

Congress of the United States
Washington, DC 20515

February 21, 2018

The Honorable Jay Clayton
Chairman

U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

The Honorable J. Christopher Giancarlo
Chairman

U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

We appreciate the measured, light touch to regulation approach the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) have taken to date in regard to cryptocurrencies, new financial technologies, token issuances, and initial coin offerings (ICOs). The emergence of blockchain-based technologies and cryptocurrency networks is similar to the early days of the internet, which ushered in the first digital revolution and flourished in an environment in which minimal government involvement encouraged innovation.

We also applaud the efforts by the SEC and the CFTC to utilize your existing enforcement tools to go after bad actors who engage in fraud, abusive sales practices, price manipulation, and other disruptions to market integrity that harm consumers. However, we also want to ensure that your statements are measured so as to avoid unnecessary concern and uncertainty by legitimate market actors, which may result in the flight of innovation and capital to overseas markets.

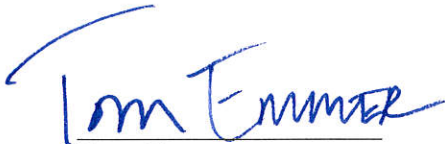
At a recent Senate Banking hearing you said you “may be back with our friends from Treasury and the Federal Reserve to ask for additional legislation.” Collaboration across government is an important step to supporting this industry, and we encourage it. As you develop your approach, we encourage you to think not only about the fluctuations of cryptocurrency prices today, but to focus on the future potential of this groundbreaking technology and its role in maintaining our leadership role in technological innovations. Any legislation or regulation should be simple, clear, and narrowly tailored to specific applications of the technology that raise policy concerns, thus allowing innovation in this space to be guided by consistent and predictable guard rails without imposing undue burdens.

We also appreciate your distinctions between virtual currencies and tokens, some of which may be ICO securities offerings. We encourage you to allow continued innovation in this market, and devote more creative analysis into the ways cryptocurrencies can be utilized. Cryptocurrency networks are much more than alternatives to the dollar or payment mechanisms, and their applications go beyond payments, such as notary and record services, identity systems, insurance, and prediction markets. These networks go beyond financial services, and are open platforms running on open protocols, much like the internet, and deserve to be treated differently.

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The United States should be the home to this innovation, and should embrace these new technologies. In order for these efforts to be successful, it is imperative that we adopt a deliberate, flexible, and unified approach to regulation. A sensible, light-touch, federal approach can keep investors safe, consumers protected, and financial markets secure without stifling the dynamism of this exciting ecosystem. It's time for America to embrace the next digital revolution.


We look forward to discussing this matter further.



Tom Emmer
Member of Congress



Jared Polis
Member of Congress



David Schweikert
Member of Congress