

AN OPEN LETTER TO THE SEC & CONGRESS

Dear SEC Chairperson Gensler and Members of Congress,

In light of numerous scandals and fraud involving U.S. and international cryptocurrency exchanges, the **Bitcoin Association for BSV offers support and insight to policymakers seeking to regulate the industry**. We emphasize the need to differentiate between cryptocurrency speculation and the utility of blockchain technology, striving for a balance between consumer protection and fostering innovation.

As the industry faces a crossroads in 2023, we endorse a cooperative approach between public and private sectors, ensuring diverse perspectives to inform decision-making.

We propose the following recommendations for regulating the blockchain industry:



Digital Asset Recovery: Invest in a tool enabling miners and exchanges to recover lost or stolen digital assets with a legal court order. Although available on the BSV blockchain, this can be extended to other platforms.



KYC Compliance: Require exchanges, custodial wallets, and service providers to comply with know-your-customer (KYC) and anti-money laundering (AML) rules and enforce licensing and oversight for investor protection.



Collaboration with Fiduciary Entities: Engage in dialogue with exchanges and fiduciary entities to discuss consumer safety, cyber-resilience, regulatory compliance, risk transparency, and cooperation in enforcing court orders.



Safeguarding Against the 'Crypto Casino': Implement regulatory oversight to prevent wash trading, ensure full disclosure of investments, and mandate exchange operators to separate their own assets from customers'.



Economic Incentives: Encourage laws and government guidance providing economic incentives for blockchain entrepreneurs and establish sandbox programs allowing development of utility-based applications and establish standards before obtaining full regulatory licenses if necessary.



The Howey Test: And of course, look to apply established legal standards and doctrines, like the Howey Test, to eliminate bad actors and increase public trust and confidence.

By adopting these recommendations, we can create an environment that protects businesses and consumers while nurturing innovation and growth in the blockchain industry. Together, we can safeguard stakeholders' interests and promote the continued advancement of this revolutionary technology.

Kind regards,
Bryan Daugherty
Bitcoin Association
Global Public Policy Director



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