

Crapo Statement at Hearing on Cryptocurrency

October 11, 2018

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks during a full committee hearing entitled “Exploring the Cryptocurrency and Blockchain Ecosystem.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“Today, the Committee will continue its exploration of the opportunities and challenges surrounding the cryptocurrency and blockchain ecosystem.

“Prior to the introduction of Bitcoin and underlying blockchain ledger in 2009, there was no similar solution to the double-spend problem- where the same digital currency could be spent more than once- which did not require a third-party intermediary.

“While Bitcoin, the first decentralized cryptocurrency, has been around for nearly a decade now, cryptocurrencies have gained particular attention in the past two years, due in part to their meteoric rise and subsequent fall in value last year.

“Advancements since Bitcoin’s creation have expanded blockchain’s uses and given way to things like ‘initial coin offerings,’ a method of crowdfunding that has become popular in the cryptocurrency community.

“While the technologies underpinning cryptocurrencies have the ability to transform the composition of, and ability to access, capital and the financial system, much of the recent news about cryptocurrencies has been negative, focusing on enforcement actions, hacks on international exchanges, and concerns raised by various regulators and market participants.

“To that end, in February of this year, the Committee held a hearing with the SEC and CFTC to examine their oversight roles of cryptocurrency-related products and activities under their respective jurisdictions.

“Since that hearing, the agencies have made strides to provide further clarification on their thinking surrounding cryptocurrency-related issues.

“But, some regulatory and oversight questions still remain.

“The regulatory questions, price volatility and reports of things like pump-and-dump schemes have raised a lot of questions surrounding the cryptocurrency and blockchain ecosystem that need to be better understood.

“Blockchain networks have the potential to improve processes for things like smart contracts, payments and settlement, identity management and even things yet undiscovered.

“In order to move forward in a productive way and give these innovations the room to flourish and develop in a safe and sound way, we need to sort through the static and better understand what exactly are the opportunities and challenges facing this ecosystem.

“For example, the Committee would benefit to hear about: the use of cryptocurrencies and derivative products as a store of value or medium of exchange or payment; the current and potential applications of blockchain technology; and the regulatory issues surrounding the various facets of the ecosystem and how they can be improved.”

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