

From:
To: [DFPI Regulations](#)
Cc:
Subject: PRO 02-23 - Public Comments on California's Digital Financial Assets Law (DFAL)
Date: Wednesday, January 24, 2024 2:55:10 PM

Dear DFPI Commissioner,

I am writing to submit our public comments on the proposed regulations for the Digital Financial Assets Law (DFAL). I commend the DFPI for its efforts to create a framework for responsible innovation in the digital asset space.

Here are our key recommendations:

- **Licensing Criteria:** A criteria for license approval, denial, revocation and suspension should be established. Specific guidelines on factors like financial condition, compliance history, and management qualification would enhance transparency and predictability in the regulatory process.
- **Educational Initiatives:** Ongoing outreach and education to consumers about this law should be conducted in order to inform consumers about the risks, benefits and proper usage of digital assets that will enable them to make informed decisions.
- **Innovation in Digital Financial Assets Industry:** While this law protects the consumers, it is also important to encourage innovation in the digital financial assets industry by creating a controlled space and testing ground where new tech and business ideas involving digital financial assets can be tried out and tested in a safe and supervised environment.
- **International Standard Alignment:** This law should consider alignment with international regulatory standards to reduce compliance burdens for businesses operating across borders.
- **Practical Application and Burden of Compliance on the Taxpayer:** This is a real concern for games where the gaming platform or the game itself does not collect PPPI of the player. Only wallet addresses are known. In that case, compliance would be impossible as drafted since the customer's identity is unknown. Compliance should mirror that of the processes already in place for tax compliance.

Thank you for the opportunity to share our comments. I believe that by addressing these points, DFAL can effectively protect consumers, promote responsible innovation, and position California as a leader in the responsible development of the digital asset industry.

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Best Regards,

Kathleen Joyce V. Oriente
Finance Manager