

## RESEARCH NOTE: US STRATEGIC CRYPTO RESERVE

March 5, 2025

US President Donald Trump released a statement on [Truth Social](#)<sup>1</sup> clarifying that a January Executive Order's reference to a "[digital asset stockpile](#)"<sup>2</sup> would include Ripple (XRP), Solana (SOL), and Cardano (ADA). Trump issued a follow-up statement roughly two hours later, which added Bitcoin (BTC) and Ethereum (ETH) to the list, and stated they would be "[the heart of the Reserve](#)."<sup>3</sup> We think there are two interesting observations here.

### 1. Who were the winners in the US "digital asset stockpile"?

First, almost everyone agrees that if any sort of strategic crypto-asset reserve were to be set up, it was always going to include bitcoin at the very minimum, and likely ethereum as well. ETH and BTC are not particularly controversial crypto-assets to include in a crypto-asset reserve. However, XRP, SOL and ADA are controversial. That only the controversial tokens were mentioned in Trump's first statement on Truth Social strongly suggests this was the outcome of lobbying efforts on behalf of those tokens.

As there is widespread reporting that teams from Ripple, Solana, and Cardano, among others, have met with the Trump team, that they were named in this round does imply that other projects' lobbying efforts have thus far proved less successful. There is also a common thread that binds Ripple, Solana, and Cardano in that they are all led by founders who are either American (Ripple and Cardano), or based in the United States (Solana Labs is based in San Francisco). It therefore stands to reason that any subsequent additions to a crypto reserve are likely to have some proximate nexus to the United States, either with American founders, or from a significant American presence.

### 2. Where will the money for the "digital asset stockpile" come from?

The second observation is that, with Republicans currently struggling to pass a budget even while they control the [White House and Congress](#),<sup>4</sup> it is unclear how money can get appropriated to fund this "Reserve." A key sticking point in budget negotiations has been reigning in spending.

We expect the next phase of this process to focus on where the money can come from and in our view, the most likely candidate will be the Exchange Stabilization Fund ("ESF"). Since the Clinton administration's creative (and controversial) use of the ESF to make loans to Mexico in 1995, the ESF has been repurposed by presidential administrations several times. Uses of the ESF have varied widely, with a common theme of funding financial transactions with little to no net expected cash outlay over the medium term and no "expected" loss. These were not "expenditures" in colloquial English regardless of their legal status.

The ESF provided loan guarantees no one expected would require payouts and it has funded bridge loans that were expected to be replaced with more traditional financing once a short-term crisis passed. Administration officials could argue with a straight face that these were not "spending" but rather simple financial transactions with no medium-term cost.

Using the ESF to buy crypto-assets is arguably more in line with the original purpose of "[stabilizing exchange rates](#)."<sup>5</sup> And if the crypto-assets are "expected" to appreciate – indeed so long as they are not expected to depreciate – there is no qualitative difference among investing in a crypto-assets, [loaning money to Mexico](#),<sup>6</sup> and guaranteeing loans to [Silicon Valley Bank](#).<sup>7</sup> Using the ESF does not require Congressional approval, so it is easy to use and credit can go directly to the Trump administration.

#### SUMMARY

- XRP, SOL, and ADA lobbied effectively with inclusion in any US Strategic Crypto Reserve. These tokens have a US nexus which could inform future inclusions.
- Money for the Reserve could come from an Exchange Stabilization Fund ("ESF").

<sup>1</sup> <https://truthsocial.com/@realDonaldTrump/posts/114093526901586124>

<sup>2</sup> <https://www.whitehouse.gov/presidential-actions/2025/01/strengthening-american-leadership-in-digital-financial-technology/>

<sup>3</sup> <https://truthsocial.com/@realDonaldTrump/posts/114093946326587357>

<sup>4</sup> <https://apnews.com/article/house-gop-budget-trump-tax-cuts-agenda-7d29a6840fa474b841228d20e5e96b55>

<sup>5</sup> <https://www.law.cornell.edu/uscode/text/31/5302>

<sup>6</sup> <https://www.nytimes.com/1995/02/01/IHT-president-gives-up-on-congress-and-turns-elsewhere-for-loans-clinton.html>

<sup>7</sup> <https://www.cnbc.com/2023/03/12/regulators-unveil-plan-to-stem-damage-from-svb-collapse.html>