Twitter Thread by Fidelity Digital Assets



Fidelity Digital Assets
@DigitalAssets



On Monday, we submitted a letter to the US Treasury on the proposed rulemaking by FinCEN. We are committed to working with FinCEN to facilitate the adoption of digital assets along with widespread compliance and AML regulations.

Some highlights from the letter:

The limited time to provide comment deprives FinCEN of important feedback from the industry, resulting in less effective rules that create significant barriers to widespread compliance. This is a sharp departure from ordinary comment procedures and established practice.

The proposed rule raises serious practical and technical concerns that reveal robust industry feedback and industry engagement is necessary before effective implementation is possible. Some key concerns raised in our letter include….

The recordkeeping and reporting requirements mandate that Virtual Asset Service Providers differentiate between hosted and “unhosted” wallets without defining these terms and acknowledgement of the challenges faced in differentiating transactions that involve unhosted wallets.

A mandate that VASPs obtain name, address, and other unique counterparty info to unhosted wallet transactions would be the first Bank Secrecy Act rule commanding an institution to obtain specific info about customers’ counterparties with whom the institution has no relationship.

The scope of exemptions under the proposal does not match those that exist for other institutions as per the Bank Secrecy Act, omitting exemptions to publicly listed corporations or their subsidiaries, established customers, or reports filed with state regulatory agencies.

Further engagement is also required to address whether the Proposed Rule should add exemptions based on existing state regulations in accordance with the Bank Secrecy Act (BSA).

The BSA authorizes FinCEN to exempt financial institutions from reporting transactions if they are subject to state requirements that are substantially similar to those imposed under the subchapter and there are adequate provisions for enforcement.

The Proposed Rule’s unsupported redefinition of digital assets as “monetary instruments” and description of digital asset exchange as involving both a transmittal of funds and a transaction involving monetary instruments underscores the need for additional time for comment

Fidelity takes its relationship with FinCEN seriously, and stands ready to engage meaningfully to assist in the development of clear rules that will both have a material impact on the fight against money laundering and the financing of terrorism, and foster responsible innovation

We respectfully contend that the existing comment period is far too short to allow for meaningful notice and comment on the Proposed Rule, and request that FinCEN provide additional time for feedback and engagement before finalizing the rule.

A copy of our letter is available at the link below. We appreciate the opportunity to comment on the proposed ruling and look forward to collaborating with our industry colleagues to introduce productive and safe regulatory measures.

https://t.co/k6zAb6DE2p