

May 11, 2026

Chairman Tim Scott
U.S. Senate Committee on Banking,
Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Ranking Member Elizabeth Warren
U.S. Senate Committee on Banking,
Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Re: Comments on Legislation Undermining Integrity and Stability of US Capital Markets and National Security

Dear Chairman Scott, Ranking Member Warren, and other Members of the Committee,

The Healthy Markets Association¹ writes to express our concerns with the digital asset-related legislation that we understand will be considered by your Committee this week. As drafted, this legislation would severely undermine the integrity, efficiency, and stability of US capital markets. It would also directly undermine our national security. We urge you to hold hearings and revise it before putting our capital markets, and country, at greater risk.

We are principally focused on the legislation's impact on traditional capital markets and market participants,² and language related to the so-called "tokenization" of financial instruments, in particular. Tokenization is widely predicted to transform ownership, trading, and custody of nearly every type of financial instrument over the next several years.³

We have numerous examples of why Congress and regulators must exercise extreme caution in regulating tokenized financial instruments. The Global Financial Crisis, the May 6, 2010 Flash Crash, and the collapse of Archegos Capital Management are each a very painful example of

¹ The Healthy Markets Association is a non-profit member organization focused on improving the transparency, efficiency, competitiveness, and fairness of the capital markets. Our members include public pension funds, investment advisers, broker-dealers, exchanges, and data firms. Our members collectively have over a trillion dollars of investments in stocks, bonds, US treasury securities, private equity funds, and other "traditional" assets. Some of our members have exposure to digital assets, as well as investments in digital asset market participants, such as crypto exchanges. We work with chief investment officers, portfolio managers, trading desk heads, operations teams, risk managers, data analysts, compliance officers, and other professional investment team staffers engaged in the investment process. Our expertise and focus is on market plumbing. HMA has submitted over one-hundred comments on rulemakings and petitions to capital markets regulators and Congress on trading-related policies, copies which are available on our website. HMA's comments have been cited hundreds of times on final rules by the SEC, CFTC, and other regulators.

² We are not expressing any position here on the effective regulation of native "digital asset" markets, such as the markets for spot trading of Bitcoin or Ethereum.

³ See, e.g., Larry Fink and Rob Goldstein, *Larry Fink and Rob Goldstein on how tokenisation could transform finance*, The Economist, Dec. 1, 2025, available at <https://www.blackrock.com/corporate/literature/article-reprint/larry-fink-rob-goldstein-economist-op-ed-tokenization.pdf>.



how a failure to appropriately regulate related financial instruments (i.e., failure to have regulatory parity) can lead to catastrophic results in our markets. We have also seen numerous examples of market manipulations and insider trading in related financial instruments that go unidentified and unaddressed, sometimes for years, because of a lack of regulatory parity.

Simply representing a basket of rights on a distributed ledger (aka, tokenization) cannot reasonably form the basis for undermining existing capital markets rules and protections.⁴ And despite recent lobbying efforts by some, this view has not historically been particularly controversial or partisan.⁵

We were heartened that the Committee's January 2026 draft explicitly attempted to ensure regulatory parity between traditional financial instruments and tokenized versions of the same instruments (whether offered by the issuer or a third-party).⁶ While we were concerned that the January 2026 draft language was not sufficiently specific to ensure the regulatory "parity" it sought to impose, it was nevertheless a strong step towards that objective.

Unfortunately, the current draft legislation utterly fails to ensure regulatory parity between "tokenized" and non-tokenized financial instruments, and instead appears to create new avenues for divergent regulatory treatment.

We appreciate that fixing this catastrophic failure may frustrate some advocates who seek to exploit tokenization to avoid regulation. We further understand that some might be tempted to simply remove the specific "tokenization" language from the draft bill so as to avoid difficult negotiations. Ignoring the problem would not make it go away, but instead make it worse.

The rest of the draft legislation would establish a regulatory regime for digital assets that clearly diverges from the regimes that govern other traditional financial instruments, whether stocks, corporate bonds, US treasury securities, or commodity futures. Given that, it is essential for Congress to include unambiguous statutory language to ensure that "tokenized" financial instruments are to be treated with regulatory parity to non-tokenized versions.

We urge you to pause your consideration of this complex legislation, hold hearings, and revise it to better ensure the effective regulation of "tokenized" financial instruments and those engaged with them.

⁴ Letter from Tyler Gellasch, HMA, to Sens. Tim Scott and Elizabeth Warren, Senate Banking Cmte, Jan. 13, 2026, *available at* <https://healthymarkets.org/wp-content/uploads/2026/01/HMA-Ltr-to-Banking-Cmte-1-13-2026-final.pdf>; see also, Letter from Tyler Gellasch, HMA to Hon. Paul Atkins, SEC, July 24, 2025, *available at* https://healthymarkets.org/wp-content/uploads/2025/07/Ltr_to_SEC_re_Tokenization_7-24-25-final_2_.pdf.

⁵ See, e.g., Remarks of Hon. Hester Peirce, SEC, July 9, 2025, *available at* <https://www.sec.gov/newsroom/speeches-statements/peirce-statement-tokenized-securities-070925>.

⁶ See, H.R. 3633, Amendment in the Nature of a Substitute, Section 505, *available at* https://www.banking.senate.gov/imo/media/doc/market_structure_draft.pdf.



A MEMBER ORGANIZATION

If you have any questions or would like to follow up, please feel free to reach out to me at ty@healthymarkets.org or (202) 909-6138. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tyler Gellasch', written in a cursive style.

Tyler Gellasch
President and CEO