

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2285 (Valencia) – As Amended March 16, 2026

Policy Committee:	Banking and Finance	Vote:	9 - 0
	Privacy and Consumer Protection		15 - 0

Urgency: No                      State Mandated Local Program: Yes                      Reimbursable: No

**SUMMARY:**

This bill enacts the Digital Financial Asset (DFA) Banking Act.

Specifically, this bill:

- 1) Regulates a bank or credit union under the examination authority of the Department of Financial Protection and Innovation (DFPI) with respect to the financial institution’s provision of digital asset custody services, staking services, and digital asset transaction services, including requiring certain disclosures to customers and financial safety measures.
- 2) Requires a financial institution engaged in DFA custody services to conduct an annual audit of custodial activities and holdings.
- 3) Requires a financial institution to establish and maintain an anti-money laundering compliance program and cybersecurity program in relation to the financial institution’s digital asset custody and staking services and requires a financial institution to notify DFPI within 72 hours of discovering a material cybersecurity incident.
- 4) Authorizes DFPI to enforce these regulations with administrative and civil remedies, including issuing a written order directing a financial institution to take specific corrective action to remedy a violation, issuing a cease and desist order, imposing civil penalties of up to \$10,000 per violation, and suspension or revocation of authority.

**FISCAL EFFECT:**

DFPI anticipates minor and absorbable costs to update informational materials to reflect a financial institution’s requirements regarding DFAs, provide additional training for staff, and undergo mandatory rulemaking to create the notice form specified in this bill. DFPI notes that it already has authority under existing law to broadly examine a financial institution. However, it is possible for this bill to result in costs to DFPI in excess of \$150,000, to the extent a financial institution’s current DFA practices (or future practices, pursuant to pending federal legislation) do not align with this bill, leading to more complex examinations and enforcement proceedings regarding an evolving technological asset (Financial Protection Fund).

**COMMENTS:**

- 1) **Purpose.** According to the author:

Blockchain technology is increasingly shaping the future, with new applications emerging across everyday use cases. By providing our state-chartered banks and credit unions, the go-to choice for many residents, a responsible framework for offering this technology, we give our state financial institutions a reputational advantage from the start.

- 2) **Background. *DFA Regulation in California.*** A DFA, also referred to as “cryptocurrency” or “crypto,” is a digital representation of value that is not issued or backed by a government or central bank. AB 39 (Grayson), Chapter 792, Statutes of 2023, established a licensing program for DFA companies serving California customers. Under the Digital Financial Assets Law (DFAL), companies must apply for licensure by July 1, 2026, and adhere to new regulations governing operating procedures, customer service standards, and financial stability. DFA-related activity by certain entities are exempt from DFAL, including most banks and credit unions separately regulated by DFPI.

***Federal Guidance.*** In May 2025, the Office of the Comptroller of the Currency, which oversees nearly 4,000 federal institutions across the country, issued guidance to clarify that national banks and federal savings associations can buy and sell DFAs held in custody at the customer’s direction, if the financial institution follows the practices used for traditional assets. As of August 2025, more than half of the 25 largest banks in the U.S. are considering or actively offering DFA products.

This bill regulates the provision of digital asset custody services, staking services, and digital asset transaction services by a bank or credit union under DFPI authority. As noted in the Assembly Banking and Finance Committee’s analysis of this bill:

Stakeholders have also requested to put the state law in parity with the federal law.

This bill comes at a time when it appears that federal DFA regulation is on the precipice of passage. Congress has been at an impasse on the CLARITY Act, a bill aimed at establishing a comprehensive regulatory framework for digital assets, dividing oversight between the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC)...The author has agreed to continue dialogue with stakeholders as the CLARITY Act moves through the Senate in Congress.

- 3) **Letter of Concern.** There is no registered support or opposition on file for this bill. However, California’s Credit Unions, California Bankers Association, and California Community Banking Network collectively write, “While we support moving AB 2285 to the second house, final enactment without deliberate harmonization risks creating a “patchwork” of duplicative, conflicting, or preempted requirements that could disadvantage California state-chartered institutions.”

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