

Digital Asset

Testimony of
Yuval Rooz
Co-Founder and Chief Executive Officer
Digital Asset Holdings, LLC

Before the
U.S. House Committee on Financial Services
Subcommittee on Digital Assets, Financial Technology and Inclusion

Hearing on
Digital Dollar Dilemma: The Implications of a
Central Bank Digital Currency and Private Sector Alternatives

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Thank you Subcommittee Chair Hill, Ranking Member Lynch, Full Committee Chair McHenry, and Ranking Member Waters for the opportunity to appear before you today. My name is Yuval Rooz. I am the Co-Founder and CEO of Digital Asset.

I helped found Digital Asset in 2014. Digital Asset is at the forefront of modernizing the infrastructure of the financial system with our privacy-focused blockchain technology. For nine years, we have worked hard to carefully and responsibly innovate to solve real problems in financial services.

Today, our clients are using our privacy-focused Daml application platform and Canton blockchain protocol to reduce the time to issue stocks, bonds,¹ and other financial products² from days to seconds, reducing settlement risk and increasing efficiency. One client is using our technology to process over \$1 trillion of tokenized Treasury repo agreements per month.³ And our technology was recently used in a pilot project with the New York Federal Reserve's Innovation Center to demonstrate how blockchain technology can modernize the infrastructure for global dollar-based settlements.⁴ To promote interoperability, we recently announced (along with 29 market participants), the launch of the Canton Network to help connect institutions and move value globally.⁵ Attached as an appendix is additional background on Daml, Canton, and the Canton Network.

Our success is in no small part due to the fact that our technology is built with privacy at its core—specific privacy rules can be configured for each party in a transaction, making our technology well-suited for financial services.⁶

I am here today because as we embark upon a new digital era in finance, I believe that the global financial competitiveness of the United States—including the dollar's position as the world's reserve currency—is at stake. This is a critical national security issue that demands innovation led by the private sector. But private sector innovation alone is not sufficient. As we've seen with the invention of the Internet, without a proper policy framework and absent a strong partnership between the public and private sectors, private sector initiatives may displace activities properly considered public goods—specifically money—that are due the protections offered by our Constitution. We

¹ <https://www.euromoney.com/article/2bpedlxbptouac1934m4h/awards/awards-for-excellence/financial-innovation-of-the-year-2023-gs-dap-by-goldman-sachs>

² <https://www.regulationasia.com/deutsche-borse-goes-live-with-digital-securities-platform/>

³ <https://www.mckinsey.com/industries/financial-services/our-insights/tokenization-a-digital-asset-deja-vu>.

⁴ <https://www.newyorkfed.org/aboutthefed/nyic/facilitating-wholesale-digital-asset-settlement>

⁵ <https://www.canton.network/press-release>

⁶ <https://docs.daml.com/concepts/ledger-model/ledger-privacy.html>

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expect our financial transactions to be afforded the privacy protections of the Fourth Amendment and this should not change as payments become digital.

History has shown that technology is inseparable from finance. And today, we stand at yet another technological inflection point for the financial system: blockchain technology. As our successful client deployments demonstrate, blockchain technology—when built around configurable privacy—can provide the financial system with increased efficiency and reduced risk by eliminating the need for maintaining multiple copies of the same information—which is the case with today’s payment systems—and by allowing value to be represented digitally.

Leveraging blockchain technology to modernize financial infrastructure is critical to ensuring our continued global financial competitiveness and the dollar’s status as the world’s reserve currency. It is the rails on which digital value will be transferred.

Of course, innovation alone is not sufficient for the United States to maintain its global competitiveness, but our role today as a global financial leader—with the dollar as the world’s reserve currency—does require innovation. There is nothing inherent or inevitable about the inefficiencies in today’s financial system and, as other countries’ financial systems eliminate those inefficiencies through blockchain technology, the United States risks being left behind and losing our leadership position. A global economic order aligned with our values is in our national interest.

We have two critical advantages that can help us maintain our leadership position—vibrant private sector innovation, and the rule of law enshrined in our Constitution and protected by its system of checks and balances. And our advantages are strongest when wielded together. While private sector innovation is important—and is the engine that drives our economy—in an area as critical as finance, innovation needs to occur within a deliberate policy framework to ensure that innovation does not outrun or undermine our values and national interests.

As this Committee deliberates on how best to bring the dollar into the digital era, I am here to make two requests. First, that Congress ensures that any digitally-represented dollar, whether a stablecoin or a central bank digital currency, lives within our Constitutional framework—Americans using this digitally-represented dollar should have the assurance that their privacy rights are protected under our Fourth Amendment framework. And second, that Congress works closely with the private sector, and leverages technologies already built and proven, to serve as the rails for any digitally-represented dollar. Any solution that ignores private sector innovation risks technological stagnation and will undermine our global competitiveness.

Thank you for your time and I look forward to answering your questions.
