March 14, 2022

Congressional and Federal Agency Action Following Executive Order on Digital Assets Policy and Regulation

Last week, President Biden signed an Executive Order on *Ensuring Responsible Development of Digital Assets*. Digital assets, in this context, cover various types of assets, including cryptocurrency, stablecoin, and central bank digital currency (CBDC). The Executive Order, which can be found here, outlines key Administration objectives concerning the development of U.S. federal policy and regulation for digital assets.

Notably, the Executive Order obligates federal regulatory and executive agencies, including the SEC, FTC, CFTC, Federal Reserve, Treasury, Commerce, FDIC, and OCC, to submit reports and evaluations on various aspects of digital assets administration and regulation over the coming months. For example, within the next 180 days relevant agencies will submit reports on the "implications of developments and adoption of digital assets and changes in financial market and payment system infrastructures for United States consumers, investors, businesses, and for equitable economic growth."

Even before the issuance of the Executive Order, several federal agencies had already begun taking steps towards establishing digital assets regulation. For example, in January of this year the Federal Reserve Board released a discussion paper examining the pros and cons of a potential U.S. CBDC. The Federal Reserve Board also solicited "public comment" on the creation of a U.S. CBDC, including information on CBDC benefits, risks, policy considerations, and overall design. Comments are due in May of this year.

Congress is also taking significant action as it relates to the development of U.S. digital assets policy. On March 17, the Senate Committee on Banking, Housing, and Urban Affairs will be hosting a full committee hearing on *Understanding the Role of Digital Assets in Illicit Finance*. Additionally, on March 29, the U.S. House Committee on Financial Services will be hosting a full committee hearing on *Assessing the Benefits and Risks of a U.S. Central Bank Digital Currency*.

Entities in the digital assets sphere and those affected by it will play a critical role in helping the federal government develop digital assets policy and regulation. As stated, the Federal Reserve Board is already soliciting comments on the implementation of a CBDC. Additionally, in response to the Executive Order and broader regulatory initiatives, Congress and other federal regulatory and executive agencies are likely to solicit significant private sector input as digital assets policy continues to develop.

If you have any questions concerning federal agency or Congressional action regarding the development of

digital assets regulation and policy please do not hesitate to reach out to Kilpatrick Townsend's Government and Regulatory practice contacts Stephen Anstey at sanstey@kilpatricktownsend.com or John Loving at jloving@kilpatricktownsend.com.

Please find our previous legal alert on the Executive Order here.

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