



ASSOCIATION FOR DIGITAL ASSET MARKETS

December 15, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20220

Dear Secretary Mnuchin,

The Association for Digital Asset Markets (ADAM) is writing to express our concerns with a proposal on self-hosted wallets that is rumored to be released soon. Although we have not received notice of a proposal, we feel compelled to express our views now, in case the legal rulemaking processes are disregarded and a rule is issued without the opportunity for public comment prior to any rule implementation.

Self-hosted wallets are digital applications that involve a public address and a key known only to the user. These wallets allow individuals to hold assets; authenticate their identities; and own, store, and use digital assets without depending on a financial institution. The decentralized nature of cryptocurrencies is a leading benefit of these digital assets.

We understand that the Treasury Department is considering requiring financial institutions to collect information on the owners of self-hosted wallets when transmitting cryptocurrencies—a substantial departure from what countries around the world have done. Doing so would have significant unintended consequences, including forcing American companies offshore, disincentivizing use of virtual asset service providers (VASPs) in the United States, and reducing our global leadership position in digital assets.

The rumored regulation is also likely to impede law enforcement and compliance—in direct opposition to the Department’s intentions. Restricting self-hosted wallets could cause VASPs to prohibit transactions with self-hosted wallets—driving users to other platforms or jurisdictions with significantly weaker enforcement, compliance, and oversight capabilities.

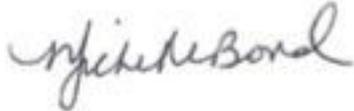
The core mission of ADAM is to promote integrity, fairness, and efficiency in digital assets and to define and promote ethical conduct by all digital asset market participants. Our members are committed to transparency and protecting market participants from fraud and manipulation, with every member required to adopt and adhere to our Code of Conduct. Unfortunately, this rumored self-hosted wallet rule would do the opposite—decreasing transparency by encouraging movement to jurisdictions laxer than the United States, failing to protect market participants from fraud and manipulation, and threatening U.S. leadership globally in digital asset markets.

Lastly, promulgating an interim final rule without public notice and comment circumvents the stakeholders most impacted by burdensome or unbalanced government regulations. This potential violation of the Administrative Procedure Act would be a disappointing way to close out the Trump

administration's legacy on digital assets, in addition to running counter to the commitment to transparency and fairness that our members promote.

Given the profound impact this rulemaking could have on our industry, the members of ADAM respectfully request that the Treasury Department pursue the appropriate notice and public comment procedure before issuing any final rules that could impede continued success of U.S. digital asset market growth.

Thank you,

A handwritten signature in cursive script that reads "Michelle Bond". The signature is written in dark ink and is positioned above the typed name.

Michelle Bond
Chief Executive Officer
Association for Digital Asset Markets (ADAM)