Proposal: 1835 (AG78) Anti-Money Laundering and Countering the Financing of Terrorism Program Requirements

Description:

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Comments:

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Your comment: With crypto prices reaching all-time highs again recently, there's risk of too much speculation in the crypto markets, especially given recent buzz around memecoins. Why does the market keep repeating these cycles; instead of supporting the more productive blockchain-based innovations that will truly make a difference? Memecoins are crypto tokens used mostly for humor, born of joining an online community that's in on the joke. You've likely heard of Dogecoin, based on the old doge meme featuring images of Shiba Inu dogs. It emerged as a loose community online when someone ironically added a cryptocurrency that later had some financial value. This kind of "memecoin" embodies various facets of internet culture and is mostly harmless, while other memecoins are not. But my goal here isn't to defend or to diminish memecoins. It's to point out the backwardness of a policy regime that lets memecoins thrive; while crypto companies and blockchain tokens with more productive use cases face hurdles. Any mememaker can easily create, launch, and even automatically list tokens, including tokens that derogate specific politicians and celebrities. But entrepreneurs trying to build something real and lasting? They get stuck in regulatory purgatory. It's actually safer to release a memecoin today with no use case, than it is to launch a token that's useful. Think about it this way: We'd consider it a policy failure if we had a securities market that incentivized only GameStop meme stocks, but that rejected the likes of Apple, Microsoft, and NVIDIA; all companies with products people use daily. Yet current regulations encourage platforms to list memecoins and not other, more useful tokens. The lack of regulatory clarity in the crypto industry means platforms and entrepreneurs live under constant fear that the more productive blockchain token they are listing or developing could suddenly be deemed a security. I call the distinction between these more speculative and productive use cases in the crypto industry the "computer vs. the casino". One culture ("the casino") sees blockchains as a way to launch tokens primarily for trading and gambling. The answer isn't less regulation; it's better regulation. Specific solutions include adding well-tailored disclosures to provide regular investors with more information. Another solution is requiring long lockup periods to prevent get-rich-quick schemes, and incentivize more long-term building.