

## Publication

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03/14/2022

### Client Alert: Biden Issues Executive Order on Ensuring Responsible Development of Digital Assets

Last week, the Biden administration issued an Executive Order on Ensuring Responsible Development of Digital Assets. As Blockchain/Web3.0/Metaverse innovations advance, the administration is taking initial steps to examine regulatory frameworks for responsible use of the technology. The Executive Order directs several U.S. Departments and agencies to issue reports on potential regulatory baselines ranging from financial integrity, cybersecurity and privacy, to climate. The various federal stakeholders are required to begin reporting on their progress 90, 120, 180 days and one year from the date of the Order.

Blockchain proponents are encouraged by the Administration's steps, while other observers of the Order question whether meaningful blockchain regulation will be enacted in the near future. While it is unclear what substantive guidance or regulations (if any) will ultimately emerge, this Order underscores the Administration's recognition of the explosive impact of blockchain technology on global commerce, including significant ramifications for financial instruments, intellectual property protection, privacy and cybersecurity. Among the United States policy objectives to be examined with respect to digital assets are:

- Cybersecurity safeguards to promote the responsible development of digital assets, and to

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protect consumers, investors, and businesses; maintain privacy; and shield against arbitrary or unlawful surveillance, which can contribute to human rights abuses.

- Appropriate compliance with regulatory and supervisory standards for digital assets similar to those that govern traditional market infrastructures and financial firms, and in line with the general principle of “same business, same risks, same rules.”
- Appropriate controls and accountability for current and future digital assets systems to promote high standards for transparency, privacy, and security that counter illicit activities and preserve or enhance the efficacy of our national security tools.
- Responsible development and design of digital assets and the technology that underpins new forms of payments and capital flows in the international financial system that promote democratic values; the rule of law; privacy; the protection of consumers, investors, and businesses; and interoperability with digital platforms, legacy architecture, and international payment systems.
- Responsible innovation that expands equitable access to financial services, particularly for those Americans underserved by the traditional banking system, including by making investments and domestic and cross-border funds transfers and payments cheaper, faster, and safer, and by promoting greater and more cost-efficient access to financial products and services.
- Responsible digital asset architecture and controls that reduce negative climate impacts and environmental pollution related to cryptocurrency mining.



The Order directs a whole-of-government approach and will engage resources from various government departments and agencies including:

- The Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the Attorney General, the Secretary of Commerce, the Secretary of Labor, the Secretary of Energy, the Secretary of Homeland Security, the Administrator of the Environmental Protection Agency, the Director of the Office of Management and Budget, the Director of National Intelligence, the Director of the Domestic Policy Council, the Chair of the Council of Economic Advisers, the Director of the Office of Science and Technology Policy, the Administrator of the Office of Information and Regulatory Affairs, the Director of the National Science Foundation, and the Administrator of the United States Agency for International Development.

NGE attorneys across multiple practice areas, including Information Technology, Intellectual Property, Cybersecurity & Data Privacy, and Corporate & Securities, will continue to monitor and advise clients related to blockchain technology developments. For more information regarding this alert or Blockchain/Web3.0/Metaverse matters, please contact David Wheeler, Michael Kelber, Wesley Nissen, or your Neal Gerber Eisenberg attorney.

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