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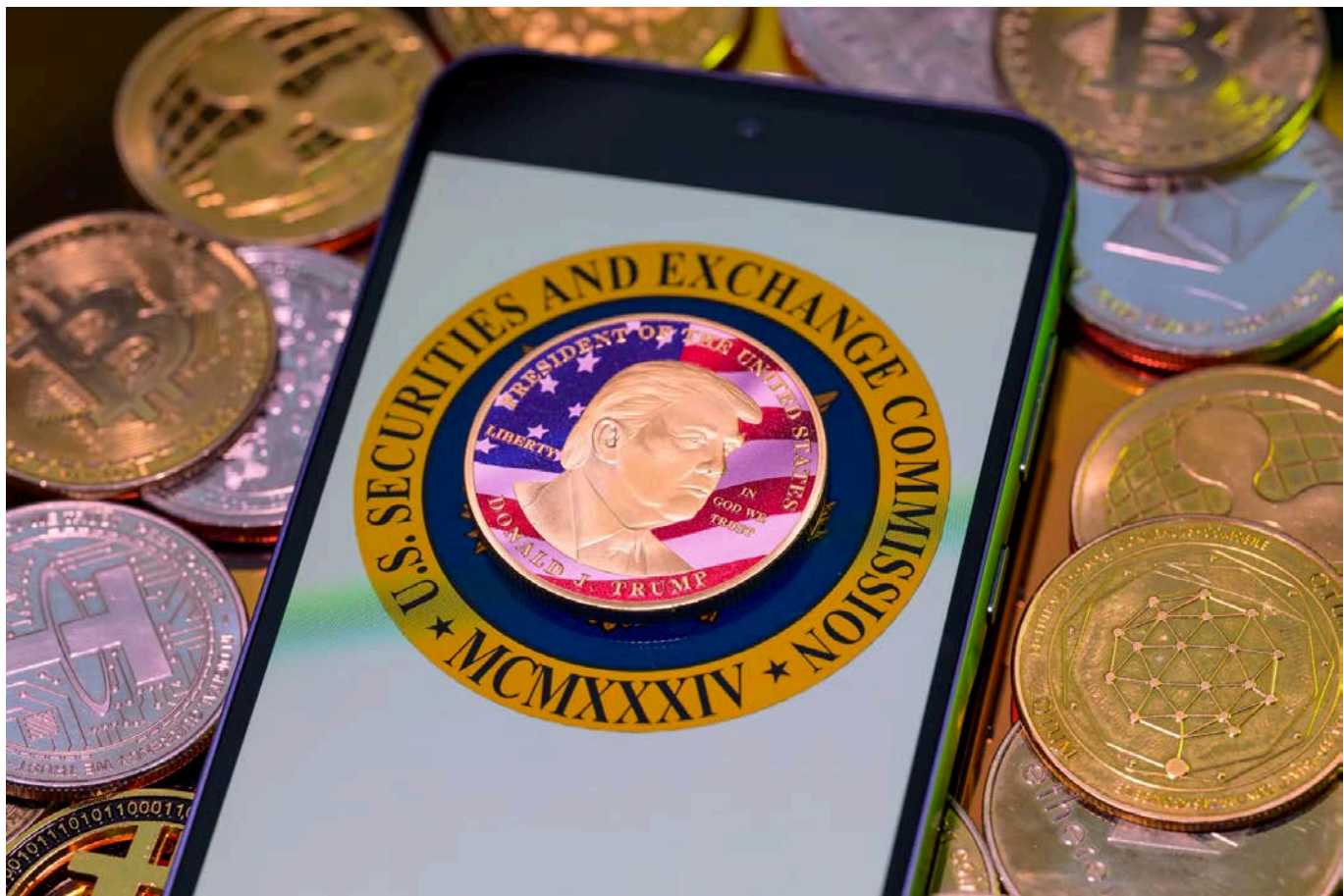
## ECONOMY

## 4 things to know about Trump's plan for a 'crypto strategic reserve'

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Juliana Kim



A photo illustration shows a representation of cryptocurrency coins with the \$Trump meme coin (collection coin) in Brussels, Belgium, on Monday.

Jonathan Raa/NurPhoto via Getty Images

President Trump has announced plans for a "Crypto Strategic Reserve," which would set up the United States to buy and sell cryptocurrency and could be a game changer for the industry.

In posts on Truth Social on Sunday, Trump said a reserve was in the works as part of his executive order on digital assets issued in January. He said the reserve is slated to hold five cryptocurrencies — bitcoin, ether, XRP, solana and cardano.



## BUSINESS

### Is this bitcoin's golden moment? These are 3 key things to watch for cryptos in 2025

The prospect of a reserve is a major step in Trump's vision to establish the U.S. as the crypto capital of the world — which was one of his promises during his bid for president last year.

Here's what to know.

### The U.S. already has strategic stockpiles of other assets

The U.S. already has several strategic stockpiles, including military and medical equipment. The idea is that the government can tap into these special stashes in times of need.

A stockpile and a reserve are sometimes used interchangeably, but a reserve often refers to the government taking a more active role in managing the assets than with a stockpile. Notably, Trump's executive order in January established a working group to evaluate creating a stockpile, but does not refer to a reserve.

Maintaining a federal reserve would likely mean the government would be actively buying and selling cryptocurrency. While supporters say the profits from crypto could be used to reduce the nation's large debt, critics argue that crypto is historically volatile and a speculative investment.

Eswar Prasad, a professor of trade policy at Cornell University who wrote the book *The Future of Money* about digital currencies, said the U.S. has a precedent for holding a stockpile of a speculative asset: gold. Some have referred to bitcoin as "digital gold."

But unlike digital assets, gold has some intrinsic value and the U.S. is not a key player in the gold market, according to Prasad.

"Bitcoin being a relatively new asset and given the sort of amounts they're talking about, you know, [the U.S.] would become a very important player in that market," he said. "So the difference is subtle but important."

## **The reserve would hold five types of cryptocurrency**

The U.S. is believed to hold around 200,000 bitcoin tokens from criminal seizures. As of Monday, that works out to more than \$17 billion in value, according to numbers from the Coinbase exchange.

With a reserve, these holdings could be broadened to also hold ether, as well as three lesser-known cryptocurrencies — XRP, solana and cardano.



**NATIONAL**

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Bitcoin is the oldest, the most valuable and most popular cryptocurrency on the market. In market capitalization, ether is second, with XRP in fourth, solana in sixth and cardano in eighth, according to CoinMarketCap.com.

The president's announcement led to significant spikes across all five of the cryptocurrencies on Sunday, followed by declines the next day.

Some prominent crypto backers said they opposed creating a reserve using assets other than bitcoin. Coinbase CEO Brian Armstrong said on X: "Just Bitcoin would probably be the best option - simplest, and clear story as successor to gold."

## **A senator's bill outlined how a federal strategic reserve could work**

Trump has not released more details on the plans for a crypto strategic reserve. But a few proposals have been put forward about what it could look like.

Last year, Republican Sen. Cynthia Lummis of Wyoming introduced a bill to establish a bitcoin strategic reserve, directing the federal government to buy 1 million bitcoins — worth more than \$86 billion at today's prices — over the course of five years.

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**BUSINESS**



## Trump picks crypto backer Paul Atkins as new Securities and Exchange Commission chair

In December, the Bitcoin Policy Institute, which promotes bitcoin, prepared a proposal for now-Treasury Secretary Scott Bessent that similarly endorsed a bitcoin strategic reserve reaching 1 million bitcoins.

Prasad, the Cornell professor, raised concerns that such a reserve could put the federal government in a tricky bind, where it will become a major player in the crypto market and largely influence the price of assets. Prasad added that if the government tried to liquidate its digital assets in order to chip away at its debt, it could cause the value to drop.

"So in a sense, the government would be acquiring an asset that not only has very volatile value, but where it plays a very big role in determining the price. And it would essentially get locked in to those holdings," he said.

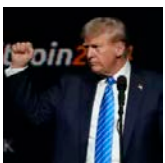
The Bitcoin Policy Institute has argued that while bitcoin's price currently experiences fluctuations, a federal reserve would in the long run be a tool for "financial resilience" for the federal government.

"As Bitcoin matures and its market deepens, its volatility is likely to decrease, making it more stable as a store of value," the group said.

## Trump has ties to crypto and has prominent supporters in the industry

Though Trump once criticized crypto, calling it a "scam" and "potentially a disaster waiting to happen" back in 2021, the president now has several ties to the industry.

During last year's campaign, Trump received millions of dollars in donations from crypto investors and founders. He spoke at a bitcoin conference last summer.



### POLITICS

## What to know about Trump cryptocurrency meme coins

A few days before his inauguration, Trump also released a crypto "meme coin," known as \$TRUMP. It's unclear how much the token increased Trump's net worth, but it signaled his willingness to embrace crypto as he headed into office.

Trump and his three sons are also involved in a cryptocurrency startup, World Liberty Financial, which sells its own token.

*NPR's Rafael Nam contributed reporting.*



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