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Executive Order on Digital Assets

The "[Executive Order Ensuring Responsible Development of Digital Assets](#)" establishes the first ever "whole-of-government" approach to study and assess the benefits and risks presented by digital assets to the financial system of the United States. The Executive Order is important in several respects and reinforces the United States' leadership in the global financial system.

While the Executive Order does not by itself provide specific authorization for activities involving digital assets, the Executive Order does require a host of reports, studies and strategic plans be developed within the next six-to-nine months analyzing a broad spectrum of activities across six key policy objectives:

- Protect U.S. Consumers, Investors, and Businesses;
- Protect U.S. and Global Financial Stability and Mitigate Systemic Risk;
- Mitigate the Illicit Finance and National Security Risks Posed by the Illicit Use of Digital Assets;
- Promote U.S. Leadership in Technology and Economic Competitiveness to Reinforce U.S. Leadership in the Global Financial System;
- Support Technological Advances and Ensure Responsible Development and Use of Digital Assets; and
- Explore a U.S. Central Bank Digital Currency (CBDC).

Although such topics address a broad swath of issues, in sum, the key takeaways from the Executive Order include:

1. The establishment of a formal, coordinated effort by the United States government to address digital assets, highlighting the need for responsible thought leadership and innovation that appropriately balances the opportunities and benefits of digital assets to the United States and global financial system with the potential risks.
2. The Executive Order reinforces the United States' leadership in the global financial system and signals to the world that the United States will play a leading role in shaping the future of digital assets and the regulation thereof.
3. The likelihood that there will be a formal proposal for a U.S. digital dollar, or CBDC, highlighted by the statement that a CBDC would "... support the continued centrality of the United States within the international financial system, and help to protect the unique role that the dollar

plays in global finance.” Of course, the scope and breadth of any CBDC proposal remains unclear.

4. Industry participants and other key stakeholders must be prepared to engage with various federal agencies tasked with studying and planning the issues identified in the Executive Order, as well as engaging with Congress on legislative proposals intended to promote responsible innovation consistent with the Executive Order’s six key policy objectives to move the industry forward; however, while the Executive Order focuses on the role of the federal government, industry participants and other stakeholders should continue to engage with various state financial regulatory agencies and legislatures to continue to foster innovative opportunities at the state level, as well as international bodies, including the Basel Committee on Banking Supervision, Financial Action Task Force and Financial Stability Board, among others.
5. Although the Executive Order focuses on a “whole-of-government” approach, the Executive Order is not limited to, or principally the responsibility of, the independent federal financial regulatory agencies, who already are engaged in their own initiatives addressing digital assets. As such, it remains to be seen whether such ongoing initiatives by those independent agencies are delayed in implementation until the various reports studies and strategic plans required by the Executive Order are submitted to and acted upon by the President.
6. There is a multitude of federal agencies tasked with different reports, studies and strategic plans. Many of the administrative processes to obtain internal clearance for a report, study or strategic plans are complicated and/or bureaucratic, which will make it difficult to complete the various materials called for by the Executive Order in a timely manner.

While the Executive Order does not change the existing legal and regulatory framework surrounding digital assets in the United States, the Executive Order does require various federal agencies to coordinate in the creation and submission of various reports, studies and strategic plans to the President, on specified timelines. As noted, these activities are in addition to the ongoing activities of the federal financial regulatory agencies. The requirements of the Executive Order are summarized below:

Executive Order §	Action Item	Deliverable	Deadline	Due Date	Agency / Department*
Policy and Actions Related to United States Central Bank Digital Currencies (CBDCs)					
4(b)	Report	Report on the future of money and payment systems, including the conditions that <ul style="list-style-type: none"> • drive broad adoption of digital assets; • the extent to which technological 	180 days	9/4/2022	Department of the Treasury (Lead Actor) Department of State Department of Justice Department of Commerce Department of Homeland Security

		<p>innovation may influence these outcomes; and</p> <ul style="list-style-type: none"> the implications for the United States financial system, the modernization of and changes to payment systems, economic growth, financial inclusion, and national security. 			<p>Office of Management and Budget</p> <p>Office of Director of National Intelligence</p> <p>Heads of other relevant agencies</p>
<u>4(c)</u>	Research and Report	<ul style="list-style-type: none"> Research and report on the extent to which CBDCs could improve the efficiency and reduce the costs of existing and future payments systems, Assess the optimal form of a CBDC in the United States, and Develop a strategic plan for Federal Reserve and broader 	No timeline given	-	Federal Reserve Board (Lead Actor)

		United States Government action that evaluates the necessary steps and requirements for the potential implementation and launch of a CBDC.			
<u>4(d)(i)</u>	Assessment	Provide an assessment of whether legislative changes would be necessary to issue a CBDC in the United States, should it be deemed appropriate and in the national interest.	180 days	9/4/2022	Department of Justice (Lead Actor) Department of the Treasury Federal Reserve Board
<u>4(d)(ii)</u>	Legislative Proposal	Submit a legislative proposal, based on consideration of the report submitted by the Department of the Treasury regarding the future of money and payment systems (section 4(b)) and any materials developed by the Federal Reserve Board (section 4(c)).	210 days	10/4/2022	Department of Justice (Lead Actor) Department of the Treasury Federal Reserve Board

<p><u>5(b)(i)</u></p>	<p>Report</p>	<ul style="list-style-type: none"> Report on the implications of developments and adoption of digital assets and changes in financial market and payment systems for United States consumers, investors, businesses, and for equitable economic growth. The report must address Report to address: (i) the conditions that would drive mass adoption of different types of digital assets, and (ii) the risks and opportunities such growth might present to United States consumers, investors, and businesses, including a focus on how technological 	<p>180 days</p>	<p>9/4/2022</p>	<p>Department of the Treasury (Lead Actor) Department of Labor Heads of other relevant agencies, including the Federal Trade Commission, the Securities Exchange Commission, the Commodity Futures Trading Commission, Federal banking agencies, and the Consumer Financial Protection Bureau</p>

		<p>innovation may impact these efforts and with an eye toward those most vulnerable to disparate impacts.</p> <ul style="list-style-type: none"> The report must also include policy recommendations, including potential regulatory and legislative actions. 			
Measures to Protect Consumers, Investors, and Businesses					
<u>5(b)(ii)</u>	Technical Evaluation	<p>Submit a technical evaluation of the technological infrastructure, capacity, and expertise that would be necessary at relevant agencies to facilitate and support the introduction of a CBDC system should one be proposed.</p> <p>The technical evaluation should address: (i) the technical risks of the various designs, including with respect to emerging and future</p>	180 days	9/4/2022	<p>Office of Science and Technology Policy (Lead Actor)</p> <p>Chief Technology Officer of the United States</p> <p>Department of the Treasury</p> <p>Federal Reserve Board</p> <p>Heads of other relevant agencies</p>

		<p>technological developments, such as quantum computing; (ii) any reflections or recommendations on how the inclusion of digital assets in federal processes may affect the work of the United States government and the provision of government services, including risks and benefits to cybersecurity, customer experience, and social safety net programs.</p>			
<u>5(b)(iii)</u>	Report	<ul style="list-style-type: none"> • Report on the role of law enforcement agencies in detecting, investigating, and prosecuting criminal activity related to digital assets. • The report shall include any recommendations on regulatory or legislative actions, as appropriate. 	180 days	9/4/2022	<p>Department of Justice (Lead Actor)</p> <p>Department of the Treasury</p> <p>Department of Homeland Security</p>

<u>5(b)(iv)</u>	Consideration	Consider the effects the growth of digital assets could have on competition policy.	No timeline given	-	Department of Justice Federal Trade Commission Consumer Financial Protection Bureau
<u>5(b)(v)</u>	Consideration	Consider the extent to which privacy or consumer protection measures within their respective jurisdictions may be used to protect users of digital assets and whether additional measures may be needed.	No timeline given	-	Federal Trade Commission Consumer Financial Protection Bureau
<u>5(b)(vi)</u>	Consideration	Consider the extent to which investor and market protection measures within their respective jurisdictions may be used to address the risks of digital assets and whether additional measures may be needed.	No timeline given	-	Securities Exchange Commission Commodity Futures Trading Commission Federal Reserve Board Federal Deposit Insurance Corporation Office of the Comptroller of the Currency

<p><u>5(b)(vii)</u></p>	<p>Report</p>	<ul style="list-style-type: none"> Report to the President on: <ul style="list-style-type: none"> (i) the connections between distributed ledger technology and short-, medium-, and long-term economic and energy transitions; (ii) the potential for these technologies to impede or advance efforts to tackle climate change at home and abroad; and (iii) the impacts these technologies have on the environment. The report should also address the effect of cryptocurrencies' consensus mechanisms on energy usage, including research into potential mitigating measures and alternative mechanisms of consensus 	<p>180 days</p>	<p>9/4/2022</p>	<p>Office of Science and Technology Policy (Lead Actor)</p> <p>Department of the Treasury</p> <p>Department of Energy</p> <p>Environmental Protection Agency</p> <p>Council of Economic Advisers</p> <p>Assistant to the President and National Climate Advisor</p> <p>Heads of other relevant agencies</p>
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		and the design tradeoffs those may entail.			
<u>5(b)(viii)</u>	Report Update	Update the report regarding described in section 5(b)(vii) of the Executive Order.	Within 1 year of submission of the report described in section 5(b)(vii)	9/5/2023	Office of Science and Technology Policy (Lead Actor) Department of the Treasury Department of Energy Environmental Protection Agency Council of Economic Advisers Heads of other relevant agencies

Actions to Promote Financial Stability, Mitigate Systemic Risk, and Strengthen Market Integrity					
<p><u>6(b)</u></p>	<p>Report</p>	<ul style="list-style-type: none"> • FSOC to produce report outlining the specific financial stability risks and regulatory gaps posed by various types of digital assets and providing recommendations to address such risks. • The report should consider the particular features of various types of digital assets and include recommendations that address the identified financial stability risks posed by these digital assets, including any proposals for additional or adjusted regulation and supervision as well as for 	<p>210 days</p>	<p>9/4/2022</p>	<p>Department of the Treasury Financial Stability Oversight Council</p>

		<p>new legislation.</p> <ul style="list-style-type: none"> The report should take account of the prior analyses and assessments of the FSOC, agencies, and the President’s Working Group on Financial Markets, including the ongoing work of the Federal banking agencies, as appropriate. 			
Actions to Limit Illicit Finance and Associated National Security Risks					
<u>7(b)</u>	Supplemental Annexes	<p>Each relevant agency may submit supplemental annexes, which may be classified or unclassified, to the National Strategy for Combating Terrorist and Other Illicit Financing (the "National Strategy") offering additional views on illicit finance risks posed by digital assets, including cryptocurrencies, stable coins,</p>	90 days from the Submission to Congress of the National Strategy	-	<p>Department of the Treasury</p> <p>Department of State</p> <p>Department of Justice</p> <p>Department of Commerce</p> <p>Department of Homeland Security</p> <p>Office of Management and Budget</p> <p>Office of Director of National Intelligence</p> <p>Heads of other relevant agencies</p>

		CBDCs, and trends in the use of digital assets by illicit actors.			
<u>7(c)</u>	Action Plan	<ul style="list-style-type: none"> Develop a coordinated action plan based on the National Strategy's conclusions for mitigating the digital-asset-related illicit finance and national security risks addressed in the updated National Strategy. The action plan shall address the role of law enforcement and measures to increase financial services providers' compliance with AML/CFT obligations related to 	120 days from the submission to Congress of the National Strategy	-	<p>Department of the Treasury (Lead Actor)</p> <p>Department of State</p> <p>Department of Justice</p> <p>Department of Commerce</p> <p>Department of Homeland Security</p> <p>Office of Management and Budget</p> <p>Office of Director of National Intelligence</p> <p>Heads of other relevant agencies</p>

		digital asset activities.			
<u>7(d)</u>	Rulemakings	<ul style="list-style-type: none"> Notify the relevant agencies on any pending, proposed, or prospective rulemakings to address digital asset illicit finance risks. The Secretary of the Treasury shall consult with and consider the perspectives of relevant agencies in evaluating opportunities to mitigate such risks through regulation. 	120 days from the completion of the following reports: (i) National Money Laundering Risk Assessment ; (ii) National Terrorist Financing Risk Assessment ; (iii) National Proliferation Financing Risk Assessment ; and (iv) updated National Strategy	-	Department of the Treasury (Lead Actor) Heads of other relevant agencies

Policy and Actions Related to Fostering International Cooperation and United States Competitiveness					
<u>8(b)(i)</u>	Framework	Establish a framework for interagency international engagement with foreign counterparts and in international fora to adapt, update, and enhance adoption of global principles and standards for how digital assets are used and transacted, and to promote development of digital asset and CBDC technologies consistent with United States values and legal requirements.	120 days	7/6/2022	<p>Department of the Treasury (Lead Actor)</p> <p>Department of State</p> <p>Department of Commerce</p> <p>Agency for International Development</p> <p>Heads of other relevant agencies</p>
<u>(8)(b)(ii)</u>	Report	Report on priority actions taken under the framework for interagency international engagement with foreign counterparts and its effectiveness.	1 year from the establishment of the 8(b)(i) Framework	7/6/2023	<p>Department of the Treasury (Lead Actor)</p> <p>Department of State</p> <p>Department of Commerce</p> <p>Office of Management and Budget</p> <p>Agency for International Development</p>

					Heads of other relevant agencies
<u>8(b)(iii)</u>	Framework	Establish a framework for enhancing United States economic competitiveness in, and leveraging of, digital asset technologies.	180 days	9/4/2022	Department of Commerce (Lead Actor) Department of State Department of the Treasury Heads of other relevant agencies
<u>8(b)(iv)</u>	Report	Report on how to strengthen international law enforcement cooperation for detecting, investigating, and prosecuting criminal activity related to digital assets.	90 days	6/6/2022	Department of Justice (Lead Actor) Department of State Department of the Treasury Department of Homeland Security
<p><i>*Lead actors, as indicated by parenthetical, are directed to issue a report, take some other action, or consider a topic. The absence of a parenthetical for any action item means that each agency and/or department identified is individually directed to issue such report, take such action, or consider such topic.</i></p>					

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