U.S. Securities and Exchange Commission

SPEECH

Privacy in the House: Remarks at the Privacy and Financial Surveillance Roundtable

Commissioner Hester M. Peirce (/about/sec-commissioners/hester-m-peirce)

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Thank you, Chairman Atkins, Commissioner Uyeda, and Richard. And thank you all for joining us in-person or online for the Crypto Task Force's sixth roundtable. Thank you especially to our moderator, Yaya Fanusie, and today's panelists for what will be an interesting and perhaps passionate discussion about financial surveillance and privacy.

Happy Bill of Rights Day![i] Last time when I spoke at length about privacy, I told the story of my grandfather and his not-so-private telephone conversation.[ii] My other grandfather lived across the ocean in Friesland, which is in the northern part of the Netherlands. During the Nazi occupation of the country, a German officer came to my grandfather's house to secure a room for the officer's girlfriend. My grandfather, an opponent of the occupiers, certainly could not have one of them living in his house. So, my mother, who was a young child, was paraded in front of the officer with a warning that the house was full of similarly runny-nosed children. Wouldn't his girlfriend prefer to live somewhere else? She

would, and the family was spared a spy in their midst. Even in less dire times when the stakes are lower, the idea of having an uninvited stranger in your house, watching everything you do, is unthinkable. In this country, people have an expectation of privacy in their homes; the law sets up barriers to prevent government surveillance of people suspected of no wrongdoing.

Similar expectations and protections of privacy do not exist for our financial lives. The lack of financial privacy is puzzling. After all, a walk through someone's financial transactions will tell the government as much or more about someone as would a walk through her home. Legal developments, most notably the third-party doctrine, and the decades-long cultivation of an anti-financial-privacy ethos in our national consciousness have made mass surveillance routine when it comes to the financial system. People assume — often correctly — that the government is watching their financial transactions and shrug it off because they "have nothing to hide."

Our national degradation of financial privacy and the rules that embody it are overdue for a change, and crypto is helping to nudge a reassessment. On the one hand, crypto opens new possibilities for transactions without the financial intermediaries that are central to existing financial surveillance programs. Tokenized securities transactions, for example, can occur without the intermediation of a broker. As our personal transactions become increasingly disintermediated, government will receive less information about those transactions from traditional channels. On the other hand, the public blockchains on which many crypto transactions take place are viewable by everyone, which creates a demand for privacy-protecting tools. Accordingly, as crypto usage increases, the public and relevant government agencies need to rethink when and how financial transactions are surveilled.

Deep thought about financial surveillance and privacy issues as they relate to cryptocurrencies is not new. Some of our panelists and others like Ian Miers and Matthew Greene have been thinking about these issues for many years, but new technological developments are broadening the conversation. Accordingly, the recently passed GENIUS Act, which regulates centralized stablecoins, directs Treasury "to identify innovative or novel methods, techniques, or strategies that regulated financial institutions use, or have the potential to use, to detect illicit activity, such as money laundering, involving digital assets . . . ."[iii] That process is underway.[iv] Also in-process are efforts to develop tools to enable law-abiding

citizens to live private lives and protect themselves from bad actors. Zero-knowledge proofs shield private information while proving, for example, that someone is permitted to conduct a given transaction. Mixers enable people to make charitable donations,[v] get paid, lend money to a friend, or engage in other legal transactions without telegraphing them to the world. Decentralized physical infrastructure networks provide essential services without a central actor who can withhold these services from disfavored people. At today's roundtable, we will hear about these and other new technologies designed to protect the privacy of transactions occurring on blockchains and to streamline compliance. The SEC does not endorse any particular product but understanding how these technologies work will inform policymakers as they seek to address the threats facing this nation without undermining our civil liberties.

Several themes should guide the government's work. Government should not assume ill-intent when people take steps to guard their privacy. Protecting one's privacy should be the norm, not an indicator of criminal intent. Government should resist the temptation to force intermediation for the purpose of creating a regulatory beachhead or facilitating financial surveillance. Relatedly, the government should avoid imposing regulatory obligations, including Bank Secrecy Act obligations, on a software developer who does not have custody of users' assets or the ability to override users' choices.[vi] Additionally, the government should pursue bad actors who use privacy-protecting tools for nefarious purposes while protecting good actors who develop and publish these tools and the law-abiding citizens' who use them to protect themselves from bad actors.

I look forward to hearing builders and policy professionals on today's panels discuss how we can use new technologies to protect this nation and to preserve the liberties that make it so special, including the freedom to live a private life. What better day to have this conversation than today, Bill of Rights Day.

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[i] National Archives and Records Administration, *Bill of Rights Day, December 15*, https://www.archives.gov/news/topics/bill-of-rights (https://www.archives.gov/news/topics/bill-of-rights).

[ii] Commissioner Hester M. Peirce, Peanut Butter & Watermelon: Financial Privacy in the Digital Age, (Aug. 4, 2025), https://www.sec.gov/newsroom/speeches-statements/peirce-remarks-blockchain-conference-080425 (https://www.sec.gov/newsroom/speeches-statements/peirce-remarks-blockchain-conference-080425).

[iii] GENIUS Act, S. 1582, 119th Cong. (2025), https://www.congress.gov/bill/119th-congress/senate-bill/1582/text (https://www.congress.gov/bill/119th-congress/senate-bill/1582/text).

[iv] U.S Department of the Treasury, *Treasury Issues Request for Comment Related to the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act* (Aug 18, 2025), https://home.treasury.gov/news/press-releases/sb0228 (https://home.treasury.gov/news/press-releases/sb0228).

[v] *See, e.g.*, *Ethereum Cofounder Says He Used Now-Blacklisted Tornado Cash to Donate to Ukraine*, Decrypt (Aug 9, 2022), https://decrypt.co/107075/ethereum-cofounder-used-blacklisted-tornado-cash-donate-ukraine (https://decrypt.co/107075/ethereum-cofounder-used-blacklisted-tornado-cash-donate-ukraine).

[vi] *See, e.g.*, President's Working Group on Digital Asset Markets, *Strengthening American Leadership in Digital Financial Technology* at 6 (July 2025), https://www.whitehouse.gov/wp-content/uploads/2025/07/Digital-Assets-Report-EO14178.pdf (https://www.whitehouse.gov/wp-content/uploads/2025/07/Digital-Assets-Report-EO14178.pdf) ("a software developer that does not maintain total independent control over value should not be considered as engaged in money transmission for purposes of the BSA.").

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