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Crypto Policy Tracker

Federal Reserve Ends Novel Activities Program and Industry Groups Press on GENIUS Act

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Congress is on recess, leaving regulatory agencies and industry groups to drive this week's developments in digital asset policy.

The Federal Reserve announced a sunset of its Novel Activities Supervision Program, folding oversight of banks' crypto and fintech activities back into the standard supervisory process. Meanwhile, industry voices weighed in on data access and stablecoin issues. A coalition of CEOs urged the President to prohibit banks from imposing account access fees. At the same time, state regulators, consumer groups and trade associations called on Congress to strike Section 16(d) of the newly enacted GENIUS Act. Separately, bank lobbying groups pressed lawmakers to close a perceived loophole in the Act's prohibition on stablecoin issuers paying interest.

Regulatory Agency Updates

Federal Reserve Board Sunsets Novel Activities Supervision Program

- On August 15, the Federal Reserve Board announced that it will immediately "sunset its novel activities supervision program and return to monitoring banks' novel activities through the normal supervisory process." The Board stated that "since it started its program to supervise certain crypto and fintech activities in banks, the Board has strengthened its understanding of those activities" and "is integrating that knowledge back into the standard supervisory process." The Board formally rescinded its 2023 supervisory letter (SR 23-7) creating the program.

Industry Group Updates

CEOs Urge President to Prevent Bank Data Access Fees

- On August 13, more than 80 fintech and crypto CEOs sent a letter to President Donald Trump urging him to block banks from imposing fees on customer account data access, warning that such charges would harm innovation, digital wallets and crypto platforms. The issue arises from the CFPB's evolving approach to Dodd-Frank Section 1033, which was finalized under former CFPB Director Rohit Chopra in 2024, rescinded by the new Administration after bank opposition and now slated for a rewrite on an accelerated timeline. Banks, meanwhile, argue that unrestricted, no-fee access increases security risks and imposes significant infrastructure and compliance costs.

Coalition of Groups Calls for Changes to GENIUS Act

- On August 13, a coalition of state financial regulators, state legislators, consumer advocacy groups and banking industry trade associations urged Congress to use the upcoming market structure legislation to strike Section 16(d) of the recently enacted GENIUS Act. The letter states that Section 16(d) allows any state-chartered uninsured depository institution with a stablecoin subsidiary to perform traditional (i.e., not solely related to payment stablecoins) money transmission and custody activities nationwide through that subsidiary, thereby bypassing host state licensing and allowing substantially less state oversight.

Banking Groups Warn on Stablecoin Interest Payments

- On August 12, several bank trade associations sent a letter to Congress stating that the GENIUS Act prohibits stablecoin issuers from offering interest, yield or other financial and nonfinancial rewards to holders of stablecoins. However, the groups cautioned that without an explicit prohibition extending further, those requirements could be “evaded and undermined” by allowing payment of interest indirectly to holders. Crypto industry participants, in contrast, argue that such features are “rewards” that enhance consumer choice and utility.

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