

## **Digital Asset Rules Need Clarity**

*di Scott Bessent*

The U.S. has long shaped financial markets. Clear rules, credible enforcement and a willingness to adapt to innovation have made the American approach to market regulation the world standard. But maintenance of this leadership is far from guaranteed. To preserve it and rise to the challenge before us, Congress must pass the Clarity Act. Senate floor time is scarce, and now is the time to act.

Over the past year, the global market capitalization of digital assets fluctuated between \$2 trillion and \$3 trillion. Nearly 1 in 6 Americans owns some form of digital asset. Major financial institutions have launched or sought approval for crypto-related products. Blockchain infrastructure has assumed a growing role in payments, settlements and the exchange of real-world assets. Crypto is no longer a niche experiment—it is a technology the world is adopting, regardless of which nation chooses to lead.

This government has endeavored to adapt. Last year President Trump signed the Genius Act—a landmark law that establishes a framework for dollar-backed stablecoins and effectively affirms the U.S. dollar's place on blockchain rails. It was a decisive step toward modernizing the financial system and reinforcing the dollar's global role.

But apart from stablecoins, the regulatory framework for digital asset markets is unclear. Previous leadership at the Securities and Exchange Commission and the Commodity Futures Trading Commission advanced overlapping and sometimes conflicting claims, leaving developers, exchanges and investors without firm guidance. Enforcement actions defined regulation, and goal posts shifted with political whims.

This uncertainty had predictable consequences. A growing share of crypto development relocated to places with clear rules, such as Abu Dhabi and Singapore. Abroad, firms knew when and how to register, what standards to meet, and how to operate. The benefits of domiciling in the U.S. rarely outweighed the risks.

Though industry nihilists may argue otherwise, there is one way to give developers and entrepreneurs the comfort to reshore: durable law. Congress acted decisively with Genius, and the Clarity Act is the necessary next step. By delineating regulatory jurisdictions, Clarity establishes workable registration pathways for trading platforms and intermediaries. It defines when a digital asset is and isn't a security. It enacts investor protections through disclosure and custody rules. It offers new measures against illicit finance and new authorities to address misuse.

The promise of Genius can't be realized without Clarity's support. With stablecoins gaining a regulatory foothold, the next frontier is the financial infrastructure they power: tokenized assets, decentralized exchanges and new means of capital formation. Whether that ecosystem—and its associated jobs and tax revenue—will develop domestically or abroad depends on the durability of U.S. rules.

Economic security is national security, and it is a cornerstone of Clarity. Bringing digital-asset activity into a well-defined regulatory perimeter would strengthen oversight, improve compliance with anti-money-laundering standards and reduce user incentives to rely on opaque—and often vulnerable—offshore markets.

Similarly, the software-developer protections that Clarity incorporates would ensure that the technology powering digital finance remains open, secure and domestically developed. American corporations and entrepreneurs poised to engineer the industry's underlying infrastructure must understand their legal obligations. Clarity would deliver long-sought confidence and gives the next generation a green light to build.

The Genius Act proved that progress is possible and the efforts on the Clarity Act to date have put the end goal in sight. Congress needs only to finish the job.

The U.S. didn't become the world's financial center by hesitating in moments of technological change. It led by setting standards that others followed. By passing

comprehensive digital-asset market-structure legislation, Congress will ensure that the next generation of financial innovation is built on American rails, backed by American institutions, and denominated in American dollars.

*Mr. Bessent is Treasury secretary.*