

INSIDE DIGITAL ASSETS

with RIC EDELMAN

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BIDEN'S EXECUTIVE ORDER SETS INITIAL PATH FOR CRYPTO REGULATION

By [Ric Edelman](#), Founder, Digital Assets Council of Financial Professionals

President Joe Biden has signed an Executive Order to Ensure Responsible Development of Digital Assets, and the crypto community is cheering.

Despite the fact that crypto has existed under three U.S. presidents, this is the first such order from the White House. Neither Barak Obama nor Donald Trump issued any executive orders pertaining to crypto – inaction that helped perpetuate what some call a “wild west” atmosphere.

President Biden's order is thus not only the first such order, it is highly supportive of blockchain and digital assets – resulting in even further celebration in the crypto community. (Bitcoin's price rose 10% on the order's issuance.)

Through the order, the president has ordered the federal government to come up with a plan for digital assets. The administration says the order is a response to the “explosive growth” in digital assets, the growing number of countries exploring central bank digital currencies and a desire to maintain American technological leadership.

All this is long overdue.

Federal agencies will work with Congress to establish policies that guard against risks while helping drive innovation in blockchain technologies. The order focuses on six key priorities:

- Consumer and investor protection
- Financial stability
- Illicit finance
- U.S. leadership in the global financial system and economic competitiveness
- Financial inclusion
- Responsible innovation

The administration also ordered an exploration of a digital dollar that protects Americans' interests. This is, of course, a reference to a Central Bank Digital Currency. Several countries have

already launched CBDCs, and 80 more are exploring them. The Bank for International Settlements, a group of the world's central banks, says every country will have a CBDC by 2030.

By placing urgency on research and development of a potential United States CBDC, the president says these efforts are “deemed to be in the national interest” of our country.

Enhanced Consumer Protection

Currently, FDIC and SIPC offer no protection for buyers of digital assets. That could all change, thanks to the president's order. The Treasury Department and other agencies will now work together to develop policies to protect consumers, investors, businesses – all while creating an environment that supports economic growth.

At the same time, the order calls on federal agencies to root out illegal activity in the crypto space. The president's call for an “unprecedented focus of coordinated action” from federal agencies in mitigating illicit finance and national security risks posed by cryptocurrencies, while also urging international collaboration on the issue, is sure to help protect consumers when implemented.

If there are still any doubts about the legitimacy and permanence of digital assets, President Biden's executive order extinguishes them.