

WRITTEN TESTIMONY OF
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A Golden Age of Digital Assets: Charting a Path Forward

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Thank you, Chairman Steil, Ranking Member Lynch, and members of the Subcommittee for the opportunity to testify today on how the United States can best chart its path forward to ensure a golden age for digital assets. I believe that achieving this goal will require a comprehensive federal legislative framework for digital assets.

I am pleased to represent the Crypto Council for Innovation (CCI), a global alliance of industry leaders across the digital assets space. We believe that constructive partnership between government and business stakeholders is critical to crafting sound policy and regulation that benefits consumers, investors, and industry. We use an evidence-based approach to support governments that are shaping and encouraging the responsible regulation of this innovative technology. I am particularly grateful for the engagement and leadership of so many on this Subcommittee.

CCI is grateful that so many members of Congress recognize the need for the U.S. to lead when it comes to digital asset innovation, including on establishing a comprehensive federal regulatory framework. We experienced great bipartisan progress during the 118th Congress, including the historic passage of the Financial Innovation and Technology for the 21st Century Act (FIT21) and advancing the Clarity for Payment Stablecoin Act in the House, and I respectfully submit that it is critical for Congress, including this Subcommittee, to continue and complete such efforts to provide the digital assets industry with the necessary clarity and certainty to ensure the U.S.'s continued growth and leadership in this space.

Against this backdrop, my testimony aims to: (i) highlight the recent growth of the digital assets industry and increased adoption as we enter a potentially historic era of innovation in the U.S.; (ii) detail how other leading jurisdictions and financial centers have made progress to provide regulatory clarity to the digital assets industry and in turn attract increased activity; (iii) emphasize the need to build on the bipartisan progress from the 118th Congress while undoing significant harms resulting from prior “regulation by enforcement” approaches; and (iv) make recommendations to inform a comprehensive legislative framework for digital assets, including with respect to stablecoins and market structure.

A Golden Age for Digital Assets and Related Technologies

We are entering a new phase of digital asset growth and innovation that can benefit individuals, companies, and our economy. Over the past fifteen years, digital assets and blockchain technologies have evolved from a topic of curiosity to transforming financial services and how we architect future financial and economic systems. The approvals of spot Bitcoin and Ethereum ETFs, growing retail and institutional participation, and increased adoption of digital assets and blockchain technology in traditional finance and payments signal an industry not only meeting its potential but changing how we live.

Indeed, the global digital asset market has seen substantial growth, with increasing participation from both retail and institutional users. The total digital asset market capitalization currently exceeds \$3.25 trillion.¹ The stablecoin market alone has grown to over \$200 billion,² with daily transaction volumes surpassing billions of dollars, demonstrating the increased use of digital rails for payments. A recent survey found that approximately 20% of Americans have owned or traded digital assets, with younger demographics leading the trend.³ By one estimate, digital asset ownership has nearly doubled in the three years since the end of 2021. In 2025, approximately 28% of American adults, or about 65 million people, own digital assets.⁴

Growth in interest and use of digital assets is based on the benefits these technologies provide. Digital assets and blockchain technologies are already improving how individuals and businesses are able to access and engage in financial transactions. Tokenized assets and blockchain-driven transaction networks enhance financial access and inclusion, reduce counterparty risk, increase transparency, improve operational efficiencies, and lower costs. By leveraging these

¹ Forbes (no date) *Cryptocurrency prices today by market cap*. Available at: <https://www.forbes.com/digital-assets/crypto-prices/?sh=66ee3c2c2478> (Accessed: February 4, 2025).

² Forbes (no date) *Top Stablecoins Coins today by market cap*. Available at: <https://www.forbes.com/digital-assets/categories/stablecoins/?sh=473affe11cd0> (Accessed: February 4, 2025).

³ Slaughter, Justin and Little, Dominique (2024) ‘October 2024 Public Opinion Poll,’ Available at: <https://www.paradigm.xyz/2024/10/october-polling> (Accessed February 8, 2025)

⁴ <https://www.security.org/digital-security/cryptocurrency-annual-consumer-report/>

advancements, the industry seeks to modernize the legacy financial system and address long-standing disparities affecting lower-income and historically underserved communities.

For example, digital assets, including increasingly stablecoins, allow for low-cost and efficient cross-border transactions, making it easier for firms to make payments and for individuals in collapsing economies or authoritarian regimes to purchase goods and services. Stablecoins pegged to fiat currencies, like the U.S. dollar, are rapidly becoming a preferred medium of exchange in regions with volatile local currencies and limited banking infrastructure.

Additionally, humanitarian initiatives, such as distributing aid to refugees through stablecoins have demonstrated the reliability, efficiency, and security of this technology in high-risk environments.⁵ CCI has further chronicled a number of digital asset use cases that have helped to enhance financial inclusion, including one fintech that uses AI to calculate credit score and decentralized finance (DeFi) technologies to provide loans to people in Colombia.⁶

Another reason for the popularity of stablecoins is the absence of high fees charged by financial institutions. Traditional financial institutions typically charge 5% to 12% for remittances.⁷ By utilizing digital assets, these fees can be reduced to 1% of the total cost, with transfers completed in a few seconds rather than days.⁸ This results in significant savings that can be reinvested in local economies.

A Global Race to the Top

Against this backdrop of impact and potential, major economies and jurisdictions, such as the European Union, United Kingdom, Japan, and Singapore have recognized the importance of harnessing this technology and have implemented tailored regulatory frameworks. While facilitating digital asset growth and innovation is by no means a zero-sum game, these jurisdictions have taken significant steps to engage with the digital assets industry to establish new tailored rules and regulations and attract investment.

⁵ UNHCR USA (2023) 'UNHCR wins award for innovative use of blockchain solutions to provide cash to forcibly displaced in Ukraine,' The UN Refugee Agency, 23 March. Available at: <https://www.unhcr.org/us/news/press-releases/unhcr-wins-award-innovative-use-blockchain-solutions-provide-cash-forcibly>.

⁶ Mills, L. (2024) 'How is crypto supporting humanitarian aid work?,' Crypto Council for Innovation, 22 June. Available at: <https://cryptoforinnovation.org/how-is-crypto-supporting-humanitarian-aid-work/>.

⁷ Rodima-Taylor, D. (2023) 'The uneven path toward cheaper digital remittances,' *The Online Journal of the Migration Policy Institute: Migration Information Source* [Preprint], (June 22, 2023). Available at: <https://www.migrationpolicy.org/article/cheaper-digital-remittances>.

⁸ Alo, K.O. (2020) 'How Bitcoin is helping African migrant workers and their families save money,' *Forkast*, 9 March. Available at: <https://forkast.news/cryptocurrencies-remittance-africa-blockchain-bitcoin-money-transfers-fees/>.

For example, the EU's Markets in Crypto-Assets Regulation (MiCA) has established a comprehensive regulatory framework intended to establish a harmonized set of rules for issuers, intermediaries, and other participants in the digital assets ecosystem. MiCA went into effect and became applicable at the end of 2024 and focuses on stablecoins and digital asset exchanges. The UK has long aimed to become a global digital asset hub. With a renewed focus on growth and innovation, the UK Government, through the HM Treasury (HMT), has provided important regulatory clarity on staking, and the Financial Conduct Authority (FCA) has published an ambitious roadmap, detailing a full timeline for the introduction of a complete digital assets regulatory regime for implementation from 2026.⁹ The FCA is also actively supporting digital asset firms starting and scaling in the UK, by extending pre-application support.¹⁰ Similarly, Japan has been actively revising its regulatory approach to digital assets with a focus on investor protection and market stability.¹¹ Recent developments include tax reforms to incentivize digital asset investment and amendments to the Payment Services Act to accommodate stablecoins. Finally, Singapore has also taken a proactive stance, with the Monetary Authority of Singapore (MAS) granting licenses to numerous digital asset service providers and issuing guidelines on various aspects of digital asset activities.¹² Indeed, these jurisdictions are delivering exactly what the U.S. digital assets industry has been requesting: regulatory clarity through a thoughtful, tailored regulatory regime that recognizes the potential of digital assets, while balancing consumer protections and national security.¹³

It is important for the U.S. to build upon the progress made during the 118th Congress and ensure U.S. leadership in digital assets at the global level. The first, critical steps towards this are establishing a national policy to foster innovation and creating a comprehensive legislative framework. Such action can ensure the U.S. regains its competitive footing alongside other leading jurisdictions and makes best use of the incredible talent and resources our country

⁹ Financial Conduct Authority (2024) *FCA Crypto Roadmap*, Financial Conduct Authority. Available at: <https://www.fca.org.uk/publication/documents/crypto-roadmap.pdf>.

¹⁰ Rathi, N. (2025) *Letter from FCA to the Prime Minister regarding a new approach to ensure regulators and regulations support growth*, Financial Conduct Authority. Available at: <https://www.fca.org.uk/publication/correspondence/fca-letter-new-approach-support-growth.pdf>.

¹¹ GMO-Z.com Trust Company (2024) 'Japan's regulatory shift in cryptocurrency and digital assets,' *Medium*, 31 October. Available at: <https://medium.com/gmo-z-com-trust-company/japans-regulatory-shift-in-cryptocurrency-and-digital-assets-1bde466818b> (Accessed: February 6, 2025).

¹² Yee, L. and Kim, S. (2024) 'Redefining boundaries: MAS consults on new regulatory framework for digital token service providers under the FSMA,' *Duane Morris and Selvam*, 18 October. Available at: <https://blogs.duanemorris.com/duanemorrisandselvam/2024/10/18/redefining-boundaries-mas-consults-on-new-regulatory-framework-for-digital-token-service-providers-under-the-fsma/>.

¹³ The impact of that clarity is further reflected in the recent growth in blockchain developers and users within those jurisdictions. *See, e.g.*, Electric Capital (2024) '2024 Crypto Developer Report,' December 12, 2024. Available at: <https://www.developerreport.com/developer-report?s=developer-report>.

enjoys. It is also important to note that we are in the early innings of increased traditional finance adoption of digital asset and blockchain technologies to enhance the efficiency, transparency and security of market infrastructure. Tokenized assets can be securely traded in real-time through such systems, reducing settlement, counterparty, and other operational risks.¹⁴ As discussed below, increased clarity regarding regulatory expectations will unleash further innovation and ensure that American markets remain the envy of the world.

The New Administration and Congress: A Strong Start with More Work to Be Done

CCI is encouraged by the new Administration's early efforts to catalyze further digital assets development in the U.S., including rescinding SAB 121 and issuing a new White House Executive Order. President Trump's recent Executive Order highlights the strategic importance of digital asset innovation and recognizes that a comprehensive federal regulatory framework is needed. Indeed, the Order specifically states that the policy of the new Administration is "to support the responsible growth and use of digital assets, blockchain technology, and related technologies across all sectors of the economy." As part of this initiative, the Order established the "Working Group on Digital Asset Markets," tasked with recommending regulatory and legislative proposals with respect to digital assets and proposing a federal regulatory framework governing the issuance and operation of digital assets.¹⁵

These actions signal a commitment to fostering innovation and recognizing the potential of digital assets for economic growth and global leadership. However, more still needs to be done, to unwind the significant damage caused by the previous administration's "regulation by enforcement" approach. The prior SEC leadership was quick to broadly assert its enforcement authority and suggest that many digital assets are securities without offering clear guidance regarding when an asset is, in fact, a security.¹⁶ During Chairman Gensler's tenure, the SEC initiated more than 125 enforcement actions related to digital assets but issued no clear guidance or rulemakings.¹⁷ This lack of regulatory clarity has driven companies offshore to jurisdictions

¹⁴ Roosz, Y. (2024) 'How tokenization is transforming global finance and investment,' *World Economic Forum*, 10 December. Available at: <https://www.weforum.org/stories/2024/12/tokenization-blockchain-assets-finance/> (Accessed: February 5, 2025).

¹⁵ The recent February 4th press conference on digital assets led by the White House A.I. and Crypto Czar David Sacks and Chairmen Scott, Hill, Boozman, and Thompson is an encouraging demonstration of how this Administration and Congress can work together to achieve this goal.

¹⁶ See Lutz, S. (2022) 'SEC Chair Gensler threatens action against unregistered crypto exchanges,' *Decrypt*, 18 May. Available at: <https://decrypt.co/100806/sec-chair-gensler-threatens-action-against-unregistered-crypto-exchanges>. [stating to the House Financial Services and General Government Subcommittee that "[t]he crypto exchanges should come in and register . . ."]; see also Gensler, G. (2021) *2021 Aspen Security Forum - The view from the SEC: Cryptocurrencies and National Security*. Available at: <https://www.youtube.com/watch?v=tusQLLCgrDs>.

¹⁷ Cornerstone Research (2024) *SEC Cryptocurrency Enforcement: 2024 update*, Cornerstone Research. Available at: <https://www.cornerstone.com/wp-content/uploads/2025/01/SEC-Cryptocurrency-Enforcement-2024-Update.pdf>.

with more defined rules and less ambiguity.¹⁸ This approach not only fails to protect consumers and investors but also stifles innovation, chills the domestic industry, and forces responsible companies to seek more favorable regulatory environments. If a regulatory approach is creating an environment that pushes lawful businesses to move offshore, this must change — and we believe that change has begun.

CCI welcomes the constructive engagement of the new SEC leadership, including the establishment of the SEC Crypto Task Force and the rescission of SAB 121, which I noted earlier, and, which would have made it prohibitively difficult for responsible custodians to safeguard digital assets. Commissioner Peirce's recent call for submissions to the Task Force¹⁹ signals a willingness to collaborate with the industry to enhance regulatory clarity. Significant policy efforts like these are crucial to unlocking a golden age for innovation and digital assets in America.

The responsible digital assets industry has long advocated—and Americans deserve—modern policy frameworks that reflect the benefits and distinct characteristics of digital asset and blockchain technologies. Members of Congress have acknowledged this by introducing dozens of related bills in recent years aimed at creating a deliberate and consistent framework for digital assets.²⁰ As discussed below, such frameworks should establish clear rules for digital asset markets and recognize the powerful potential of dollar-backed stablecoins in providing individuals with more choice in payments and solidifying the role of the U.S. Dollar domestically and abroad. Furthermore, national policy should embrace the opportunities offered by DeFi technologies and protect Americans' right to privacy and self-management in the financial services context. Now is the time for Congress to act, ensuring a golden age of digital assets by establishing these essential frameworks.

Against this backdrop, to move forward towards a golden age of digital assets, the following steps are essential:

¹⁸ See Murugesan, N. and Gordon, T.D. (2022) 'Building across Europe,' *Coinbase Blog*, 1 July. Available at: <https://www.coinbase.com/blog/building-across-europe>; See also Circle (2024) *Circle is first global stablecoin issuer to comply with MICA, EU's landmark crypto law*. Available at: <https://www.circle.com/pressroom/circle-is-first-global-stablecoin-issuer-to-comply-with-mica-eus-landmark-crypto-law#:~:text=>.

¹⁹ Peirce, H.M. (2025) 'The journey begins,' 4 February. Available at: <https://www.sec.gov/newsroom/speeches-statements/peirce-journey-begins-020425>.

²⁰ Brett, J. (2022) 'Congress has introduced 50 digital asset bills impacting regulation, blockchain, and CBDC policy,' *Forbes*, 24 May. Available at: <https://www.forbes.com/sites/jasonbrett/2022/05/19/congress-has-introduced-50-digital-asset-bills-impacting-regulation-blockchain-and-cbdc-policy/?sh=121c4c7d4e3f>.

- **Pass Market Structure Legislation:** CCI supports legislative efforts to establish a comprehensive regulatory framework for the issuance and trading of digital assets, with clearly defined responsibilities for the CFTC and the SEC. We encourage Congress to create a unitary regulatory framework for digital assets that avoids market fragmentation and acknowledges the diversity of digital assets securely traded today on U.S. platforms. Such legislative efforts should address market risks, and provide essential consumer protections for purchasers of digital assets, including business conduct standards, customer disclosures, segregation of customer funds, minimum capital requirements, reporting and recordkeeping, and more. Importantly, market structure legislation should empower the CFTC with clear authority to regulate spot markets for digital commodities—an area where even the Financial Stability Oversight Council (FSOC) has recommended Congressional action.²¹
- **Pass Stablecoin Legislation:** Congress should also provide a comprehensive framework for the regulation and supervision of stablecoin issuers. These efforts should establish requirements by which stablecoin issuers must abide by, including appropriate registration, reserve requirements, redemption procedures, general prohibition on rehypothecation, compliance with the BSA, and more. Such a bill should also consider rationally integrating effective state-based regulatory models.
- **Enhance Clarity and Cooperation Between the SEC and CFTC:** It is crucial to clarify how the SEC and CFTC define and regulate digital assets. A key area of uncertainty is the specific criteria by which the SEC and the CFTC deem a digital asset to meet the legal definition of a security or commodity, respectively. The CFTC has determined that certain digital assets, such as Bitcoin, meet the definition of "commodity", but has limited authority over cash or spot trading in a commodity.²² Meanwhile, the SEC has asserted that many digital assets are securities but has provided limited guidance on how that determination is made. We support efforts to enhance clarity and collaboration between these agencies, which would benefit regulators, the industry, and end-users. The President's executive order underscores the criticality of regulatory agencies working together to ensure U.S. leadership. Historically, and pursuant to each agencies' existing rules, the SEC and the CFTC have cooperated to resolve numerous jurisdictional overlaps, and we remain optimistic that they will continue to do so. However, to establish long-term regulatory stability, it is imperative that Congress enact an appropriate federal legislative framework.
- **Support DeFi Technologies and Individual Empowerment:** Congress and the new Administration should prioritize supporting the development of decentralization, DeFi technologies, and protecting individual agency within the digital asset ecosystem. This

²¹ Financial Stability Oversight Council, Annual Report 2023, available at <https://home.treasury.gov/system/files/261/FSOC2023AnnualReport.pdf>

²² Commodity Futures Trading Commission (2017) *A CFTC primer on virtual currencies*. Available at: https://www.cftc.gov/sites/default/files/idc/groups/public/documents/file/labefc_primercurrencies100417.pdf.

can be achieved by fostering a deeper understanding of the benefits these innovations offer, including through required research. To this end, research initiatives can explore how DeFi can promote financial inclusion, empower individuals with greater control over their assets and financial lives, and drive economic growth through open and permissionless financial systems. Additionally, policymakers should recognize the importance of self-custody solutions and software, which enable individuals to securely manage their own digital assets, promoting privacy and reducing reliance on centralized intermediaries. By embracing a balanced regulatory approach that encourages responsible innovation while safeguarding consumers, the U.S. can secure its rightful place as a leader in the evolving digital financial landscape.

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The digital asset industry has the potential to revolutionize financial services, empower individuals, and improve economic models. Congress can unleash this powerful potential through thoughtful and forward-leaning legislation. Comprehensive federal legislative frameworks can enhance clarity, ensure consistency, and further mitigate outstanding risks. By working together, we can ensure that the United States commands the digital asset future, while protecting consumers and fostering economic growth.