

Split opinion on US crypto regulations is clouding the picture of future oversight

Article

The news: Ron Wyden, a senior figure in the Democratic party and chair of the Senate Finance Committee, has warned against excessively stringent regulation of the

cryptocurrency industry, per the Financial Times.

Wyden called for the **protection of crypto innovators**, comparing the industry to the early days of the internet.

Zooming out: Wyden's comments coincide with growing concern over whether [Russia](#) is using crypto to minimize the impact of sanctions.

- The Biden administration last week reportedly [asked](#) cryptocurrency exchanges to help **prevent Russia from using cryptos to evade sanctions**. Senior officials in the administration are also keen to clamp down on unregulated crypto activity.
- Calls that regulation is needed to rid the industry of fraud and money laundering have mounted in recent years, as **fears of [crypto crime](#) have intensified**. Chainalysis reported that crypto-based crimes reached a record global high in 2021, with users losing a total of \$14 billion, almost double from 2020.

What next? Conflicting opinions on what crypto regulation in the US should look like and a constantly evolving landscape make it challenging to predict the extent of future red tape:

- **Regulation is coming.** An SEC proposal expanding the definition of crypto exchanges to better regulate firms is expected later this year.
- **But formal direct regulation seems some way off.** SEC Commissioner Hester Peirce in January [said](#) she doesn't expect its introduction this year, according to [Yahoo Finance](#).
- Last month, Peirce said that she instead sees a lot of **regulation happening through enforcement**, rather than by creating or changing digital asset rules.
- Gaps at the federal level may prompt **state regulators to take on the job**. For example New York state adopted its own regulations in 2015.

The big takeaway: In the absence of direct crypto regulation, firms must [self-regulate](#). But split opinions on how aggressive oversight should be have led to a lack of clarity for US crypto companies, making it **difficult for them to curtail illegal activity and plan ahead**.

The borderless and decentralized nature of crypto will make it harder to track and control. But a clear and consistent regulatory framework is essential to build reputable brands, reduce crime, and accelerate investment in the space.

Factors Influencing Cryptocurrency and Blockchain Adoption at Multinational Corporations According to Executives Worldwide, April 2021

% of respondents

Clarity on regulations

52.4%

Continuous need to seek out new sources

40.8%

Continuous need to improve data quality

36.8%

Continuous need to improve data security

35.2%

Greater profits

34.4%

Retaining and attracting customers

30.4%

Entering and regaining markets

25.2%

Organization leader's support

18.0%

Buy-in and support of other organizations

17.2%

Source: PYMNTS.com, "Cryptocurrency, Blockchain and Cross-Border Payments: How Multinationals Leverage New Technology to Optimize Business Payments" in collaboration with Circle, Nov 11, 2021

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