



10 May 2021.

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The Honorable Stephen Lynch
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The Honorable Representative Patrick McHenry
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Re: Global Digital Finance (GDF) Letter Regarding the “Eliminate Barriers to Digital Innovation Act of 2021 – HR 1602”

Dear Representatives Lynch and McHenry,

I am writing on behalf of the Global Digital Finance (GDF) membership to express support for the “Eliminate Barriers to Digital Innovation Act of 2021.” GDF is an international industry membership body that promotes the adoption of best practices for virtual assets and digital finance technologies through the development of conduct standards in a shared engagement forum with market participants, policymakers, and competent authorities.

There is already a significant amount of regulatory cooperation in many of the major markets, which sends the right signals to the global community about regulatory certainty, and a managed approach to emerging policies and regulation for virtual assets. GDF leads a number of these collaborative platforms including the V20, the FATF / Industry engagement platform, and the GDF Regulator Forum, a forum with over 25 jurisdictional regulators and global agencies that have purview of GDF codes and standards, and with whom we jointly run industry knowledge and engagement platforms.

Should the Act become law, it could provide additional impetus for building on this collaboration. The proposal to create a joint Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC) Working Group could help to lay the foundation for a more unified U.S. regulatory posture with respect to the digital assets industry, and GDF fully supports this. The report that the Working Group would be tasked with developing could provide the specific recommendations needed to solidify the United States’ leading fintech role. The key here will be to solicit information from stakeholders regarding where additional clarity is needed to safely and securely promote the digital assets industry to the benefit of all citizens and businesses.

Since GDF’s founding in 2018, we have engaged with policymakers and regulators to provide innovative solutions to develop the industry in the U.S. and overseas. See, for



example, GDF's April 13, 2021 letter to the Securities and Exchange Commission (SEC) ¹, where GDF considers that broker-dealers in general, not just broker-dealers that trade exclusively in digital assets, ought to be able to benefit from the five year non enforcement action established by the SEC "statement" ² for broker-dealers that provide custody of digital assets. As well, in GDF's April 20, 2021 letter to the Financial Action Task Force (FATF) ³, GDF proposes an international "supervisor's network", among many other recommendations, to oversee the FATF "travel rule."

Should the proposed legislation pass, GDF will apply for a stakeholder representative position on the Working Group. We would endeavor to share extensive experience in both developing and in implementing best practices with the Working Group. GDF has already produced numerous reports and consultation comments that could prove useful to the Working Group. Most importantly, GDF has developed ten Codes of Conduct for the digital assets industry. The impact of the Codes is enhanced because, uniquely among industry stakeholder groups, as in the aforementioned GDF "Regulator Forum," gives regulators Code purviews following a global public consultation process, allowing for socialization of the Codes.

The Working Group might consider drawing from the GDF Codes, listed below, as it prepares recommendations for best practices:

- Overarching Principles
- Principles for Token Sales
- Principles for Token Platforms
- Principles for Funds and Fund Managers
- Principles for Ratings Websites
- Principles for Stablecoin Issuers
- Principles for Security Token Offerings & Secondary Market Trading Platforms
- Principles for KYC/AML
- Principles for Custody Custodial Wallets
- Principles of Market Integrity.

Please see the GDF website at www.gdf.io for additional information.

I emphasize that we stand ready to assist in creating additional support for the Eliminate Barriers to Digital Innovation Act through promoting robust understanding of why it is needed. Virtual assets can greatly help to deliver a better fair, transparent and inclusive financial system for all Americans.

¹ GDF April 13, 2021 Letter to SEC: Re: "Response to Request for Comments on SEC Policy Statement: Custody of Digital Asset Securities by Special Purpose Broker-Dealers"
https://docs.google.com/document/d/1dejBHgwPdRtbFcOrvmOprRewedPqWeXZ_X2yjCpTkl/edit

² SEC December 23, 2020 Statement
<https://www.gdf.io/wp-content/uploads/2021/04/FATF-Consultation-on-VA-GDF-Response-FINAL.pdf>

³ GDF April 20, 2021 Letter to Financial Action Task Force (FATF) Re: "Comments on Global Digital Finance on the draft revised VASP Guide."
<https://www.gdf.io/wp-content/uploads/2021/04/FATF-Consultation-on-VA-GDF-Response-FINAL.pdf>



GDF's Americas Regulatory Affairs Director, Carl Schonander, will be reaching out to your staffs to inquire if there would be interest in a public (virtual) Congressional event and panel discussion on the importance of ensuring that U.S. digital assets regulation is designed so as to support the industry as much as possible, coupled of course with appropriate investor protections and compliance with anti money laundering (AML) and counter terrorism finance (CFT) regulations.

Yours faithfully,

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