

WHAT IS FIT 21?



The **Financial Innovation and Technology for the 21st Century Act (FIT21)** was first introduced on July 20th, 2023 by Rep. Glenn Thompson (R-PA), and aims to establish a clear regulatory framework for digital assets. The Act also includes specific provisions for the regulation of stablecoins to ensure they maintain stable value relative to national currencies

Proponents propose that the Act:

Defines the roles of the SEC and CFTC in regulating digital assets

Requires specific disclosures for digital assets on SEC and CFTC regulated intermediaries

Applies AML rules to digital asset intermediaries and requires them to be members of FINRA or NFA

Allows the CFTC to charge registration fees to digital commodity exchanges, brokers and dealers to fund enforcement

Enhances consumer protection through mandatory disclosures and asset segregation

Supports innovation by codifying fintech hubs like SEC's FinHub and CFTC's LabCFTC

Dissenters of the Act have argued that:

The bill removes crypto and some traditional securities from SEC oversight creating a regulatory gap

The States and SEC would lose enforcement power, Investors would lose the right to sue for fraud, and financial advisors wouldn't need to act in the best interest of investors, leading to conflict of interests and lack of transparency

Deregulated capital markets could lead to fraud and financial instability

View more details on the "Not Fit for Purpose Act" [here](#)

WHAT JUST HAPPENED?



➔ **May 22:** The U.S. House of Representative passed FIT 21. **The House vote was 279-136, with 71 Democrats voting in favor**

WHAT IS NEXT?



➔ Bill will be referred to the Senate for review by committee