



# CRYPTO B R I E F



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**Lowenstein Crypto** advises leading digital asset and cryptocurrency projects, exchanges, and trading firms. Our practice covers regulatory advice, transactions and structuring advice, investigations, and adversarial matters including commercial disputes, bankruptcy, and related litigation. As these markets continue their rapid growth and market participants continue to evolve and mature their businesses, we are providing this weekly digest as a resource that highlights and summarizes a selection of key recent legal regulatory developments.

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## Federal Reserve Board Withdraws Guidance Related to Crypto Assets

On April 24, the Federal Reserve Board announced the withdrawal of guidance for banks relating to their crypto asset and stablecoin activities to align with its expectations of the evolving risks and to support crypto assets within the U.S. banking system. Specifically, the Federal Reserve Board rescinded the supervisory letter from August 16, 2022, establishing an expectation to provide advanced notification before engaging in crypto asset activities and the supervisory letter from August 8, 2023, regarding the supervisory nonobjection process for banks before engaging in stablecoin activities. As a result, member banks will not need to provide advanced notifications or obtain nonobjection approval before engaging in crypto asset and/or stablecoin related banking activities. As member banks explore opportunities and adopt innovation within the banking system following the rescission of these procedures, the Federal Reserve Board and the Federal Deposit Insurance Corporation will consider adding additional guidance when appropriate. *See the Federal Reserve Board's press release [here](#).*

## SEC Drops Investigation Into PayPal's Stablecoin

On April 29, PayPal publicly announced, in its 10-Q filing, that the Securities and Exchange Commission (SEC) dropped its enforcement action on PayPal's stablecoin. PayPal received a subpoena on the matter from the SEC in November 2023. The SEC's dropping its investigation of PayPal's stablecoin is part of an existing trend of the SEC's resetting its enforcement stance as it relates to digital assets. *See PayPal's 10-Q filing [here](#).*

## Kraken Announces a New Crypto Trading App Called Kraken Embed

On April 30, Kraken announced Kraken Embed, a new crypto-as-a-service that allows banks, fintech companies, and neobanks to offer cryptocurrency trading to their customers, with Kraken Embed offering the crypto trading infrastructure. Kraken Embed has already worked with bunq, a European neobank. Through Kraken Embed, bunq brought crypto trading to its client base within weeks. *See Kraken's announcement of Kraken Embed [here](#).*

## Mastercard Announces Support for Customers and Merchants To Send or Receive Stablecoins

On April 28, Mastercard Inc. announced that it has partnered with several digital asset exchanges and wallet providers to allow customers to use their digital asset wallets that hold stablecoins via

traditional cards at merchant locations. Regarding settlement of payments, Mastercard further stated that its partnerships with Circle and Nuvei will give merchants the option to receive stablecoins as payment regardless of how a customer pays. Additionally, Mastercard is partnering with OKX to offer customers the opportunity to open an “OKX Card” to provide easier access to funds. *See the press release [here](#).*

## UK Publishes Draft Crypto Asset Rules and Aims To Coordinate With U.S. Regulators

On April 29, the UK government issued a press release announcing that it has published draft legislation in connection with the regulation of crypto assets. The proposed laws aim to drive growth within the UK but also provide customer protection by bringing certain service providers within the regulatory perimeter of the Financial Conduct Authority. The Chancellor of the Exchequer, Rachel Reeves, also announced plans for the UK and the U.S. to collaborate and support the use and responsible growth of digital assets, with plans for further discussion during the next UK-U.S. Financial Regulatory Working Group. *See the full press release [here](#) and copies of the draft legislation [here](#).*

## Arizona Legislation Moves Forward in Approval of First State Crypto Reserve Fund

On April 28, the Arizona House of Representatives passed Senate Bill 1025, the crypto reserve bill 31-25. Arizona’s governor, Katie Hobbs (D), will have the opportunity to veto the bill, which would end efforts to bring a publicly funded crypto asset reserve fund to fruition. The bill’s companion legislation was also approved by the state legislature and would enable the state treasurer to use assets seized during criminal proceedings to fund, in part, a state-established reserve fund. *See the status of the bill [here](#).*

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