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Subcommittee on Digital Assets, Financial Technology, and Inclusion

"The Future of Digital Assets: Identifying the Regulatory Gaps in Digital Asset Market Structure"

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Thank you, Chairman Hill, Ranking Member Lynch, Chairman McHenry, Ranking Member Waters, and Subcommittee members, for inviting me to testify today.

I'm Marta Belcher. I'm President and Chair of Filecoin Foundation, one of many organizations working on a cryptocurrency called Filecoin.

While this hearing is in the Committee on Financial Services, I want to emphasize today that cryptocurrency is about so much more than finance.

Cryptocurrency is already creating a better Internet—providing an alternative to big tech that puts people in control of their own data. This technology is also preserving some of the world's most important information, including government data, evidence of human rights abuses, and critical scientific datasets. Today, I would like to explain how.

Today's internet is centralized. The vast majority of data is stored by three companies: Amazon, Microsoft, and Google. This creates single points of failure; when these companies suffer blackouts, large swaths of the Web go down for hours. This centralized model also means that we live our lives through a handful of corporations. We have no choice but to trust them with our data, and they have unilateral control over what we can do and say online.

Cryptocurrency provides an alternative. Cryptocurrency creates the ability to program money—to send value across the globe instantly and automatically, with no intermediary, when a condition is met. For example, you can write a computer program that says, for every second of a song I play, automatically transfer a millionth of a cent from me to the songwriter.

Filecoin uses programmable money to create a decentralized file storage network. It's like Airbnb for file storage: you can "rent out" your extra digital storage space to people who pay you to store their files (or pieces of their files). A computer program regularly checks that you're still storing the files, and the file owner automatically pays you in filecoin. Using the filecoin token enables the network to operate in a manner that is peer to peer, instant, automatic, and trustless.

Filecoin is a foundational technology for the next generation of the Web. Filecoin puts users in control of their data—finally giving them an alternative to big tech. It also allows users to store many copies of their files on hardware around the world, so data remains accessible even if some devices fail.

There are thousands of individuals and small businesses around the world serving as Filecoin storage providers. Together, they are contributing more than 15 billion gigabytes of capacity to the Filecoin network. That's enough to store all written works since the beginning of recorded history, 10 times over.

That storage space is being used to preserve humanity's most important information. For example, Filecoin is storing copies of open datasets created by NASA, NIH, the National Weather Service, and US Geological Survey, and Filecoin Foundation is exploring working directly with some of these institutions.

Filecoin is also important for government documents because it can solve the problem of "link rot"—the fact that, over time, many links in important documents like Supreme Court decisions or Congressional records no longer work. Harvard's Library Innovation Lab is working to explore how these technologies can ensure that links work permanently.

Human rights defenders leverage Filecoin to help collect, verify, and preserve data. For example, Starling Lab—a project of Stanford and USC—recently submitted evidence of Russian war crimes in Ukraine to the International Criminal Court. Starling used Filecoin to both preserve this digital evidence and also verify that it was authentic and had not been tampered with.

Filecoin also stores important scientific information, like large genomic, geospatial, satellite, and climate datasets, from institutions like the University of Maryland, the University of Utah, Berkeley's Underground Physics Group, and the ATLAS Experiment at CERN. Filecoin Foundation is also working with Lockheed Martin on a satellite launch to demonstrate how the technology underlying Filecoin can speed up communications in space.

As these examples demonstrate, cryptocurrency is about so much more than financial services. And regulating cryptocurrencies like financial services could undermine these valuable use cases. These technologies only work if you can instantly and automatically send value across the world, directly from one person to another, as easily as attaching a file to an email. Regulations that insert intermediaries and add friction are incompatible with these technologies.

It is critical that any cryptocurrency regulation protects users' ability to transact directly with each other, without the constraints, risks, and costs that intermediaries impose. It is critical to recognize the open source, decentralized nature of this technology and to acknowledge our country's free speech protections for writing computer code. And it is critical to provide clarity, safe harbors, and compliance onramps so that innovators can continue to operate in the United States.

In drafting cryptocurrency regulation, I urge the Committee to consider the many valuable uses of cryptocurrency beyond financial services, to ensure this innovation can continue to thrive.

I look forward to your questions. Thank you.

Marta Belcher is president and chair of Filecoin Foundation as well as its sister charitable organization, Filecoin Foundation for the Decentralized Web. She also serves as general counsel and head of policy at Protocol Labs, and special counsel to the Electronic Frontier Foundation. Marta is a member of the Board of Directors of the Zcash Foundation and the Blockchain Association, and is a member of Paradigm's Crypto Policy Council. Marta was previously an attorney at Ropes & Gray LLP focusing on blockchain and emerging technologies. Marta received a B.A. in Rhetoric from the University of California, Berkeley, and a J.D. from Stanford Law School.