

# Federal Reserve Board Provides More Information on Novel Activities Program

October 20, 2023

On August 8, 2023, the Federal Reserve Board (Board) published [additional information](#) on its program to supervise novel activities in the banks it oversees. The Novel Activities Program (Program) will focus on complex, technology-driven partnerships with non-banks to provide banking services to customers, and also activities that involve crypto-assets and distributed ledger technology (DLT). The information published by the Board is an extension of the Board's prior [policy statement](#) from January 27, 2023. The January policy statement, pursuant to the Board's discretionary authority under Section 9(13) of the Federal Reserve Act, provides clarity on the Board's goal of promoting a level playing field for all banks with the federal supervisor when it comes to novel banking activities, such as crypto-asset-related activities; provides that all banks regardless of deposit insurance status would be subject to the limitations on certain activities imposed by national banks overseen by the Office of the Comptroller of the Currency; and further provides that banks must ensure activities are in compliance with the law and that business is conducted in a safe and sound manner.

In a world of changing technology and financial innovation, there are questions about whether certain novel activities are permissible or otherwise addressed in existing supervisory guidance or opinions. The Program will provide oversight of novel activities conducted by supervised banking organizations and, through regulation and supervision, aid in safeguarding the banking system, customers, and overall financial stability. Specifically, the Program will be focused on the enhanced supervision of the novel activities conducted by supervised banking organizations, including:

- complex, technology-driven partnerships with non-banks to provide banking services;
- crypto-asset-related activities;
- projects that use DLT with the potential for significant impact on the financial system; and
- concentration of provision of banking services to crypto-asset-related entities and FinTechs.

The Program will be integrated into the Federal Reserve's existing supervisory structure, with a diverse group of advisors to ensure that best practices and risk-management strategies are relevant. Further, the Program will incorporate insights from external industry experts and utilize real-time data in order to enhance its technical expertise and to better understand novel activities and manifestations of risks of such activities so appropriate controls to manage such risks can be developed.

The goal of the Program is to foster the benefits of financial innovation in a diverse, data-driven environment, while recognizing and appropriately addressing the risks created by such innovation to ensure the safety and soundness of the banking system.

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