

AFL-CIO

LEGISLATIVE ALERT

December 8, 2025

Committee on Banking, Housing, and Urban Affairs
The Honorable Tim Scott, Chairman
The Honorable Elizabeth Warren, Ranking Member
534 Dirksen Senate Office Building
Washington DC 20510

Dear Chairman Scott, Ranking Member Warren, and members of the Committee:

On behalf of the AFL-CIO, I am writing to underscore our profound concerns regarding the Responsible Financial Innovation Act. I understand that this bill could be marked up before the end of the year despite no final text being publicly released, no meaningful response to the many issues enumerated with the draft text, and the Senate Banking Committee majority declining to engage in a bipartisan drafting process. The bill's "light touch" approach to regulating crypto puts workers' retirement funds and the economy's financial stability at risk from these highly volatile digital assets, enabling the crypto industry to operate in wider and deeper ways in our financial system without sufficient oversight or meaningful safeguards.

The AFL-CIO has always supported measures that properly regulate financial markets, for good reason. Time and time again, working people take the brunt of financial system meltdowns. Our jobs, ability to get loans, and retirement savings take a huge hit when the banking system or the market collapses. As taxpayers, workers are invariably called upon to bail out the very wealthy interests whose recklessness caused the meltdown. That is why we are very keen to avoid unnecessary systemic risks to the financial system.

Poorly regulated crypto mainstreamed into the banking system, the stock market, and our retirement plans poses such a risk and is precisely the effect of the Responsible Financial Innovation Act.

For example, based on the drafts we have seen, the bill would expand the ability of FDIC-backed banks and bankholding companies to hold and trade crypto assets directly, not just on behalf of their clients. This not only exposes banks to heightened risk of losses and failures, but it also puts the FDIC's Deposit Insurance Fund at greater risk.

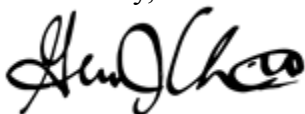
Additionally, the proposed language codifies the tokenization of securities and assets such that private companies have a pathway to create a shadow public stock outside of SEC oversight. These blockchain-based shadow stocks, notionally tied to the traditional public stock but trading independently, would create new risks both for the holder of the shadow stock but also the public stockholders who did not opt into this new poorly regulated securities market. We are deeply concerned about the impact this potential shadow stock trading would have on the stability of the traditional financial markets as well as their impact on retirement plans.

While retirement plans rely upon proper regulation of their underlying investments, including protection against fraud, conflicts of interest, and other unethical practices, this bill substantially weakens both federal and state enforcement tools to police these practices. For example, it creates avenues for issuers of securities to evade SEC regulation through tokenization, reduces public disclosure requirements, and preempts state level antifraud, securities, and consumer protection laws.

Overall, the bill provides the facade of regulation that may make cryptocurrency and associated assets more mainstream in portfolios, including retirement plans. The Responsible Financial Innovation Act does not protect consumers, workers, or the financial system. Instead, it exposes all to more risk. Working people need policies that effectively regulate financial markets and ensure that hard earned retirement benefits are not endangered by risky assets.

For all the reasons above and more, the AFL-CIO strongly urges you to oppose the Responsible Financial Innovation Act.

Sincerely,

A handwritten signature in black ink, appearing to read "Jody Calmine". The signature is fluid and cursive, with the first name "Jody" being more prominent and the last name "Calmine" following in a similar style.

Jody Calmine
Director, Government Affairs