

**Alert | California Government Law & Policy/
Blockchain & Digital Assets**



June 2022

California State Assembly Introduces Legislation to Establish Digital Financial Assets Law

On June 7, 2022, California State Assembly Banking and Finance Committee Chair Timothy Grayson introduced legislation, [Assembly Bill \(AB\) 2269](#), sponsored by the Consumer Federation of California, that will establish the Digital Financial Assets Law. The legislation aims to give the cryptocurrency industry regulatory clarity and consumer protections by licensing and regulating the activities of cryptocurrency exchanges.

AB 2269 requires individuals and entities engaging in digital financial asset business activity to meet certain criteria, including being licensed under the Department of Financial Innovation and Protection (DFPI). Such licensing allows the DFPI to conduct examinations of a licensee and require licensees to maintain records of all digital financial business activity for five years after the date of the activity. The legislation also authorizes the DFPI to take enforcement measures against a licensee or a person engaging in unlicensed digital financial business activities and provides for civil penalties for violations of its provisions.

The legislation would also set a “best interest standard,” requiring licensees to do their due diligence and consider the best interest of their customers before recommending investments. Other consumer protections include requiring licensees to make certain disclosures to customers regarding fees and charges and requiring licensees to offer live customer service lines to handle complaints and issues around the clock, since the crypto markets are always open.

Both the California State Senate and Assembly briefly weighed two bills that would have allowed crypto to flow through state institutions, but they failed early amid general legislative wariness and opposition from the state controller. Additionally, in May 2022 California Gov. Gavin Newsom issued an executive order to encourage the development of regulations over crypto assets and lay out the state's approach to integrating cryptocurrency into California's financial landscape. *See* [GT Alert](#).

AB 2269 was announced the same day U.S. Sens. Kirsten Gillibrand and Cynthia Lummis introduced new federal legislation on creating a regulatory framework for digital assets such as cryptocurrency. Such legislative measures signal the changing statewide and national views on integrating cryptocurrency and blockchain technology into the nation's regulated financial scheme.

Authors

This GT Alert was prepared by:

- [Barbara A. Jones](#) | +1 310.586.7773 | jonesb@gtlaw.com
- [Alice L. Kessler](#) | +1 916.868.0605 | kesslera@gtlaw.com
- [Jeremy A. Meier](#) | +1 916.442.1111 | meierj@gtlaw.com
- [Madeline Orlando](#) | +1 916.442.1111 | orlandom@gtlaw.com

Albany. Amsterdam. Atlanta. Austin. Boston. Charlotte. Chicago. Dallas. Delaware. Denver. Fort Lauderdale. Germany.⁷ Houston. Las Vegas. London.⁸ Long Island. Los Angeles. Mexico City.⁹ Miami. Milan.⁹ Minneapolis. New Jersey. New York. Northern Virginia. Orange County. Orlando. Philadelphia. Phoenix. Portland. Sacramento. Salt Lake City. San Francisco. Seoul.¹⁰ Shanghai. Silicon Valley. Tallahassee. Tampa. Tel Aviv.¹¹ Tokyo.¹² Warsaw.¹³ Washington, D.C.. West Palm Beach. Westchester County.

This Greenberg Traurig Alert is issued for informational purposes only and is not intended to be construed or used as general legal advice nor as a solicitation of any type. Please contact the author(s) or your Greenberg Traurig contact if you have questions regarding the currency of this information. The hiring of a lawyer is an important decision. Before you decide, ask for written information about the lawyer's legal qualifications and experience. Greenberg Traurig is a service mark and trade name of Greenberg Traurig, LLP and Greenberg Traurig, P.A. ⁷Greenberg Traurig's Berlin office is operated by Greenberg Traurig Germany, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ⁸Operates as a separate UK registered legal entity. ⁹Greenberg Traurig's Mexico City office is operated by Greenberg Traurig, S.C., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ¹⁰Greenberg Traurig's Milan office is operated by Greenberg Traurig Santa Maria, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ¹¹Operates as Greenberg Traurig LLP Foreign Legal Consultant Office. ¹²Greenberg Traurig's Tel Aviv office is a branch of Greenberg Traurig, P.A., Florida, USA. ¹³Greenberg Traurig's Tokyo Office is operated by GT Tokyo Horitsu Jimusho and Greenberg Traurig Gaikokuhojimbengoshi Jimusho, affiliates of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ¹⁴Greenberg Traurig's Warsaw office is operated by GREENBERG TRAUIG Nowakowska-Zimoch Wysokiński sp.k., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Certain partners in GREENBERG TRAUIG Nowakowska-Zimoch Wysokiński sp.k. are also shareholders in Greenberg Traurig, P.A. Images in this advertisement do not depict Greenberg Traurig attorneys, clients, staff or facilities. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. ©2022 Greenberg Traurig, LLP. All rights reserved.