



# IDFPR

## Illinois Department of Financial and Professional Regulation

Division of Banking

[idfpr.illinois.gov](http://idfpr.illinois.gov)

**JB PRITZKER**  
Governor

**MARIO TRETO, JR.**  
Secretary

**CHASSE REHWINKEL**  
Director

October 20, 2022

### **TO THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER OF EACH ILLINOIS CHARTERED BANK AND SAVINGS BANK**

#### **SUBJECT:**

Engagement in Crypto-Asset-Related Activities by Illinois Chartered Banks and Savings Banks

This letter applies to all Illinois chartered banks and savings banks<sup>1</sup> supervised by the Illinois Department of Financial and Professional Regulation (IDFPR), Division of Banking.

The emerging crypto-asset<sup>2</sup> sector presents potential opportunities to banking organizations, their customers, and the overall financial system. However, crypto-asset-related activities may pose risks related to safety and soundness, consumer protection, and financial stability. See the following advisories:

- Board of Governors of the Federal Reserve System, et al., SR 22-6 / CA 22-6: [Engagement in Crypto-Asset-Related Activities by Federal Reserve-Supervised Banking Organizations](#) (Aug. 16, 2022)
- Federal Deposit Insurance Corporation, FIL-16-2022: [Notification and Supervisory Feedback Procedures for FDIC-Supervised Institutions Engaging in Crypto-Related Activities](#) (Apr. 7, 2022)

Illinois banks should, if they have not already done so, submit copies of anything filed with the Federal Reserve or Federal Deposit Insurance Corporation (FDIC) pursuant to the above letters to their Division of Banking case manager under an appropriate cover letter. The Division of Banking will seek additional information or may otherwise respond as it deems appropriate.

The views of IDFPR's Division of Banking are in accordance with those of the Federal Reserve and FDIC regarding the potential risk and opportunity of crypto-assets, as expressed in the above-referenced letters. These include, but are not limited to, risk considerations regarding (a) the technology underlying crypto-assets; (b) the use of crypto-assets to facilitate money laundering and illicit financing, and the limited transparency of some crypto-assets; (c) consumer protection and legal compliance; and (d) financial stability relating to potential runs and disruptions in the payment systems.

---

<sup>1</sup> Unless otherwise stated, as used hereinafter "bank" includes "savings bank".

<sup>2</sup> A crypto-asset generally refers to any digital asset implemented using cryptographic techniques.

In addition, the Division of Banking would like to emphasize the following:

Prior to engaging in new activities of any kind, an Illinois bank must ensure that such activities are legally permissible. An institution seeking to engage in (or currently engaged in) crypto-asset-related activities must analyze the permissibility of such activities under relevant state and federal laws and determine whether any filings are required under state or federal banking laws or the regulations promulgated pursuant thereto, as applicable. If any Illinois bank has questions regarding the permissibility of any crypto-asset-related activities or about the applicability of any filing requirements, it should consult its lead supervisory point of contact at IDFPR's Division of Banking as well as its lead supervisory point of contact at its primary federal regulator. Requests seeking a legal interpretation by the Division of Banking must adhere to the Division's [Statement on Interpretive Letters](#).

In all cases, an Illinois bank should, prior to engaging in these activities, have in place adequate systems, risk management, and controls to conduct crypto-asset-related activities in a safe and sound manner and consistent with applicable laws, including applicable consumer protection statutes and regulations. This includes having adequate systems in place to identify, measure, monitor, and control the risks associated with such activities on an ongoing basis. These systems should cover operational risk (for example, the risks of new, evolving technologies; the risk of hacking, fraud, and theft; and the risk of third-party relationships), financial risk, legal risk, compliance risk (including, but not limited to, compliance with the Bank Secrecy Act, anti-money laundering requirements, and sanctions requirements), the risk of consumer confusion and harm (including especially confusion about deposit insurance as described in FDIC [FIL 35-2022](#) (July 29, 2022)), and any other risk necessary to ensure the activities are conducted in a manner that is consistent with safe and sound banking and in compliance with applicable laws, including applicable consumer protection statutes and regulations. Illinois banks are also encouraged to notify IDFPR's Division of Banking as well as their primary federal regulator prior to engaging in any crypto-asset-related activity.