

April 13, 2026

Via E-mail (crypto@sec.gov)

Commissioner Hester M. Peirce and Members of the Crypto Task Force
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549–0213

Re: Support for Coinbase Global Inc. – Letter on Third-Party Tokenization of Publicly Traded Securities

Dear Commissioner Peirce and Members of the Crypto Task Force:

Blockchain Association (“BA”) submits this letter to the Securities and Exchange Commission (the “SEC” or the “Commission”) in support of the letter submitted by Coinbase Global Inc. (“Coinbase”) on March 31, 2026 arguing that third-party tokenization of publicly traded securities should not require issuer approval.¹

BA is the leading nonprofit membership organization dedicated to advancing a pro-innovation policy environment for the digital asset industry. BA is composed of over 100 members, including leading software developers, infrastructure providers, investors, and others supporting the public blockchain ecosystem. BA works with its broad-based membership to achieve regulatory clarity and to educate policymakers, regulators, and the courts about how blockchain technology can pave the way for a more secure, competitive, and consumer-friendly digital marketplace.

BA agrees the SEC should not require issuer consent for third-party tokenization. As Coinbase explains, conditioning third-party tokenization on issuer consent would introduce a significant barrier to the development of tokenized securities and would limit the ability of market participants to explore new forms of market infrastructure. Coinbase’s legal arguments, including its discussion of Rule 17Ad-20, Section 4(a)(1) of the Securities Act of 1933, and the Commission’s recent approval of Nasdaq’s tokenized securities proposal and DTC no-action letter, are thorough and, in our view, illustrative.² In BA’s view, the Commission should seek to preserve flexibility for both issuer-led and third-party models as tokenization develops.

Further, contagion risk between DeFi and traditional markets is a market structure concern best addressed through appropriate trading safeguards, not by granting issuers an unprecedented veto over settlement infrastructure. The claim that third-party tokenization would cause investor confusion or reputational harm to issuers ignores the reality that issuers today cannot prevent

¹ Scott Bauguess, Letter to the SEC re: Why Third-Party Tokenization of Publicly Traded Securities Should Not Require Issuer Approval (Mar. 31, 2026), <https://www.sec.gov/files/ctf-written-input-coinbase-global-inc-040126.pdf>.

² Id. at 2-3. See also Exchange Act Rule 15c2-11 (17 CFR 240.15c2-11), which does not require issuer consent in order for a broker-dealer to begin quotations in an issuer’s securities in the over-the-counter market on an alternative trading system (ATS). Release No. 34-41110, Publication or Submission of Quotations Without Specified Information (Mar. 8, 1999) (stating that broker-dealers may initiate quotations for a security on an ATS, even if the broker-dealer “[has] no relationship with the issuer”).

their stock from trading on dark pools, OTC venues, or foreign exchanges, all of which may experience disruptions.³ Moreover, the suggestion that tokenization would erode shareholder visibility overlooks the fact that issuers already lack direct visibility into their shareholder base under the current system.⁴ Incumbents' arguments, as Coinbase correctly identifies, are not genuine risk concerns. These are efforts to maintain a closed-loop market structure at the expense of competition and innovation.

As a threshold matter, the Commission's approach to tokenization writ large, and especially around the matter of issuer consent, should be grounded in neutrality and even-handed treatment across all forms of market infrastructure. Regulatory frameworks should not operate as gatekeeping mechanisms that allow any single set of actors – whether issuers or incumbents – to determine which technologies or models may develop and which should be vilified.

Any framework adopted by the Commission must be technology-neutral in both design and application. It should apply consistently across all tokenization models and should not impose heightened or bespoke requirements on public, permissionless blockchain-based systems relative to other approaches. Nor should such a framework permit incumbent or utility-based models to proceed under more favorable conditions.

A consistent, principles-based approach across all models is necessary to promote fair competition, support innovation, and align with the Commission's longstanding treatment of secondary market infrastructure.

BA also notes that Chairman Atkins has discussed the likelihood that an innovation exemption will be time and volume-bound and operate in a sandbox-like environment. BA believes such an approach could play an important role in allowing the Commission and market participants to evaluate tokenized equities in practice. In particular, we share Chairman Atkins's view that a time and volume-limited exemption would provide an opportunity to demonstrate that tokenized equities can trade responsibly and effectively on "public, permissionless blockchains," subject to appropriate conditions and safeguards.⁵

A properly calibrated innovation exemption would allow the Commission to gather practical information about how tokenized securities function in real market conditions while avoiding unnecessarily broad or permanent regulatory changes at the outset. That measured approach could help inform future Commission action and provide a sound basis for evaluating how tokenized equity markets should be formalized over time.

³ James Overdahl, *Tokenized U.S. Equities, DeFi Trading, and the SEC's Exemptive Authority: An Economic Analysis* (Jan. 22, 2026), at 28.

⁴ *Id.*

⁵ Chairman Paul Atkins and Commissioner Hester Peirce, "Number Go Down and Other Schadenfreude" (Feb. 18, 2026), <https://www.sec.gov/newsroom/speeches-statements/atkins-peirce-021826-number-go-down-other-schadenfreude>.

For these reasons, BA respectfully encourages the Commission to move forward with an innovation exemption as soon as practicable. Timely action is critical to ensure that tokenization can develop within an appropriate U.S. regulatory framework and that market participants have a meaningful opportunity to test and refine compliant models.

BA and its members remain available to meet with the Commission and its staff to discuss these matters and to respond to any questions.

Respectfully submitted,

Blockchain Association