



LEGISLATIVE ALERT

January 14, 2026

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

On behalf of the AFL-CIO, I am writing to reiterate our opposition to the Responsible Financial Innovation Act, including the newly negotiated language. The bill's approach to regulating digital assets remains structurally flawed, and we continue to urge you to vote no in the markup scheduled for Thursday, January 15, 2026. We are deeply concerned that this bill provides only a facade of safety and will therefore lead to the mainstreaming of poorly regulated and dangerously unstable products into our pension plans and retirement accounts and the broader financial system.

We represent the interests of millions of working people, and how a financial product is introduced to the financial system and regulated or not regulated can affect the lives and livelihoods of working people. All of us learned the hard way back in 2008 that financial "innovation," with hard-to-understand products coupled with poor regulation, can lead to disastrous results for the economy, financial markets, our jobs, and our pensions. For this reason, what you are undertaking should be handled with extreme care, despite the urgency of very wealthy interests. Holding a markup just 58 hours after final text was released on an issue of great complexity and high stakes is concerning. Instead of rushing to meet an artificial deadline, we urge this committee to engage a new bipartisan drafting process that gives assets equal regulatory treatment regardless of the trading technology. The "light touch" approach in the Responsible Financial Innovation Act will ultimately expose traditional financial institutions and worker retirement accounts to highly volatile and poorly regulated assets.

While existing, traditional securities may not move their currently-trading stock to the blockchain to use this new digital asset framework, the proposed language codifies the tokenization of securities and assets such that private companies are encouraged to fundraise with a new shadow public quasi-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, including pension plans containing billions of dollars of workers' deferred wages.

Additionally, proposals we have seen would expand the ability of FDIC-backed banks and bank holding companies to hold otherwise prohibited assets because they have been put on the blockchain, not just on behalf of their clients. Having these digital assets on their balance sheets not only exposes banks to heightened risk of losses and failures, but it also puts the FDIC's Deposit Insurance Fund at greater risk.

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.

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 Calemine". The signature is fluid and cursive, with the first name "Jody" being more prominent and the last name "Calemine" following in a similar style.

Jody Calemine
Director, Government Affairs