Summary of White House Fact Sheet Re: First-Ever Comprehensive Framework for Responsible Development of Digital Assets

On September 16, the White House published a Fact Sheet summarizing the results of reports issued pursuant to the President's Executive Order on Ensuring Responsible Development of Digital Assets ("EO"). Here is the full text of the Fact Sheet.

The research and policy recommendations focused on advancing six key priorities outlined in the original EO: consumer and investor protection; promoting financial stability; countering illicit finance; U.S. leadership in the global financial system and economic competitiveness; financial inclusion; and responsible innovation. Here are the next steps outlined in the Fact Sheet:

Protecting Consumers, Investors, and Businesses

- Encourage regulators like the Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC) to aggressively pursue investigations and enforcement actions against unlawful practices in the digital assets space.
- Encourage Consumer Financial Protection Bureau (CFPB) and Federal Trade Commission (FTC), as appropriate, to redouble their efforts to monitor consumer complaints and to enforce against unfair, deceptive, or abusive practices.
- Encourage agencies to issue guidance and rules to address current and emergent risks, collaborate, and share data on consumer complaints.
- The Financial Literacy Education Commission (FLEC) will lead public-awareness efforts to help consumers understand the risks involved with digital assets.

Promoting Access to Safe, Affordable Financial Services

Recognizing the traditional financial system leaves too many behind, the reports:

- Agencies will encourage the adoption of instant payment systems by supporting the development and use of innovative tech by payment providers and using instant payment systems for their own transactions (e.g., in the context of disaster releief or other government to consumer payments).
- Consider agency recommendations to create a federal framework to regulate nonbank payment providers.
- The National Science Foundation will back research aimed at ensuring that digital asset ecosystems are designed to be usable, inclusive, equitable, and accessible by all

Fostering Financial Stability

- Treasury will work with financial institutions to bolster their capacity to identify and mitigate cyber vulnerabilities and identify, track, and analyze emerging strategic risks.

Advancing Responsible Innovation

- Office of Science and Technology Policy and National Science Foundation will develop a Digital Assets Research and Development Agenda.   NSF will back social sciences and education research to develop methods of informing, educating, and training diverse groups of stakeholders on responsible digital asset use.
- Encourages Treasury and financial regulators to provide innovative U.S. firms developing new financial tech with regulatory guidance, best-practices sharing, and technical assistance.
- DoE and EPA will consider tracking digital assets' environmental impacts, developing performance standards, and providing local authorities with tools, resources, and expertise to mitigate environmental harms
- Commerce will examine stablishing a standing forum to convene federal agencies, industry, academics, and civil society to exchange ideas that could inform federal regulation and research.

Reinforcing U.S. Leadership and Competitiveness

- U.S. agencies will leverage U.S. positions in international organizations to message U.S. values related to digital assets.
    - U.S. agencies will also continue and expand their leadership roles on digital assets work at international organizations and standard-setting bodies—such as the G7, G20, OECD, FSB, Financial Action Task Force (FATF), and the International Organization for Standardization
- State, DOJ and other enforcement agencies will increase collaboration with partner agencies in foreign countries.
- State, Treasury, USAID and other agencies will explore further tech assistance to developing countries building out digital asset infrastructure and services.
- Commerce will help cutting-edge U.S. financial technology and digital asset firms find a foothold in global markets for their products.

Fighting Illicit Finance

The President will consider:

- Calling upon Congress to amend the Bank Secrecy Act, anti-tip-off statutes, and laws against unlicensed money transmitting to apply explicitly to digital asset service providers (including exchanges and NFT platforms).
- Urging Congress to raise penalties for unlicensed money transmitting to match the penalties for similar crimes under other money-laundering statutes and to amend relevant

federal statutes to let DOJ prosecute digital asset crimes in any jurisdiction anywhere a victim of those crimes is found.
- Treasury will complete an illicit finance risk assessment on decentralized finance by the end of February 2023 and an assessment on non-fungible tokens by July 2023.
- Treasury will enhance dialogue with the private sector, through a Request for Comment published to the Federal Register, to ensure that firms understand existing obligations and illicit financing risks associated with digital assets, share information, and encourage the use of emerging technologies to comply with obligations

CBDC

The Fact Sheet summarizes the benefits and risks of a CBDC, and provides that the Treasury will lead an interagency working group to further consider potential implications of a U.S. CDBC.

The Fact Sheet highlights significantly more benefits of a CBDC, signaling the Administration is likely weighing in favor of a U.S. CBDC.

According to the Fact Sheet, a CBDC could have the following benefits:
- Enable a payment system that is more efficient, facilitate faster cross-border transactions and be environmentally sustainable; promote financial inclusion and equity by enabling access for a broad set of consumers; foster economic growth and stability; protect against cyber and operation risks; safeguard privacy of sensitive data, and minimize the risks of illicit financial transactions; preserve U.S. global financial leadership; and support the effectiveness of sanctions.

The central risk highlighted is the risk of "runs to a CBDC in times of stress."