

Digital Asset Law: The Evolving Legal and Regulatory Framework is the second edition of my first book on this topic, *Virtual Currency Law: The Emerging Legal and Regulatory Framework*, published in 2022.

There are specific wording changes in the second edition's title from the first edition that are intended to relate to substance: namely "Virtual Currency" to "Digital Assets," and "Emerging" to "Evolving." These changes were made with a clear purpose. They reflect a new reality: an ever increasing range of assets that are digitally stored—including but no longer limited to only non-government tenders such as virtual currencies. Digital assets are a broader description of not only "one of the most transformative financial technologies of our time" (my description of virtual currencies in the preface to the first edition) but also an ever evolving—and exploding—technology-based financial ecosystem that is transforming the U.S. and global financial systems and economies.

As part of this financial evolution—arguably at some point in the future it may be described as a financial revolution—digital asset technology is evolving from "a new technology designed to disrupt traditional financial services and payments systems markets" (once again, from the first edition preface) to a technology converging with traditional financial services payment systems, products, investments, and businesses—so-called "TradFi." On some levels, this is a fascinating evolution for a new technology originally designed to overthrow TradFi, even as TradFi originally viewed this new technology as everything from an existential threat to the old financial order to a fraud, often while conveying feelings of suspicion and, at times, overt hostility.

Since the publication of the first edition less than three years ago, the digital asset world continues to dramatically change. Among other things, the global market capitalization of crypto has almost doubled; a record number of U.S. retail investors are currently investing in digital assets; and a whole new digital universe of TradFi financial products, services, and investments are now being offered, supported by a changing legal and regulatory climate. Today, Wall Street firms offer everything from bitcoin exchange traded mutual funds, digital asset related investment portfolio allocations in retirement plans and wealth management accounts, crypto spot and futures trading services to crypto custody accounts.

These developments, however, continue to raise unique, novel, and complex policy issues for federal and state government and regulatory agencies regarding the legal, regulatory, and compliance implications of digital assets under *both* new and existing laws and regulations. In addition, significant concerns continue to face policymakers regarding the potential role of digital assets in facilitating illegal and fraudulent activities. Finally, more than ever, governments should be focused on the potential challenges—and potential national security and financial stability threats—posed by this evolving digital financial system and economy.

It is interesting commentary on the topic of digital asset law to note that, given the unique explosion of developments in recent years, I was mentally sketching out the contents of a second edition before the ink was figuratively (or perhaps literally) dry on the first edition. I had viewed the first edition as an attempt to begin an inventory of how a wide range of long-standing laws, regulations, and policies—originally conceived without crypto in mind—were now being applied to virtual currency activities. In contrast, I feel that writing the second edition has been a mad dash to keep up with and cover in a somewhat more comprehensive fashion a rapidly evolving digital asset market structure and the burgeoning universe of digital asset-based laws, regulation, policies, and compliance issues accompanying these developments, with existing policies often changing almost daily.

The second edition is designed to be a more thorough treatment of the material, and as a result, is a somewhat longer book. As such, the book can be used as a basis for either a two or three credit course and has utility as a treatise and/or reference book.

In addition to revising, updating, and expanding the chapter topics about the myriad of laws and regulations applicable to digital assets, including the securities, commodities, banking; money transmission; anti-money laundering; financial technology; tax; commercial (UCC); data privacy and cybersecurity laws; U.S. constitutional law; and international regulation, the second edition has been expanded to include a number of areas of new material.

A new Chapter 12 has been added that explores and analyzes the “Crypto Winter” market crisis of 2022, including the FTX scandal and other crypto trading exchange failures, and the legal, regulatory, and policy issues raised by the crisis. In addition, the book has been updated throughout to explore the impact on current and future digital asset regulation raised by the broad range of recent digital asset initiatives by the Trump administration, including Executive Order 14178 (January 23, 2025) setting out national goals for the growth and use of digital assets, blockchain, and related technologies, as well as the recent Presidential Working Group’s extensive report and recommendations regarding the future of digital asset market structure and regulation.

Also, there is coverage and analysis of a number of major changing laws and regulations, including: the 2025 GENIUS Act, which has created new market and regulatory structures governing stablecoins; the Securities and Exchange Commission's changing policies on the status of crypto as securities under the Securities Act of 1933; the permissibility of Bitcoin and other crypto publicly traded funds; the SEC's "Crypto 2.0" Task Force; the changing regulation and policies of federal banking agencies designed to facilitate the ability of banking organizations to now engage in a wide range of digital asset activities.

Professors and students will benefit from this expanded treatment and updated coverage and analysis of digital asset law, regulation and policy, and more comprehensive chapters designed to address rapidly changing major development in this exploding area. Professors will be able to access materials to aid in teaching the course, including a sample syllabus, sample multiple choice exam with exam answer key, and sample classroom exercises adaptable to either individual students or discussion groups.

As noted in the preface to the first edition, this second edition also continues to focus in each chapter on illuminating the frameworks of major areas of laws and regulations that are being applied to digital asset related activities—basically a primer—with appropriate references and citations. From this perspective, it should be viewed as providing an overview of a number of major areas of law and regulation as it seeks to explore the cutting-edge issues presented under these laws regarding digital assets. Where appropriate, the book also seeks to point out unresolved and emerging law, regulation, and policy issues.

In exploring the contents of this book, it remains important to consider whether long-standing laws, regulations, and policies that did not contemplate digital assets are suitable to and appropriately being applied to digital assets by government agencies, policymakers, regulatory authorities, and courts. The answers to these questions remain the subject of some debate and should be taken into account in analyzing the materials contained herein.

I once again owe warm thanks and acknowledgment to a number of talented people who have encouraged, supported, and assisted me in the writing of this book. First, I want to thank Professor David M. Snyder, director of Business Law Programs at American University's Washington College of Law (AUWCL), for strongly encouraging and supporting my efforts to not only write this second edition but also the original book and also encouraging me in the establishment of a number of digital asset law programs and initiatives at AUWCL that have received national recognition. Also, I want to once again thank the amazing AUWCL students and alumni who strongly encouraged me to create and continue to teach one of the first digital asset law courses in the country and write and update a textbook on the subject.

I also want to express my appreciation to Natalia Bafia, my research assistant and student in my digital asset law course, for her outstanding efforts and assistance in research and editing this second edition. In addition, I want to express my thanks and appreciation to my colleagues at other law schools who provided thoughtful feedback on the first edition. In particular, I want to thank Alan J. Oxford II, Associate Professor of Law, who continually provided not only feedback and thoughtful discussion of the first edition but also great insights on digital asset law issues generally. I also want to thank an old colleague and friend Patrick McCarty, lecturer on digital asset and commodities regulation related courses at Georgetown University Law Center and Columbus School of Law, Catholic University, and among other career accomplishments, the former general counsel of the Commodity Futures Trading Commission, for providing outstanding input and advice on the ongoing issues associated with digital assets, including on the interplay of the federal commodities laws in Chapter 5.

Finally, I am very grateful to Irene Elias and Aiden Blasi, Associate Editors, for their outstanding expertise and assistance in the editing and preparation of this book; Corinne Pulicay, Managing Editor, for her assistance in dealing with the issues related to including numerous excerpts from outstanding articles and publications on digital asset issues; and all the other skilled and patient editors and staff at The Froebe Group and Aspen Publishing who assisted in the publishing and marketing of this book.

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November 2025