



Testimony of Ryan VanGrack

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Good afternoon, Chair Lummis and members of the Subcommittee. My name is Ryan VanGrack and I serve as Vice President of Legal at Coinbase, where I oversee litigation, regulatory investigations, and enforcement matters globally. Thank you for the opportunity to testify today. It's an honor to discuss the urgent need for regulatory clarity in the digital asset space and Congress's vital role in that effort. Your leadership will not only shape the direction of this industry but also reinforce America's position as a global leader in both technological and financial innovation.

My background is deeply rooted in financial markets and regulation. I had the honor of serving at the U.S. Securities and Exchange Commission (SEC) as Senior Advisor to Chair Mary Jo White and as an advisor to four Directors of Enforcement. During my time at the Commission, I helped launch the FinTech Working Group, led blockchain-related initiatives, and oversaw key enforcement matters. I also served as an attorney in the White House under President Obama. In the private sector, my experience includes serving as General Counsel of Citadel Securities and as an attorney at Williams & Connolly. These roles have deepened my appreciation for how smart public policy and thoughtful enforcement shape healthy markets. My testimony draws on these experiences as well as my work helping Coinbase navigate the evolving regulatory landscape for digital assets.

With more than one in five Americans now holding digital assets¹ and participating in a \$3 trillion market, this burgeoning sector presents a generational opportunity to expand economic freedom, promote financial inclusion, and cement America's leadership in innovation. Yet this promise is at risk due to the absence of a clear, uniform, and simple regulatory framework for digital assets. The resulting uncertainty allows bad actors to operate, drives responsible innovators abroad, and leaves customers behind. Congressional action isn't just necessary—it's urgent.

I want to underscore three key pillars for effective legislation: (1) *Clarity*. Legislation must resolve foundational questions, such as the status of digital assets under existing regulatory regimes and which federal agencies have jurisdiction over various parts of the industry; (2) *Uniformity*. Legislation must establish a federal regime that governs digital assets rather than a patchwork of inconsistent state laws and enforcement; and (3) *Simplicity*. Legislation must offer straightforward, workable rules for all participants, including developers, entrepreneurs, and retail investors. By establishing these pillars, Congress can build a comprehensive framework that protects customers, promotes responsible innovation, and secures America's leadership in the digital economy.

Coinbase: A Foundation of Trust and Compliance

Coinbase, founded in 2012, is a U.S. public company that enables tens of millions of retail customers, institutions, and developers worldwide to engage with digital assets and harness their potential. Coinbase is committed to the security of all stakeholders and believes in fair,

¹ <https://www.coinbase.com/blog/crypto-moving-america-forward>

transparent regulation of the industry. From day one, we've embraced regulation and sought to build cooperative working relationships with our regulators—including over 50 agencies across the United States alone.

We are a registered money services business with FinCEN under the U.S. Treasury Department, hold 46 state money transmission licenses, a BitLicense and limited purpose trust company charter from the New York Department of Financial Services (NYDFS), and a Louisiana Virtual Currency Business Activity License.² We also operate a Commodities Futures Trading Commission (CFTC) regulated Designated Contract Market (DCM),³ an NFA registered Futures Commission Merchant (FCM),⁴ and have a Securities and Exchange Commission (SEC) Registered Investment Advisor (RIA).⁵ We were authorized to go public by the SEC in 2021. Globally, we have licenses in Europe under the Markets in Crypto Act (MiCA), as well as the United Kingdom, Germany, Canada, Australia, Singapore, Bermuda, and other jurisdictions around the world.⁶

For over a decade, Coinbase has been at the forefront of building and implementing strong customer protection, risk management, and security practices. Central to our customer protection is our rigorous listing process. Before listing any digital asset, our teams evaluate it against extensive legal, compliance, and information security standards.⁷ We hold customer assets 1:1 at all times, safeguard them with institutional-grade security, and never lend or rehypothecate assets without customer authorization.⁸ These protections are designed to meet or exceed current legal requirements and industry standards.

We also maintain an unwavering dedication to anti-money laundering (AML) compliance and effective partnerships with law enforcement—both vital for ensuring safety and integrity in the digital asset space. Our comprehensive Financial Crimes Compliance program adheres to the U.S. Bank Secrecy Act (BSA), AML laws, and sanctions requirements, aligning with the same standards expected of traditional financial institutions. This commitment helps Coinbase keep customers—and the U.S. financial system—safe from bad actors.

² <https://www.coinbase.com/legal/licenses>

³ <https://help.coinbase.com/en/derivatives/general/about>

⁴ <https://www.coinbase.com/fcm>

⁵ <https://www.cbassetmgmt.com/about>

⁶ <https://www.coinbase.com/blog/coinbase-secures-mica-licence-a-milestone-in-europes-crypto-evolution>

<https://www.coinbase.com/legal/licenses/europe>

<https://www.coinbase.com/blog/coinbase-obtains-registration-as-a-restricted-dealer-in-canada>

https://www.coinbase.com/legal/user_agreement/australia

https://www.coinbase.com/legal/user_agreement/singapore

<https://www.coinbase.com/international-exchange/legal/user-agreement>

⁷ <https://www.coinbase.com/exchange/asset-listings>

⁸ See Coinbase, Inc. User Agreement, Section 2.7,

https://www.coinbase.com/legal/user_agreement/united_states

The Imperative for U.S. Leadership in Digital Assets

Coinbase strongly believes that the responsible and robust growth of the crypto industry in the United States depends upon having a responsible and robust legal framework. The advent of digital assets and blockchain technology represents a generational opportunity to reimagine financial systems to be more transparent, accessible, and efficient. This technology already is delivering on that promise. Digital assets are making it easier and cheaper for people around the country to participate in the domestic and global financial system.

Although blockchain technology is rebuilding financial markets to be stronger and freer, the industry currently lacks a foundational legal framework. The absence of clear rules for market structure has forced economic opportunities to move offshore and has left customers behind. Regulatory uncertainty doesn't just carry risks—it actively holds back progress.

The risk of inaction dwarfs the risk of taking action. Without a comprehensive legal framework, participants in the digital asset marketplace will lack the certainty essential for crypto to reach its full potential. Worse, bad actors can exploit gaps in oversight, harming customers and undermining trust. Meanwhile, responsible innovators—those building solutions that improve financial systems—face legal uncertainty, pushing them overseas to jurisdictions with clearer rules.

Only Congress can fix this problem. Laws enacted decades ago were not designed for this transformative technology. And they simply are not up to the task of answering the novel questions digital assets raise. Courts and regulators lack the power to adapt those legacy laws to meet this moment. Determining how digital assets fit into a legal framework is a responsibility that belongs to Congress. It is critical that America reverse years of punitive and targeted attacks on crypto and instead reclaim global leadership in the development of blockchain-based assets, transactions, and services. For that, we need clear, uniform, and simple rules to govern crypto.

We need rules that both protect customers and foster responsible innovation. Customer protection is the bedrock of any well-functioning market, and this principle must be at the forefront of digital asset legislation. As millions of Americans engage with digital assets, they deserve clear, consistent protections that foster trust and allow them to make informed decisions without fear of exploitation.

Let me emphasize one important point: crypto regulation is not, and never should be, a partisan issue. Economic empowerment, financial innovation, and customer protection are not Republican or Democratic values; they are American values. Digital assets hold the potential to benefit communities across the political spectrum by fostering systems that are fair, transparent, and accessible. Legislation in this space should reflect these shared principles, transcending partisanship to deliver solutions that protect market participants and enable economic growth.

Congress has already proven its ability to work together in this space, as demonstrated by bipartisan support for bills like the GENIUS Act in the Senate and the CLARITY Act in the House. Continuing that collaboration on market structure in the Senate will ensure that America sets the global standard for blockchain regulation.

Key Pillars for Effective Digital Asset Legislation

For the digital asset ecosystem to thrive, Congress must create a framework that protects customers and fosters responsible innovation. This framework should be guided by three core principles: Clarity, Uniformity, and Simplicity.

1. Clarity

Clear rules are essential to the proper functioning of any marketplace. Market participants need to know their legal rights and obligations so that they can make sound business and investment decisions.

That clarity is sorely lacking in the crypto marketplace. For example, market participants often don't know whether an asset will be treated as a commodity, a security, or something else. And they don't know which rules regulators will apply at every stage in a digital asset's life cycle—from primary issuance to secondary trading.⁹ As a result, they don't know which regulators have jurisdiction over which digital-asset transactions. That lack of clarity has enabled some rogue regulators—at the federal and state level—to attack the crypto industry through legally baseless enforcement actions that have stifled innovation in America.

Make no mistake: Fair, even-handed enforcement of the laws is not the enemy. It is essential. I proudly served in the SEC's Enforcement Division and witnessed firsthand that enforcement is an indispensable part of a regulator's work. Bad actors exist in all marketplaces, and they need to be brought to justice. But a fundamental premise of our constitutional order is that the rules need to be known *before* the government can enforce them. Enforcement complements clear regulation; it cannot replace it.

⁹ As the SEC itself has recognized in various enforcement proceedings, the digital asset itself is not a security; its classification depends on the context in which it is offered or sold. See *SEC v. Binance Holdings Ltd., et al.* (D.D.C. 2023), No. 1:23-cv-1599, Docket Entry 273-1 (Sept. 12, 2024, SEC's Memorandum in Support of Motion to Amend Complaint, p.24, n. 6) ("As this Court noted and as the SEC reiterates, with its use of the term 'crypto asset securities,' the SEC is not referring to the crypto asset itself as the security....Nevertheless, to avoid any confusion, the [proposed amended complaint] no longer uses the shorthand term, and the SEC regrets any confusion it may have invited in this regard...."); see also *SEC v. Payward, Inc. (Kraken), et al.* (N.D.Cal. 2023), 3:23-cv-6003, Docket Entry 90, pp. 15, 19-20 (Aug. 23, 2024, Order Denying Motion to Dismiss) (discussing the SEC's "inconsistent manner of discussing the assets in question" and noting that "Orange groves are no more securities than cryptocurrency tokens are. But the contracts and expectations surrounding the sale of both may form an investment contract, bringing them within the purview of the Act.").

A. Building on Familiar Principles

Establishing a clear, robust regulatory framework for digital assets is within reach. In fact, much of the groundwork is already laid. Congress can draw from decades of experience in regulating complex financial markets, translating the durable concepts of securities and commodities law into a modern, digital context.

Tools like registration requirements, disclosures, margining rules, and the role of self-regulatory organizations aren't new inventions. They are time-tested mechanisms that have successfully guided traditional and emerging markets for decades, protecting customers and fostering growth. Market participants and regulators understand how to apply these concepts effectively. They can and should be adapted to digital assets.

Congress also isn't starting from scratch. Bipartisan efforts like the Financial Innovation and Technology for the 21st Century (FIT21) Act, the CLARITY Act, and the Lummis-Gillibrand Responsible Financial Innovation Act have provided clear legislative blueprints. This strong foundation gives the Senate well-developed proposals to draw upon, making actionable legislation well within reach.

B. Defining Regulatory Roles

The new legislative framework should clarify the roles for the SEC and CFTC in regulating digital assets. These commissions should regulate based on their areas of expertise, with limited and well-defined overlap, to avoid the costly turf battles that have hindered the industry's development for over a decade.

These jurisdictional disputes undermine customer protections and leave both commissions exposed to reputational risks arising from inconsistent enforcement actions. Continued uncertainty would harm both the digital asset industry and the broader American financial system. Regulatory jurisdiction is not a zero-sum game. The goal of legislation should not be to pick agency winners and losers, but to create clear rules of the road that empower both the SEC and CFTC to regulate effectively within their respective statutory mandates.

For digital commodities—assets like Bitcoin, Ether, and other non-security tokens—the CFTC is well-suited to regulate both the derivatives and spot markets. Meanwhile, the SEC remains the natural regulator for securities transactions and intermediaries operating in traditional capital markets, including tokenized securities.

C. Primary vs. Secondary Transactions

A fundamental challenge in applying existing law to digital assets stems from conflating primary issuances with secondary market transactions. These transactions concern distinct phases of an asset's lifecycle, with fundamentally different regulatory implications that demand separate, tailored approaches. During a primary issuance (often part of fundraising efforts), purchasers

may have an expectation of profits based on the efforts of a central team or issuer. In such scenarios, robust and relevant disclosures are paramount to protect investors.

In the secondary market, digital assets are generally traded among users without any ongoing relationship or contractual ties to the original issuer. Token holders do not possess the traditional rights of an equity or debt holder. They typically have no direct claim on an issuer's profits, dividends, or dissolution rights, nor a place in a corporate capital structure. This is precisely why, as the SEC itself has recognized, a digital asset, in and of itself, is not inherently a security.¹⁰ Its classification depends on the context in which the asset was offered or sold.

Enforcement that blurs this vital distinction creates confusion across the entire market. It risks misapplying regulatory tools designed for one context—like fundraising for a centralized enterprise—to entirely different scenarios—like peer-to-peer trading of a decentralized network's native asset. This uncertainty deters innovation, stifles participation, and ultimately harms customers by creating an unpredictable regulatory landscape.

Legislation is urgently needed to delineate these types of transactions.

2. Uniformity

The rules governing digital assets must be consistent nationwide. Today, crypto firms face a patchwork of overlapping—and often conflicting—federal and state regulatory requirements. Some states have attempted to impose local regimes that diverge from, and at times contradict, national standards.¹¹ Inconsistent regulations make it more difficult for companies to understand and comply with their legal obligations. They could even make it impossible for a firm operating under the rules in one State to function under another—meaning that market participants would be forced to forgo doing business in certain jurisdictions.

¹⁰ See fn 9.

¹¹ See *Oregon v. Coinbase Global, Inc. and Coinbase, Inc.* (D. Or. 2025), and press release, <https://bit.ly/3TtR3U> (“Attorney General Rayfield says the states must fill the enforcement vacuum being left by federal regulators.”); *In the Matter of Coinbase Global, Inc. and Coinbase, Inc., Staking Desist and Refrain Order*, <https://bit.ly/44cSTdR> (Cal. Admin. Proc. 2023); *In the Matter of Coinbase Global, Inc. and Coinbase, Inc., Staking Cease and Desist Order*, <https://bit.ly/40guS46> (Md. Admin. Proc. 2023); *In the Matter of Coinbase Global, Inc. and Coinbase, Inc., Staking Cease and Desist Order*, <https://bit.ly/4I13ESj> (NJ Admin. Proc. 2023); *In the Matter of Coinbase Global, Inc. and Coinbase, Inc., Staking Complaint*, <https://bit.ly/4lkyjza> (Wash. Admin. Proc. 2023); *In the Matter of Coinbase Global, Inc. and Coinbase, Inc., Staking Cease and Desist Order*, <https://bit.ly/3T2MXPu> (Wisc. Admin. Proc. 2023); *Compare High Stakes Litigation: Time to End the War on Staking* (Coinbase Blog April 25, 2025), <https://bit.ly/43TiKbH> (“In February, the SEC dismissed its lawsuit against Coinbase *with prejudice*. And over the past month, five of the states that had followed the SEC’s lead—Illinois, Kentucky, South Carolina, Vermont, and Alabama—also agreed to drop their cases.”). Five states—California, Maryland, New Jersey, Washington, and Wisconsin—are continuing their staking actions against Coinbase and rejected recent SEC Division of Corporate Finance guidance that staking services like Coinbase’s are not securities. See Statement on Certain Protocol Staking Activities, SEC Div. of Corp. Fin., <https://bit.ly/44aCoif> (May 29, 2025).

Today's fragmented approach to oversight also harms customers by creating disparities in access and opportunity based solely on geography. At this very moment, someone in my hometown of Rockville, Maryland has fewer rights to participate in crypto markets than someone across the Potomac River in Arlington, Virginia.¹² That kind of regulatory inequality risks leaving residents of some states behind, while others benefit from the economic opportunities that blockchain technology provides.

This cannot continue if digital assets are to fulfill their promise of economic freedom and opportunity for all Americans. A national—and often global—digital asset market demands a national legal framework.

3. Simplicity

Legislation governing digital assets must be designed with simplicity in mind, prioritizing rules that are easily applicable for everyone—from developers to retail investors—not just large institutions with extensive legal teams. Complexity in regulation benefits incumbents, undermines accountability, and deters smaller innovators who lack the resources to navigate intricate rules.

Consider the new wave of developers building transformative blockchain systems and the small businesses exploring innovative applications of digital assets. These are not typically firms with extensive legal departments or decades of regulatory experience. More often, they are creative entrepreneurs and startups that need straightforward, accessible guidelines to grow responsibly and in compliance with the law. By reducing complexity and offering workable paths to compliance, regulators can focus enforcement efforts on bad actors—not on those striving to engage responsibly.

Moreover, rules that are simple and accessible protect customers—especially retail participants. They empower customers to engage confidently in digital asset markets, fully aware of the protections available and the risks involved.

To be clear, simplicity does not come at the expense of rigor. Regulating the market structure for a novel and transformative technology like blockchain and digital assets necessarily raises a broad range of issues that require thoughtful solutions. In addressing these questions, however, Congress should prioritize simplicity. That means crafting regulation that balances accountability with accessibility. Simplicity is not merely a stylistic preference—it's a strategic imperative to ensure that the benefits of digital assets remain accessible to all.

Conclusion

We have a rare opportunity to guarantee continued American leadership in global financial innovation, to protect millions of investors and consumers who are engaging with these

¹² See *In the Matter of Coinbase Global, Inc. and Coinbase, Inc., Cease and Desist Order*, <https://bit.ly/40guS46> (Md. Admin. Proc. 2023).

technologies, and to create pathways for long-term economic growth. By creating a legislative framework for digital assets, Congress can define a new era of American financial and technological progress.

Congress should do so by adopting clear, uniform, simple rules governing the digital asset market. And it should do so now. No amount of litigation or regulation can replace the clarity and direction that thoughtful, bipartisan legislation can provide.

The American people, and crypto users around the world, are watching to see if Congress will seize this historic opportunity to lead.

Thank you, and I look forward to answering your questions.