



## Could Biden's New Crypto Rules Sink Bitcoin?

### Description

President Joe Biden's executive order relating to the [cryptocurrency](#) space is finally here. The order is the first significant attempt to put together concrete crypto regulations. However, the potential regulations that will ultimately come from this executive order remains to be seen.

In short, there's a lot of debate around what the future regulatory environment will be for crypto.

For **Bitcoin** ([CRYPTO:BTC](#)) specifically, investors have a lot to discuss. Let's take a look at what this executive order could mean for Bitcoin investors right now

### Decoding Biden's executive order

The recently signed executive order, which has been under development for months, will accompany efforts between financial regulators. This order focuses on understanding all opportunities and risks that digital assets bring. Among the key areas of concern regulators are likely to look to are in the national security, consumer protection, and illicit finance corners of the market.

Of course, addressing some of these concerns makes sense. While these nefarious activities now represent a relatively small portion of the overall market, ensuring terrorist financing won't happen over the blockchain seems to make sense.

That said, there may be a silver lining to this executive order. In addition to assessing risks, the Biden Administration also wants to address potential areas of growth coming out of this sector. It appears these regulations will be focused on providing solid guardrails, allowing America's leadership in technology to continue. At least, that's what the market is pricing in right now.

### Near-universal praise for the order

Indeed, these new rules could help in shaping the contours of a swiftly growing industry. This executive order looks to address an industry which has steadily moved into the mainstream, but which critics

note still permits certain illegal activities. Whether it's money laundering, terrorist financing, or sanctions avoidance — there's a lot to focus on.

Interestingly, the market appears to be taking the view that this executive order is a good thing. For one, it legitimizes the crypto industry further. Previous administrations did not want to address the crypto sector, as it was relatively small compared to the overall market. That's changed.

Having well-established guardrails can also be a good thing for crypto projects. Further, a global alignment of expectations around crypto could allow for more widespread adoption. These are the sorts of factors that may positively affect Bitcoin.

For Bitcoin in particular, much attention will be paid to eventual rules around proof-of-work mining. Bitcoin is the oldest, and largest, cryptocurrency in the world. This network is secured via a complex system of Bitcoin miners, which use a tremendous amount of energy. Accordingly, given the energy concerns of late, regulators may be keen to clamp down on Bitcoin mining.

This remains to be seen. For now, investors seem to be taking a positive view of this regulatory environment. Indeed, we'll have to see how things move forward from here.

## Bottom line

Whether or not Bitcoin mining is impacted by these regulations is a big catalyst for more volatility on the horizon. Accordingly, investors looking at Bitcoin should be aware of this risk.

Of course, the long-term returns of Bitcoin are impressive. Thus, there are many investors looking to jump in. Those looking to do so simply need to be aware of the risks. Right now, the regulatory environment is one that's unpredictable.

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**Date**

2025/07/05

**Date Created**

2022/03/24

**Author**

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