

FIT Crypto Bill Criticized by Democrats

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Today, the House Financial Services Committee members debated heatedly over the Financial Innovation and Technology (FIT) for the 21st Century Act, a recent legislation proposal addressing digital asset regulations. During this debate, long-standing issues with the SEC and the collapse of FTX exchange were frequently invoked.

Opening the discussion, Rep. Maxine Waters (D-CA), a leading Democrat on the committee, termed the bill a “crypto industry wish list.” She accused the sector of ignoring established laws, remarking, “We don’t need new regulatory structures when crypto firms are not complying with existing guidelines.” Throughout the hearing, Waters consistently underscored her concerns about the bill’s insufficient safeguards for investors and consumers. In her view, the legislation failed to adequately address its primary goal – defining the regulatory environment.

Echoing Waters’ sentiment, Rep. Ayanna Pressley (D-Mass) took issue with the bill’s consumer protections. She stressed the absence of transparency stipulations that would deter vested interests. Using the failure of the FTX crypto exchange as a backdrop, Pressley urged her peers to reject the “flawed” bill.

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On the other hand, Republican members, led by the committee’s chairman Rep. Patrick McHenry (R-NC), staunchly defended the FIT Act. While admitting the bill might have its shortcomings, McHenry stressed it offered a more robust framework than existing regulations. McHenry passionately stated, “I encourage you all to support this bill. Whether you endorse digital assets or not, passing it is in the best interest of consumers and the country.”

Jack Solowey from the Cato Institute, a D.C.-based libertarian think tank, concurred with McHenry. In an interview, he mentioned that criticizing the FIT Act on the basis of consumer protection was “remarkably short-sighted.” He further asserted that the bill, contrary to naysayers, offered substantial safeguards and addressed gaps in the present system.

Excessively Unregulated

However, not all Democrats were in unison against the FIT Act. Rep. Ritchie Torres (D-NY) was notably critical of the SEC’s present tactics in dealing with digital assets. He sided with Republicans in criticizing the existing regulations, terming them as “excessively unregulated.” Even though he acknowledged the bill’s imperfections, Torres emphasized its importance in

offering clarity, stating, “It’s better to move forward with good legislation rather than wait for the ideal.”

Since its introduction by Republican sponsors a week ago, the FIT act has navigated a turbulent path. Many legislators, from both sides, recognized its potential flaws but were also open to future revisions. The crypto community largely endorses the act, but some legal specialists raised concerns. They believe certain terminology in the bill could introduce more regulatory ambiguity, especially for those in the DeFi sector.

The deliberation process for the FIT act will extend to Thursday. Typically, the mark-up phase precedes a House floor vote, and it’s generally reserved for proposals anticipated to garner substantial support. With the Republicans holding a slight majority in the House, this bill stands a chance of progressing further.