

LEGAL UPDATES

White House Establishes a U.S. Strategic Bitcoin Reserve and Digital Asset Stockpile: What It Is and What It Implies

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Overview

On March 6, President Trump issued an [Executive Order](#) establishing a Strategic Bitcoin Reserve capitalized by Government BTC and a U.S. Digital Asset Stockpile capitalized by other crypto assets. Creating the Strategic Bitcoin Reserve is the first time the United States has designated a cryptocurrency as a strategic national reserve asset. Other digital currencies, such as Ethereum, will be held in the Digital Asset Stockpile.

What This Executive Order Does

The Executive Order centralizes digital assets held by the Department of the Treasury across agencies. These digital stores primarily consist of Bitcoin (as held by the government – “Government BTC”) and other crypto assets (“Stockpile Assets” – collectively with Government BTC, the “Government Digital Assets”) that the government obtained previously, either through criminal or civil forfeiture proceedings or in satisfaction of a civil money penalty imposed by any agency, and that is not needed to satisfy other federal requirements. The order first instructs the Treasury Secretary to establish two offices within the Treasury Department:

- an office to administer and maintain control of custodial accounts collectively known as the Strategic Bitcoin Reserve, capitalized with Government BTC, and
- an office to administer and maintain control of custodial accounts collectively known as the United States Digital Asset Stockpile, capitalized with all Stockpile Assets.

Within 30 days of the order’s issuance, executive departments and agencies must submit to the secretary a full accounting of Government Digital Assets in each agency’s possession, as well as reports on their authority to transfer such assets into the Strategic Bitcoin Reserve and Digital Asset Stockpile. The Treasury Secretary is charged with reporting the legal and investment implications and recommending legislative changes required to operationalize this Order within 60 days of its signing.

Related People

Dale A. Werts

Partner

Kansas City

816.460.5828

dale.werts@lathropgpm.com

Lu Li

Associate

Minneapolis

612.632.3487

lu.li@lathropgpm.com

Alexandria Darden

Associate

Kansas City

816.460.5534

alexandria.darden@lathropgpm.com

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The order both limits and empowers the government's abilities to manage Government Digital Assets. It declares that assets in the Strategic Bitcoin Reserve "shall not be sold and shall be maintained" while the development of "stewardship strategies" for the Digital Asset Stockpile is encouraged; and any disposition of Government Digital Assets is subject to authorization by the Treasury Secretary. The Secretaries of Treasury and Commerce are tasked with proposing acquisition plans to increase Bitcoin holdings in reserves.

Essentially, this Executive Order lays the groundwork for treating cryptocurrencies as integral to government operations and financial policy. The government's endorsement legitimizes the asset class, leverages digital assets and promotes innovation, which will undoubtedly have effects on domestic and international transactions.

Financial Industry Implications

The Trump Administration is examining regulatory roadblocks to progress as part of its crypto-friendly agenda. The Executive Order represents a shift in U.S. financial policy toward defining and regulating cryptocurrency-related activities. Previously, financial institutions have been limited in performing crypto services. In 2022, for example, the Federal Deposit Insurance Corporation (FDIC) directed banks to cease crypto activities due to evolving rules. With the new order, the government gives banks a green light to build compliant, scalable crypto policy frameworks and services.

On March 7, the U.S. Office of the Comptroller of the Currency (OCC) issued [Interpretive Letter 1183](#). The OCC is part of the U.S. Treasury Department and supervises national banks and federal savings associations. Before publishing the letter, national banks were required to follow a supervisory non-objection process before engaging in certain activities involving digital assets. The letter rescinds that policy, permitting banks and federal savings associations to engage in "crypto-asset custody, distributed ledger, and stablecoin activities." Banks may hold crypto assets and cash deposits as reserves backing stablecoins, facilitate digital asset transactions, and verify customer payments with crypto assets. Treating cryptocurrency as a national reserve asset also opens the door to future use in cross-border banking operations and alternative reserve strategies.

On March 28, the FDIC removed a requirement for banks to seek prior approval and demonstrate that they have adequate controls in place before engaging in crypto-related activities. This action clears the way for banks to engage in such activities, with appropriate risk management. This move is part of a broader effort among regulators to revisit 2022 interagency guidance that imposed stricter oversight on digital asset involvement. The policy shift follows the Trump Administration's recent crypto summit, where officials advocated for reducing regulatory barriers to crypto-banking partnerships.

Despite these banking regulatory actions, banks are still expected to implement and maintain extensive compliance controls and strong risk management practices to mitigate the risks involved in managing digital assets. Financial institutions still will be required to navigate state-level and international regulations, where standards may be more stringent than federal requirements.

Other Implications

This Executive Order also encourages clearer tax reporting standards and policies for privately held digital assets. As a U.S. reserve asset, accounting and valuation standards for digital asset tax treatment will necessarily be updated, especially considering the unique and volatile nature of digital assets. Additionally, if the Treasury and Commerce Departments implement liquidation strategies for appreciating assets in the Digital Asset Stockpile, the government could generate tax revenue through capital gains on sales of forfeited portions of digital assets. Tax authorities will have to produce clear guidelines for ascertaining compliance and implementing effective approaches to enforcement for a variety of crypto assets.

Establishment of the Strategic Bitcoin Reserve and the Digital Asset Stockpile is another step on the path toward the ultimate acceptance and adoption of digital assets in the financial industry and among investors. Some steps on this path have been:



- Key Trump Administration appointments.
- An Executive Order on crypto rulemaking.
- Establishment of the President's Working Group on Digital Asset Markets.
- Formation of the Securities and Exchange Commission's Crypto Task Force and termination of notable crypto enforcement matters.
- Withdrawal of Commodities Futures Trading Commission staff advisories on digital assets derivatives.
- Broadly applicable Trump deregulation orders.
- At the urging of several major fund managers, 2024 SEC approval of Bitcoin Exchange-Traded Funds (ETFs), which opened the doors to "man on the street" investors by providing indirect access to Bitcoin and other digital assets through regulated, exchange-traded securities, rather than through personal wallets and keys.
- Other regulatory changes (beginning in 2023 and 2024) enhancing the utility and adoption of digital assets as an investment opportunity, both for institutions and individuals. People are increasingly including digital assets in their estate plans, and financial advisors are increasingly integrating digital assets into broader financial and estate planning strategies. Lenders are considering programs that would allow the use of Bitcoin as collateral, and at least one state is considering adding Bitcoin to its pension funds.

What Lies Ahead?

The continuing journey down the path of increased accessibility to and use of digital assets may be accelerated by the federal government's imprimatur of legitimacy, which in turn may help to smooth the volatility which has made many investors hesitant.

If you have questions about how this Executive Order may affect your business or compliance obligations, please contact [Dale Werts](#), [Lu Li](#), [Alexandria Darden](#) or your regular Lathrop GPM attorney for further guidance.