



Letter from Investment Company Institute

23 October 2025

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

Submitted via email at crypto@sec.gov.

Re: *Response to Crypto Task Force Request for Comment*

Dear Members of the SEC Crypto Task Force:

The Investment Company Institute (ICI)¹ appreciates the opportunity to submit our perspective regarding the Securities and Exchange Commission's (SEC or Commission) request for comments on digital assets.² ICI supports the "Project Crypto" initiative³ and its commitment to clear, rational regulation around digital asset issuance, custody, and trading. We welcome Chairman Paul Atkins' focus on modernizing securities rules for crypto and blockchain market participants, as well as the SEC's ongoing commitment to transparency in its assessment of the regulatory issues in this area. We also thank Commissioner Hester Peirce for her vision and focus on public input.

¹ The ICI is the leading association representing the asset management industry in service of individual investors. ICI's members include mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and UCITS and similar funds offered to investors in other jurisdictions. Its members manage \$41.5 trillion invested in funds registered under the US Investment Company Act of 1940, serving more than 120 million investors. Members manage an additional \$9.7 trillion in regulated fund assets managed outside the United States. ICI also represents its members in their capacity as investment advisers to collective investment trusts (CITs) and retail separately managed accounts (SMAs). ICI has offices in Washington DC, Brussels, and London.

² For purposes of this letter, digital assets and crypto assets may be used interchangeably.

³ American Leadership in the Digital Finance Revolution, Statement by Paul S. Atkins, Chairman, SEC, available at https://www.sec.gov/newsroom/speeches-statements/atkins-digital-finance-revolution-073125?utm_medium=email&utm_source=govdelivery#.

This comment letter details ICI members' interests regarding crypto and blockchain technologies and offers specific recommendations for consideration by the SEC.

I. ICI Members: Leading Innovation in Digital Assets

ICI members are at the forefront of introducing blockchain-based investment products, including tokenized money market funds (TMMFs) and exchange-traded products. These innovative offerings expand client choice and represent significant advancements within the financial sector by integrating traditional investment vehicles for investors with blockchain technology. Such initiatives have the potential to drive meaningful transformation across the industry. For example, the tokenization process offers several benefits, including:

- **Increased Liquidity:** Tokenized securities have the capability to be traded around the clock and provide for instant settlement. Such features decrease transaction delays, reduce counterparty risk, and lower operational costs, thereby increasing liquidity and making assets instantly accessible.
- **Efficiency:** Smart contracts enable automation of processes such as anti-money laundering, know your customer, dividend distribution, and fund administration, reducing operational costs and improving overall efficiency.
- **Transparency:** Blockchain-based ledgers enhance transaction transparency and reduce recordkeeping costs.
- **Yield Payments:** Dividends may be calculated with greater precision, even for intraday transactions.
- **Accessibility:** A broader range of investors, including those previously underserved by traditional products, may participate.

ICI members have taken the lead in bringing the benefits of digital assets and tokenized securities to the investing public. TMMFs stand out as a particularly significant example of the types of advantages and additional choices that digital assets can provide to funds and fund investors. TMMFs create digital representations of money market funds on the blockchain or issue such assets directly via distributed ledger technology. Money market funds invest in short-term, high-quality debt instruments—such as Treasury bills, commercial paper, and certificates of deposit. Tokenizing these funds enables investors to purchase, sell, and trade fund shares as digital tokens through digital wallets.

Although TMMFs differ from traditional funds in trading mechanics, they remain securities subject to standard regulations. Key principles—such as precise NAV calculation, secure

redemption processes, and regulatory compliance—still apply. As tokenized securities become more common, it is important that the SEC does not increase regulatory burdens or costs solely because a security is in tokenized form.

In addition to TMMFs, ICI members have introduced digital solutions in exchange traded products. These advancements have been achieved despite ongoing regulatory uncertainty, particularly regarding custody, and the choice of distributed ledger systems. ICI members seek clarity on how a registered fund may maintain custody of a digital asset under Section 17 of the Investment Company Act of 1940, including, among others: who qualifies as an eligible custodian,⁴ restrictions around self-custody, and the status of decentralized recordkeeping.

This regulatory uncertainty has hindered further progress in the field. Clearer guidance from the SEC would encourage broader participation in digital asset markets. With increased regulatory clarity, ICI anticipates substantial growth in these offerings.

II. ICI Recommendations

The role of crypto assets in funds and other financial products is evolving rapidly, and ICI and its members are continuing to evaluate how regulation can best foster innovation while also addressing investor protection concerns. To promote continued growth in regulated crypto products and tokenization, ICI offers the following recommendations at this time:

- New market entrants should meet the same rigorous standards as current participants to ensure a level playing field and avoid regulatory arbitrage.
- The SEC should adopt a technology-neutral approach to regulating crypto assets, including tokenized funds, considering the existing robust regulatory frameworks applicable to market participants. The SEC should extend SEC staff positions, no-action relief and interpretative guidance applicable to non-tokenized funds to tokenized funds as well.

⁴ ICI recognizes the recent no-action guidance that permits the use of state-chartered trust companies as custodians of crypto assets. See no-action letter from Division of Investment Management, SEC to Simpson Thacher & Bartlett LLC Management (September 30, 2025) available at <https://www.sec.gov/rules-regulations/no-action-interpretive-exemptive-letters/division-investment-management-staff-no-action-interpretive-letters/simpsonthacherbartlett093025>. ICI appreciates such staff guidance but also supports SEC rulemaking to clarify custodial requirements applicable to registered advisers or registered funds.

- Any proposed regulations should be principles-based rather than prescriptive, striking a balance between mitigating risks and preserving access to the benefits and opportunities offered by crypto assets and tokenization.
- Regulations should allow sufficient flexibility for market participants to develop best practices without imposing unnecessary compliance burdens, particularly on smaller entities seeking market entry.
- The SEC should issue guidance or updated regulations to ensure the secure custody of crypto assets, including clarification concerning custody under Section 17(f) of the Investment Company Act of 1940 and self-custody arrangements.
- The SEC should not mandate a transition to T+0 or instantaneous settlement. Transitioning to shorter timeframes requires extensive study and significant resources, as was evident in the transition to T+1. We believe that mandating atomic settlement for traditional securities would be beyond the reasonable scope of the SEC's crypto review.
- As the SEC enhances the regulatory regime to encourage and support crypto innovation, it should do so in a transparent manner, leveraging valuable stakeholder input along the way through notice and comment.

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ICI looks forward to engaging in more detail with the Commission and staff on these and related topics. If you have any questions or would like to discuss our recommendations further, please reach out to Eric Pan at eric.pan@ici.org or Paul Cellupica at paul.cellupica@ici.org.

Sincerely,

/s/ Eric J. Pan
Eric J. Pan
President & CEO

/s/ Paul Cellupica
Paul G. Cellupica
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