



California Governor Issues an Executive Order on the Web3 and Blockchain Innovation

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Following President Joe Biden's outlining the national policy on digital assets and technologies, California Governor Gavin Newsom issued an Executive Order for the state of California ("Order") regarding its approach to Web3 Innovation, focusing on blockchain technology and crypto assets. The Order builds on [President Biden's executive order](#) that seeks to protect the stability of crypto assets and mitigate the risk of stakeholders such as the consumers and businesses. It also aims to bring regulatory clarity and harmonize federal and various California laws. The Order requires the Governor's office and California agencies to engage in a process concurrent with President Biden's executive order on digital assets to:

- collect input from a broad range of stakeholders;
- create a harmonized federal-state regulatory approach on crypto assets;
- explore and establish public-serving use cases, and
- build a research-workforce pipeline.

The California governor's Executive Order outlines seven priorities for the state:

- Create a transparent and consistent business environment for companies operating in blockchain and crypto assets through harmonizing federal and state laws. The Order seeks to balance the benefits and risks to consumers, equity, inclusivity, and environmental protection.
- Collect input from a broad range of stakeholders in collaboration with businesses, consumer services, and the state government agencies to create a harmonized federal and state regulatory approach to crypto assets.

- Collect input from a broad range of stakeholders for potential blockchain applications and ventures related to financial technologies. The stakeholders will include companies located in and outside California, communities that historically benefitted less from a technology-driven economy, technical experts and entrepreneurs, those interested in the technology to address systemic inequities, and venture capital firms.
- Engage in a public process to develop a comprehensive regulatory approach to crypto assets harmonized with federal regulation and guidance. This includes California exercising its authority to develop regulatory guidance regarding private entities offering crypto asset-related financial products and services in California.
- Encourage regulatory clarity through the coordination with the various California Governor's offices, including its Washington D.C. office and relevant state agencies.
- Explore the opportunities to deploy blockchain technologies to address public-serving and emerging needs. Specifically, adding blockchain to the list of technologies for the "Request for Innovative Ideas" process—a technological solutions procurement process for California state agencies.
- Identify opportunities to create a research and workforce environment to power innovation in blockchain technology, including crypto assets. The Order aims to expose students to emerging opportunities, power emerging industries, and help ensure economic benefits from blockchain technology are experienced equitably.

The Order mandates California's Department of Financial Protection and Innovation ("DFPI") to solicit public comments regarding the regulation of crypto asset-related financial products and services. Based on the input from the various stakeholders, DFPI is set to publish guidance to state-chartered banks and credit unions on crypto-related financial products and services by March 31, 2023.

If you have any questions regarding the Order or how the policies contemplated by the Order may affect your business or brand, please contact any attorney with Frost Brown Todd's [Blockchain](#)

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