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Statements for the Record—July 17 CLARITY Act and July 21 FinCEN Oversight Hearings

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https://community.pgpz.org/updates/July_Statements_for_the_Record

This week, PGPZ submitted two Statements for the Record following recent hearings before the House Financial Services Committee. Submitting a Statement for the Record gives PGPZ a formal opportunity to provide our analysis and policy recommendations before lawmakers, even when we are not appearing as a witness. It also allows us to respond directly to issues raised during a hearing, reinforce key messages with congressional offices and staff, and create a written foundation for continued engagement. These submissions are an important part of our broader advocacy strategy as they connect PGPZ's policy priorities to active legislative and regulatory debates and ensure that financial privacy and arguments in favor of protecting developers are represented in the policymaking process.

Key Takeaways

- PGPZ submitted two Statements for the Record to the House Financial Services Committee to advocate for software developers and financial privacy.
- Regulation should target custodial intermediaries, not non-custodial software developers who don't hold user assets.
- Codifying these protections aligns with existing FinCEN rules and keeps the U.S. competitive with regions like the EU and UAE.
- Technologies like zero-knowledge proofs and Zcash illustrate that strong privacy can coexist with targeted compliance without resorting to mass surveillance.

Action Items

- Call your Senator and ask them to support the CLARITY Act with the Blockchain Regulatory Certainty Act provisions preserved.
- Repost PGPZ X and LinkedIn posts to increase visibility and promote the Community.
- Engage with PGPZ by flagging concerns and the impact of policy developments.

Executive Summary

The two Statements reinforce a consistent PGPZ message: policymakers should focus regulation on actors that actually take custody, exercise control, or perform intermediary functions, while protecting the development of neutral, non-custodial software. At the same time, financial privacy should be treated as a legitimate and essential policy objective instead of inviting regulatory scrutiny. By placing these principles into the congressional record, PGPZ is helping shape the debate around digital asset legislation, anti-money-laundering policy, developer protections, and the role of privacy-enhancing technologies in a modern financial system.

July 17 Hearing—Building the Future of Finance: How the CLARITY Act Unlocks Innovation

In response to the Digital Assets Subcommittee’s July 17 hearing, “Building the Future of Finance: How the CLARITY Act Unlocks Innovation,” PGPZ focused on the importance of preserving explicit protections for non-custodial software developers in the Digital Asset Market Clarity Act (CLARITY Act), including the provisions associated with the Blockchain Regulatory Certainty Act. The Statement explains that developers who write code, publish software, or provide tools without taking custody or control of users’ assets are not functioning as money transmitters or traditional financial intermediaries. It argues that these protections would codify, not depart from, FinCEN’s existing approach, while giving developers greater legal certainty and helping the United States remain competitive with jurisdictions such as the European Union and the United Arab Emirates, which have already recognized exclusions for decentralized services and self-custody.

Read the Statement for the Record [here](#).

July 21 Hearing—Oversight of the Financial Crimes Enforcement Network

PGPZ’s second Statement responded to the July 21 National Security, Illicit Finance, and International Financial Institutions Subcommittee hearing, “*Oversight of the Financial Crimes Enforcement Network*.” That submission advanced two related priorities: preserving the bright-line distinction in FinCEN’s 2019 guidance for non-custodial developers and promoting privacy-preserving technologies as solution to indiscriminate financial surveillance. The Statement cautions that expansive reporting requirements and centralized repositories of sensitive financial information can create substantial financial privacy and misuse risks. It emphasizes that technologies such as zero-knowledge proofs and viewing keys can allow individuals or businesses to prove relevant facts or selectively disclose transaction information without exposing their full financial histories. Zcash provides a practical example of this approach, demonstrating that strong privacy protections can coexist with targeted compliance, auditing, and regulatory oversight.

Read the Statement for the Record [here](#).