

**Congress of the United States**  
**Washington, DC 20515**

November 16, 2021

On January 9, 2009, a little-understood computer network blinked to life, and the fabled Satoshi Nakamoto mined the world's very first Bitcoins. Today those first 50 Bitcoins are worth approximately \$3 million. The Bitcoin network has exploded over the past 12 years, and the ideas which underpin it are being deployed across a vast array of cutting-edge innovations.

Today, the global crypto-economy is estimated to be worth upward of \$2 trillion. Staggering sums of money are being deployed across the ecosystem to invest in new and novel crypto projects, seeking to solve previously impossible problems. Many of these projects strive to create a new token – a digital commodity – that can be used to purchase digital goods and services in a network operated and controlled by its users.

At the House Agriculture Committee, we have focused on these emerging digital assets since 2018, when we held one of the first Congressional hearings to examine how digital assets fit under our jurisdiction over the commodity markets. One of the key takeaways was that confusion arises in the absence of clear rules and when regulators stretch old laws in unintended ways.

This remains true today. Regulators, market participants, and legal professionals are drawing different conclusions about the state of the law, leading to confusion, missed opportunities for innovation, and in some instances, legal jeopardy. It may also be driving new economic opportunities away from the United States.

Despite the staggering growth of the industry, significant investment and development in new projects has occurred outside the U.S. If the U.S. loses a meaningful foothold in this emerging marketplace, it may never be able to regain its crown as a leader in innovation or realize its potential as a global pioneer in the regulation of digital assets.

It is time for Congress to bring certainty to developers, intermediaries, and customers in the digital asset marketplace by establishing clearly defined rules. In support of this discussion, I am releasing a revised discussion draft of the *Digital Commodity Exchange Act* (DCEA) which outlines a fit-for-purpose regulatory regime for digital commodities. The DCEA is grounded in five important principles:

1. **Foster Innovation** – Digital commodities serve as a unique tool for innovators seeking to transform and simplify complex relationships for the benefit of everyday Americans. *Congress should tailor a new regulatory regime for digital commodities so that innovation continues to thrive in the United States.*
  
2. **Protect Market Participants** – Markets must operate with integrity, market participants must be protected from fraud and manipulation, and regulators must hold wrongdoers accountable. *Congress should provide for sufficient regulatory oversight so market participants can trust the price of a digital commodity accurately reflects its fair market value.*

3. **Reduce Complexity** – Market participants should not be forced to operate in the dark, unsure of whether their transactions are regulated and, if so, by whom. Everyone deserves to know the rules upfront and not through after-the-fact enforcement actions. Likewise, regulators must have the authority to act quickly and comprehensively without engaging in complex inter-agency decision-making processes. *Congress should delegate unambiguous regulatory authority for digital commodities so there are clear jurisdictional boundaries and regulatory obligations.*
4. **Promote Principles-Based Regulation** – Statutory core principles provide commodity markets with a well-understood and flexible framework to support the creation of new products that meet the needs of markets participants. *Congress should fashion a regulatory regime for digital commodities based on existing laws, rules, and customs governing commodity markets so regulators and market participants can rely on established practices and processes.*
5. **Complement Existing Authorities** – Multiple federal and state regulatory frameworks govern discrete aspects of our nation’s financial markets. *Congress should narrowly tailor a regulatory regime for digital commodities to complement existing authorities wherever possible.*

It is possible to bring effective oversight to digital commodity markets without diminishing the innovation and creativity that has established the U.S. as a global leader in this field. To do so, we must think carefully about our goals and be precise in deploying new regulatory authority so that we don’t unnecessarily disrupt or hamper the growth of the digital commodity ecosystem.

It is my hope that the principles outlined above and the discussion draft released today will serve as the foundation for a thoughtful conversation about the right way to provide oversight for digital commodities. Robust engagement will be key to helping shape the best legislation possible. To that end, I welcome the opportunity for feedback and discussion with stakeholders, regulators, and other interested parties in the coming weeks.

Sincerely,

A handwritten signature in black ink that reads "Glenn Thompson". The signature is written in a cursive, flowing style.

Glenn ‘GT’ Thompson  
Ranking Member  
House Committee on Agriculture