

Trump Just Cracked Open the Federal Reserve for Crypto — And Nobody Read the Fine Print

The May 19 Executive Order That Changes Who Controls the US Payment System — Q2 2026

On Tuesday, May 19, 2026, President Donald Trump signed an executive order titled Integrating Financial Technology Innovation into Regulatory Frameworks. The order directed the Federal Reserve and federal financial regulators to review the rules that keep crypto and fintech firms out of Federal Reserve payment accounts, required the Fed to establish transparent application procedures, and mandated that the Fed rule on completed applications within 90 days. Kraken — through its subsidiary Payward and its Wyoming Special Purpose Depository Institution charter — had already won a limited Federal Reserve master account in March 2026, becoming the first crypto firm in history to connect directly to Fedwire, the Federal Reserve's wholesale payment settlement system. Ripple filed for a master account in July 2025. Anchorage Digital is in the queue. Coinbase, Circle, and Stripe's Bridge have all received conditional approval for national trust bank charters from the Office of the Comptroller of the Currency. The morning after Trump signed the order, XRP was trading at \$1.36 — the same price as the week before. The market has not priced this in yet. These are not accidents. They are dominoes — and this report maps every one of them.

01 — WHAT A FEDERAL RESERVE MASTER ACCOUNT ACTUALLY IS

The Federal Reserve master account is the most important piece of financial infrastructure that most people in finance have never had to think about — because until March 2026, only depository institutions could hold one. Understanding what it is and what it does is the prerequisite for understanding why the May 19 executive order is one of the most consequential regulatory events in the history of American finance.

A Federal Reserve master account is a payment account held directly at one of the twelve Federal Reserve Banks. It is often described as a bank account for banks — but that description understates its significance. A master account holder settles transactions directly with the Federal Reserve through Fedwire, the wholesale payment settlement system that processes approximately \$4 to \$5 trillion in transactions every single business day. Fedwire is the final settlement layer of the US dollar payment system — the system through which all interbank payments ultimately clear, through which US Treasury securities settle, and through which the Federal Reserve conducts monetary policy operations.

The distinction between having a master account and not having one is not a matter of degree. It is a binary. With a master account, you settle directly with the Federal Reserve — you are a first-tier participant in the US dollar payment system. Without one, you must find a commercial bank willing to process your settlements on your behalf — you are a second-tier participant entirely dependent on a commercial intermediary who can revoke your access, charge fees, impose restrictions, or in the extreme case of debanking, terminate your relationship entirely. Every crypto company that has ever struggled to maintain a banking relationship — and there have been hundreds — has suffered because it lacked the direct Federal Reserve access that a master account provides.

The order's language about removing overly burdensome and fragmented regulations and supervisory practices that form barriers to entry and primarily benefit incumbent financial services firms is the executive acknowledgment of a structural fact: the incumbent banks that control access to the payment system have used that control to exclude competitors, including crypto firms, from the US financial system. The May 19 order is an attempt to end that exclusion through presidential directive.

MASTER ACCOUNT IN ONE LINE: Without one, you beg a commercial bank to process your settlements. With one, you settle directly with the Federal Reserve. Kraken just became the first crypto firm in history to have one. Ripple and Anchorage are next in line — and the president just started a 90-day clock.

02 — THE EXECUTIVE ORDER: WHAT IT REQUIRES AND WHAT IT CANNOT DO

The executive order titled Integrating Financial Technology Innovation into Regulatory Frameworks, signed May 19, 2026, contains three specific provisions that directly affect the crypto industry's access to Federal Reserve payment infrastructure. Understanding both what the order requires and what it explicitly cannot do — given the Federal Reserve's legal independence — is essential for evaluating its practical significance.

The order asks the Federal Reserve Board of Governors to examine how uninsured depository institutions and non-bank financial firms — including those involved in digital assets, blockchain services, and other fintech activities — may be granted access to Federal Reserve payment accounts and services, including Fedwire. It requires the Fed to establish transparent application procedures — ending the historical pattern of applications disappearing into a bureaucratic process with no defined timeline or outcome criteria. And it mandates that the Fed rule on completed applications within 90 days — converting what had previously been an indefinite wait into a defined, legally framed deadline.

What the order explicitly cannot do is require the Federal Reserve to approve any specific application. The Federal Reserve's independent legal status means that a presidential executive order cannot compel an approval decision — the order can change the process and timeline but not the outcome. In 2025 and 2026, appeals court decisions reinforced the view that Reserve Banks retain discretion to reject master account requests, a legal backdrop the May 19 order explicitly asks the Fed to examine rather than override.

The practical significance of the 90-day clock is nonetheless substantial. For Ripple, which filed for a master account in July 2025 and had been waiting indefinitely, the executive order converts a potentially multi-year wait into a defined Q3 2026 decision window. For Anchorage Digital — which holds the first

OCC federal bank charter in crypto history and has the strongest regulatory standing of any crypto firm seeking payment system access — the 90-day clock creates a clear timeline for one of the most consequential regulatory decisions in the history of the digital asset industry. Watch for the Fed's revised application procedures by late June 2026, the first procedural rulings shortly after, and the first conditional approvals in Q3 2026.

The order also complements the CLARITY Act, currently moving through the Senate process. The CLARITY Act would codify structural pieces of the crypto-friendly regulatory framework into permanent law — converting executive orders, which can be rescinded by a future president the day they take office, into statutory permanence. The May 19 order and the CLARITY Act are the administrative and legislative tracks of the same regulatory transformation: the integration of crypto and fintech companies into the core infrastructure of the US financial system.

03 — KRAKEN'S MARCH 2026 APPROVAL: THE TEMPLATE AND ITS LIMITS

The Kansas City Federal Reserve's approval of a limited master account for Payward — the parent company of Kraken and a Wyoming Special Purpose Depository Institution — in March 2026 is the most important regulatory precedent in the history of crypto payment infrastructure. It is also, as the fine print reveals, a more limited victory than the headlines suggested.

Kraken's account is a limited-purpose account initially granted for one year. It provides direct access to Fedwire and the ability to hold limited overnight balances at the Federal Reserve — the core capabilities that constitute genuine settlement access. However, it explicitly excludes several capabilities that a full master account holder would enjoy: Kraken's account does not earn interest on reserves, does not include access to emergency Federal Reserve lending facilities, does not include FedNow access — the Federal Reserve's instant payment system — and does not include access to the ACH network that processes the majority of retail payment volumes in the United States.

The limited-purpose account represents what analysts are calling a tiered-access framework — a spectrum between binary full access and outright denial that allows the Federal Reserve to grant crypto firms access to core settlement capabilities while maintaining risk controls and gradually expanding access as firms demonstrate operational stability and regulatory compliance. This tiered model is the template that the May 19 executive order and the Fed's December 2025 skinny master account proposal are building toward — a structured, graduated pathway for crypto firms to integrate into the Federal Reserve payment system without the all-or-nothing binary that previously made the question politically impossible for the Fed to resolve.

The precedential significance of Kraken's approval cannot be overstated. Before March 2026, the question of whether a crypto firm could ever access the Federal Reserve payment system directly was genuinely unresolved. Custodia Bank, a Wyoming SPDI that applied for a master account in October 2020, sued the Federal Reserve in 2022 over delays, and had its application denied in January 2023 — with the Fed ruling that its crypto-asset-focused business model failed to meet statutory eligibility requirements. Custodia's denial was the definitive statement that the old regulatory regime would not allow crypto firms into the payment system. Kraken's approval in March 2026 is the definitive statement that the new regulatory regime will.

KRAKEN PRECEDENT: First crypto firm in history to access Fedwire directly. Limited-purpose account, one-year initial term, no interest on reserves, no FedNow, no ACH. But the door is open. The tiered framework Kraken established is the template every subsequent applicant will use.

04 — RIPPLE, ANCHORAGE, COINBASE, CIRCLE, AND BRIDGE: THE QUEUE

The five companies most directly positioned to benefit from the May 19 executive order and the Kraken precedent represent a cross-section of the most strategically important infrastructure in the crypto ecosystem — and understanding what each would gain from Federal Reserve master account access explains why this is one of the most consequential regulatory developments of 2026.

Ripple and RLUSD: Ripple filed for a Federal Reserve master account in July 2025, specifically in connection with its RLUSD stablecoin strategy. RLUSD — Ripple's US dollar stablecoin — is designed to operate on the XRP Ledger as a programmable, instant-settlement dollar instrument for cross-border payments. A Fed master account for Ripple would allow RLUSD transactions to settle directly with the Federal Reserve rather than through a commercial bank intermediary — making RLUSD the first stablecoin to have direct Federal Reserve settlement access. The XRP Ledger's existing role in cross-border payment infrastructure, combined with direct Fedwire settlement for RLUSD, would position Ripple as a credible alternative to the SWIFT correspondent banking network for international dollar settlements at a fraction of the cost and time.

Anchorage Digital: Anchorage Digital holds the first and only OCC federal bank charter in the crypto industry — a charter that represents the highest available level of regulatory recognition for a digital asset firm. Despite this charter, Anchorage has not yet secured direct Federal Reserve payment system access. The combination of Anchorage's OCC federal bank charter with a Federal Reserve master account would make it the most comprehensively regulated crypto institution in the United States — satisfying the compliance requirements of the most conservative institutional investors, pension funds, and sovereign wealth funds that need full regulatory standing for any crypto custody or payment service they use.

Coinbase, Circle, and Stripe's Bridge: All three have received conditional approval for national trust bank charters from the Office of the Comptroller of the Currency. The OCC conditional charter approval is the first step toward Federal Reserve master account eligibility for each. Coinbase's potential master account access would vertically integrate its exchange, custody, and payment capabilities with direct settlement rails — making Coinbase a one-stop financial infrastructure provider that can offer institutional clients everything from asset custody to real-time Fedwire settlement in a single regulated entity. Circle's master account access would allow USDC to settle directly with the Federal Reserve — making it the most institutionally credible stablecoin settlement instrument in the world. Bridge's master account application, filed alongside its national bank trust charter application as confirmed in reporting about the Stripe-owned firm, would provide the GENIUS Act-compliant stablecoin infrastructure company with the direct payment rails that its multi-chain stablecoin issuance and settlement platform requires.

05 — THE DOMINO SEQUENCE: RIPPLE 2023 TO MAY 2026

The events leading to the May 19 executive order are not a series of independent regulatory decisions. They are a coordinated sequence of legal, regulatory, and political developments that have been building for three years toward the same structural outcome: the integration of the crypto industry into the core infrastructure of the US financial system.

The sequence begins with Judge Analisa Torres' July 2023 ruling in SEC v. Ripple, which found that XRP sold on public exchanges was not a security — the first major judicial limitation on the SEC's attempt to classify crypto assets as securities under existing law. The Ripple ruling created the legal foundation that the March 2026 SEC-CFTC joint interpretive release formalized for 16 assets: most crypto assets are not securities. That legal foundation is the prerequisite for crypto assets to be treated as commodities and payment instruments eligible for integration into the banking system rather than as unregistered securities that banks are prohibited from handling.

The SEC dropping its appeal in the Ripple case in 2025 removed the legal overhang that had prevented Ripple from pursuing regulatory approvals with full confidence. The Trump administration's appointment of Paul Atkins as SEC chairman created the regulatory environment in which the March 17, 2026 joint taxonomy could be published and the innovation exemption could be announced. Kraken's Fed master account approval in March 2026 demonstrated that the regulatory framework had advanced sufficiently for the first crypto firm to actually access Federal Reserve infrastructure. The May 19 executive order systemized what Kraken achieved individually — creating a formal, transparent pathway for every qualifying crypto firm to follow.

The appointment of Kevin Warsh as the new Federal Reserve chair — referenced in reporting about the May 19 order — is the final piece of the sequence. Warsh, a former Federal Reserve governor and close Trump ally, has been publicly supportive of financial technology innovation and is expected to be more receptive to crypto firm master account applications than his predecessor Jerome Powell, who had maintained the Fed's historically restrictive stance toward digital asset companies.

06 — CONCLUSION: THE MARKET HAS NOT PRICED THIS IN

The morning after Trump signed the May 19 executive order, XRP was trading at \$1.36 — the same price as the week before. The market had not priced in the executive order. As of late May 2026, it still largely has not. The specific chain of consequences that flows from crypto firms gaining Federal Reserve master account access has not been incorporated into asset valuations because most market participants do not understand what a master account is, what direct Fedwire settlement means, or why removing commercial bank intermediary dependency changes the fundamental operating economics of the crypto payment infrastructure industry.

The companies that gain Federal Reserve master account access will undergo a fundamental transformation in their competitive positioning. They will no longer be technology companies dependent on the banking system's goodwill for their survival. They will be financial infrastructure companies with direct access to the same settlement rails that JPMorgan, Bank of America, and Citigroup use. The cost

of processing dollar settlements will fall from commercial bank fees to Federal Reserve rates. The risk of debanking will be eliminated. The credibility with institutional counterparties who require regulated, direct central bank settlement access will increase dramatically. And the scope of financial services that these companies can offer — including direct participation in Treasury securities settlement, Federal Reserve repo operations, and eventually FedNow instant payment rails — will expand to match the full scope of what traditional banks can offer.

Ripple, Anchorage Digital, Coinbase, Circle, and Bridge are not the same companies post-master account that they are today. The question for investors is whether to recognize that transformation at \$1.36 for XRP, before the 90-day clock produces approvals that the market will reprice immediately — or to wait for the approvals, watch the market move, and then invest at prices that already reflect what the executive order made possible.

The Ripple court wins in 2023. The SEC dropping their appeal in 2025. Kraken approval in March 2026. Trump order in May 2026. These are not accidents. These are dominoes. The market has not priced the last one yet.