

## CLIENT ALERT

# U.S. Crypto Markets Into the New Year: SEC, DTCC and OCC Regulatory Developments

January 26, 2026

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The evolving U.S. digital asset regulatory landscape is continuing to support adoption of crypto-asset technologies and use cases. Aligned with the SEC and CFTC's actions that opened pathways for further adoption of crypto assets throughout the U.S. markets earlier in 2025<sup>1</sup>, the regulatory focus in the last quarter of 2025 expanded to support operationalizing trading crypto-asset securities through settlement via established clearing and settlement systems, facilitating the development and use of tokenized instruments, and streamlining opportunities for new initiatives across digital assets.<sup>2</sup>

<sup>1</sup> For more information on previous developments in crypto regulation, see Matthew Comstock et al., *Inside the Emerging U.S. Crypto Regulatory Framework: Recent Key Developments and Takeaways*, WILLKIE FARR & GALLAGHER LLP (Oct. 20, 2025), available [here](#). For IRS safe harbor guidance for investment trusts engaging in staking, see Roger Wise, *IRS Revenue Procedure 2025-31 Attempts to Put Stake Through Heart of Concerns about Staking by Digital Asset Exchange-Traded Products*, WILLKIE FARR & GALLAGHER LLP (Nov. 14, 2025), available [here](#).

<sup>2</sup> For more information on the recent CFTC developments, including the Digital Assets Pilot Program and tokenized collateral guidance, see Gabriel Acri et al, *CFTC Launches Digital Asset Collateral Pilot Program*, WILLKIE FARR & GALLAGHER LLP (Dec. 30, 2025), available [here](#).

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This alert outlines the most consequential developments at the SEC and OCC since October 2025 and what they mean for market participants in the year ahead. First, the alert will discuss the Depository Trust & Clearing Corporation's ("DTCC") groundbreaking tokenization program for securities currently settled by DTCC, including a recent SEC no-action letter authorizing a limited-scope, supervised production rollout for tokenization services, as well as DTCC's partnership to tokenize U.S. Treasuries. Then, we will provide an overview of SEC developments related to a broker-dealer's "possession" of crypto-asset securities<sup>3</sup>, updates to the SEC's Frequently Asked Questions ("FAQs") on distributed-ledger technology ("DLT"), and Commissioner Hester Peirce's request for information on national securities exchanges and alternative trading systems' ("ATS") rules for crypto trading. Finally, we will discuss OCC's approval for five nationally chartered banks to engage in transactions and provide custody services involving crypto assets, and outline recent proposed rulemaking. Taken together, these developments continue the trend of establishing a workable digital asset governance framework by regulators.

### DTCC Tokenization Developments

- SEC No-Action Letter: Tokenization of DTC-Custodied Assets. On December 11, 2025, the SEC issued a No-Action letter to DTCC's depository subsidiary, DTC, authorizing a three-year, controlled-production service to tokenize specified DTC-custodied assets on approved blockchains.<sup>4</sup> The initial scope includes U.S. Treasury bills, notes, bonds, select large-cap equities, and index-tracking ETFs. The tokenized representations will carry the same entitlements as their traditional forms. DTCC has indicated a phased rollout beginning in 2026: Year 1 will onboard a limited pilot cohort, running parallel processing and reconciliation; Year 2 will expand eligible assets/participants and conduct targeted interoperability pilots for collateral and settlement; and Year 3 will scale controlled production subject to predefined gates on controls, auditability, and legal-rights parity. Participants should expect formal onboarding, service-level and reporting requirements, change-management and key-management controls, and documented contingency procedures aligned with the no-action framework.
- DTCC – Digital Asset Partnership. On December 17, 2025, DTCC announced a partnership with Digital Asset Holdings and the Canton Network to mint a subset of DTC-custodied U.S. Treasury securities on Canton, as permitted by the aforementioned SEC No-Action Letter.<sup>5</sup> The partnership roadmap anticipates expansion to broader DTC-eligible assets as market demand develops.

### SEC's Division of Trading and Markets Developments

- Broker-Dealer Custody of Crypto Assets. The SEC staff provided guidance in 2025 that for the first time allows broker-dealers to maintain custody of crypto assets, including crypto asset securities. In its May 15, 2025 FAQs, the staff confirmed that

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<sup>3</sup> 17 CFR 240.15c3-3.

<sup>4</sup> U.S. Sec. & Exch. Comm'n, Div. of Trading & Mkts., No-Action Letter to The Depository Trust Company (Dec. 11, 2025), available [here](#).

<sup>5</sup> Depository Tr. & Clearing Corp., DTCC and Digital Asset Partner to Tokenize DTC-Custodied U.S. Treasury Securities (Dec. 17, 2025), available [here](#).

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- Rule 15c3-3 under the Securities Exchange Act of 1934 (the “Exchange Act”), which governs a broker-dealer’s custody of its customers’ and other broker-dealers’ securities, does not apply to crypto assets that are not securities.
- A broker-dealer may establish control of crypto asset securities, i.e., effectively custody crypto asset securities with a third party, by maintaining those securities at a qualifying control location, such as a bank, under paragraph (c) of Rule 15c3-3.<sup>6</sup>

On December 17, 2025, the SEC’s Division of Trading and Markets issued a staff statement setting out the conditions under which a broker-dealer may be deemed to have “physical possession” of a crypto asset security under the Customer Protection Rule, which allows a broker-dealer to directly custody customers’ or other broker-dealers’ securities, rather than custody those securities with a third party.<sup>7</sup> The statement identifies operational conditions under which staff would not object to a broker-dealer treating itself as in possession, including:

- maintaining direct on-chain access and transfer capability for the crypto asset security;
- conducting and documenting ongoing assessments of the relevant blockchain’s technology, governance, and security;
- refraining from custody when the firm is aware of material network or operational weaknesses;
- implementing key-management controls so that no third party (including customers or affiliates) can transfer the asset without the broker-dealer’s authorization; and
- planning for disruptions (e.g., chain malfunctions, 51% attacks, forks/airdrops), lawful freezes/seizures, and continuity in wind-down.

Overall, the statement provides a concrete, auditable path for broker-dealers to custody tokenized equity/debt and other crypto asset securities, as well as non-securities crypto assets, within the existing regulatory framework.

- *Other Important FAQs on Crypto Asset Activities and DLT*. The staff of the SEC Division of Trading and Markets issued other important FAQs, which it updated on December 17, 2025.<sup>8</sup> Those FAQs include the following, among others:

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<sup>6</sup> Division of Trading and Markets: Frequently Asked Questions Relating to Crypto Asset Activities and Distributed Ledger Technology (May 15, 2025), FAQ2. See Matthew Comstock et al., *Inside the Emerging U.S. Crypto Regulatory Framework: Recent Key Developments and Takeaways*, WILLKIE FARR & GALLAGHER LLP (Oct. 20, 2025), available [here](#).

<sup>7</sup> U.S. Sec. & Exch. Comm’n, Div. of Trading & Mkts., Staff Statement on Custody of Crypto Asset Securities by Broker-Dealers (Dec. 17, 2025), available [here](#). 17 C.F.R. § 240.15c3-3(b)(1) (2025) (Customer Protection - Reserves and Custody of Securities).

<sup>8</sup> Division of Trading and Markets: Frequently Asked Questions Relating to Crypto Asset Activities and Distributed Ledger Technology (updated Dec. 17, 2025), available [here](#).

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- broker-dealers do not need to rely on the 2020 special-purpose broker-dealer statement<sup>9</sup> for purposes of custodial customers' crypto asset securities if they can otherwise meet the requirements of Rule 15c3-3 (see the custody discussion above);
- broker-dealers may effect in-kind creations/redemptions for spot crypto ETPs and may take a 20 percent haircut in proprietary positions in bitcoin or ether;
- Securities Investor Protection Corporation protection generally does not extend to customers' non-security crypto assets;
- transfer agents may use a blockchain as the master securityholder file if all federal recordkeeping and production requirements are satisfied;
- federal securities laws do not prohibit national securities exchanges and ATSs from offering pairs trading involving a security, including a crypto asset security, and a non-security crypto asset; and
- the broker-dealer operator of an ATS is not required to register as a clearing agency when clearing and settling crypto asset securities transactions for its own customers, provided it is engaging in customary brokerage or dealing activities within the meaning of Section 3(a)(23) of the Exchange Act.

The SEC staff's FAQs clarified a number of issues that important with respect to supporting custody and trading of crypto asset securities.

*Commissioner Peirce: Request for Information on Exchange/ATS Modernization.* On December 17, 2025, SEC Commissioner Peirce invited public input on tailoring exchange and ATS rules to enable crypto asset securities trading.<sup>10</sup> The request opens a timely window to shape fit-for-purpose market structure for tokenized instruments, with potential to broaden regulated market access and best-execution options for funds while aligning systems obligations with blockchain-native operations.

### OCC Developments: Bank Support for Digital-Asset Operations

OCC guidance during this period clarified the ability of federal banks to engage in transactions and provide custody services involving digital assets. On November 18, 2025, the OCC issued Interpretive Letter 1186, confirming that banks may use and hold digital assets on their balance sheets for limited operational purposes, such as paying network fees and conducting testing-incident-to-permissible activities, subject to safety and soundness expectations.<sup>11</sup> Subsequently, on December 9, 2025, the OCC issued Interpretive Letter 1188, confirming that banks may engage in riskless principal crypto-asset transactions as part of the business of banking, (e.g., a bank acting

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<sup>9</sup> U.S. Sec. & Exch. Comm'n, Statement on Custody of Digital Asset Securities by Special Purpose Broker-Dealers (Dec. 23, 2020), available [here](#).

<sup>10</sup> Hester M. Peirce, Comm'r, U.S. Sec. & Exch. Comm'n, Then Some: Request for Information Regarding National Securities Exchanges and Alternative Trading Systems (Dec. 17, 2025), available [here](#).

<sup>11</sup> Office of the Comptroller of the Currency, Interpretive Letter 1186 (Nov. 18, 2025), available [here](#).

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as principal in a crypto-asset transaction with one customer, while simultaneously entering into an offsetting transaction with another customer, without holding the crypto assets in inventory).<sup>12</sup>

On December 12, 2025, the OCC also issued conditional approvals of five applications for national trust banks that will offer digital-asset-related products and services, subject to phased pre-commencement requirements.<sup>13</sup> In addition to positioning these institutions to provide custody and settlement services for tokenized assets, the applicants are expected to seek authority to issue and custody stablecoins consistent with the GENIUS Act framework once implementing rules are in place. The approvals require, among other items: board-approved risk frameworks and governance; capital and liquidity plans; the Bank Secrecy Act, anti-money laundering, and sanctions controls tailored to wallet onboarding, transfers, and on/off-ramps; segregation and control of customer assets with clearly documented control-location arrangements; third-party risk management with audit and reporting rights; cybersecurity and key-management controls; consumer compliance and disclosures addressing insolvency and operational dependencies; and contingency and resolution planning. The banks must demonstrate satisfaction of these conditions and obtain OCC non-objection before commencing or expanding services, and remain subject to periodic reporting, independent testing, and examination oversight thereafter.<sup>14</sup> On January 8, 2026, the OCC also proposed amending its chartering regulation to clarify the longstanding authority of national trust banks to engage in non-fiduciary activities in addition to their fiduciary activities.<sup>15</sup> While the proposal does not expressly mention crypto, it will affect custody and other non-fiduciary services that these new national trust banks may provide, and would codify how such activities should be described in business plans, conditioned in approvals, and supervised on an ongoing basis.

### Key Takeaways

Recent actions have continued the momentum building towards a clear, cohesive U.S. crypto regulatory scheme. As we enter the new year, we can expect incremental, meaningful guidance from regulators that will continue to mold U.S. crypto regulation, expand innovation opportunities, and broaden market participation.

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<sup>12</sup> Office of the Comptroller of the Currency, Interpretive Letter 1188 (Dec. 9, 2025), available [here](#).

<sup>13</sup> Office of the Comptroller of the Currency, OCC Highlights Authority for Certain Digital Asset Activities (News Release 2025-125) (Dec. 12, 2025), available [here](#).

<sup>14</sup> *Id.*

<sup>15</sup> Office of the Comptroller of the Currency, OCC Bulletin 2026-1: Proposed Rule - Amendment to Chartering Regulation for National Trust Banks (Jan. 8, 2026), available [here](#).

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