Press Release

Bipartisan Senate Proposal Sets Out to Create a Complete Regulatory Framework for Cryptocurrencies

PAULINA ENCK | JUNE 7, 2022

A market that did not exist prior to 2017 is now causing headaches for regulators and policymakers in Washington as a growing number of Americans – an estimated 16 percent – invest in, trade, or use cryptocurrencies. In a new insight, Director of Financial Services Policy Thomas Wade explores the proposed Responsible Financial Innovation Act, a bipartisan effort to create the first complete regulatory framework for digital assets and cryptocurrencies.

Wade concludes:

> In addition to raising a fascinating theoretical question, the decision to treat cryptocurrencies and digital assets as either commodities or securities has profound real-world implications. This distinction matters because securities are regulated significantly more stringently than commodities, which makes this bill notably benevolent to the cryptocurrency industry. Separately, the decision to house responsibility for the vast majority of digital asset regulation under the Commodities Futures Trading Commission seems a peculiar choice given the relative size of the Securities Exchange Commission (SEC) and the expertise accrued by SEC Chair Gensler.
>
> By far the greatest hurdle facing a government-wide integrated approach to regulating digital assets and cryptocurrencies has to date been an unwillingness to take a stand on the definitional questions of what a digital asset is and how it should be regulated. While [the legislation's co-authors] Senators Cynthia Lummis and Kirsten Gillibrand deserve credit for taking a position, they have chosen an interpretation so favorable to industry that the bill will likely face an uphill battle in Congress.

Read the analysis