

## State of the Industry: Blockchain Association's year in review and the year ahead

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I want to welcome you again to the inaugural Blockchain Association Policy Summit.

I did not know when our team began planning this summit six months ago how important it would be for all of us to convene here today. I'm glad to be with you so that together we can chart a path forward.

This past year was already difficult – but the events of last week have challenged us at a level that is unprecedented in the history of crypto. I'm not going to lie to you, crypto's reputation in Washington is damaged.

But I am here today to tell you that as bad as this is, we will get beyond this crisis.

It's not going to be easy. It will take a lot of work. But working together – united as one industry – we can do this. And your team at the Blockchain Association is committed to partnering with you for the journey.

Today, I want to talk to you about the values of the Blockchain Association that trace back to the summer of 2018 when the Association first came together.

But quickly, here is how much we've grown over the past 4 years. We've grown from 10 to 105 members, from one to 16 staff, and coverage of one policy issue to 10 active work streams.

Throughout our evolution from a small startup to a mature organization, the Blockchain Association's three core values remain constant.

First is our shared commitment to work together. We don't start with a specific policy position – we start with the premise that we will only succeed if we work together. And together, we work to figure out what the right policy should be.

Second, the opinions of the small projects are just as important as those of the largest companies. Small organizations today are working on the big ideas of tomorrow. That's why policy development isn't something reserved for the board or the highest paying dues members. It is for all of the membership to decide – small or large – together.

Yes – this means the consensus process is a bit messy. But our mission at the Blockchain Association is to develop policy that advances the future of crypto for everyone in this room – and that means everyone has a seat at the table.

Third, we value decentralization.

Decentralization is the reason we're all here – it's the heart and soul of the technology that makes this industry, and it is a revolutionary force that will change the world.

We recognize that trusted intermediaries – like exchanges and custodians – play an essential role on the path to decentralization. But our goal is not to make minor tweaks around the edges of the legacy financial system or the Web2 internet. It's to rebuild today's flawed infrastructure from the ground up.

There are some in the ecosystem that are operating for the short term, and they do not share our values.

People come and go – companies come and go – but crypto is here for good.

Those of us in this room are the ones with the long-term view. And our values as an association reflect the endurance of this open technology.

These values have served us well as we've engaged in policy battles over the past four years.

Together, we were able to stall Secretary Mnuchin's misguided rulemaking over self-hosted wallets. We were able to get protections for validators and software developers in the 2021 infrastructure bill. Perhaps most importantly, over time we've been able to convince bipartisan members of Congress to take up the crypto cause.

Before the events of the last week, we were on a good path. We can – and will – return to this path. Recent events don't invalidate the work we've all done – and continue to do.

We can't – and we won't – let a few bad actors tarnish the reputation of an entire industry.

So where does this leave us in the policymaking process?

The reality is, not much has changed. There are many policymakers in Washington who understand the extraordinary promise of crypto. But there are also some, particularly leadership in certain federal agencies, standing in the way of progress.

As a result, we find ourselves in a stage of litigation and legislation – just as we stood two weeks ago.

Let me first address litigation. Litigation is not the ideal tool for making policy.

But it is an essential tool for pushing back when agencies go too far, or when they infringe upon our Constitutional rights.

In the past, small projects have had to settle when enforcement actions came their way.

But now, the industry is willing to fight back – just look at Ripple. We've also seen companies be proactive with litigation – like Grayscale.

We don't want to be here, but we have a right to our day in court. It is essential that we exercise that right.

In addition to litigation, we have legislation. Legislation can be a great way to make policy.

It allows for an open process where stakeholders can provide input.

The news of this past week was already met with immediate calls for action in Washington. This is understandable.

With any crisis where consumers are harmed, Washington's immediate reaction will always be to step in and to respond with action. But it's critical that this response not hurt the broader industry. It must be tailored and differentiate between industry participants.

Our biggest challenge with legislation will be the treatment of DeFi. DeFi is a complex topic for most in Congress.

And we've already begun to see their temptation to apply the same regulations to DeFi as they do with centralized entities. Blockchain Association cannot and will not allow legislation to move forward that fails to acknowledge the benefits and promise of decentralization.

So how can we ensure that legislation will be good?

First, the crypto industry must continue its investment in Washington. This means continuing to work with us at the Blockchain Association. It also means supporting our friends at DeFi Education Fund and Coin Center. It means building out your in-house government relations teams here in DC.

Second, it means we must double down on education. We must show the societal benefits that crypto networks enable. We must explain why it's in the best interest of the United States for this innovation to happen here. We can do this through more briefings and more meetings – the education process is ongoing and we cannot let up.

Third, we must continue to build relationships with lawmakers. Political giving is a good tool for this. It's the main reason that we launched the Blockchain Association PAC earlier this fall.

But there are other ways to do this too. We build relationships through the education process, by inviting members of Congress to visit our offices and facilities, and by meeting them in their offices on Capitol Hill.

And most importantly, we must bring good ideas to the table. There are places that we all agree could benefit from improved regulation – especially with stablecoins and centralized spot exchanges.

It is incumbent upon us to engage constructively with the lawmakers who are holding the pen. It's historically been difficult for us reach consensus on what legislation should look like, but if we want a seat at the table, it's time to get real.

We have much work to do to repair policymaker trust in the crypto ecosystem.

Our collective voice – a voice that has been here for years and will remain for years to come – represents something far greater than one man or one company.

We represent the innovators, the builders, the investors in our future.

We represent the community that wants to democratize financial infrastructure and build a better internet.

We are different. We are good. And together, we will not only survive this crisis, but we will thrive.