



July 20, 2022

Chairman David Scott
House Agriculture Committee

Chairwoman Debbie Stabenow
Senate Committee on Agriculture, Nutrition and Forestry

Chairman Frank Pallone, Jr.
House Energy and Commerce Committee

Chairman Sherrod Brown
Senate Committee on Banking, Housing and Urban Affairs

Chairwoman Maxine Waters
House Financial Services Committee

Chairwoman Maria Cantwell
Senate Committee on Commerce, Science and Transportation

Chairman Richard Neal
House Ways and Means Committee

Chairman Ron Wyden
Senate Committee on Finance

Dear House and Senate Committee Chairs:

As crypto markets experience upheaval, the U.S. crypto industry is struggling to operate in an unclear regulatory environment. As the SEC attempts to regulate via lawsuit and other federal agencies slow walk new crypto rules, U.S. crypto jobs are at risk.

Lawmakers on both sides of the aisle have teamed up to offer a number of proposals around crypto policy – this Congress had more than 35 crypto bills introduced alone.¹ But Congress needs to accelerate consideration of substantive legislation to ensure the future of our nation's crypto industry.

With jobs and U.S. leadership at stake, we urge you to hold legislative hearings focusing on outstanding crypto legislation before your committees – and the best regulatory path forward to support the U.S.'s digital assets economy.

Congress Must Lead

Policymakers understand the importance of establishing a regulatory framework, and they are looking to Congress for action:

- **Biden Administration** - After discovering a leading crypto exchange failed to separate customer account balances from corporate funds, Administration officials called for congressional action to establish a legal framework around separating assets.²

¹<https://www.forbes.com/sites/jasonbrett/2021/12/27/in-2021-congress-has-introduced-35-bills-focused-on-us-crypto-policy/?sh=44ef8114c9e8>

²<https://www.coindesk.com/policy/2022/05/18/biden-administration-wants-crypto-exchanges-to-separate-customer-and-corporate-funds/>

- **SEC** - Chair Gary Gensler recommended that Congress address gaps in investor protection via legislation.³ He added that Congress is supposed to signal to the SEC when new rulemaking should be developed.⁴
- **CFTC** - Chair Rostin Benham asked the Senate Agriculture Committee this past February to give the CFTC expanded oversight in regulating cryptocurrency markets.⁵
- **Federal Reserve** - Vice Chair Lael Brainard recently gave a speech calling for lawmakers to act quickly to fill in regulatory gaps in crypto markets.⁶

Without congressional action, a lack of clear rules and regulations has contributed to the current instability in crypto markets. For example, the demise of an algorithmic stablecoin set off a domino effect in the industry, with multiple trading platforms and decentralized finance (DeFi) companies collapsing.

Some of the companies that have failed took advantage of a lack of clear regulations in the market. Industry leaders have warned that smaller exchanges offering generous margin loans are quietly becoming insolvent.⁷ And without federally backed deposit insurance, investors' cryptocurrency held on these platforms are not safe from any bankruptcy activity.

Investor accounts have become collateral damage for failing crypto companies. For Americans who are purchasing cryptocurrency, the high risks associated with the crypto market are not a deterrent to buying and holding tokens, or obtaining crypto loans. Because of this, it is imperative that Congress act to ensure investor protection by providing rules of the road, which would in turn help weed out bad actors in the industry.

Due to Lack of Clarity, Crypto Jobs and Companies Vanishing

The lack of clear rules from U.S. regulators and lawmakers is driving companies to seek greener pastures overseas, threatening U.S. competitiveness and national interests.⁸ With the current blockchain market projected to grow to \$67.4 billion by 2026,⁹ forcing crypto companies to go abroad would significantly damage U.S. employment gains in this industry over the past few years. These jobs pay well over the median U.S. salary¹⁰ and tend to be remote positions that allow employees to work in any state. Jobs in this industry survived the pandemic, with an increase in available positions of 118% from September 2020 to July 2021.¹¹

³ [The SEC & Cryptocurrencies | Office Hours with Gary Gensler](#)

⁴ <https://twitter.com/GaryGensler/status/1534231834640490497>

⁵ <https://www.bankingdive.com/news/cftc-chief-eyes-greater-authority-in-crypto-oversight/618664/>

⁶ <https://www.federalreserve.gov/newsevents/speech/brainard20220708a.htm>

⁷ <https://www.forbes.com/sites/stevenehrlich/2022/06/28/bankman-fried-some-crypto-exchanges-already-secretly-insolvent/?sh=5023a9de47f7>

⁸ <https://www.protocol.com/ripple-xrp-leave-us>

⁹ <https://blockchaintrainingalliance.com/blogs/news/blockchain-career-job-outlook-in-2022>

¹⁰ <https://www.glassdoor.com/research/rise-in-bitcoin-jobs/#>

¹¹ <https://www.hiringlab.org/2021/08/03/job-seeker-interest-spikes-crypto-and-blockchain/>

Until any crypto legislation from Congress becomes law, American investors and innovators are trapped in the middle of a game of regulatory hot potato between the SEC and CFTC. Instead of clearly issuing rules explaining why and how some cryptocurrencies are classified as securities, the SEC is engaging in litigation against companies like Ripple.¹² While encouraging crypto innovators to seek permission from the Commission, SEC officials denied Grayscale's application to convert their Grayscale Bitcoin Trust into a spot Bitcoin ETF.¹³

The recent attempts by the SEC to regulate through litigation raises concerns with leading crypto companies and fledgling startups nervous about costly lawsuits or penalties. As a result, companies have expanded their product offerings to crypto-friendly regions like Europe,¹⁴ Asia, and the Middle East as a hedge against potential enforcement issues in the U.S. Others have considered exiting the U.S. market altogether.¹⁵

Compared to other allies, the U.S. is lagging when it comes to establishing industry safeguards. The United Kingdom plans to introduce stablecoin legislation next month,¹⁶ and their Parliament is synchronized with the Bank of England to position the UK as a digital asset technology and innovation hub in the coming years.¹⁷ In the European Union, its 27 members recently agreed on a regulatory framework for digital assets and are now moving towards legislating non-fungible tokens (NFTs).¹⁸

Collaborating on Crypto Legislation Moves the Needle

The increase of countries developing crypto regulatory policy should motivate the U.S. to act quickly to review relevant legislative proposals introduced this Congress. Considering that at least 35 crypto-related bills were referred to various committees in the House and Senate, **we call on you as committee chairs to hold hearings examining the pros and cons of pending legislation before your committee and the best path forward on crypto regulation.**

It's time to move the crypto policy debate from "we need regulation" to "what are the impacts of specific regulatory proposals?"

By doing this, Congress can identify sound policies that have the potential to become law. Additionally, this move will signal to the crypto markets that there is progress being made towards comprehensive regulation, which will ease concerns of innovators, investors, users and regulators.

President Biden's Executive Order on Digital Assets highlighted that the crypto industry is creating an opportunity to reinforce American leadership in the global financial system.¹⁹ Congress' move to

¹² <https://www.sec.gov/news/press-release/2020-338>

¹³ <https://beincrypto.com/sec-delays-grayscale-btc-etf-application/>

¹⁴ <https://www.cnn.com/2022/06/30/coinbase-seeks-europe-licenses-in-bid-to-expand-growth-outside-us.html>

¹⁵ <https://www.protocol.com/ripple-xrp-leave-us>

¹⁶ <https://www.coindesk.com/policy/2022/07/06/uk-to-introduce-legislation-on-stablecoins-by-august-boes-cunliffe/>

¹⁷ <https://www.gov.uk/government/news/government-sets-out-plan-to-make-uk-a-global-cryptoasset-technology-hub>

¹⁸ <https://www.consilium.europa.eu/en/press/press-releases/2022/06/30/digital-finance-agreement-reached-on-europe-an-crypto-assets-regulation-mica/>

¹⁹ <https://www.whitehouse.gov/briefing-room/presidential-actions/2022/03/09/executive-order-on-ensuring-responsible-development-of-digital-assets/>

set standards and establish guardrails this year will position the U.S. to become a model for other countries currently regulating digital assets.

Taking thoughtful steps to review and collaborate with other policymakers on legislation will ensure that the U.S. crypto market remains in a leading position.

Sincerely,

A handwritten signature in black ink, appearing to read 'JE' or similar initials, written in a cursive style.

Janay Eyo
Director, Financial Policy
Chamber of Progress