November 3, 2025

Sebastian R. Astrada
Director for Licensing
Midsize, Trust, Credit Card, and Novel Banks
Office of the Comptroller of the Currency
400 7th St., SW
Washington, DC 20219

*RE: ICBA LETTER IN OPPOSITION TO COINBASE NATIONAL TRUST COMPANY'S CHARTER APPLICATION (2025-CHARTER-343449)*

Dear Director Astrada:

The Independent Community Bankers of America (ICBA)[1] strongly opposes Coinbase Global, Inc.'s (Coinbase) application (Application) for a National Trust Bank Charter for its subsidiary, Coinbase National Trust Company (CNTC).

According to the Application, CNTC will offer storage of digital assets (Prime Vault), hold customer fiat funds and digital assets in an omnibus wallet (Prime Custody), enable clients to access staking, financing and trading services offered by other Coinbase entities, and "will explore the launch of other digital asset products, including payment products and next-generation advances on its existing custody products that enable clients to interact with select smart contracts onchain."

**Executive Summary**

ICBA urges the OCC to deny this Application on multiple independent grounds, each of which is disqualifying under the OCC's statutory chartering standards. The Application fails to meet the requirements for approval of a national bank charter under the National Bank Act (NBA) and the OCC's own regulations and standards. As explained further below, the Application exhibits fundamental deficiencies in at least three key areas:

1. CNTC proposes to rely on Coinbase's demonstrably flawed risk and control functions while operating under a governance structure that prevents independent oversight.

[1] The Independent Community Bankers of America® has one mission: to create and promote an environment where community banks flourish. We power the potential of the nation's community banks through effective advocacy, education, and innovation. As local and trusted sources of credit, America's community banks leverage their relationship-based business model and innovative offerings to channel deposits into the neighborhoods they serve, creating jobs, fostering economic prosperity, and fueling their customers' financial goals and dreams. For more information, visit ICBA's website at icba.org.

2. With its narrow concentration in specific types of digital asset custody, CNTC would struggle to achieve and maintain profitability during crypto bear markets, the very time at which the similarly concentrated Coinbase would be least able to provide support.

3. The OCC's untested receivership framework would struggle to resolve an uninsured institution of CNTC's proposed scale and operational complexity, particularly given the technical challenges of crypto custody and CNTC's likely importance as a dominant crypto ETF custodian.

In addition, there are significant legal and procedural issues that must be resolved before this Application could be approved. The Application appears to rely on OCC Interpretive Letter 1176 (IL 1176), which purports to authorize national trust banks to engage in non-fiduciary activities beyond those permitted under 12 U.S.C. § 92a. However, IL 1176 was issued without the public notice and comment procedures required by the Administrative Procedure Act (APA) and therefore is not legally valid. The OCC cannot lawfully approve activities based on an interpretive letter that violates the APA. Moreover, any charter approval permitting non-fiduciary activities would itself be reviewable under the APA as arbitrary, capricious, and not in accordance with law, given IL 1176's unexplained departure from decades of settled interpretation and its conflict with the Third Circuit's construction of the National Bank Act in *National State Bank v. Smith*.

Furthermore, the public portion of the Application provides insufficient detail for meaningful comment. The business plan, legal analysis of permissibility, and specifics of compliance and risk management programs are confidential, leaving the public unable to assess whether CNTC can operate safely and soundly or whether the proposed activities are legally permissible.

For these reasons, ICBA respectfully requests that the OCC:

(1) deny this Application; or, in the alternative,

(2) release appropriately redacted versions of the confidential business plan and Exhibit K legal analysis, extend the comment period to provide adequate time for meaningful public review of the released materials, and hold a public hearing or meeting to allow for thorough examination of the Application's legal, prudential, and public interest implications.

Part 1 of our letter addresses the legal and procedural issues the Application presents, and Part 2 of our letter discusses the grounds by which the Application fails to meet the OCC's chartering standards.

## Part I: Legal and Procedural Issues

**1. OCC Interpretive Letter 1176 was issued in violation of the APA and therefore cannot be relied upon by the OCC.**

From the limited information publicly available, we understand that Coinbase's application is based, in large part, on IL 1176, which interprets the NBA to permit national trust banks to engage in non-fiduciary activities. That interpretive letter, however, was issued in violation of the public notice and comment procedures of the Administrative Procedure Act (APA), and as such, is not legally valid.

Issued in January 2021, IL 1176 addresses the authority of the OCC to charter national trust banks and the scope of those entities' activities. The letter concludes that a national trust bank chartered pursuant to 12 U.S.C. § 27(a) is not limited to fiduciary activities as defined in OCC regulations (12 CFR pt. 9). According to the letter, a national trust bank may engage in activities beyond those authorized under state law for a state trust company provided such activities are permitted for a national bank under other sources of authority, such as 12 U.S.C. § 24 (Seventh) (which authorizes national banks to engage in the business of banking and activities incidental to the business of banking) or 12 U.S.C. § 92a (which grants fiduciary powers to national banks). IL 1176 was not published in the Federal Register and was not subject to public notice and comment.

IL 1176 is a "rule" under the APA as it is an "agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy."[2] It has a substantial and binding impact, as it allows parties, such as Coinbase, to rely upon its terms to engage in a wide-range of non-fiduciary activities under a national trust bank charter.[3] Additionally, it is a "rule" under the APA as it constitutes a major change in prior OCC policy.[4] Since 1962, when the OCC obtained regulatory authority over the fiduciary activities of national banks and until the issuance of IL 1176, OCC regulations limited the activities of national trust banks to traditional fiduciary functions. IL 1176 is not subject to any exemption under the APA[5], as it is not a general statement of policy, it is not an interpretive rule because it does effect a substantive change in the regulations,[6] and there is no "good cause" exception for public notice and comment.[7] Therefore, IL 1176 is a substantive rule that should have been subject to public notice and comment under the APA.

The APA requires that when an agency proposes a rule, it must publish a notice in the Federal Register, give interested parties an opportunity to submit comments, and incorporate in the

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[2] 5 U.S.C. § 551(4).
[3] *See, e.g.*, General Elec. Co. v. EPA, 290 F.3d 377 (D.C. Cir. 2002).
[4] *See, e.g.*, Saint Francis Memorial Hospital v. Weinberger, 413 F. Supp. 323 (N.D. Cal. 1976).
[5] *See, e.g.*, Pacific Gase & Electric Co. v. Federal Power Commission, 506 F.2d 33, 38 (D.C. Cir. 1974) (finding that a general statement of policy does not establish a 'binding norm') (footnote omitted).
[6] Warder v. Shalala, 149 F.3d 73, 80 (1st Cir. 1998) (quoting Shalala v. Guernsey Mem'l Hosp., 514 U.S. 87, 100 (1995)).
[7] Courts construe the "good cause" exception narrowly and apply it only when an agency takes a non-discretionary action or issues a rule that is of little public interest or when regulatory delay would threaten public health or welfare. *See, e.g.*, Util Solid Waste Activities Grp. v. EPA, 236 F.3d 749, 754-55 (D.C. Cir. 2001); Hawai'i Helicopter Operators Ass'n v. FAA, 51 F.3d 212, 214 (9th Cir. 1995).

final rule a statement on the basis and purpose of the rule.[8] Unless an exemption to these procedural requirements applies, a rule issued without public notice and comment must be set aside as unlawful.[9] As IL 1176 is a rule under the APA and is not eligible for any exemption from APA's procedural requirements, IL 1176 was not lawfully issued. Therefore, Coinbase cannot rely upon IL 1176 as a basis for engaging in non-fiduciary activities. For the same reason, the OCC cannot use IL 1176 as the basis for approving an application for a national trust bank to engage in non-fiduciary activities.

**2. The issuance of a national trust charter to CNTC would be an "agency action" reviewable under the APA**

The issuance of a national trust bank charter to CNTC would be reviewable under the APA's legal standards. The APA defines an "agency action" to include a license, which in turn is defined as including a charter.[10] Under the APA, an agency action is unlawful if it is arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.[11] The issuance of a charter to CNTC to engage in non-fiduciary activities could be challenged as arbitrary and capricious and as not in accordance with law, and the OCC must not grant the Application.

*The issuance of a national trust bank charter to CNTC would be arbitrary and capricious under the APA.*

The APA's "arbitrary and capricious" standard requires an agency to demonstrate that it engaged in reasoned decision making by providing an adequate explanation for its decision. This is particularly true when an agency changes a statutory interpretation. As the Supreme Court has held, when there have been "decades" of "industry reliance" on a prior policy, an agency must present a "more reasoned explanation" for "why it deemed it necessary to overrule its previous position."[12]

While IL 1176 provides a legal analysis in support of the argument that a national trust bank may engage in non-fiduciary activities, it provides no explanation or rationale for why the OCC is changing its interpretation of the National Bank Act after decades of applying a different analysis. In 1985, for example, the OCC concluded that it would only look to state law to determine whether a fiduciary capacity of a national bank is permissible after the activity is determined to be permissible under federal law (12 U.S.C. § 92a).[13] IL 1176 does not explain why this legal analysis is no longer valid, it simply states in a footnote that this prior, long-

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[8] 5 U.S.C. § 553.
[9] 5 U.S.C. § 706(2)(D).
[10] 5 U.S.C. §§ 551(8), (13).
[11] 5 U.S.C. § 706(2)(A).
[12] Encino Motorcars, LLC v. Navarro, 579 U.S. 211 (2016).
[13] OCC Interpretive Letter No. 265 (1983). ("The language and legislative history to 12 U.S.C. §92a place emphasis upon competitive equality between national banks with trust powers and competing institutions in the same state. However, this competitive equality principle only applies to activity which is "fiduciary" within the meaning of 12 U.S.C. §92. The definition of "fiduciary" for 12 U.S.C. §92a purposes is a federal definition and is not controlled by state law. Only if an activity is determined to be "fiduciary" within the meaning of 12 U.S.C. §92a do we look to state law to determine if state banks, trust companies, and other institutions which come into competition with national banks are permitted to perform that activity. If so, national banks may be permitted to perform that activity.")

standing interpretation, is "suspended." The lack of any explanation or rationale for the policy change incorporated in IL 1176 makes any chartering decision by the OCC that is based upon that letter arbitrary and capricious.

*The issuance of a national trust charter to CNTC would not be in accordance with law.*

IL 1176 concludes that a national trust bank is not limited to the fiduciary activities listed in the National Bank Act (12 U.S.C. § 92a). This interpretation, however, is inconsistent with an opinion issued by the U.S. Court of Appeals for the Third Circuit shortly after Congress amended the NBA authorizing the issuance of national trust bank charters.

While the Third Circuit did not find any legislative history to help it parse the meaning of term "trust company," it found the terms of 12 U.S.C § 92a, which address the fiduciary powers of national banks, to be determinative:

> …we do have the background fact that Congress by the Act of September 28, 1962, 12 U.S.C.A. §92a, had empowered the Comptroller by special permit to authorize a national banking association to exercise certain fiduciary powers in addition to its normal banking functions. *We think that it must have been these specially permitted fiduciary powers to which Congress intended to refer when by its recent enactment it authorized the Comptroller to restrict the operations of a national bank to those of a trust company and activities related thereto.* In other words, it was the fiduciary operations carried on in the trust department of such a company or of a commercial bank to which reference must have been intended. Only by being so read does the statute have full meaningful effect and we so read it.[14]

In sum, the court concluded that in authorizing the chartering of national trust banks, Congress intended that such banks engage in the fiduciary activities previously authorized in 12 U.S.C. § 92a, and no others. IL 1176 cites this opinion, but it does not acknowledge or address the court's conclusion about the scope of a national trust bank's powers.

IL 1176 also is at odds with the provisions of the Bank Holding Company Act (BHCA). In that Act, Congress concluded that an institution that engages solely in a trust or fiduciary capacity is not a "bank" for purposes of the Act, and, therefore, the parent of such an institution is not a bank holding company subject to the activity restrictions the Act imposes on bank holding companies.[15] As noted above, Coinbase proposes to possibly engage in a variety of non-fiduciary activities through a national trust bank charter. Yet, it would not be subject to regulation as a bank holding company because its national trust bank would not be insured by the FDIC or both take demand deposits and make commercial loans. This clearly is contrary to the terms and intent of the BHCA, which provides an exception from bank holding company regulation only if a company's subsidiary trust company is solely engaged in trust or fiduciary activities.

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[14] National State Bank v. Smith, 591 F.2d 223 (3d. Cir. 1979) (emphasis added).
[15] 12 U.S.C. §§1843(c)(8),1841(c)(1), 12 U.S.C. 1841(c)(2)(D) (emphasis added).

Therefore, approving a charter for CNTC and permitting it to engage in non-fiduciary activities is contrary to the NBA and BHCA and therefore should be held unlawful under the APA.

**3. The Application lacks sufficient detail for the public to meaningful comment.**

The public portion of the Application provides extremely limited information about CNTC's proposed activities, products, services, and related risks, as well as the entity's planned risk management, governance and relevant policies and procedures.

For example, the Application's description of planned products and services discusses custodial activities but only explains CNTC "will explore the launch of other digital asset products, including payment products…" Additional information that details this launch is presumably contained in the confidential business plan. Separately, while the Application states that the organizers are not aware of any permissibility issues with regard to applicable state or federal law, the analysis of the permissibility of CNTC's proposed activities under the NBA is confidential. Because the information in the public portion of the Application is vague and incomplete, the public cannot meaningfully comment on the Application without reviewing substantive details on the products and services CNTC plans to offer.

Further, the analysis of the permissibility of CNTC's proposed activities under the NBA is not part of the public record, rather Coinbase has provided it in a confidential exhibit. A permissibility analysis of the proposed activities should not be deemed confidential. This information is material to understanding the scope of the Application and the impact CNTC may have on the banking system. Claiming such analysis is confidential is disingenuous and deprives the public of critical information needed to provide meaningful comment on the Application. This is particularly true considering there are serious questions regarding the permissibility of CNTC's activities.

The same is true of CNTC's plans to comply with BSA/AML/CFT regulations and to safeguard consumer data. With only vague recitations of general regulatory obligations, the public portion of the Application does not provide enough detail for the public to comment on these critical issues.

ICBA requests the OCC release more complete descriptions of CNTC's business plans, its permissibility analysis, and how it would comply with applicable laws and regulations, redacting only truly confidential information. This should be accompanied by an extension of the comment period to provide the public with ample time to scrutinize such important materials.

## Part II: Grounds for Denial

Even if the legal and procedural objections described in Part I could be resolved, the Application fails to meet the OCC's own chartering regulations.[16] According to those regulations, the OCC's decision is guided by principles from the NBA that include: (a) maintaining a safe and sound banking system; (b) providing fair access to financial services by helping to meeting the credit needs of the entire community;(3) ensuring compliance with laws and regulations; and (4) promoting fair treatment of customers.[17] The OCC's regulations provide that, in evaluating an application for a national bank charter, the OCC must also consider factors that include whether the applicant can "reasonably be expected to achieve and maintain profitability" and will "be operated in a safe and sound manner."[18]

As discussed in this Part, the Application fails to meet these standards for at least three independent reasons:

1. CNTC proposes to rely on Coinbase's demonstrably flawed risk and control functions while operating under a governance structure that prevents independent oversight.
2. With its narrow concentration in specific types of digital asset custody, CNTC would struggle to achieve and maintain profitability during crypto bear markets, the very time at which the similarly concentrated Coinbase would be least able to provide support.
3. The OCC's untested receivership framework would struggle to resolve an uninsured institution of CNTC's proposed scale and operational complexity, particularly given the technical challenges of crypto custody and CNTC's likely importance as a dominant crypto ETF custodian.

**4. CNTC proposes to rely on Coinbase's demonstrably flawed risk and control functions while operating under a governance structure that prevents independent oversight.**

The Application proposes deep integration of CNTC with Coinbase, with extensive management interlocks and reliance on enterprise risk and control functions. However, Coinbase has demonstrated a pattern of significant, recent compliance and operational risk management failures. Contrary to Coinbase's own assertions, these failures objectively indicate that Coinbase has not established the independent, adequately resourced, and mature risk and control functions required for the safe and sound operation of a national trust bank in the digital asset custody business.

*A pattern of recent regulatory enforcement actions and operational incidents at Coinbase raises serious questions about its risk and control functions.*

Regulatory enforcement actions issued against Coinbase in the past five years include:

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[16] *See* 12 C.F.R. § 5.20(f).
[17] *Id.*, drawing on 12 U.S.C. § 1.
[18] 12 C.F.R. § 5.20(f)(2).

1. A January 2023 consent order from the New York State Department of Financial Services (NYDFS) for "wide-ranging and long-standing" BSA/AML compliance failures.[19]
2. A July 2025 consent order from the Connecticut Department of Banking against Coinbase Custody Trust Company, LLC (CCTC) for unlicensed money transmission.[20]
3. A £3.5 million penalty from the UK Financial Conduct Authority (FCA) in 2024 for AML failures.
4. A $6.5 million order from the Commodity Futures Trading Commission (CFTC) in 2021 for false reporting and wash trading.

The NYDFS Consent Order documented "wide-ranging and long-standing" failures in Coinbase, Inc.'s Bank Secrecy Act and Anti-Money Laundering (BSA/AML) compliance program. The NYDFS examination found that, among other things, Coinbase had accumulated backlogs of more than 100,000 transaction monitoring alerts and more than 14,000 customers requiring enhanced due diligence (EDD) [21] The NYDFS Consent order attributed the failures to "Coinbase's inability to predict or manage the growing alert volume and a lack of adequate compliance staff[,]" as well as its "insufficient oversight over the third-party contractors."[22]

Meanwhile, the Connecticut Consent Order against Coinbase Custody Trust Company, LLC (CCTC) — entered in July 2025 — reveals even more recent compliance shortcomings at the very affiliate whose custody services CNTC will "expand." The Connecticut order describes how CCTC engaged in unlicensed money transmission since 2019.[23] The order was signed by CCTC CEO Rick Schonberg — the same individual proposed as CNTC's CEO.[24]

In addition to these violations of law, Coinbase continues to experience significant operational incidents. These include a material cybersecurity incident disclosed in May 2025, which Coinbase estimated would cost $180-400 million.[25] In this latest incident, a threat actor orchestrated a coordinated campaign by paying multiple contractors or employees working in support roles outside the United States to improperly access customer data and internal documentation from systems to which they had legitimate job-related access. Although Coinbase's security monitoring detected individual instances of unauthorized data access, it failed to correlate these separate incidents as part of a coordinated campaign until the company received an extortion demand in May 2025.[26]

The enforcement actions and incidents described above are not isolated incidents but reflect a continuous pattern of compliance and operational failures. Indeed, over the past five years,

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[19] Consent Order, In the Matter of Coinbase, Inc., New York State Department of Financial Services (Jan. 2023) (hereinafter "NYDFS Consent Order").
[20] Consent Order, In the Matter of Coinbase Custody Trust Company, LLC d/b/a Coinbase, Connecticut Department of Banking (July 25, 2025) (hereinafter "Connecticut Consent Order").
[21] *Id.* at ¶ 9.
[22] *Id.* at ¶¶ 48, 50.
[23] *Connecticut Consent Order* at whereas clause; ¶ 2-3.
[24] *Id.* at signature block.
[25] Coinbase Global, Inc., Form 8-K (filed May 15, 2025).
[26] *Id.*

Coinbase has never had a year without being subject to an enforcement action, spanning multiple jurisdictions (US, UK) and regulatory domains (BSA/AML, licensing, market integrity).

The most recent action—the July 2025 Connecticut consent order—is particularly revealing. It documents unlicensed money transmission violations at CCTC dating back to 2019, meaning compliance failures at the custody affiliate were ongoing throughout the period when Coinbase was addressing other enforcement actions and operating under an independent monitor for BSA/AML deficiencies. The continuous nature of these violations provides little confidence that Coinbase has cleaned up its act and established a sustainable risk and compliance program or culture.

*CNTC's proposed governance and management structure prevents independent oversight of Coinbase's risk and control functions.*

The documented compliance and operational failures at the enterprise level raise questions about CNTC's capacity to operate safely and soundly given its proposed reliance on Coinbase's enterprise systems and shared services, especially in light of CNTC's proposed governance and management structure.

Only three of CNTC's seven proposed directors are independent, while four (the majority) are proposed to be Coinbase executives.[27] There is also substantial director interlock with CCTC, the affiliated state trust company with which CNTC will have ongoing operational and transactional relationships.

The proposed management structure features even more extensive interlocks. All seven proposed officers are dual-hatted Coinbase executives. The application proposes CCTC's CEO as CEO, Coinbase's CFO as CFO, Coinbase's Chief Compliance Officer as Chief Compliance Officer, CCTC's COO as Chief Operating and Trust Officer, and CCTC's CISO as CISO. The proposed Chief Risk Officer and BSA/AML Officer also serve concurrently in Coinbase roles.

The absence of independent management and board is especially concerning because CNTC proposes to rely on Coinbase's enterprise systems and affiliate shared services for its compliance, risk management, and operational infrastructure. These are the same systems that demonstrably failed under the recent capacity pressures documented above. Without independent directors or management, CNTC has no capacity to protect itself when these systems prove inadequate.

Such a governance structure might be less concerning in the context of a bank holding company, in which affiliates involved were subject to consolidated supervision by the Federal Reserve. Yet, as noted in Section 3 above, Coinbase would not be a bank holding company or subject to consolidated supervision. Without consolidated supervision, CNTC needs independent management that can act in the bank's interests when those conflict with the parent company, and an independent board that can oversee pervasive affiliate relationships.

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[27] CNTC Application, II.C.

The governance structure proposed by the Application, combined with the proposed commercial and operational interdependence, make it hard to conceive that CNTC's management would "act primarily in the best interest of the bank rather than the bank's sponsor and to exercise objective judgment in carrying out their duties, independent of undue influence from sponsor management and affiliates."[28]

**5. CNTC's business model is financially unsustainable.**

The Application proposes a business model that is financially unsustainable. Given its narrow concentration in specific types of digital asset custody, CNTC would struggle to achieve and maintain profitability during crypto bear markets. Moreover, Coinbase would be less able to provide financial support to its subsidiary during these periods because its parent revenue is tied to the same crypto market conditions that would stress CNTC.

CNTC's custody fees would be based on assets under custody, which fluctuate with the value of crypto assets. When asset prices fall, custody fees decline. Institutional clients also reduce positions during bear markets, further compressing fee revenue. Meanwhile, operating expenses remain fixed or slow-to-change. Operational incidents, like Coinbase's May 2025 cybersecurity breach, often increase during stress periods, creating immediate costs for remediation, system upgrades, and monitoring programs.

Narrow national trust banks with concentrated revenue models can often rely on parent company financial support to manage revenue volatility.[29] But Coinbase cannot provide this support. Its revenue still comes primarily from crypto trading. Crypto trading falls when crypto markets decline, exactly when CNTC would need help. Recent performance demonstrates this correlation: total revenue fell 26% in Q2 2025 when crypto trading volumes declined, driven by a 39% decline in transaction revenue.[30] When crypto markets decline, three things happen simultaneously: Coinbase's trading revenue falls, Coinbase's stablecoin revenue falls, and CNTC's custody fee revenue falls. The parent's ability to provide support deteriorates exactly when the bank needs it.

The Application's opacity compounds this problem. CNTC defers all capital specifics to confidential exhibits, providing no demonstration that capital planning addresses, let alone accounts for, scenarios where parent financial capacity and bank capital needs deteriorate together. Parent companies of national trust banks are required to demonstrate the ability to maintain adequate capital under stress.[31] For a parent whose revenue is directly correlated with the bank's stress drivers, this showing is essential.

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[28] OCC, Comptroller's Licensing Manual — Charters at 26 (Dec. 2021).
[29] *See* OCC Bulletin 2007-21.
[30] Coinbase Global, Inc., Q2 2025 Shareholder Letter.
[31] *See* 12 C.F.R. § 5.20(g)(5); OCC Bulletin 2007-21.

**6. The OCC's untested receivership framework would struggle to resolve CNTC.**

Should stress lead to CNTC's failure, the OCC's receivership framework would struggle to resolve an uninsured institution of CNTC's proposed scale and operational complexity. The OCC has not appointed a receiver for an uninsured national bank since shortly after the FDIC's creation in 1933. A CNTC receivership would require the OCC to implement untested procedures in an unprecedented context, applying them to an institution that could hold hundreds of billions of dollars in digital assets for institutional clients and become the primary custodian for the vast majority of U.S. Bitcoin and Ether exchange-traded funds.[32]

A stress event triggering receivership could simultaneously disrupt custody access for over 80 percent of U.S. Bitcoin and Ether ETF assets. ETF sponsors would face immediate pressure to transfer assets to alternative custodians or suspend redemptions. These forced transfers during a crisis could trigger market dislocations, redemption waves, and contagion across digital asset markets. The receiver would need to maintain operational continuity to preserve asset values and prevent market disruption. This is a fundamentally different challenge than winding down a traditional trust company with segregated securities custody.

The operational complexity of crypto custody creates obstacles to the orderly resolution procedures the OCC's receivership framework assumes.[33] The receivership regulations assume the receiver can promptly determine account balances, freeze assets, and return customer property.[34] CNTC's proposed custody model makes each step far more complex.

CNTC would hold some crypto assets in omnibus wallets (pooled blockchain addresses) and use multi-party computation cryptographic systems that split signing authority across multiple components. For omnibus wallets, determining individual client ownership requires CNTC's internal accounting records to be complete, accurate, and immediately accessible. Any gaps would prevent the receiver from determining account balances. For cryptographic key management, the receiver must coordinate simultaneous transfer of multiple key components and signing systems. The OCC has never transferred this type of cryptographic infrastructure from a failed institution.

CNTC's integration with Coinbase affiliates would further complicate receivership. The receiver would need to disentangle CNTC's operations from affiliate platforms for staking, financing, and trading services while maintaining operational continuity.

CNTC presents an unprecedented risk profile for the OCC: uninsured status, limited Federal Reserve emergency liquidity access, revenue correlation with crypto market stress, massive scale, and a dominant market position. CNTC could become large and interconnected enough that failure would disrupt traditional bank and financial services markets. Yet the OCC would lack the resolution tools available for systemically important deposit-taking banks.

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[32] Coinbase Global, Inc., Quarterly Report (Form 10-Q) at 15 (Q2 2025).
[33] 12 C.F.R. Part 51.
[34] 12 C.F.R. § 51.4.

## CONCLUSION

For the reasons detailed in this letter, the ICBA respectfully urges the OCC to deny Coinbase's application for a national trust bank charter for CNTC. This Application fails to meet statutory chartering standards, presents compounding safety and soundness risks, and would set a dangerous precedent for the structure of the U.S. banking system.

In addition, ICBA respectfully urges the OCC to release appropriately redacted versions of the business plan and Exhibit K legal analysis and extend the comment period to allow for meaningful public review and comment.

Respectfully submitted,

/s/

Brian Laverdure, AAP
Senior Vice President, Digital Assets and Innovation Policy