



## WY APPROVES DIGITAL ASSET COMPANY FOR SPECIALTY STATE BANK CHARTER

Kraken Financial became the first digital asset company to receive a specialty bank charter when the State of Wyoming approved Kraken Financial's Special Purpose Depository Institution ("SPDI") application. Kraken Financial is also the first regulated, U.S. bank to provide comprehensive deposit-taking, custody and fiduciary services for digital assets.

Kraken stated that it applied for an SPDI charter because its vision is to become the world's trusted bridge between the crypto economy of the future and today's existing financial ecosystem. With the charter in place, Kraken stated that it can operate a fully independent bank that will reduce its reliance on third-party financial institutions and help launch a new wave of innovative products for Kraken's users. In its first year of operations, Kraken will offer the following services: (i) the ability to deposit U.S. dollars and custody digital assets, (ii) digital asset custody, (iii) demand and deposit accounts and (iv) wire transfer and funding services. Kraken anticipates offering the following additional services in the next few years: (i) enhanced digital asset custody offerings, (ii) digital asset staking, (iii) trust account and administration, (iv) other services for individual accounts, including creating a debit card that clients can use to spend their crypto funds and (v) services for corporate clients.

The Wyoming Division of Banks began accepting SPDI applications on October 1, 2019. SPDIs are banks that receive deposits and conduct other incidental activities, including fiduciary asset management, custody and related activities. SPDIs also may serve as a vehicle for business cash management, operational accounts and any other explicitly permitted activity. SPDIs are prohibited from making loans with customer deposits of fiat currency and therefore are not required to obtain insurance from the Federal Deposit Insurance Corporation.

In July, the Office of the Comptroller of the Currency ("OCC") released Interpretive Letter #1170 that states that a national bank may provide cryptocurrency custody services on behalf of customers, including holding the unique cryptographic keys associated with cryptocurrencies. See our prior ALERT dated [Sept. 4, 2020](#). The OCC is expected to report further this Fall on a proposed special purpose national bank charter for payment companies and

cryptocurrency exchanges.

We will continue to keep you informed on cryptocurrency regulation and updates on related matters. If you have any questions, please let us know.

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