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Crypto as a Central Topic in the US Elections

A few years ago, Bitcoin was still regarded as a niche currency for criminals. Today, the world's leading financial institutions are positioning themselves, and digital assets are becoming a central campaign issue. Presidential candidate Donald Trump is especially vocal in his support for the industry, speeding up the debate.

Bitcoin was originally developed as a decentralized digital currency to enable peer-to-peer transactions without intermediaries like banks, providing a transparent and secure alternative to traditional financial systems. Over the years, advanced blockchain systems have integrated additional functionalities.

Despite the original vision of a bankless world, more and more financial institutions are getting involved in this area. Instead of replacing the old financial system, a fusion of both worlds is emerging. This development is supported by regulation and the adoption by established players.

Crypto Regulation in the USA: A Bumpy Road

Due to its significant influence on the international financial markets, the United States often sets the global regulatory standards. Accordingly, progressive developments in the USA are of particular importance.

Historically, the regulatory status of crypto-assets in the United States has been rather controversial. Various agencies, including the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC), have been vying for jurisdiction. Many industry representatives view former MIT professor Gary Gensler, appointed by the Biden administration as SEC Chair in 2021, as a key instigator of this dispute.

However, the problem is more deeply rooted in US politics. Other initiatives, primarily from the Democratic Party, have also hindered the industry

over the past years. Some describe it as a coordinated attack on the sector, systematically pushing crypto companies out of the country. Various levels of the US legal system are responsible, notably the Department of Justice (DOJ), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC).

The Tide is Turning

These executive bodies are supposed to implement legislation passed by the legislative branch. However, the US Congress reacted too slowly to developments. Agencies like the SEC took it upon themselves to develop regulations for the sector. For about a year now, this dynamic has been starting to shift.

Primarily in the Senate, initial packages have been developed to clearly define the regulatory status of digital assets. These efforts are now gaining traction with both parties, although they receive more support from the right. President Biden, in particular, has blocked some of these initiatives.

Trump Accelerates the Shift in Direction

The discontent with the current Democratic administration has not gone unnoticed, and the candidate from the opposing party is leveraging this to his advantage. In various speeches, former President and current candidate Donald Trump has emphasized how the current administration has harmed the sector. He promises that this would change under his leadership. America, he claims, will become the global leader in Bitcoin and



cryptocurrencies if he is elected. He envisions transforming the USA into a "Bitcoin superpower."

To rapturous applause at a Bitcoin conference in Nashville, Trump announced that his first action would be to dismiss the current SEC Chair, Gary Gensler. Instead, he would appoint a leader who aims to "shape the future rather than obstruct it."

Bitcoin as a Strategic Reserve

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In the same speech, Trump made an announcement likely to resonate with many single-issue voters. He pledged that under his administration, he would mandate the conversion of all Bitcoin held by the US government into a strategic reserve.

Over the past ten years, the Department of Justice has confiscated over 213,000 Bitcoin (BTC) valued at approximately \$15 billion. Portions of these have been sold off over the years. As a reserve, the remaining Bitcoin would serve as a "permanent national asset. None of the Bitcoin, which currently accounts for around 1% of the total supply, would be sold anymore.

ASSET	PRICE	HOLDINGS	VALUE
BTC	\$66,863.60 - \$636.00	283.239K BTC	\$13.43B - \$129.26M
ETH	\$3,328.34 - \$23.92	58.524K ETH	\$167.76M - \$1.19M
USDT	\$1.00 +\$0.00	121.734M USDT	\$121.73M +\$0.00
WBTC	\$66,112.00 - \$683.00	758.722 WBTC	\$49.63M - \$452.69K
BNB	\$586.10 +\$11.77	48.285K BNB	\$23.61M +\$474.16K
AUSDC	\$1.00 +\$0.00	19.823M AUSDC	\$19.82M +\$0.00
BUSD	\$9.99 - \$0.01	13.623M BUSD	\$13.54M - \$0.85K
USDC	\$1.00 +\$0.00	18.14M USDC	\$18.14M +\$0.00

Figure 1: Crypto Holdings of the US Government / Source: Arkham Intelligence

The international signal effect of such a step would be monumental. Other countries do not hold billions in confiscated Bitcoin. If they want to follow the example of the USA and build up a reserve, they must

rely on the open market. With a strictly limited supply, this would have significant impacts on the price.

Democrats Must Respond

It is estimated that over 10% of the US population has already interacted with digital assets, and a thriving blockchain industry has emerged. Leaving this industry entirely to the Republicans would be a strategic mistake for the Democratic Party.

Members of Congress recognized this shortly after Trump's speech. The following day, 14 Democratic representatives urged the Democratic National Committee to include support for cryptocurrencies in the party platform. Additionally, they called for the vice-presidential candidate to be knowledgeable about digital assets. Lastly, they demanded that Gary Gensler be replaced as SEC Chair.

The initiative was well received by the Biden administration. On the same day, advisors to Democratic candidate Kamala Harris reached out to leading US crypto companies. They expressed a desire to "reset" relations with the sector. This includes major players such as Coinbase, the stablecoin company Circle, and the blockchain payments group Ripple Labs.

The future of digital assets seems clear. Both US parties are eager to win this sector over. In the next four years, this is likely to lead to improved legal certainty. Once this asset class receives the endorsement of the United States, other jurisdictions around the world will follow suit. The foundation for a thriving sector is set.