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Treasury Provides Framework for International Engagement on Digital Assets

by Stephen M. Anstey

On July 7, 2022, the U.S. Department of the Treasury (Treasury) published a Fact Sheet: Framework for International Engagement on Digital Assets (Fact Sheet). The Fact Sheet details "a framework for interagency engagement with foreign counterparts and in international fora," which was delivered to President Biden. The framework was provided pursuant to the "President's Executive Order on *Ensuring Responsible Development of Digital Assets* (March 9, 2022)," and issued the day before Treasury published its Request for Comment seeking public input on U.S. digital assets development.

As stated by Treasury, the framework is "intended to ensure that, with respect to the development of digital assets, America's core democratic values are respected; consumers, investors, and businesses are protected; appropriate global financial system connectivity and platform and architecture interoperability are preserved; and the safety and soundness of the global financial system and international monetary system are maintained."

The Fact Sheet, which addresses cryptocurrencies, stablecoins, and central bank digital currencies (CBDCs), outlines U.S. involvement with various international entities, including the G7, G20, Financial Stability Board, International Monetary Fund, and the World Bank.

Of particular note regarding CBDCs, Treasury states that "[…] while a country's CBDC would be issued by its central bank, the infrastructure supporting it could involve both public and private participants." Further, Treasury notes that there are "[…] opportunities for U.S. companies to lead in the development of these technical systems and for the U.S. Government, working with G7 partners, to encourage technological development that would support a CBDC, if determined to be appropriate, that is consistent with the G7's long-standing public commitments to transparency, the rule of law, and sound economic governance."

The development of digital assets regulation, especially as it relates to CBDCs, is of critical significance to global finance. As stated in Congressman Jim Himes' recent white paper on the issuance of a CBDC by the Federal Reserve, titled *Winning the Future of Money: A Proposal for a U.S. Central Bank Digital Currency*, "nearly 105 central banks […] are considering CBDCs." Additionally, "50 countries are in an advanced stage of CBDC exploration, meaning they have moved forward on a pilot program, are testing architecture designs, or have executed a soft launch[, and] 16 of the G20 countries are in the development or pilot phase, with only the U.S., Mexico, and the United Kingdom still in the research phase."

As the U.S., EU, China, and others explore the adoption of CBDCs and establish national and international standards for digital assets regulation, it is important for companies working in, or affected by, the digital assets sphere to pay close attention to developments in this area.

If you have any questions regarding the development of digital assets regulation and policy, please do not hesitate to reach out to Stephen Anstey at sanstey@kilpatricktownsend.com.

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