

MEMORANDUM

To: Crypto Task Force Meeting Log
From: Crypto Task Force Staff
Re: Meeting with Representatives of the Blockchain Association

On February 4, 2025, Crypto Task Force Staff met with representatives from the Blockchain Association.

The topic discussed was approaches to addressing issues related to regulation of crypto assets. Blockchain Association representatives provided the attached document, which was discussed during the meeting.

Proposed Priorities for the SEC Crypto Task Force

Below are suggested principles and priorities for the SEC Crypto Task Force to keep in mind as it tackles issues that impact the digital asset industry. There are several avenues by which to carry out these priorities, including no action letters, guidance, advisory opinions, and rulemaking. We welcome follow-up discussions on which avenue is best depending on the priority. Please reach out with any questions.

1. Establishing Regulatory Principles – Establish principles for the Commission to adhere to when regulating distributed ledger technology (DLT) and digital assets (DAs), including:

- Recognizing that DAs include a variety of asset types (e.g., fungible tokens, non-fungible tokens, and stablecoins), all of which require their own considerations depending on the context of their uses (e.g., financial vs. non-financial use cases).
- Ensuring regulatory certainty for existing and emerging DLT and DA technology through a principle-based approach that avoids a one-size-fits-all regime.
- Encouraging pro-competition regulations that foster growth for U.S. businesses, developers, and users of DAs, while tailoring consumer protections to the nuances of the DLT and DA space.
- Preserving the base-layer neutrality of DLT by focusing on regulating specific activities rather than foundational infrastructures.
- Safeguarding the ability of individuals and institutions to participate in DLT networks and applications, as well as to self-custody their DAs.
- Protecting non-custodial software, smart contracts, and front-end interfaces from being improperly subjected to regulatory frameworks designed for intermediaries or financial institutions.

2. Renewed Guidance and Clarity

- Rescind the 2019 Framework for Investment Contract Analysis of Digital Assets.
- Publish clear guidelines distinguishing utility tokens, such as in-game tokens, from securities.
- Set baseline criteria for DAs that are eligible for exclusion from investment contract treatment, including airdrops and other incentive-based distributions, BTC and ETH, and NFT art or collectibles.
- Consider creating safe harbors for innovation in DLT and DA technology (e.g., token creation, gratuitous DA distributions).
- Clearly exempt via no action letter or guidance document Decentralized Physical Infrastructure Networks (DePIN) and the corresponding hardware from investment contract treatment.
- Clearly exempt via no action letter or guidance document non-custodial DeFi protocols and non-custodial wallet software providers from exchange registration requirements.

- Consider guidance clarifying that simple yield/reward/interest on stablecoins does not constitute an investment contract.

3. SEC Litigation Review

- Review each active DA-related enforcement action and request stays in all active enforcement cases with pending deadlines or decisions.
- Review and correct erroneous interpretations of law made by the SEC in prior rulings or settlements.
- Decline to pursue the SEC's appeal of the Northern District of Texas's decision vacating the Dealer Rule in [CFAT v. SEC](#) and [NAPFM v. SEC](#).

4. Protocol Staking Guidance

- Establish that protocol staking is not a security.
- Allow protocol staking in ETFs.
- Publish guidance alongside CFTC that provides legal clarity for Staking as a Service (SaaS) in the absence of federal legislation.
- Enable DA companies to offer staking services in a manner that promotes innovation, ensures consumer protection, and upholds market integrity, in the absence of specific federal legislation on the subject.

5. Pro-innovation Regulations on Broker-Dealers, Custody, and Exchange

- Repeal the Proposal for Safeguarding Advisory Client Assets (Release No. IA-6240; File No. S7-04-23; Fed. Reg. No. 2023-03681).
- Repeal the Proposed Amendments to Exchange Act Rule 3b-16 Regarding the Definition of "Exchange" (Release No. 34-94062; File No. S7-02-22; Fed. Reg. No. 2022-01975).
- Provide clarity as to treatment of trading and custody of DAs currently under SEC jurisdiction, or for SEC-registered entities dealing in DAs.
- Provide guidance on custodial DAs under the Investment Advisers Act that clarifies how investment advisers can custody DAs, including safeguards such as multi-signature wallets and secure offchain storage. Ensure flexibility for innovative custody solutions.
- Provide guidance as to how investment advisers can stake idle assets or vote on governance decisions for DAs in their custody.

6. Uniform ETP Standards

- Align DA ETP approval standards with those applied to other asset-based ETPs (e.g., enabling physical settlement of DA ETPs).
- Provide clarity regarding the ownership of passive DA investment vehicles in line with Rule 405 and [SEC precedent](#).