



April 22, 2025

By Electronic Submission

Crypto Task Force Chairman and Commissioner Hester M. Peirce

U.S. Securities and Exchange Commission

100 F Street, N.E.

Washington, DC 20549

Re: Crowdfunding for Collectible Tokens (NFTs)

Dear Commissioner Peirce and Members of the Crypto Task Force,

On behalf of the Crowdfunding Professional Association (CfPA), we thank you for your leadership in exploring how digital innovation intersects with investor protection. As the national trade association representing the interests of regulated investment crowdfunding stakeholders - including funding portals, issuers, investors, and advocates - we write to provide input regarding safe harbor proposals and a new crowdfunding regime for collectible tokens (NFTs).¹

In any efforts to facilitate buying and trading of NFTs, we believe it is important to provide clarity regarding which NFTs are securities and which are not.

In addition, to the extent that an NFT is a security, we believe it is essential not to create a separate securities compliance pathway for NFTs but to improve the existing securities compliance pathways created by Regulation Crowdfunding and Regulation A so that it is an effective tool for NFTs as well as other types of securities.

¹ See: <https://www.sec.gov/files/ctf-input-andreessen-horowitz-a16z.pdf>

We do not agree with the proposal to create a separate securities compliance framework for NFTs for the following reasons:

1. Undermining of Regulated Frameworks

Creating an entirely new NFT-specific crowdfunding regime, separate from Regulation Crowdfunding (Reg CF) and Regulation A threatens to erode the investor safeguards and market infrastructure painstakingly built over the past decade. A parallel, less-regulated track could incentivize arbitrage and send the wrong signal that Web3 projects need not comply with standards established by Congress and the Commission.

2. Elimination of Intermediary Oversight

Registered funding portals, third party financial service providers, and broker-dealers are critical to ensuring KYC/AML compliance, investor limits, anti-fraud protections, and transparency. Removing this layer exposes retail investors - especially in novel and speculative markets - to unnecessary risk.

3. Need for Standardized Disclosures

The investing public has many options when choosing where to place their investment dollars. Regardless of whether people choose to invest in NFTs or more traditional instruments, similar disclosures are needed so that various options can be compared to each other.

CfPA Proposal: Preserve the Ecosystem, Modernize the Tools

Rather than abandon the Reg CF and Reg A infrastructure, we propose the following:

A. Require the Use of Existing Regulatory Frameworks

NFT-based offerings involving capital raising or expectations of value appreciation should be conducted through SEC-registered and FINRA-member funding portals or broker-dealers using the existing securities compliance regime. These intermediaries and rules are the frontline for compliance, fraud detection, and investor education.

B. Potential for a Tailored “Form C-NFT”

Just as CfPA supports a less onerous Form C for small offerings, a modified disclosure form - “Form C-NFT” could be designed for the unique qualities of creative and community-based NFT projects. This form could:

- Require plain-English disclosures of intellectual property rights, smart contract functionality, and resale rights
- Address risks specific to Web3 communities and digital ownership
- Eliminate the requirement for GAAP financials in early-stage, creator-led campaigns (we are requesting a similar change for all early-stage companies raising under Reg CF)
- Preserve all other requirements under Reg CF

C. Maintain Anti-Fraud and Ongoing Disclosure Protections

Any exemption must retain the SEC’s ability to pursue bad actors and prevent deceptive marketing that frames speculative assets as patronage or collectibles.

Conclusion

The CfPA believes that Web3 creators and communities can thrive within the framework of regulated crowdfunding - if that framework is adapted to their needs. The rise of NFTs and blockchain-based assets presents an opportunity to modernize Reg CF, not bypass it. To this end, we would also point the commission to the officially adopted policy platform of the full board of the CfPA.²

We welcome further dialogue on how best to support innovation while safeguarding public markets. We would be pleased to participate in any working group or roundtable convened to shape this policy discussion.

² CfPA Policy Platform as Adopted by the Full Board of the CfPA. <https://cfpa.org/wp-content/uploads/2025/01/CfPA-Policy-Platform-Jan-2025.pdf>

Respectfully Submitted,

Jenny Kassan

President, Board of Directors

Crowdfunding Professional Association (CfPA)

email: jkassan@cfpa.org

Brian Christie

Co-Chair, Board of Directors

Chair | SEC Liaison & Affairs Subcommittee

Crowdfunding Professional Association (CfPA)

email: bchristie@cfpa.org

cc:

Devin Thorpe, Co-Chair, CfPA

Scott McIntyre, Vice-Chair, CfPA

Brian Belley, VP, CfPA

Jason Fishman, Secretary, CfPA