

U.S. Executive Order Outlines Comprehensive National Policy for Digital Assets

On March 9, 2022, President Biden signed an [Executive Order on Ensuring Responsible Development of Digital Assets](#) (the EO) directing various agencies and departments of the federal government to coordinate and report on digital assets in furtherance of six overarching policy priorities: (1) protecting consumers, investors and businesses; (2) protecting financial stability and mitigating systemic risk; (3) mitigating illicit finance and national security risks; (4) maintaining U.S. leadership in the global financial system and economic competitiveness; (5) promoting financial inclusion; and (6) fostering responsible innovation. The EO directs several Cabinet departments, all major financial services regulators, and other offices and officials beyond financial services to participate in a broad interagency effort to implement the policy objectives outlined in the EO. The EO notes that, although many activities involving digital assets are already within the scope of existing domestic laws

and regulations, growing development and adoption of digital assets and related innovations, as well as inconsistent controls to defend against certain key risks, necessitate an evolution and alignment of the U.S. government approach to digital assets. Among other things, the EO is notable for its statement that the Biden Administration places the highest urgency on research and development efforts into the potential design and deployment options of a U.S. central bank digital currency (CBDC), with a focus on showcasing U.S. leadership and participation in international forums and pilot projects involving CBDCs.

This EO itself is neither a law nor a change in regulation; for now, market participants need only to anticipate the future agency reports as they are issued, as well as any ensuing actions. For your convenience, we have set out the various required reports and their respective deadlines in the below chart on EO Digital Assets Reporting Deadlines. We caution that while

the EO signals this Administration's interest in whole-government coordinated policies addressing digital assets, it does not preclude enforcement actions taken by various federal agencies based on traditional financial regulations in the interim.

Market participants can view the EO as this Administration's acknowledgment of a future for digital assets in the U.S. markets. We also observe that several of the reporting deadlines fall in the immediate run-up to the 2022 U.S. midterm elections, and that any ensuing rulemaking activity would likely take place following the elections. The actual implementation of any proposals contained in the future reports is a process that is likely to stretch into 2023 and possibly beyond.

EO Digital Assets Reporting Deadlines

| Description | Government Agencies/Departments (lead agency/official denoted in bold) | Reporting Deadline |
|--|---|--------------------|
| Actions Related to United States Central Bank Digital Currency (U.S. CBDC) (EO Sections 4(b), 4(d) and 5(b)(iii)) | | |
| Report on the future of money and payment systems (the Digital Assets Report): <ul style="list-style-type: none"> – Conditions that drive broad adoption of digital assets – Extent to which technological innovation may influence these outcomes – Implications for the U.S. financial system – Modernization of and changes to payment systems, economic growth, financial inclusion, and national security | <ul style="list-style-type: none"> – Secretary of the Treasury – Secretary of State – Attorney General – Secretary of Commerce – Secretary of Homeland Security – Director of the Office of Management and Budget – Director of National Intelligence | September 5, 2022 |
| Assessment of legislative changes necessary to issue a U.S. CBDC | <ul style="list-style-type: none"> – Attorney General – Secretary of the Treasury – Chairman of the Federal Reserve | September 5, 2022 |
| Technical evaluation of a U.S. CBDC <ul style="list-style-type: none"> – Technological infrastructure, capacity, and expertise necessary to facilitate the introduction of a CBDC system – Technical risks of certain CBDC designs – Recommendations on how the inclusion of digital assets in federal processes may affect the work of the U.S. Government and the provision of government services – Risks and benefits to cybersecurity, customer experience, and social safety net programs | <ul style="list-style-type: none"> – Director of the Office of Science and Technology Policy – U.S. Chief Technology Officer – Secretary of the Treasury – Chairman of the Federal Reserve | September 5, 2022 |
| Legislative proposal based on the Digital Assets Report findings and any materials developed by the Federal Reserve | <ul style="list-style-type: none"> – Attorney General – Secretary of the Treasury – Chairman of the Federal Reserve | October 5, 2022 |

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|---|---|---|
| Measures to Protect Consumers, Investors and Businesses (EO Section 5(b)) | | |
| Report (which may be a section of the Digital Assets Report) on the implications of (1) developments and adoption of digital assets and (2) changes in financial market and payment system infrastructures for U.S. consumers, investors, businesses, and for equitable economic growth <ul style="list-style-type: none"> – Conditions that would drive mass adoption of different types of digital assets – Risks and opportunities that such growth might present to U.S. consumers, investors, and businesses – How technological innovation may impact these efforts including those most vulnerable to disparate impacts – Policy recommendations, including potential regulatory and legislative action | <ul style="list-style-type: none"> – Secretary of the Treasury – Secretary of Labor – Heads of other relevant agencies, including the FTC, the SEC, the CFTC, federal banking agencies, and the CFPB | September 5, 2022 |
| Report on the role of law enforcement agencies in detecting, investigating, and prosecuting criminal activity related to digital assets | <ul style="list-style-type: none"> – Attorney General – Secretary of the Treasury – Secretary of Homeland Security | September 5, 2022 |
| Report on the connections between distributed ledger technology and short-, medium-, and long-term economic and energy transitions <ul style="list-style-type: none"> – Potential for these technologies to impede or advance efforts to tackle climate change at home and abroad – Impacts of these technologies on the environment – Effect of cryptocurrencies' consensus mechanisms on energy usage – Potential mitigating measures and alternative mechanisms of consensus and the design trade-offs those may entail | <ul style="list-style-type: none"> – Director of the Office of Science and Technology Policy – Secretary of the Treasury – Secretary of Energy – Administrator of the Environmental Protection Agency – Chair of the Council of Economic Advisers – National Climate Advisor | September 5, 2022 Updated report addressing any identified knowledge gaps to follow by September 5, 2023 |
| Actions to Promote Financial Stability, Mitigate Systemic Risk and Strengthen Market Integrity (EO Section 6(b)) | | |
| Report outlining the specific financial stability risks and regulatory gaps posed by various types of digital assets and providing recommendations to address such risks <ul style="list-style-type: none"> – Particular features of various types of digital assets – Recommendations that address the identified financial stability risks posed by these digital assets – Proposals for additional/adjusted regulation and supervision and/or new legislation | <ul style="list-style-type: none"> – Secretary of the Treasury – Financial Stability Oversight Council | October 5, 2022 |

| Description | Government Agencies/Departments (lead agency/official denoted in bold) | Reporting Deadline |
|--|---|--|
| Actions to Limit Illicit Financial and Associated National Security Risks (EO Sections 7(b)-(d)) | | |
| Supplemental annexes (which may be classified and not made public) to the National Strategy including additional views on illicit finance risks posed by digital assets – Submission of supplemental annexes is not made mandatory in the EO | – Secretary of the Treasury – Secretary of State – Attorney General – Secretary of Commerce – Secretary of Homeland Security – Director of the Office of Management and Budget – Director of National Intelligence | 90 days from date of submission to Congress of the National Strategy for Combating Terrorist and Other Illicit Financing (the National Strategy) |
| Coordinated action plan based on the National Strategy's conclusions for mitigating the digital asset-related illicit finance and national security risks | – Secretary of the Treasury – Secretary of State – Attorney General – Secretary of Commerce – Secretary of Homeland Security – Director of the Office of Management and Budget – Director of National Intelligence | 120 days from the submission of the National Strategy |
| Notification of Rulemaking or Legislative Proposals – Notification to the relevant agencies of pending, proposed or prospective rulemakings to address digital asset illicit finance risks | – Secretary of the Treasury | 120 days from the completion of the National Money Laundering Risk Assessment; the National Terrorist Financing Risk Assessment; the National Proliferation Financing Risk Assessment; and the National Strategy |

| Description | Government Agencies/Departments (lead agency/official denoted in bold) | Reporting Deadline |
|--|--|--------------------|
| Actions Related to International Cooperation and U.S. Competitiveness (EO Section 8(b)) | | |
| Report to the President on how to strengthen international law enforcement cooperation for detecting, investigating, and prosecuting criminal activity related to digital assets | <ul style="list-style-type: none"> – Attorney General – Secretary of State – Secretary of the Treasury – Secretary of Homeland Security | June 7, 2022 |
| Framework for interagency international engagement with foreign counterparts to (1) adapt, update, and enhance adoption of global principles and standards for how digital assets are used and transacted and (2) promote development of digital asset and CBDC technologies (the International Engagement Framework) <ul style="list-style-type: none"> – Foreign assistance and capacity-building efforts and coordination of global compliance – Whole of government efforts to promote international principles, standards, and best practices – Reflect ongoing leadership by the Secretary of the Treasury and financial regulators in relevant international financial standards bodies – Elevate U.S. engagement on digital assets issues in technical standards bodies and other international fora to promote development of digital asset and CBDC technologies consistent with our values | <ul style="list-style-type: none"> – Secretary of the Treasury – Secretary of State – Secretary of Commerce, – Administrator of the U.S. Agency for International Development | July 7, 2022 |
| Framework for enhancing U.S. economic competitiveness in, and leveraging of, digital asset technologies | <ul style="list-style-type: none"> – Secretary of Commerce – Secretary of State – Secretary of the Treasury | September 5, 2022 |
| Report on priority actions taken under the International Engagement Framework and its effectiveness | <ul style="list-style-type: none"> – Secretary of the Treasury – Secretary of State – Secretary of Commerce – Director of the Office of Management and Budget – Administrator of the U.S. Agency for International Development | July 7, 2023 |

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