



## OFFICE OF THE GOVERNOR

OCT 13 2023

To the Members of the California State Assembly:

I am signing Assembly Bill 39, which establishes the Digital Financial Assets Law. Beginning July 1, 2025, this bill requires the Department of Financial Protection and Innovation (DFPI) to create a robust regulatory framework, including licensure and enforcement authority, for certain crypto activities. Importantly, this bill appropriately provides DFPI with rulemaking authority and an 18-month implementation date to ensure the adopted regulatory framework can be thoughtfully tailored to address industry trends and mitigate consumer harm.

I thank the author for the effort to create a clear and comprehensive approach to regulating the digital assets market. Stronger consumer and investor protections will prevent fraud and ensure bad actors are held accountable.

However, ambiguity of certain terms and the scope of this bill will require further refinement in both the regulatory process and in statute to provide clarity to both consumers, regulators and businesses subject to this new licensure framework. It is essential that we strike the appropriate balance between protecting consumers from harm and fostering a responsible innovation environment, and I look forward to working with the author to achieve this.

Sincerely,

Gavin Newsom

