May 16, 2024

The Honorable Mike Johnson  
Speaker 
United States House of Representatives 
Washington, D.C. 20515

The Honorable Hakeem Jeffries  
Minority Leader 
United States House of Representatives 
Washington, D.C. 20515

Dear Speaker Johnson and Minority Leader Jeffries:

The undersigned organizations, which span the digital assets community and share the goal of encouraging the responsible global regulation of digital assets, write to express our support for H.R. 4763, the Financial Innovation and Technology for the 21st Century Act (“FIT 21”). H.R. 4763 creates a comprehensive regulatory framework to protect consumers while addressing the unique structure of U.S. digital asset markets.

FIT 21 establishes a regulatory framework for the issuance and trading of digital assets by the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC). It provides clarity on which digital assets are regulated by each agency. By passing this legislation, we can accelerate the growth of blockchain technology and digital assets, fostering financial inclusion and protecting national security. It is crucial for the U.S. to maintain its leadership in financial innovation.

Currently, the U.S. lags behind other major jurisdictions in developing a regulatory framework for digital assets. Major economies like the European Union, United Kingdom, Singapore, Japan, South Korea, the UAE, Brazil, and Australia have made significant progress in this area. Without Congressional action to pass effective rules, American innovators will continue to migrate offshore. American investors and consumers may turn to unregulated offshore markets, posing risks to national security and the economy.

The 2022 collapses of multiple foreign firms highlight the consequences American investors face when digital asset market activity moves to unregulated jurisdictions outside the U.S. SEC Chair Gary Gensler acknowledged this risk, stating that U.S. investors are accessing crypto markets both domestically and offshore, and noting the challenges associated with taking enforcement actions against foreign firms. To protect consumers and investors, the U.S. must not abdicate its role in regulating digital assets.
FIT 21 includes important consumer protections, such as segregating customer funds, requiring risk disclosures, extending bankruptcy protections, imposing minimum capital requirements, and addressing conflicts of interest. We strongly support these requirements to safeguard customers and their funds.

We also agree with the Financial Stability Oversight Council’s (FSOC) recommendation that Congress pass legislation granting explicit rulemaking authority over the spot market for crypto-assets. Treasury Secretary Janet Yellen and CFTC Chairman Rostin Behnam have repeatedly expressed the need for regulatory frameworks in these markets.

We recognize that FIT 21 will introduce new compliance challenges for digital assets companies, but regulatory clarity is indisputably more responsible, safer for consumers, and preferable to the status quo. Currently, digital assets firms are instructed to somehow comply with U.S. securities laws that were designed nearly 100 years ago without consideration of the technological advances of today, including the ability for transactions to move at the speed of the internet.

We urge Members of the House to vote in favor of H.R. 4763 to establish a clear regulatory framework that fosters innovation, protects consumers, and maintains U.S. leadership in this foundational technology.

Respectfully,

Crypto Council for Innovation
Chamber of Progress
Consumer Technology Association
The Digital Chamber
Global DCA
Proof of Stake Alliance
Stand With Crypto

a16z
Alluvial
Anchain
Archetype
Architect
Block
Canonical Crypto
Circle
Coinbase
CoinFund
Dapper Labs
DC DAO
Digital Currency Group
Department of XYZ
Electric Capital
Espresso Systems
Fabric Ventures
Filecoin Foundation
Frax
Galaxy
Gemini
Global ID
Gryphon Digital Mining
Haun Ventures
Hourglass
Improbable
Integral
Kraken
Llama
MSquared
Marathon Digital Holdings
MoonPay
Mysten Labs
Near Foundation
OAK Network
OpenSea
Paxos
Protocol Labs
Re
Ribbit Capital
Riot Platforms
Sei
Silo Finance
Solidus Labs
Stellar Development Foundation
Storm Labs
Superstate
Surus
Sweat Economy
Tephra Labs
UDHC
Waterfall

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