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Mr. Taylor Lindman, Chief Counsel
Crypto Task Force
U.S. Securities and Exchange Commission
100 F Street, NE Washington, DC 20549
Via email: crypto@sec.gov

April 23, 2026

Re: Summary of Recommendations for the SEC Crypto Task Force from Recent House Financial Services Testimony

Dear Mr. Lindman and Members of the Crypto Task Force:

Kimber Labs Inc. (d/b/a "Plume") respectfully submits the attached summary of recommendations to the Crypto Task Force. These recommendations are drawn from the written testimony of Salman Banaei, General Counsel of Kimber Labs, before the U.S. House Committee on Financial Services on March 25, 2026, titled *Tokenization and the Future of Securities: Modernizing Our Capital Markets* ("Testimony").¹ The Testimony is included as a separate attachment to this submission.

The 30 page long Testimony contained many suggestions to Congress, the Securities and Exchange Commission ("SEC" or "Commission"), as well as the Department of Treasury ("Treasury"). The Testimony identifies seventeen discrete actions for the Commission and its staff. Below we summarize the recommendations for the Commission and its staff.

We appreciate the Task Force's engagement with market participants on these issues and welcome the opportunity to discuss any of these recommendations in greater detail.

Respectfully submitted,

/s B. Salman Banaei

¹ Tokenization and the Future of Securities: Modernizing Our Capital Markets: Hearing Before the H. Comm. on Fin. Servs., 119th Cong. (2026) (written testimony of B. Salman Banaei, Gen. Counsel, Kimber Labs Inc.), <https://docs.house.gov/meetings/BA/BA00/20260325/119103/HHRG-119-BA00-Wstate-BanaeiS-20260325.pdf>.

**Summary of Recommendations for the Commission and its staff from Salman Banaei's
March 25, 2026 Testimony for the Commission and staff**

1. Regulation ATS reform for onchain trading (*Testimony, pp. 11–12*) *Commission rulemaking.* Revise Regulation ATS under Exchange Act §§ 11A and 23(a)(1) to establish fair access, cybersecurity, and surveillance standards tailored to DeFi protocol-based ATSS. *Rationale:* Full registration delivers durable legal certainty that a time-limited "innovation exemption" cannot; notice-and-comment rulemaking is also more defensible under *CBOE Futures Exch. v. SEC*.²

We further recommend that as part of the Regulation ATS reform that the Commission clarify that DeFi lending protocols qualify as a form of trading protocol that a registered ATS may incorporate, thereby providing a compliant pathway for onchain securities lending and borrowing.

2. Onchain market surveillance system (*Testimony, p. 12*) *Division of Trading and Markets staff, in coordination with FINRA.* Develop an industry-wide surveillance system leveraging public blockchain transparency. *Rationale:* Real-time onchain data can replace or supplement legacy audit-trail systems at lower cost and greater accuracy.

3. "DeFi broker" and "Digital ATS" registration categories (*Testimony, pp. 12–14*) *Commission rulemaking.* Create tailored categories under Exchange Act § 36(a)(1), with §§ 3(a)(1), 11A, and 15A(b)(6) as supporting authority. Impose anti-fraud, conflicts/MEV disclosure, BSA, cybersecurity, and recordkeeping obligations; exclude Rule 15c3-1, Rule 15c3-3, FINRA 4311, and Regulation SHO elements designed for custodial intermediaries. *Rationale:* Accountability attaches at the retail-facing application layer; proportionality avoids importing rules designed for a different business model. FINRA Rule 016 (CAB) and Regulation ATS are precedent.

4. Distributed-ledger clearance and settlement guidance (*Testimony, pp. 14–15*) *Commission guidance.* Articulate how Exchange Act § 17A criteria are satisfied through a blockchain network's automated, nondiscretionary architecture. *Rationale:* Provides a durable foundation exemptive orders alone cannot supply.

5. Clearing agency exemptive relief for onchain settlement (*Testimony,, pp. 14–15*) *Commission action.* Grant conditioned exemptions from clearing agency registration under Exchange Act §§ 17A(b)(1) and 36(a) for centralized distributed-ledger service providers, including smart-contract-based facilitators that align onchain settlement with T+0/T+1/T+2 cycles. *Rationale:* The § 3(a)(23)(A) definition is broader than its drafters contemplated; exemptive relief preserves SEC oversight while facilitating the use of onchain settlement infrastructure.

6. Clearing corporation status under UCC Article 8 (*Testimony, n.61, pp. 15–16*) *Commission action.* Use the same Exchange Act §§ 17A(b)(1) and 36(a) authority to grant clearing agency

² *CBOE Futures Exch., LLC v. SEC*, 77 F.4th 971 (D.C. Cir. 2023).

exemptive relief conferring "clearing corporation" status on qualified blockchain protocols under UCC Article 8. *Rationale:* Article 8's indirect holding system requires a securities intermediary at every transfer link, and Article 12's "controllable electronic record" definition expressly excludes investment property, leaving direct wallet-to-wallet token transferees without security-entitlement protections.³ The December 2025 DTC no-action letter characterizes tokens as an instruction mechanism for DTC rather than solving the broader gap. Granting protocol-level clearing corporation status causes token transfers to trigger Article 8 security entitlements directly (U.C.C. § 8-102(a)(5)), resolving the state law property law gap through SEC action.

7. Interim no-action relief for blockchain settlement platforms (*Testimony, p. 15*) *Division of Trading and Markets staff.* Issue time-limited no-action relief modeled on the December 2025 DTC no-action letter, explicitly as a bridge to rulemaking. *Rationale:* Allows market development to proceed without prejudicing deliberative rulemaking.

³ Under current Uniform Commercial Code ("UCC") someone who receives a tokenized security directly into their self-custodied wallet with no intermediary in the chain may not actually receive the property rights that UCC Article 8 was designed to confer on securities holders. This leaves the transferee in a legally ambiguous position that makes institutional adoption of peer-to-peer tokenized settlement risky. Article 8's three models. Article 8 recognizes exactly three ways to acquire a property interest in a security:

1. *Certificated security.* You physically hold a paper certificate. Not applicable to tokens.
2. *Uncertificated security on the issuer's books.* The issuer (or its transfer agent) directly records you as the registered owner. Theoretically applicable, but requires the issuer's books — not a permissionless ledger — to serve as the definitive record, and doesn't accommodate pseudonymous wallet holders.
3. *Security entitlement.* The most common modern form. A "securities intermediary" (a broker-dealer, bank, or clearing corporation under Article 8) credits the security to a "securities account," creating an "entitlement" in favor of the account holder. This is the indirect holding system that underlies nearly all modern U.S. securities holdings — when you hold shares through a broker, what you actually have is a security entitlement against that broker, not a direct claim on the issuer.

The problem: a direct wallet-to-wallet token transfer, say, Alice's wallet to Bob's wallet, with no intermediary in between, fits none of these three models. There's no certificate, the issuer's books are not the operative record (the blockchain is), and no securities intermediary has credited anything to any securities account. Bob ends up holding the token but without the legal status of an "entitlement holder," which means he may lack the statutory protections Article 8 provides: priority against the transferor's creditors (§ 8-503), protection against adverse claims for a "protected purchaser" (§ 8-303), and the clear property-rights framework that commercial counterparties rely on.

Article 8 defines "clearing corporation" (UCC § 8-102(a)(5)) partly by reference to federal regulatory status, specifically, entities registered as clearing agencies under the Exchange Act, or entities that the SEC has exempted from such registration. When a blockchain protocol is granted SEC clearing agency exemptive relief under Exchange Act §§ 17A(b)(1) and 36(a), it thereby qualifies as a "clearing corporation" under the UCC and therefore a recognized securities intermediary under Article 8.

8. Net capital treatment of tokenized securities (*Testimony, pp. 8–9*) *Division of Trading and Markets staff, in coordination with FINRA.* Confirm that tokenized securities receive the same Rule 15c3-1 haircut treatment as their traditional equivalents and that broker-dealers may rely on AMM-derived pricing for onchain IPO liquidity pools. *Rationale:* Without this, effective 100% haircuts structurally exclude all but the most capitalized firms from onchain market-making. The joint FDIC/FRB/OCC March 2026 capital guidance is the parallel for bank regulators.⁴

9. Broker-dealer custody rulemaking (*Testimony, p. 15; see also n.79, p. 20*) *Commission rulemaking.* Build on the December 2025 staff guidance on "physical possession" under Rule 15c3-3 and address the "control" prong and private-key self-custody. *Rationale:* Existing rules are tethered to intermediated models; rulemaking provides certainty staff guidance cannot.

10. Onchain IPO offering rules (*Testimony, pp. 7–8*) *Division of Corporation Finance staff.* Clarify offering rules for issuers and underwriters under Securities Act §§ 5, 6, and 7 to enable IPOs of tokenized securities born onchain. *Rationale:* Onchain IPOs avoid the liquidity-fragmentation concerns of secondary NMS tokenization ("do no harm") and can provide competition to the "7% tax" in traditional underwriting fees.⁵

11. Community-focused ABS tokenization (*Testimony, p. 6*) *Commission action.* Convene a roundtable and consider tailored Form S-3 shelf-registration rules for ABS backed by CDFI, MBI, MDI, LIHTC, and Opportunity Zone programs. *Rationale:* Directs capital-formation benefits of tokenization toward underserved communities.

12. Onchain vault custody for registered funds (*Testimony, pp. 9–10*) *Division of Investment Management staff.* Clarify that registered investment companies may hold digital assets through onchain vault architectures with transfer-agent control and third-party attestation, under Investment Company Act § 17(f)(1) and Rule 17f-2. *Rationale:* Rule 17f-2's 1941 paper-era controls cannot accommodate cryptographic custody; onchain vaults reproduce and strengthen legacy protections.

13. Multi-format fund rule of general applicability (*Testimony, p. 10*) *Commission rulemaking.* Adopt a rule under Investment Company Act § 18 permitting standard, ETP, and tokenized share classes in a single fund, addressing board duties, ownership rights, fee allocation, and recordkeeping. *Rationale:* There have been over 50 post-*Vanguard* exemptive orders for ETF share classes demonstrating that case-by-case relief is inefficient.⁶

⁴ Fed. Deposit Ins. Corp., Bd. of Governors of the Fed. Reserve Sys. & Off. of the Comptroller of the Currency, *Agencies Clarify the Capital Treatment of Tokenized Securities*, Joint News Release 2026-14 (Mar. 5, 2026), <https://www.occ.gov/news-issuances/news-releases/2026/nr-ia-2026-14.html>.

⁵ Robert J. Jackson, Jr., Comm'r, SEC, *The Middle-Market IPO Tax*, Address at the Vanderbilt Law School Conference on the Middle Market (Apr. 25, 2018).

⁶ *Multi-Class ETF Fund Exemptive Relief Under the Investment Company Act of 1940*, Investment Company Act Release No. 35,834 (Dec. 17, 2025), <https://www.sec.gov/files/rules/ic/2025/ic-35834.pdf>.

14. Rule 22c-1 amendment for secondary markets in mutual fund shares (*Testimony, p. 10*) *Commission rulemaking.* Permit secondary market transactions in tokenized mutual fund shares at market-determined prices while preserving forward pricing for direct fund transactions. *Rationale:* The Division of Investment Management's 1992 *Protecting Investors* report concluded § 22(d)'s primary purpose had been "rendered moot" by forward pricing and recommended repeal.⁷

15. Transfer agent rules for blockchain addresses (*Testimony, pp. 16–17*) *Commission rulemaking.* Amend Rules 17Ad-9 and 17Ad-10 under Exchange Act § 17A(d) to recognize distributed-ledger addresses as valid "registration" and "address" entries; clarify Rule 17Ad-17 compliance via burn-and-remint recovery; reopen the 2015 Transfer Agent Concept Release with blockchain-specific questions. *Rationale:* Public-key addresses are immutable and self-reconciling, advancing the § 17A(a)(2)(A) mandate for prompt and accurate processing and eliminating the returned-mail problem Rule 17Ad-17 was designed to address.

16. BSA framework for tokenized securities (joint with Treasury) (*Testimony, pp. 17–19*) *Commission rulemaking.* Permit non-custodial secondary trading of tokenized securities in pseudonymous venues where asset-level transaction monitoring and freeze-and-seize capabilities are administered by a BSA-obligated broker-dealer, modeled on the GENIUS Act Bank Secrecy Act ("BSA") compliance regime for stablecoins.⁸ *Rationale:* Onchain controls outperform traditional point-in-time customer due diligence ("CDD"); extending the stablecoin model enables global distribution of U.S. tokenized securities while improving illicit finance outcomes.

⁷ Div. of Inv. Mgmt., SEC, *Protecting Investors: A Half Century of Investment Company Regulation* 308 (1992).

⁸ GENIUS Act § 4, Pub. L. No. 119-33, 139 Stat. 119-27 (2025), <https://www.congress.gov/bill/119th-congress/senate-bill/1582/text>.