



everstake

BY ELECTRONIC SUBMISSION

May 23, 2025

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

Re: Crypto Task Force Meeting

Dear Commissioner Peirce and Crypto Task Force Members:

We appreciated the opportunity to meet with members of the Commission’s Crypto Task Force on May 9, 2025 and further discuss our written submission of April 8, 2025, on non-custodial staking services. We are encouraged by your thoughtful engagement and by the Commission’s ongoing efforts to gain a deeper understanding of proof-of-stake blockchain infrastructure.

As a follow-up to the discussion, we write to clarify and expand on several points raised:

Importance of Staking to Blockchain Infrastructure

During our in-person meeting, we emphasized that staking is not a peripheral or ancillary activity—it is central to the functioning of modern high-performance proof-of-stake (“**PoS**”) blockchain networks. We appreciate the opportunity to expand further on why this mechanism is critical not only from a technical perspective but also for market integrity and decentralization.

We were especially encouraged by Commissioner Peirce’s recent remarks at the SEC Speaks event on May 19, 2025, in which she noted the support for “the issuance of further guidance to identify activities that are not covered by the securities laws, including on, for example, direct participation in proof-of-stake and delegated proof-of-stake systems and the technical nature of services that assist people seeking to participate in these consensus mechanisms.”¹ This recognition of the unique technical characteristics of staking—and the services that facilitate participation without transferring control—is directly aligned with the framework we outlined in our prior submission and during our meeting.

Staking is the bedrock of network governance and security consensus in a PoS ecosystem. It is not a passive investment vehicle, but a direct, technical contribution to the network that is crucial for its continuous operations. How a validator is selected to propose blocks of transactions varies

¹ Commissioner Hester M. Peirce, Remarks at SEC Speaks 2025, May 19, 2025, available at: https://www.sec.gov/newsroom/speeches-statements/peirce-remarks-sec-speaks-051925#_ftn8

by blockchain. In Ethereum, once a validator has 32 ETH staked, it may be chosen randomly by the algorithms of Ethereum blockchain to propose a block—the total amount of ETH staked does not influence the algorithm. In Solana on the other hand, probability of a validator being chosen is proportional to the amount of staked assets that has been delegated to them. Another example is Cardano blockchain, where past performance of a validator directly influences the probability to be selected. In all cases, a validator’s technical ability to perform is relevant—uptime of a node is essential.

Unlike in proof-of-work systems that rely on energy consumption, PoS relies on this economically-bonded participation to secure the network. Token holders help determine validator selection by delegating their voting power to their chosen one, thereby participating in decentralized governance and contributing to the protocol’s health and censorship resistance.

From the perspective of experienced validators like Everstake, we believe it is fundamentally mischaracterizing to describe staking activity as an investment or financial contract. The rewards paid by networks to delegators are often modest—frequently lower than common service tips—and validators typically receive only a small portion of those rewards, generally in the range of 5 to 10 percent. This operational model bears greater resemblance to a form of voluntary public service than to any traditional financial product.

Importantly, the presence of a robust and geographically diverse set of validators strengthens the blockchain’s resilience against attacks and centralized control. Staking also enables community alignment, allowing users to choose validators based on transparency, uptime, governance values, and performance.

Limiting staking—whether through overbroad legal definitions or uncertainty—would not just chill market activity; it would directly weaken the infrastructure of PoS networks. It would reduce validator participation, drive activity offshore, and risk fragmenting or destabilizing chains that underpin significant portions of the digital asset ecosystem.

Everstake brings a global viewpoint to its business and regulation. If the United States were to prohibit staking activities or narrowly frame staking transactions as financial instruments, it would likely trigger a significant shift in staking infrastructure and operations to jurisdictions that may be less aligned with U.S. regulatory and strategic interests. Such an outcome would not only reduce domestic oversight capabilities but also risk diminishing the global relevance and enforceability of any future U.S. regulatory frameworks. Misclassification or overregulation of staking could therefore impair the United States' ability to shape standards and exert influence over the evolution of this foundational blockchain function.

As such, staking must be understood as a technical mechanism vital to blockchain operations—not an investment scheme. We believe that any regulatory treatment that fails to acknowledge this distinction risks distorting the ecosystem and stifling innovation in one of the most promising areas of distributed ledger technology.

The Commission’s Questions about Risks Related to Potential Concentration of Staked Digital Assets

During our in-person meeting with the Commission on May 9, 2025, the staff raised thoughtful questions about whether the Commission should be concerned about the potential for staked assets to become concentrated in the hands of a small number of participants. We appreciate this concern and agree that safeguarding decentralization and resilience in blockchain ecosystems is a worthy policy objective. However, we respectfully submit that attempting to resolve this concern through classifying staking as a securities transaction would be the wrong tool for the issue at hand.

The better policy analogy lies in traditional equity markets. There, large shareholders frequently hold significant equity stakes and may exert meaningful influence over governance outcomes. But the regulatory response is not to prohibit or limit concentration. Instead, it relies on a market structure approach grounded in disclosure and transparency.

For example, under Sections 13(d) and 13(g) of the Securities Exchange Act of 1934, beneficial owners of more than 5% of a class of registered equity securities must file Schedule 13D or 13G with the Commission, disclosing their holdings and intentions. This enables both the market and regulators to monitor governance influence without imposing arbitrary caps that would impair efficiency or participation.

This same principle of transparency-driven market integrity applies in proof-of-stake ecosystems. Blockchain networks such as Ethereum inherently provide real-time, immutable visibility into validator stake levels, delegation amounts, and voting power. An individual can access this information directly or use tools such as [Staking Rewards](#), [Dune](#), [Beaconchain](#), [Rated](#) and [Etherscan](#) that offer easily accessible public data and aggregate related public keys for regulators, developers, and token holders to assess staking participation and concentration.

Moreover, recent analytical data of Ethereum network underscores how non-custodial staking services can play a vital role in *reducing*, not exacerbating, concentration risk. As of May 21, 2025, according to [Dune Public Analytics Dashboard](#) roughly 28.09% of ETH supply is staked, with this stake distributed across over 1.079 million validator nodes. While liquid staking protocols like Lido and centralized exchanges like Coinbase and Binance currently secure more attention from the community, a typical non-custodial provider secures approximately 2-3% of staked ETH.

Everstake’s internal dashboards supported by our data science function, which monitor validator activity across major proof-of-stake networks, further support this trend. See Attachment 1 to this letter containing some selected visuals from our internal dashboards as of May 23, 2025. The category labeled “Unknown” aggregates solo-validators and minor participants. These visuals show that non-custodial services help decentralize stake distribution and mitigate systemic risks by empowering individual token holders to retain control over their assets while participating in network consensus. Encouraging the use of such services—particularly by large holders whose shares are publicly traded—would broaden validator participation, dilute the influence of centralized actors, and enhance overall network security.

Importantly, non-custodial models inherently resist the structural dependencies that can drive concentration risks. Providers like Everstake do not custody user assets—token holders retain full control and can unstake or redelegate at any time. This flexibility limits any validator’s ability to entrench or control assets over time. Further, protocol-level checks and slashing penalties add additional safeguards against bad actors or overreach.

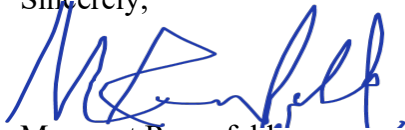
In sum, the risks of validator concentration are best addressed through transparency, technological design, and increased participation by non-custodial providers—not by imposing a securities law framework ill-suited to the nature of staking. The blockchain ecosystem already offers meaningful visibility and user autonomy. Promoting non-custodial staking is not only consistent with decentralization—it is a key tool to strengthen it.

The Industry’s Role in Protecting Integrity

As a sector, we welcome and support engagement with regulators not only to clarify technical distinctions, but to partner in combating fraud and bad actors. Clear rules for non-custodial services would support this objective and foster long-term, responsible innovation.

We thank you again for the productive discussion and stand ready to provide additional input.

Sincerely,



Margaret Rosenfeld
Chief Legal Officer
Everstake, Inc.

Attachment 1

Selected Visuals from Everstake's Internal Data Science Dashboards as of May 23, 2025

