

Statement of Senator Mike Crapo
Committee on Banking, Housing, and Urban Affairs
February 6, 2018

Crapo Statement at Hearing on Virtual Currency

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the United States Senate Committee on Banking, Housing and Urban Affairs, today delivered the following remarks during a full committee hearing entitled “Virtual Currencies: The Oversight Role of the SEC and CFTC.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“This morning, we will receive testimony from SEC Chairman Jay Clayton and CFTC Chairman Chris Giancarlo on the growing world of virtual currencies and the oversight conducted by their two agencies.

“Virtual currencies are meant to act as a type of money that can be traded on online exchanges for conventional currencies, such as dollars, or used to purchase goods or services, predominantly online.

“Additionally, developers, businesses and individuals are selling virtual coins or tokens through initial coin offerings, also known as ICOs, to raise capital.

“Over the last year, many Americans have become increasingly interested in virtual currencies, especially given the meteoric rise in valuation and recent fall of Bitcoin.

“Just for perspective, on January 2 of last year, Bitcoin broke the \$1,000 barrier, then peaked in December of 2017 at almost \$20,000 and as of this morning is trading at roughly \$6,900.

“Today, the market capitalization of Bitcoin is roughly \$115 billion.

“This is an incredible rise given that in 2013, when this Committee had subcommittee hearings on the topic, the total value of Bitcoin in circulation was approximately \$5 billion.

“As virtual currencies have become more widespread, financial regulators and heads of financial institutions have noticed and voiced their opinions.

“Regulators and heads of industry have tried to educate investors so that they make informed decisions, and ensure that the markets they oversee and participate in are appropriately working.

“For its part, the SEC has put forth many statements and guideposts to help the markets and investors. Namely, the SEC has: issued investor bulletins on initial coin offerings;

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issued an investigative report on what characteristics make an ICO a security offering; issued several statements by Chairman Clayton on the issue; brought enforcement actions against fraudsters; and issued joint statements with the CFTC about enforcement of virtual currency related products.

“The CFTC has also been helping inform the markets by: launching a dedicated website on virtual currencies to educate investors; bringing enforcement actions against individuals involved in cryptocurrency related scams; issuing several statements by Chairman Giancarlo and other Commissioners on the issue; and scheduling hearings on the topics.

“Much of the recent news about virtual currencies has been negative; between the enforcement actions brought by your agencies, the hack of the international Coincheck exchange, and the concerns raised by various regulators and market participants, there is no shortage of examples that increase investor concerns.

“It is also important to note that the technology, innovation and ideas underlying these markets present significant positive potential.

“These aspects underpinning virtual currencies have the ability to transform for investors the composition of, and ability to access, the financial landscape, thus changing and modernizing capital formation and transfer of risk.

“Technology is forward-looking, and we look to our regulators to continue carrying out their mandates, including investor protection, as the markets evolve.

“I look forward to learning more about virtual currency oversight from the two witnesses, including what their agencies are doing to ensure appropriate disclosures and safeguards for investors.”

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