers).

The Bank further represents that it will perform a risk and compliance assessment designed to ensure that (i) the manner in which it conducts the proposed activities is consistent with sound risk management practices and aligned with the Bank’s overall business plans and strategies and (ii) the Bank will be able to conduct the proposed activities in a safe and sound manner as mandated by law and consistent with OCC regulations and guidance for crypto-asset-related activities. Specifically, the Bank represents that its risk and compliance assessment will include the following factors: technical design and technology risk, operational risk, cybersecurity risk, liquidity risk, illicit finance risk, and legal and regulatory risk. The Bank further represents that it will maintain procedures related to: risk measurement and management, cryptographic controls, operational controls, illicit finance controls, standard operating procedures, and third-party oversight. Those procedures include that the total amount of crypto-assets held at any given time would be kept *de minimis* relative to the Bank’s capital and that the Bank will only hold an amount of crypto-assets necessary to pay network fees for transactions for which the Bank anticipates a reasonably foreseeable need.

## **II. Discussion**

### ***A. Activities Incidental to the Business of Banking: Network Fees***

Twelve U.S.C. 24(Seventh) provides that national banks have the power “[t]o exercise . . . all such incidental powers as shall be necessary to carry on the business of banking . . .” Under 12 C.F.R. 7.1000(d)(1), “[a]n activity is authorized for a national bank as incidental to the business of banking if it is convenient or useful to an activity that is specifically authorized for national banks or to an activity that is otherwise part of the business of banking.” In making this determination, the OCC considers the following factors:

- (i) Whether the activity facilitates the production or delivery of a bank’s products or services, enhances the bank’s ability to sell or market its products or services, or improves the effectiveness or efficiency of the bank’s operations, in light of risks presented, innovations, strategies, techniques and new technologies for producing and delivering financial products and services; and
- (ii) Whether the activity enables the bank to use capacity acquired for its banking operations or otherwise avoid economic loss or waste.<sup>10</sup>

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<sup>9</sup> The payment of network fees in an agent capacity is a permissible activity for national banks (to the extent not prohibited by applicable law) and is not otherwise addressed in this letter. *See* IL 1170 and IL 1184.

<sup>10</sup> 12 C.F.R. 7.1000(d)(1)(i)-(ii).

The determination of whether an activity is part of, or incidental to, the business of banking is technology-neutral<sup>11</sup> and is fact-specific.<sup>12</sup> Because operating subsidiaries may engage in activities that are permissible for a national bank, the permissibility analysis detailed below applies equally to the national bank and its operating subsidiaries.<sup>13</sup>

*1. Convenient and Useful—Facilitates Production or Delivery, Enhances Ability to Sell or Market, and Improves Effectiveness and Efficiency*

As a general matter, paying network fees on DLT networks to facilitate any otherwise permissible activity facilitates a bank's production or delivery of products or services, enhances its ability to sell or market its products or services, and improves the effectiveness or efficiency of its operations. This is because a bank may not in certain circumstances be practically able to engage in those otherwise permissible activities absent the ability to pay the network fee.<sup>14</sup> Although these network fees may be paid by third parties, there are also circumstances where holding, as principal, an amount of crypto-assets on balance sheet that is necessary to pay network fees for which the bank anticipates a reasonably foreseeable need directly to facilitate otherwise permissible activities also meets these standards.

For example, in the context of providing custody services for a customer's crypto-assets, the customer typically transfers crypto-assets from their personal wallet to the custodian bank's custodial wallet, and the custodian bank may also initiate one or more additional transfers between additional internal wallets (*e.g.*, to settle customer-directed transactions or to reconcile its holdings on the blockchain with its books and records) or to a sub-custodian's wallet. As a convenience to its customers, a national bank may wish to cover any network fees associated with these transfers as a gratuity, as built into its general-purpose service fees, or at cost. Additionally, a customer may request a national bank execute a transaction in a particular crypto-asset, as part of the national bank's permissible custody business, but lack a sufficient holding of, or have a desire to retain liquidity in, the native crypto-asset that limits the customer's ability to

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<sup>11</sup> See *Independent Ins. Agents of America, Inc. v. Hawke*, 211 F.3d 638, 640 (D.C. Cir. 2000) ("Whether a particular banking device's nomenclature harkens to traditional banking activities is not dispositive. Instead, the powers of national banks must be construed so as to permit the use of new ways of conducting the very old business of banking." (*quotation marks omitted*)). See also 12 C.F.R. 7.5002(a) ("A national bank may perform, provide, or deliver through electronic means and facilities any activity, function, product, or service that it is otherwise authorized to perform, provide, or deliver . . .").

<sup>12</sup> 12 C.F.R. 7.1000(d)(2) ("The weight accorded each factor set out in paragraph (d)(1) of this section depends on the facts and circumstances of each case.").

<sup>13</sup> See 12 C.F.R. 5.34(e)(1)(i).

<sup>14</sup> See *JPMorgan Chase Bank, N.A. v. Johnson*, 719 F.3d 1010, 1018 (8th Cir. 2013) (permitting a national bank to conduct statutory foreclosures under Arkansas law as "[t]he power to engage in real estate lending would be rendered a nullity if national banks could not also foreclose when the borrower defaulted." (*quotation marks omitted*)).

pay the associated network fees. A bank's ability to provide its customers access to the native crypto-asset to pay network fees without resorting to a third party can facilitate the delivery and improve the efficiency of the bank's custody business and enhances its ability to meet its customers' custody needs (including by allowing the customer to reduce the time delays and risks associated with personally acquiring the necessary crypto-assets on a third-party exchange).<sup>15</sup>

The proposed activities must also be looked at "in light of innovations, strategies, techniques and new technologies."<sup>16</sup> There are certain long-established bank practices relating to payments that have parallels to the holding of crypto assets as principal in order to pay network fees. For example, a core power of national banks is "discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt . . . [and] buying and selling exchange, coin, and bullion."<sup>17</sup> In the early days of the country's banking system, for example, banks acquired, as principal, bank notes issued by other banks in order to facilitate customers' business dealings or travel across states<sup>18</sup> and national banks have long provided products such as travelers' checks and letters of credit to facilitate the same.<sup>19</sup> Similarly, banks have long held as principal stores of foreign exchange to facilitate customers' foreign business dealings and

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<sup>15</sup> See *Clement Nat. Bank v. State of Vt.*, 231 U.S. 120 (Nov. 10, 1913) (allowing national banks to pay state taxes on depositors' accounts from their customers' account balances in part justified by the benefit to each customer in not having to separately calculate the tax and submit an individual tax return, which would "would remove unnecessary obstacles to the successful prosecution of [the bank's] business."). See also OCC, *Interpretive Letter No. 812* ("Customer convenience is one of the most important elements involved in competition among financial institutions," citing *Oklahoma v. Bank of Oklahoma*, 409 F.Supp. 71, 88 (N.D. Oklahoma 1975)); *Interpretive Letter No. 1073* (Oct. 16, 2006) (noting approvingly that "[i]n addition, the [b]ank believes that by offering customers a broader range of risk management products that more effectively address their individual risk management needs, the [b]ank will have the ability to attract a broader customer base.").

<sup>16</sup> 12 C.F.R. 7.1000(d)(1)(i).

<sup>17</sup> 12 U.S.C. 24(Seventh).

<sup>18</sup> See generally, OCC, "A Short History" (2011), available at: <https://www.govinfo.gov/content/pkg/GOVPUB-T12-PURL-gpo105792/pdf/GOVPUB-T12-PURL-gpo105792.pdf>. National banks co-existed with the circulation of state bank notes for a short time, during which they similarly facilitated such activities. With national bank notes coming to displace state bank notes after 1866 (see generally *Veazie Bank v. Fenno*, 75 U.S. 533 (1869) (upholding a federal tax on state bank-issued notes that primarily motivated this displacement)), national banks played a similar facilitation role regarding national bank notes issued by other national banks.

<sup>19</sup> See *Arnold Tours, Inc. v. Camp*, 472 F.2d 427, 438 (1st Cir. 1972).

travel, and have been held to be able to provide various incidental services to such customers.<sup>20</sup> These activities point to the central and historical role of national banks in directly and indirectly intermediating non-U.S. dollar-denominated transactions, which are increasingly becoming intertwined with crypto-asset transactions.<sup>21</sup>

Courts have noted that “the National Bank Act did not freeze the practices of national banks in their nineteenth century forms.”<sup>22</sup> Although DLT networks have novel features, these features nonetheless “permit the use of new ways of conducting the very old business of banking”:<sup>23</sup>

Established payment systems typically use a trusted, centralized entity to validate payments. Serving as nodes on [a distributed ledger] is a new means of transmitting payment instructions and validating payments. Rather than utilizing a centralized entity, nodes on the shared network validate the transfers.”<sup>24</sup>

When considering the decentralized nature of DLT networks, holding crypto-assets as principal in order to pay network fees has features similar to various activities related to traditional payments systems. In such systems, banks typically need to invest some capital expenditure into building, joining, or maintaining the network, which may entail holding stock in the network or otherwise exposing the bank to the liabilities of the system. National banks have long been permitted to invest and hold ownership in these payments systems, even in cases in which the bank is exposed to liability for operational losses of the system.<sup>25</sup> In a decentralized

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<sup>20</sup> See *id.* at 433 (“There are, of course, instances in which banks have, as a convenience to their regular customers, and without additional compensation, obtained railroad, steamship or airline tickets for such customers, or provided information helpful to such customers in connection with their travels.”).

<sup>21</sup> See Raphael Auer, Ulf Lewrick, and Jan Paulick, Bank for International Settlements, *BIS Working Papers No 1265: DeFying gravity? An empirical analysis of cross-border Bitcoin, Ether and stablecoin flows* (May 2025) (finding that Bitcoin, Ether, Tether, and USD Coin accounted for over \$600 billion in cross-border flows in the fourth quarter of 2024 alone and noting that “[o]ur analysis points to cryptoassets . . . being used as a transactional medium.”).

<sup>22</sup> *M & M Leasing Corp. v. Seattle First Nat. Bank*, 563 F.2d 1377, 1382 (9th Cir. 1977), *cert. denied*, 436 U.S. 956 (1978).

<sup>23</sup> *Id.*

<sup>24</sup> IL 1174 at 5-6.

<sup>25</sup> See, e.g., OCC, *Interpretive Letter No. 1140* (Jan. 13, 2014) (permitting a bank through its London branch to become a direct member of a Hong Kong-law governed real-time gross settlement payment system for Chinese RMB where the bank would have open-ended liability for certain operational losses of the system); *Interpretive Letter No. 1157* (Nov. 12, 2017) (permitting a bank to become a funding participant in a real-time, gross, small-dollar payment system); *Interpretive Letter No. 1075* (Nov. 14, 2006) (noting the permissibility of a bank

network, there is no single, centralized authority to whom payments can be made to ensure operation and maintenance of the system or in which stock can be owned. Rather, it is the payment of network fees that permits active participation in the system, with the on-balance sheet holdings of the network's native crypto-asset needed to achieve this participation resembling in some senses stock ownership in traditional payments systems. The similarity of such features is especially salient since, in certain DLT networks, the native crypto-asset provides the holder some governance rights in the network. Furthermore, unlike liability for operational losses, default funds, or other mutualized loss features of traditional payments systems, a bank's liability in participating in a DLT network would be much more limited.

Additionally, national banks may permissibly hold certain assets as principal as a convenience to customers. For example, national banks may, as principal, borrow from custody customers securities that are ineligible for the bank to purchase for its own account for purposes of lending those securities to third parties to whose credit risk the customer does not wish to be directly exposed.<sup>26</sup> The permissibility of this activity in part stems from its responsiveness to customer needs where the customer would otherwise be unable to earn income on certain securities but for exposing themselves directly to the credit risk of those borrowers available in the marketplace.<sup>27</sup> National banks may also acquire and hold limited interests in private investment funds for which they serve as investment managers, including funds that invest in assets in which a national bank is not permitted to directly invest.<sup>28</sup> These limited interests are convenient and useful to banks in conducting an investment management business in part because of customer demand for manager compensation schemes that align banks' interests to those of investors, to provide a tax efficient means of allowing bank-managers to receive performance-based compensation, and because such limited interests are not passive or speculative investments on the banks' part. As national banks may be well positioned to acquire crypto-assets necessary to pay network fees associated with customer transaction (*e.g.*, through operational capacity, economies of scale, cybersecurity, etc.), it is reasonable to assume that

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holding ownership shares in a private payment network where necessary to participate in the network, and permitting the bank to receive and hold certain shares following the payment company's initial public offering); *Interpretive Letter No. 929* (Feb. 11, 2002) (permitting a bank, through its London branch, to become a member of a clearinghouse that provides multilateral clearing, settlement, and payment netting services for OTC interest derivative contracts through the bank purchasing stock and contributing to a default fund). These and other precedents were codified in 12 C.F.R. 7.1025 (85 FR 83729 (Dec. 22, 2020)).

<sup>26</sup> See OCC, *Interpretive Letter No. 1026* (Apr. 27, 2005).

<sup>27</sup> *Id.* at 7 ("The availability of conduit lending services will provide customers greater opportunities to increase their yields, as well as convenience and flexibility in their securities lending business.").

<sup>28</sup> See, *e.g.*, OCC, *Interpretive Letter No. 640* (May 24, 2002).



customer demand may favor a bank paying or providing for at least some amount of these fees.<sup>29</sup> As in the investment funds interest case, holding crypto-assets as principal may be the most efficient means for a bank to meet this demand, may provide tax efficient facilitation of customer crypto-asset transactions, and may prove ill fit as a speculative investment given its purposes of facilitating otherwise permissible transactions.<sup>30</sup>

As noted, 12 C.F.R. 7.1000(d)(1)(i) requires incidental activities be analyzed “in light of risks presented . . . .” The Bank has represented that it will employ risk measurements, controls, and management techniques to address the risks presented, including operational, market, liquidity, and compliance risks.

## 2. *Convenient and Useful—Use of Capacity and Avoidance of Waste*

Regarding the second prong of 12 C.F.R. 7.1000(d)(1)—whether the activity enables the bank to use capacity acquired for its banking operations or otherwise avoid economic loss or waste—the business of crypto-asset custody includes the buying and selling of crypto-assets for customers.<sup>31</sup> Similarly, national banks “may buy, sell, and issue stablecoin to facilitate payments.”<sup>32</sup> To the extent that a bank already has in place the operational capacity to provide for the purchase, sale, and holding of crypto-assets in the custody, stablecoin, or other permissible activity context, little additional operational requirements should be needed to acquire, hold, and pay crypto-assets associated with network fees. Requiring a bank to contract with a third-party network fee provider would necessarily result in costs that could otherwise be avoided by not relying on an intermediary.

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<sup>29</sup> See also OCC, *Interpretive Letter No. 812* (Dec. 29, 1997) (“OCC precedent has also established that the provision of certain products and services is permissible as incidental to the business of banking when needed to successfully package or promote other banking services.”).

<sup>30</sup> There are, of course, limits to this line of reasoning. For example, while national banks may buy and sell limited amounts of industrial and commercial metal through commodity reverse repurchase agreements to finance customer inventory, the OCC has cautioned that such activity could easily stray into impermissible dealing or investing activity, especially where the bank assumes the metal’s price risk and can benefit from spot market price appreciation. See *Industrial and Commercial Metals*, 81 FR 96353, 96355, 96358 (Dec. 30, 2016); 12 C.F.R. 7.1022(c) (“Buying and selling industrial or commercial metal for the purpose of dealing or investing in that metal is not part of or incidental to the business of banking pursuant to section 24(Seventh). Accordingly, national banks may not acquire industrial or commercial metal for purposes of dealing or investing.”). See also, e.g., OCC, *Interpretive Letter No. 632*, Fed. Banking L. Rep. P 83,516, 1993 WL 639335, \*5 (June 30, 1993) (“The OCC wishes to emphasize that . . . a national bank may not use physical hedging transactions as a means to speculate in commodity price movements.”).

<sup>31</sup> IL 1184 at 1.

<sup>32</sup> IL 1170 at 7.

Furthermore, national banks have broad authority to “validate, store, and record payments transactions by serving as a node on a [distributed ledger] and use [distributed ledgers] and related stablecoins to carry out other bank-permissible payment activities, consistent with applicable law and safe and sound banking practices.”<sup>33</sup>

The primary function of nodes, like payments rails, is to validate and settle transactions, with the implicit understanding that such service is done in return for a fee. It follows that if serving as a node is permissible, accepting the crypto-asset network fee paid to a node to validate a transaction is similarly permissible since the two are inextricable. Since banks may serve as nodes on distributed ledgers as principal, they may be reasonably expected to receive some amount of crypto-assets as network fees and hold them on balance sheet for some period of time. Absent such holdings, a bank may be practically barred from engaging in what is otherwise a legally permissible activity.<sup>34</sup>

This extends as well to holding crypto-assets as principal for the purpose of *paying* network fees. Since banks may engage in crypto-asset activities that the OCC has previously determined to be permissible for national banks under 12 U.S.C. 24(Seventh), they may reasonably be expected to hold crypto-assets necessary to pay network fees associated with those permissible activities.<sup>35</sup>

Permitting the Bank to engage in the proposed activities enables it merely to expand this pre-existing permissible activity without having to expend resources or expose itself to operational and counterparty risks associated with acquiring the necessary crypto-assets from a third party.

#### ***B. Activities Incidental to the Business of Banking: Testing***

For similar reasons, the Bank may also hold amounts of crypto-assets as principal necessary for testing otherwise permissible crypto-asset-related platforms, whether internally developed or acquired from a third party. Permitting a bank to test transactions, controls, compliance capabilities, and other functions on such a platform facilitates the activity as it is necessary for its safe and sound operation. Requiring a bank to have a third party provide crypto-assets to the bank for testing may increase costs, expose the bank to heightened operational and counterparty risks, and may limit in practice the likelihood that the bank tests its systems thoroughly. The inability to effectively test an internally developed crypto-asset platform may significantly undermine, and potentially render a nullity, the ability of banks to

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<sup>33</sup> IL 1174 at 9.

<sup>34</sup> See the discussion of *JPMorgan Chase Bank, N.A. v. Johnson*, *supra* note 14.

<sup>35</sup> National banks may also hold some amount of crypto-assets as principal for other permissible purposes, such as foreclosing on crypto-assets used as collateral for a loan or physically hedging a customer-driven derivative on a crypto-asset in conformity with 12 C.F.R. § 7.1030.

effectuate their authority to produce software that performs services or functions that the bank could perform directly.<sup>36</sup>

### **III. Conclusion**

Based on the foregoing facts, representations, and analysis, the Bank's proposal to pay network fees to facilitate otherwise permissible crypto-asset activities and to hold, as principal, amounts of crypto-assets on balance sheet necessary to pay network fees for which the bank anticipates a reasonably foreseeable need is permissible for the Bank. Similarly, the Bank may hold amounts of crypto-assets as principal necessary for testing otherwise permissible crypto-asset-related platforms, whether internally developed or acquired from a third party.<sup>37</sup>

Sincerely,

/s/

Adam J. Cohen  
Senior Deputy Comptroller and Chief Counsel

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<sup>36</sup> See 12 C.F.R. 7.5006(c) ("A national bank may produce, market, or sell software that performs services or functions that the bank could perform directly, as part of the business of banking.").

<sup>37</sup> The OCC will examine the activities described in this letter as part of its ongoing supervisory process. See OCC, *Interpretive Letter No. 1183* (Mar. 7, 2025).