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# Unraveling the Crypto Code: California's New DFAL Explained

## The Crypto Exchange Podcast

### SPEAKERS

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In this episode of *The Crypto Exchange*, Troutman Pepper Partner Ethan Ostroff welcomes his colleague Addison Morgan to discuss California's Digital Financial Assets Law (DFAL), set to take effect on July 1, 2025. The DFAL provides a comprehensive framework for licensing and overseeing businesses that engage in digital financial asset business activities with residents of California.

Ethan and Addison delve into key provisions of the DFAL, including the definitions of digital financial asset, digital financial asset business activity, and resident. They also explore the DFAL's broad definition of digital financial asset, which includes all tradable digital assets but excludes certain asset classes, like tokenized real-world assets. Ethan and Addison also examine the DFAL's licensing regime, supervisory and enforcement powers, and requirements for consumer disclosures.

To conclude their discussion, Ethan and Addison analyze the DFAL's provisions related to stablecoins, which are digital financial assets pegged to the U.S. dollar or another national currency. The DFAL mandates that stablecoin issuers be licensed, maintain a one-to-one ratio of reserves to issued stablecoins, and provide for a repository of DFPI-approved stablecoins.

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