



AN AFTERNOON WITH PAUL GREWAL, CHIEF LEGAL OFFICER, COINBASE

On November 30, 2023, the Risk Institute hosted **Paul Grewal, Chief Legal Officer** at **Coinbase, Inc.** for a Risk Series event on cryptocurrency and blockchain. Paul shared insights about his experiences and the industry at large, as well as his thoughts on regulation and how the U.S., particularly Ohio, are well-positioned to become leaders in blockchain and cryptocurrency.

Our audience included risk professionals from **25** central Ohio organizations, plus faculty and students from **10** Ohio State departments.

After the Risk Series event, we also hosted a students-only AMA and Meet and Greet with Paul for students to learn more about Paul's career path and his advice as they complete their degrees and enter the workforce.





RISK, COMPLIANCE, AND REGULATION IN THE CRYPTO INDUSTRY

- As discussed during the event, cryptocurrency was originally conceptualized as completely **peer-to-peer**, with no middleman. However, for mass adoption and usage, a **certain amount of centralization and regulation is necessary**.
- Grewal shared that in the U.S., there is a **glaring lack of regulation** and definition of what a cryptocurrency asset is, and how companies in the industry should be categorized. Crypto exchange companies often find it difficult to operate and to fulfill asks from the SEC in this environment.
- As a result, whether it is purposeful or not, there is an **industry-wide challenge and lack of clarity with compliance**, and this is often what makes the headlines.
- Grewal pointed out that Coinbase's founder started his career in enterprise risk, and says, **"it's rare and great to have a founder who's thinking about risk all the time."** Coinbase decided early on to "design everything under the law and regulations," and they have invested greatly in compliance measures.

CURRENT NATIONAL AND GLOBAL LANDSCAPE

- **52 million Americans** have bought or used cryptocurrency: the industry is growing quickly both in the U.S. and globally.
- There is current a bill in Congress titled the **"Financial Innovation and Technology for the 21st Century Act"**¹ which would establish a framework for digital assets. With bipartisan support, companies and customers in the crypto space are hopeful for a first step towards a more regulated environment.
- In the U.S., cryptocurrency is only **one of many heavy issues** that elected officials are facing, and there is a general lack of understanding the basics of the industry. As Grewal noted, **"regardless of your opinion on crypto, you need an informed opinion to regulate."**
- Globally, both the blockchain & cryptocurrency industries are moving forward. In much of the world, access to dollars is very difficult and inflation is steep and variable. **Digital assets and crypto have the potential to keep peoples' income stable** in less stable economies.
- The only question for the U.S. is: are we going to hop on board? Where does the U.S. want to be positioned in 30 years in these industries?

1. <https://www.congress.gov/bill/118th-congress/house-bill/4763>



OHIO: THE NEXT SILICON VALLEY?

- Coinbase has over **1 million active users in Ohio**. With recent investments by **Intel, Amazon, Google, Meta**, and others in Ohio, the state is well-positioned for tech companies to expand and advance their operations.
- Ohio has an incredible **education environment**, and is well-positioned to not only consume education around new industries like blockchain and cryptocurrency, but to be **producers** of that education.
- To folks like Grewal, who talk to and work with state legislators around the nation on a regular basis, “**Ohio is a place where people still talk across the aisle,**” and bipartisan legislation is possible.
- Grewal has spent time in both Columbus and Cleveland talking about **use cases** for blockchain and cryptocurrencies, and there is interest across a variety of industries, from the medical industry to artist collectives.

