



---

**March 10, 2022**

### **U.S. Executive Order Issued to Develop Cryptocurrency/Digital Asset Regulatory Framework**

As previewed in our alert earlier this week, on March 9, 2022, President Biden signed an Executive Order (E.O.) commissioning multiple U.S. Government departments and agencies to study and potentially develop a comprehensive regulatory framework for the burgeoning cryptocurrency/digital asset market mainly over the next 180 days, not nine months, as previously reported. A copy of the E.O. can be found [here](#).

The E.O. directs the Assistants to the President for National Security Affairs and for Economic Policy to coordinate an extraordinary interagency process to include the Secretaries of State, the Treasury, Defense, Commerce, Labor, Energy, Homeland Security and the Attorney General, and the Administrators and Directors of the Environmental Protection Agency, Office of Management and Budget, National Intelligence, Domestic Policy Council, Council of Economic Advisers, Office of Science and Technology, Securities and Exchange Commission (SEC), Commodity Futures Trading Commission (CFTC), Federal Trade Commission (FTC), Board of Governors of the Federal Reserve System (the U.S. Central Bank, charged with setting monetary policy and the money supply), the Consumer Financial Protection Bureau (CFPB), Federal Deposit Insurance Corporation (FDIC), Comptroller of the Currency and other agencies to:

- within 180 days, submit a report on the future of money and payment systems, including on the potential benefits, risks and implications for consumers, investors, businesses, financial stability, systemic risk, national security, financial inclusion and equity, and actions needed to be taken for the establishment of what the E.O. calls a U.S. Central Bank Digital Currency (CBDC) and different options for doing so, effectively examining the possibility of establishing a "digital dollar" guaranteed by the full

faith and credit of the United States, like the traditional dollar, the extent to which non-U.S. CBDCs could displace existing currencies and undermine U.S. financial centrality, the relations between a U.S. CBDC and private sector-administered digital assets (i.e., current blockchain decentralized distributed ledger cryptocurrencies) and the implications for U.S. monetary policy, illicit financial crime, financial risks and risks to national security, as well as the implications for human rights;

- within 180 days, the Attorney General, in consultation with the Treasury Secretary and Chairman of the Federal Reserve report on the legislative changes necessary to issue a U.S. CBDC; and within 210 days provide a legislative proposal for doing do;
- within 180 days, the Treasury and Labor Secretaries, in consultation with the heads of the FTC, SEC, CFTC, CFPB and other agencies as appropriate, report on the implications of the development of digital assets on financial market and payment systems infrastructure on U.S. consumers, investors and businesses, including policy recommendations for their protection;
- within 180 days, the Director of the Office of Science and Technology Policy and Chief Technology Officer, in consultation with the Treasury Secretary and Chairman of the Federal Reserve and others, as appropriate, report on the technological infrastructure, capacity and expertise necessary to introduce and support a U.S. CBDC, should one be introduced;
- within 180 days, the Attorney General, in consultation with the Treasury and Homeland Security Secretaries, report on the role of law enforcement agencies in detecting, investigating and prosecuting criminal activity involving digital assets, including recommendations for legislative and regulatory action necessary;
- the FTC and CFPB Chairs are to consider the effects of growth of digital assets on competition and consumer protection policy and what legislative/regulatory measures may be necessary; and the Chairs of the SEC, CFTC, Federal Reserve, FDIC and Comptroller of the Currency are to consider the extent to which investor and market protection measures in their respective jurisdictions may be used to address the risks of digital assets and whether additional measures may be necessary;
- within 180 days, report on the connections between the development of distributed ledger technology and energy transition and climate change, including cryptocurrencies' consensus mechanisms on energy usage and uses of blockchain to support monitoring and mitigation of climate impacts, such as exchange of liabilities for greenhouse gases, water and other assets, with the report to be updated one year after submission;

- within 210 days, the Treasury Secretary shall convene the Financial Stability Oversight Council (FSOC) and report on the financial stability risks and regulatory gaps posed by various types of digital assets and recommend additional or modified legislation and regulation;
- within 90 days, submit supplemental reports on combating on illicit finance risks posed by cryptocurrencies, stablecoins, CBDCs and other digital assets, and within 120 days of submitting to Congress a "National Strategy for Combating Terrorist and Other Illicit Financing," develop a coordinated action plan based on its conclusions for mitigating digital asset-related illicit finance and attendant national security risks, and within 120 days following submission of those reports, the Treasury Secretary is to notify relevant agencies of any proposed rulemakings to address digital asset illicit finance risks;
- within 120 days, the Secretaries of the Treasury and State will establish a framework for interagency international coordination with foreign counterparts to facilitate adoption of global principles and standards for use of and transactions in digital assets, and within 1 year of the establishment of the framework, report on priority actions taken under the framework;
- within 180 days, the Commerce Secretary will establish a framework for enhancing U.S. economic competitiveness in use of digital technologies; and
- within 90 days, the Attorney General, in consultation with the Secretary of State, will report on how to strengthen international law enforcement cooperation for detecting, investigating and prosecuting digital asset-related criminal activity.

Anyone familiar with the workings of the U.S. Government will appreciate that the E.O., in setting these 90/180/210 day reporting and milestone deadlines, is ordering the various government Departments and Agencies to move at what is lightning speed for them. A U.S. CBDC "digital dollar" that would presumably function as a fully virtual reserve currency backed by the full faith and credit of the United States, like the traditional dollar, would revolutionize banking, commerce and payment systems, but also cut sharply against the guiding philosophy and dynamics of blockchain-based cryptocurrencies, which by definition are based on decentralized and distributed databases not subject to government or centralized control.

At the same time, such a "digital dollar" would probably not be subject to current cryptocurrency volatility, and might constitute a different investment category than current cryptocurrencies. The E.O. signals that the U.S. has woken up to the cryptocurrency/digital asset revolution, and a flurry of legislative and regulatory actions may be expected starting this year to start to take crypto/digital out of the "Wild West" realm. In addition, individual states are already working

on digital asset cryptocurrency regimes within their jurisdictions, following the lead of Wyoming (see: "Wyoming's Digital Assets Law and How to Use it," available under [Kurtin PLLC's Lexology.com Publications Hub](#) and at [Kurtin PLLC Whitepapers and Advisories](#)).

There will be a lot to keep up with for businesses, investment funds and investors in all investment classes as the legal and regulatory paradigm for cryptocurrencies and digital assets develops. The SEC has already initiated several actions relating to "digital asset securities," also reported by us at the links above. The good news is that a strong legal/regulatory framework will reduce volatility, improve valuations, and overall create a less speculative and more broadly investment-grade asset class.

For additional information, please contact us at [info@kurtinlaw.com](mailto:info@kurtinlaw.com).

---

Kurtin PLLC, a New York City-based law firm, focuses on corporate, commercial and regulatory representation in the [Biotechnology & Life Sciences](#), [Communications & Media](#), [Information Technologies & Internet](#), [Satellites & Space](#) and [Venture Capital & Private Equity](#) sectors. Since our founding in 2008, we have represented clients in over forty countries on six continents and across the United States on transactional and dispute resolution matters. Among our key values, none rank higher than creative and individualized solutions to business issues, absolute client discretion and unsurpassed responsiveness.

---

[Kurtin PLLC Website](#)

---

The materials contained in this message and website pages, whitepapers, advisories and other items directly linked to it have been prepared for general informational purposes only and should not be construed or relied upon as legal advice or a legal opinion on any specific facts and circumstances. The publication and dissemination, including on-line, of these materials and receipt, review, response to or other use of them does not create or constitute an attorney-client relationship.

To ensure compliance with requirements imposed by the Internal Revenue Service, we inform you that any tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matter(s) addressed herein.

These materials may contain attorney advertising. Prior results do not guarantee a similar outcome.

Copyright © Kurtin PLLC 2022. All Rights Reserved.

---

[Kurtin PLLC |Website](#)



Kurtin PLLC | One Rockefeller Plaza, Floor 11, New York, NY 10020

[Unsubscribe {recipient's email}](#)



Try email marketing for free today!

---