

March 11, 2025

House Speaker Mike Johnson
United States House of Representatives
Washington, DC 20515

House Democratic Leader Hakeem Jeffries
United States House of Representatives
Washington, DC 20515

RE: Support for Representative Carey’s Resolution of Disapproval (H.J. Res. 25) to Overturn IRS Rule on Digital Asset Broker Reporting

Dear Speaker Johnson and Leader Jeffries,

On behalf of the Crypto Council for Innovation (CCI), we respectfully express our strong support for H.J. Res. 25, introduced by Representative Carey under the Congressional Review Act (CRA), to repeal the IRS’s Final Rule on DeFi Broker Reporting finalized on December 30, 2024. This rule represents an excessive expansion of regulatory authority, raises serious financial privacy concerns, and misconstrues the fundamental nature of decentralized finance (DeFi). The result of this rule going into effect would be to cut off Americans from the benefits DeFi services offer and ultimately halt innovation in the United States.

The IRS's Final Rule extends beyond the intent of Congress. The Infrastructure Investment and Jobs Act (2021) defined a “broker” as an entity that facilitates the transfer of digital assets on behalf of others. However, the IRS’s December rule drastically broadens that definition to include DeFi front-end providers that merely offer software tools for user-initiated transactions. Unlike traditional brokers, these platforms do not hold assets, execute trades, or manage customer accounts—a distinction the IRS has disregarded.

Several Members of Congress, including Representatives DelBene, Tenney, Panetta, Miller, Sánchez, Smucker, Malliotakis, and Feenstra, have explicitly stated that the law was not intended to impose reporting obligations on those who do not act as brokers. The IRS’s attempt to redefine “broker” through rulemaking rather than legislative means exceeds the agency’s authority, violating the Administrative Procedure Act (APA) and setting a troubling precedent for regulatory overreach.

Additionally, the rule poses significant Fourth Amendment and privacy concerns. The reporting obligations would force an overly broad group of third parties to collect and transmit private financial data to the government, raising major constitutional issues. While financial institutions are traditionally subject to reporting under the Bank Secrecy Act (BSA), DeFi platforms do not function as financial intermediaries and have never been classified as such by Congress. By attempting to impose BSA-like obligations without congressional approval, the IRS is setting a dangerous precedent for unauthorized financial surveillance.

Beyond legal and constitutional concerns, the rule threatens the United States' position as a leader in blockchain technology and innovation. DeFi technology reduces reliance on centralized financial institutions, decreases transaction costs, and expands financial access for Americans. If implemented, this rule would drive DeFi innovation offshore, forcing developers and entrepreneurs to relocate to jurisdictions whose regulatory frameworks reflect the unique attributes of the technology. This shift would not only stifle domestic technological growth but would weaken America's leadership in digital assets and directly undermine the recent White House Executive Order on "Strengthening American Leadership in Digital Financial Technology."¹In conclusion, the IRS's Final Rule undermines congressional intent, exceeds the agency's statutory authority, endangers financial privacy, and significantly chills American innovation. We respectfully urge the House of Representatives to pass H.J. Res. 25 to repeal this Rule, ensuring that reporting requirements remain limited to actual brokers rather than software providers or decentralized protocols.

Thank you for your leadership in addressing this critical issue. We look forward to working together on constructive policies that promote the responsible growth of blockchain technology and digital assets in the U.S.

Respectfully,



Ji Hun Kim
President and Acting Chief Executive Officer
Crypto Council for Innovation

¹<https://www.whitehouse.gov/presidential-actions/2025/01/strengthening-american-leadership-in-digital-financial-technology/>