

Summary of Public Comments received through March 14, 2025

In Re Regulation of Digital Assets, SEC-2025-22

Comment letters or emails were submitted to CSI by 21 individuals in response to the request for public comments,¹ including 19 from Montana.

The tenor of the comments indicated slightly less than two-thirds of individuals generally support digital assets, while one-third oppose them. More than two-thirds of commenters generally support having some sort of regulation for such assets, with less than 10 percent opposing regulation. For most comment letters, the author appeared to support (or oppose) both digital assets and their regulation; however, a handful of comments were mixed—e.g., the comment reflected support for digital assets, but opposed any regulation (or vice versa).

Five main themes or issues were identified in the comment letters.² A brief summary of each theme is provided below, including how often the issue was raised.

1. Consumer Protection/Fraud (14):

- The importance of establishing regulatory frameworks that ensure market integrity and protect consumers from frauds perpetrated or facilitated with digital assets. Commenters urge regulatory balance (theme #2): Overly restrictive regulations could stifle the growth of the digital asset sector, while inadequate regulation could leave consumers vulnerable to risks. This issue was raised by two-thirds of commenters.
- Five commenters focused on the volatility in digital assets and the potential for significant financial loss to retail investors. Four commenters expressed concerns over use of digital assets by criminal enterprises or for criminal purposes. Including these two sub-issues as part of this theme, 16 individual comments raised this issue.

2. Regulatory clarity (11):

- Clear and balanced regulations are crucial for businesses and entrepreneurs to understand the legal environment in which they operate, allowing them to innovate and invest with confidence (themes #3 and 5). This issue was raised by just over half of commenters.

¹ One commenter submitted two separate comments. One late comment was received on Sunday March 16, 2025, which was accepted.

² The themes were initially identified with the aid of Perplexity.ai. Those themes were further revised or refined through individual, human review of the comment letters; the summary following each theme was generated by CSI staff.

- Three commenters also urged distinct regulatory pathways for digital assets which are securities and those that are not, with tailored registration and disclosure requirements for digital assets that operate as securities.

3. Innovation (10):

- Innovation and development is fostered and encouraged with clearly identified regulations. Entrepreneurs can focus on development of new products and services when the legal landscape is settled. This issue was raised by just under half of commenters.

4. Financial Freedom or Inclusion/Decentralized Finance (DeFi) (10):

- Digital assets can offer alternative financial services with lower transaction costs, particularly to underserved populations who are not accessing traditional services in the centralized financial sector.

5. Economic Growth/Impact (7):

- The potential for digital assets to drive economic growth by attracting businesses and talent, leading to increased investment, job creation, and overall economic development. This theme was raised by one-third of commenters.

Other issues were raised by a handful of commenters including the following:

- **Energy implications (3)** – Digital asset technologies demand significant energy resources; some commenters praised the availability of such resources in Montana, while one commenter raised concerns about further deepening the necessity of energy resources for new technologies.
 - **Uniformity or alignment (3)** – Regulation of digital assets are actively being considered at the federal level, and some foreign governments have existing regulatory frameworks; some commenters encouraged alignment, but at least awareness and efforts to deconflict with these other structures.
 - **Distrust (3)** – A couple of commenters expressed a generalized distrust of digital assets
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Summary of Public Comments – Second Hearing

In Re Regulation of Digital Assets, SEC-2025-22

June 2025, Bozeman, MT

Following CSI's initial efforts in February 2025, in June 2025 CSI held a second informal public hearing and solicited written comments on the regulatory treatment of digital assets and network tokens, including implementation of SB 265. The hearing was attended by around a dozen individuals; four written comments were also submitted. Participants at the hearing included representatives of national venture capital and policy organizations, founders and executives of digital asset and network token projects, Montana based investors and entrepreneurs, staff or representatives of elected officials, think tank personnel, state agency staff, and individual members of the public.

The summary below identifies the main themes from oral testimony and written submissions and pulls out policy or action item suggestions.

The comments, both written and oral, expressed significant support for digital assets generally, with one commenter opposed. There was unanimous support for regulation of digital assets in general but with varying attitudes towards the type and amount of regulation, and further variation in support relative to the type of digital asset. For example, the regulatory path, and exemption, for network token issuers set forth in SB 265 received positive support from multiple commenters; whereas, only one commenter specifically raised digital asset payment methods (such as stablecoins or cryptocurrencies) and suggested those should be regulated more closely. This variation is noted merely for completeness.

Main Themes³

1. Support for Montana's leadership and SB 265

- Industry participants, including venture capital and local entrepreneurs, argued that network tokens are central to building an "open internet" and new infrastructure (e.g., secure communications, DePIN projects) and that clear Montana rules can attract such businesses.
- Several commenters praised SB 265 for recognizing network tokens as a unique type digital asset, protecting self-custody, and clarifying staking-as-a-service, and characterized Montana as a national leader.

³ The themes were initially identified with the aid of Perplexity.ai. Those themes were further revised or refined through individual, human review of the comment letters and the hearing summary; the notes following each theme were generated by CSI staff.

- Senator Zolnikov, the bill sponsor, and others emphasized using the framework of SB265 as a way to attract “good actors and entrepreneurs” who will place real operations and jobs in Montana, not just paper incorporations.
- On the matter of real jobs, multiple commenters praised the clear registration framework as “step one” for attracting business, but noted that “step two” would be the existence of incentives and promotion of good conditions to attract physical operations. There were divergent opinions among some commenters on the value of “hub”-style laws—like Wyoming’s decentralized autonomous organization (DAO) framework—which some viewed as fundamental to establishing real, physical operations, while others saw them as niche and nonessential.
- Several commenters in the founder and investor space stressed the intersection of digital asset technology (blockchains), AI, and energy, and Montana’s comparative advantage in energy and compute if the regulatory environment remains welcoming but clear.

2. Consumer Protection and Financial-Stability Concerns

- One commenter asserted digital assets are speculative objects of no intrinsic value and should be regulated like stocks and bonds.
- Other industry participants warned that large-scale use of digital asset payment coins, including stablecoins and cryptocurrencies, could drain deposits from local banks, reduce lending, and harm the real economy.
- Several commenters recognized the consumer protection challenges posed by scammers and fraudsters who exploit some of the intrinsic functionalities of digital assets such as the anonymity, speed, and finality of transactions, as well as the lack of familiarity with digital assets.

3. Role of State Regulation and Alignment with Federal Law

- Many commenters stressed regulatory clarity and predictability as the most important “incentive” Montana can provide, more important than tax benefits or formation options (e.g., DAO laws).
- Commenters also emphasized work at the federal level (both at the agency level such as SEC, and potential statutory changes such as the CLARITY Act or stablecoin legislation) as waypoints for the State to align its regulations. These commenters referenced the legislative discussions around treating functional network tokens more like commodities when sufficiently decentralized while treating fundraising token sales as securities offerings.
- It was also noted that Montana is the only state without money-transmitter regulation—an existing regulatory category commonly relied on by other states to capture intended market participants—and suggested reviewing the

widely adopted Money Transmission Modernization Act and considering whether digital-asset firms should be regulated similarly.

Proposals and Ideas

Some commenters offered specific suggestions or proposals for further state-level action. These included:

- **Operational clarity for crypto-native businesses:** Founders requested guidance on entity structures, paying employees in digital assets, and interaction with Montana tax and employment law, unclaimed property, etc.
- **Network token uptake:** To encourage adoption of SB265’s registration framework, industry groups suggested a portal or “first step” intake form outlining how to get started, offering “office hours” where an appointment to review a project could be booked, and increasing visibility of the SB265 framework to industry through conference engagements.
- **Tools and outreach for fraud mitigation:** Commenters suggested CSI explore obtaining blockchain-analytics support for investigations; expanding consumer education around wallet security, private-key hygiene, phishing recognition, etc., with media campaigns, leave-behinds for partner businesses, web alerts, investor advisory listservs, or similar targeted efforts; as well as compiling and providing web resources like simple, repeatable checklists, links to independent risk-rating tools to aid with platform verification and code-reviews, and crypto-specific scam warnings.
- **State-level monetary architecture:** One commenter submitted a detailed written paper with a conceptual roadmap for a State Token Platform—a state-regulated, asset-backed token system using state and other depositories—framing this as “monetary infrastructure reform” and situating it in the context of de-dollarization and global monetary shifts.

Overall Takeaways

The public comment and interactive discussion at the hearing reflected the familiar tension around promoting innovation and maintaining consumer protection in emerging technologies:

- Many industry and innovation-oriented commenters support Montana’s proactive framework and want clear, workable paths for network-token and other digital-asset projects which aid in both supporting the growth of existing entrepreneurs and attracting new businesses.
- Banking and consumer-protection perspectives emphasize the need to guard against fraud, financial instability, and erosion of the existing financial system, advocating for strong licensing, disclosure, and anti-money laundering frameworks,

obtaining and developing better investigative tools, and high quality intensive outreach campaigns.

Although diverse in their perspectives and priorities, as a whole there was broad agreement that clear, consistent rules and strong consumer-protection measures are essential components of further rulemaking or legislation on digital assets and network tokens.

Summary of Public Comments – Third/Final Hearing

In Regulation of Digital Assets, SEC-2025-22

February 2026, Kalispell MT

Following CSI's first two efforts in February and June 2025, in February 2026 CSI held a third and final informal public hearing and solicited written comments on the regulatory treatment of digital assets. In addition to state agency staff, the hearing was attended by a representative from an industry group, a local academic, and a representative from a national exchange; one participant also submitted written comments.

The summary below identifies the main themes from oral testimony and written submissions and pulls out policy or action item suggestions.

Commenters unanimously expressed general support for digital assets and for regulation of digital assets.

Main Themes⁴

4. Economic Opportunities from Clear Regulation

- Industry commenters noted progressive digital asset laws in other states within the region (Colorado, Wyoming, Utah), including state-backed stablecoin initiatives and tokenized bonds as being attractive to both capital and entrepreneurship. As an example, one commenter estimated Wyoming capital formation was approximately \$85 million across 28 deals in calendar year 2025, primarily in crypto and blockchain projects.
- Examples of foreign countries were highlighted where stablecoins and digital currencies were becoming the primary method of completing transactions, enabling market access for rural and underserved areas. Adoption of these payment methods by small businesses in some areas in the US was also offered to illustrate the way small savings (e.g., from eliminating transaction fees) can add up and encourage broader integration of digital asset use.
- Industry commenters suggested that tokenization of enterprise and real world assets could help local banks and businesses remain competitive by offering new yield and revenue models, as could the potential to host wallets, which customers were more likely to use and trust because of their local connection.

5. Regulatory Frameworks and Consumer Protection:

⁴ The themes were initially identified with the aid of Perplexity.ai and Microsoft Teams. Those themes were further revised or refined through individual, human review of the hearing summary and comment letter; the notes following each theme were generated by CSI staff.

- Commenters recommended principals-based statutory frameworks better served industry and were appropriate for defining digital asset classifications, clarifying custody rights, and establishing consumer protection standards.
- One commenter also advocated for regulatory sandboxes and safe harbor style laws which allow companies to test their concept under clear reporting and oversight, facilitating innovation while protecting consumers.
- The lack of FDIC-like insurance for crypto assets presents both a risk and an opportunity for industry; exploration of ways to offer protection to on-chain assets was encouraged with one participant citing to Ave as a platform that is working in that space.
- Participants emphasized the importance of consumer education to distinguish between legitimate digital assets and speculative or fraudulent schemes, proposing increased outreach and information for the public. Licensing, enhanced know-your-customer protections, and more prominent and robust disclosure requirements were discussed as possible regulatory mechanisms to combat fraud that relies on crypto kiosks.

Proposals and Ideas

Some commenters offered specific suggestions or proposals for further state-level action. These included:

- Coordination of executive branch approaches to regulation, for instance creation of a Digital Asset Advisory Committee housed under CSI of various agency members and industry stakeholders with a goal to align their expertise with legislative efforts and engage entrepreneurs, consumer advocates and financial institutions.
- Modern incorporation framework for blockchain entities, e.g., decentralized autonomous organization (DAO) laws or decentralized unincorporated nonprofit association (DUNA) laws
- Exploration of permitting stablecoin tax payments or other state-involved financial transactions.
- Encourage stablecoin adoption by small businesses (retailers, coffee shops, etc) to reduce fees and settlement delays by offering clarifying guidance around money transmission laws, payment licensing treatment, and possibly safe harbors for small merchant uses.
- Enable state-chartered banks and credit unions to offer digital assets services such as provide custody for digital assets, hold stablecoin reserves, and offer crypto on/off-ramping services.

- In addition to enhanced regulation and protections around crypto kiosks, other consumer protection suggestions included bolstering public education around basic red flags and fraud identification, collaboration with law enforcement, and outreach via existing financial channels like banks and credit unions.
- Explore on-chain options for state debt issuance, like bonds, including use of existing platforms and piloting small-scale issuance use-cases.
- Pilot KYC Router – a reusable digital identity infrastructure – that could avoid repeatedly uploading the same sensitive documents by having a state-run identity verification option (or partnership under state oversight).