



**HR 4763: Financial Innovation and Technology for the 21st Century Act (FIT21):
Strong Rules, Consumer Protections, and More Oversight Over Digital Assets**
Bill has earned Democratic support on Financial Services & Agriculture Committees

We need strong, clear federal rules and oversight over the digital assets industry to prevent another crypto meltdown like we saw with FTX and others.

HR 4763, the Financial Innovation and Technology for the 21st Century Act (FIT21), is the first bill regulating the digital assets industry that has received bipartisan approval from both the House Financial Services and House Agriculture Committees. It is scheduled for a floor vote [next week](#).

House Democrats Supported This Legislation

A cross section of Members spanning the Democratic Caucus have recognized that this bill provides an effective and needed regulatory framework for digital assets. The legislation:

- Passed the **House Financial Services Committee** on July 26 with six Democratic votes: Reps. Himes, Gottheimer, Torres, Horsford, Nickel, Pettersen.
- Passed the **House Agriculture Committee** by voice vote on July 27.

What House Dems Are Saying About HR 4763

Rep. Ritchie Torres (D-NY): “For me, the lack of protection for retail investors underscores the fierce urgency around passing a market structure bill to protect the average American consumer.”

Rep. Jim Himes (D-CT): “I’m a deep skeptic of this industry, but we deserve better than the status quo.”

Rep. Wiley Nickel (D-NC): “I firmly believe in the SEC’s mission to protect investors, but for this to be effective, Congress needs to pass legislation with a clear regulatory framework.”

Rep. Yadira Caraveo (D-CO): “This is not a perfect bill. But I believe that it is a good step in the right direction.”

Bill Expands the Federal Government's Role in Regulating Digital Assets

Current securities laws and regulations do not account for the complexities of digital assets. This legislation expands the authority of the CFTC and SEC, giving them joint oversight over all digital assets, allowing them to issue joint rulemakings, and ensuring market safety and investor protection. HR 4763 also gives the SEC clear authority over certain digital assets that do not meet requirements to be regulated by the CFTC. This gives the SEC a chance to allocate their limited resources to hold digital assets in their jurisdiction accountable. Additionally, the CFTC will receive an increase in funding to adequately fulfill their oversight responsibilities.

HR 4763 also requires the GAO to conduct studies on the development of emerging technology in digital assets, like non-fungible tokens (NFTs), and directs the CFTC and SEC to study the impact of digital assets on markets and investors through codified FinTech programs and Joint Advisory Committees.

Protects Consumers from the Next FTX

Given that roughly 20% of Americans have invested, traded or used cryptocurrency,¹ the digital asset industry will continue to attract American investors for years to come. HR 4763 provides much-needed consumer protection by filling the regulatory gaps between the SEC and CFTC, creating accountability for digital asset companies through registration and disclosures, requiring companies to establish policies to mitigate potential conflicts of interest, and giving regulators increased power over bad actors.

Communities of color are investing in digital assets at a higher rate than most Americans. According to Pew Research Center polls in 2021 and 2022, some 20% of Black, Hispanic and Asian U.S. adults have bought, traded or used cryptocurrency, compared with 13% of white adults. These communities are at increased risk of losing their investments if similar events like FTX, Terra/Luna and others continue to happen without regulatory safeguards for Americans.

Protects America's National Security & Ensures American Oversight Over Crypto

By enhancing oversight of digital assets through the CFTC and SEC, HR 4763 ensures all digital assets will be subjected to transparency and compliance metrics that would deter illicit financing, money laundering and other financial crimes. The ability for regulators to issue clear rules for the digital asset industry will prevent threats to our financial system and keep digital asset companies from relocating abroad to countries with fewer rules.

¹ <https://www.cnn.com/2022/03/31/cryptocurrency-news-21percent-of-adults-have-traded-or-used-crypto-nbc-poll-shows.html>

There are good national security reasons to keep the industry under the Federal government's watchful eye. For example, after Vladimir Putin ordered an invasion of Ukraine, the U.S. government released economic sanctions against Russia that included instructions for American digital asset exchanges to block Russian users from handling currency through their services.

While U.S.-based digital asset exchanges abided by our sanctions, international exchanges like Binance refused, continuing to serve Russian users and creating a potential loophole for Russian actors to finance war operations through their markets. Throwing away our jurisdiction over an emerging global financial industry, no matter its flaws, would jeopardize America's influence on the world stage.