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## SPEECH

# American Leadership in the Digital Finance Revolution

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Good afternoon. Thank you, Norm, for your kind introduction and the invitation to be here. It gives me great pleasure to be with you all, particularly at what I believe is a defining moment for American leadership in the crypto asset markets. Before I share a few reflections, I want to thank the America First Policy Institute for convening such a timely conversation. And, I must note, in order to keep my compliance folks happy, that the views I express here today are my own and do not necessarily reflect those of the SEC as an institution or of the other Commissioners.

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Today, I would like to discuss what Commissioner Hester Peirce and I are calling “Project Crypto,” which will be the SEC’s north star in aiding President Trump in his historic efforts to make America the “crypto capital of the world.”<sup>[1]</sup> But before I discuss our plan for crypto market primacy, let me take a few moments to revisit some inflection points in the history of our financial markets that bear similarities to the one we are at now, so that the future we shape is worthy of the legacy that we inherit.

# Evolution of Capital Markets: From Buttonwood to Blockchain

The winds of innovation have always swept through our capital markets, often at gale force. In 1792, they rustled the leaves of a buttonwood tree, beneath which two dozen stockbrokers assembled to establish the forerunner to the New York Stock Exchange. That modest agreement — fewer than a hundred words handwritten on a slip of parchment — set in motion an elegant design that would govern the flow of capital for generations.[2]

In the centuries since, our markets have never stood still. They have expanded, evolved, and reinvented themselves in step with the ideas and technologies of their time. Markets are dynamic because of the people who participate in them. Markets channel human ingenuity toward society's most intractable problems by rewarding those who develop the most innovative solutions that others value enough to buy. They are the mechanism by which Adam Smith's invisible hand elevates those who act in the common good — even when pursuing their own.

The SEC's role is to safeguard markets that allow the spark of human creativity and skill to benefit society. Over the arc of its history, the agency has both enabled innovation and, regrettably at times, stifled it. Fortunately, progress has a way of prevailing. And when our regulatory posture is calibrated to meet innovation with thoughtfulness rather than fear, America's leadership position has only grown stronger.

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In the 1960s — before my time, I am happy to say — Wall Street was riding a bull market. But behind the scenes, our market machinery was straining to keep up. Most clearing and settlement transactions involved a costly and cumbersome process. Rising stacks of paper stock certificates had to be physically delivered by clerks wheeling carts up and down Wall Street and in other financial districts all across America.[3] It was a scene from another century struggling to meet the demands of the modern securities markets.

Indeed, the paper-based clearance and settlement systems, built for a gentler era, began to buckle under the weight of soaring volumes. Delays at one firm held up the work of another. Securities were lost or stolen. Fails ballooned. And many thinly capitalized broker-dealers were caught by the whiplash of scuttled

transactions. In desperation, trading hours were reduced and exchanges eventually closed on Wednesdays to allow firms to process the mountains of certificates.

The breakdown over an antiquated system was described by the SEC chairman at the time as “the most prolonged and severe crisis in the securities industry in 40 years... Firms failed. Investor confidence plummeted.” And very much to its credit, the SEC was proactive in remedying the so-called “Paperwork Crisis.” The agency helped market participants to develop the Depository Trust and Clearing Corporation, which would transform how securities were held and traded.<sup>[4]</sup> Instead of shuffling paper certificates from customer to broker, broker to broker, and broker to customer, title to shares could now be transferred through computerized ledger entries.<sup>[5]</sup> The certificates themselves were immobilized, stored securely in vaults, as ownership moved electronically, laying the foundation for the modern clearing and settlement system that has continued to this day.

The ticker tape machine — like the one here — was also a breakthrough of its time, revolutionizing how Americans accessed market information, line by line, trade by trade.<sup>[6]</sup> But breakthroughs don’t belong in the past.

By the late 1990s, electronic trading systems surged in popularity, unsettling old assumptions about how markets should function. Chairman Arthur Levitt likewise believed it behooved the SEC to provide regulatory flexibility for the electronic markets to innovate.<sup>[7]</sup> So, Regulation Alternative Trading Systems, or “Reg ATS,” adopted in 1999, allowed for ATSs to be regulated like broker-dealers, rather than like exchanges.<sup>[8]</sup>

So, this brings me to today. To a moment that demands American ambition. To a project that can unleash it.

Our regulatory framework need not be anchored to an analog past — unkind to new frontiers. After all, the future is arriving at full speed — and the world is not waiting. America must do more than just keep pace with the digital asset revolution. We must drive it.

## Forging the Future: America's Leadership in the Golden Age of Finance

So today, I would like the world to go on notice that under my leadership, the SEC will not stand idly by and watch innovations develop overseas while our capital markets remain stagnant. To achieve President Trump's vision of making America the crypto capital of the world, the SEC must holistically consider the potential benefits and risks of moving our markets from an off-chain environment to an on-chain one.

We are at the threshold of a new era in the history of our markets. As I mentioned earlier, today I am announcing the launch of "Project Crypto" — a Commission-wide initiative to modernize the securities rules and regulations to enable America's financial markets to move on-chain.

Just a few weeks ago, President Trump signed the GENIUS Act into law, ensuring that America will continue to lead in global payments with a gold standard stablecoin regulatory framework. Upon signing the GENIUS Act into law, I was pleased that President Trump endorsed Congressional efforts to pass crypto market structure legislation by the end of the year. I commend the House of Representatives for garnering such strong bipartisan support, and I look forward to working with the Senate as they build off the House's work and craft market structure legislation that future proofs our markets against regulatory mischief, cementing the United States as the crypto capital of the world.

Yesterday, the President's Working Group on Digital Asset Markets released the PWG Report with clear recommendations for the SEC and other federal agencies to build a framework to maintain U.S. dominance in crypto asset markets. This report is *the blueprint* to make America first in blockchain and crypto technology. The President said last week that he wants "the entire world running on the backbone of American technology."<sup>[9]</sup> I stand ready to help get that job done.

That is why I am launching Project Crypto and directing the SEC's policy divisions to work with the Crypto Task Force, led by Commissioner Peirce, to swiftly develop proposals to implement the PWG's recommendations. Project Crypto will help ensure that the United States remains the best place in the world to start a business, develop cutting-edge technologies, and participate in capital markets. We will reshore the crypto businesses that fled our country, particularly those

that were crippled by the previous administration's regulation-by-enforcement crusade and "Operation Chokepoint 2.0"[10] Whether an incumbent or a new entrant, the SEC welcomes all market participants who are hungry to innovate.

In accord with the PWG Report's recommendations, I have directed the Commission staff to draft clear and simple rules of the road for crypto asset distributions, custody, and trading for public notice and comment. While the Commission staff works to finalize these regulations, the Commission and its staff will in the coming months consider using interpretative, exemptive, and other authorities to make sure that archaic rules and regulations do not smother innovation and entrepreneurship in America. Many of the Commission's legacy rules and regulations do not make sense in the twenty-first century — let alone for on-chain markets. The Commission must revamp its rulebook so that regulatory moats do not hinder progress and competition — from both new entrants and incumbents — to the detriment of Main Street.[11]

## **Onshoring Crypto: A New Day at the SEC**

Now, Project Crypto will involve a broad range of initiatives across the Commission.

First, we will work to bring crypto asset distributions back to America. The days of convoluted offshore corporate structures, decentralization theater, and confusion over security status, are over. President Trump has said that America is in its Golden Age — and under our new agenda, our crypto asset economy will be, too.

In line with the PWG Report, a key priority of mine will be to establish — as swiftly as we can — a regulatory framework for distributions of crypto assets in America. Capital formation is at the heart of the SEC's mission, yet for too long the SEC ignored market demands for choice and disincentivized crypto-based capital raising.[12] As a result, crypto markets pivoted away from offering crypto assets and deprived investors of the opportunity to use this technology to contribute to productive economic enterprises. The SEC's head-in-the-sand posture — as well as its shoot first, ask questions later approach — are days of the past.

Despite what the SEC has said in the past, most crypto assets are not securities. But confusion over the application of the “*Howey test*” has led some innovators to prophylactically treat all crypto assets as such. American entrepreneurs are harnessing blockchain technology to modernize a broad range of legacy systems and instruments. One such entrepreneur is Senator Bernie Moreno of Ohio, a successful businessman and freshman senator, who before his election to the Senate founded a company that put car titles on the blockchain.<sup>[13]</sup> He saw a need for efficiency in transferring titles and devised a practical solution with the new technology. These entrepreneurs need — and deserve — bright-line rules for determining whether the securities laws apply to their businesses.

I have directed the Commission staff to work to develop clear guidelines that market participants can use to determine whether a crypto asset is a security or subject to an investment contract. Our goal is to help market participants to slot crypto assets into categories, such as digital collectibles, digital commodities, or stablecoins, and assess the economic realities of a transaction. This approach can allow market participants to determine, based upon clear guidelines, whether any outstanding promises or commitments of the issuer cause the crypto asset to be subject to an investment contract.

In addition, it should not be a scarlet letter to be deemed a security. We need a regulatory framework for crypto asset securities that allows these products to flourish within American markets. Many issuers will prefer the flexibility in product design that the securities laws afford, and investors will benefit from the opportunity to earn distributions, voting rights, and other features typical of securities. Projects should not be forced to establish decentralized autonomous organizations and offshore foundations or decentralize too early if this is not their desired plan of action. I am excited to see new use cases for crypto asset securities in commerce, such as the ability to participate in blockchain network consensus with tokenized equities.

Thus, for those crypto asset transactions that are subject to the securities laws, I have asked staff to propose purpose-fit disclosures, exemptions, and safe harbors, including for so-called “initial coin offerings,” “airdrops,” and network rewards. Regarding these sorts of transactions, our goal should be that issuers no longer exclude Americans from their distributions to avoid legal complexity and lawsuits,<sup>[14]</sup> but instead choose to include Americans to enjoy legal

certainty and an accommodating regulatory environment. It is my view that a Cambrian explosion in innovation could occur if we stay true to this course.

Additionally, many firms seek to “tokenize” their common stock, bonds, partnership interests, and other securities, or tokenize the securities of third parties.<sup>[15]</sup> Much of this innovation is offshore today due to regulatory challenges in the United States. I also hear from our regulatory policy staff that firms — from household names on Wall Street to unicorn tech companies in Silicon Valley — are lined up at our doors with requests to tokenize. I have asked the Commission staff to work with firms seeking to distribute tokenized securities within the United States and to provide relief where appropriate to assure that Americans are not left behind.

## **Enhancing Freedom: Choice Among Custodians and Trading Venues**

Second, to achieve the President’s goals, it is incumbent on the SEC to ensure that market participants have maximum choice when deciding where to custody and trade crypto assets. As I have said before, the right to have self-custody of one’s private property is a core American value.<sup>[16]</sup> I believe deeply in the right to use a self-custodial digital wallet to maintain personal crypto assets and participate in on-chain activities like staking. However, some investors will continue to rely on SEC registrants, such as broker-dealers and investment advisers, to hold assets on their behalf, and these firms are subject to additional regulatory requirements when they do so. It will be a priority of my chairmanship to carry out the PWG Report’s recommendation to modernize the SEC’s custody requirements for registered intermediaries.

The prior Administration’s “special-purpose broker-dealer” framework, SAB 121, and “Operation Chokepoint 2.0,” resulted in a dearth of custodial service provider options in the market today.<sup>[17]</sup> The existing custody rules were created without crypto assets in mind. I have directed the staff to consider how best to adapt the existing regime to facilitate the custody of crypto assets, including possible exemptive or other relief, in addition to changes to the rules themselves.

As the PWG Report recommends, market participants “should be permitted to engage in multiple business lines under the most efficient licensing structure

possible.” We should not force market participants to be stretched to fit a Procrustean bed of regulation for regulation’s sake. I am in favor of affording them the freedom to choose the most efficient regulatory framework for their business, provided that the framework adequately protects investors.

## **Facilitating Super-Apps: Horizontal Integration of Product Offerings**

Third, a key priority of my chairmanship is to allow market participants to innovate with “super-apps.”<sup>[18]</sup> I am often asked, “What do you mean by a super-app?” Plain and simple: securities intermediaries should be able to offer a broad range of products and services under one roof with a single license. A broker-dealer with an alternative trading system should be able to offer trading in non-security crypto assets alongside crypto asset securities, traditional securities, and other services, like crypto asset staking and lending, without requiring fifty-plus state licenses or multiple federal licenses. Nothing in the federal securities laws prohibits SEC-registered trading venues from listing non-securities on their platforms today, and I have directed the Commission staff to develop further guidance and proposals ultimately to make this “super-app” vision a reality. Maybe they’ll call it “Reg Super-App.”

Consistent with the PWG Report, the SEC in concert with other regulators should strive to have the most efficient licensing structure for SEC registrants. They should not be unnecessarily subject to multiple regulators or regulatory regimes. This model has worked well for banks, which are broadly exempted from many duplicative regulatory frameworks, such as broker-dealer and clearing agency registration. Regulators should provide the minimum effective dose of regulation necessary to protect investors while allowing entrepreneurs and businesses to flourish. We should not overburden them with paternalistic regulation that could drive them offshore or make American companies less competitive internationally. Our regulators should unleash the forces of venue and product competition for the benefit of all Americans. We should not artificially constrain business models and impose duplicative regulatory costs on American businesses that favor the largest firms that are better able to bear the regulatory burdens.



Per the PWG's recommendations, I have directed the Commission staff to develop a framework that will allow non-security crypto assets and crypto asset securities to be traded side-by-side on SEC-regulated platforms. Additionally, I have asked the staff to evaluate the use of Commission authority to permit non-security crypto assets that are subject to an investment contract to trade on trading venues that are not registered with the Commission. I am keen to pursue such a solution, as it will not only enable state-licensed crypto asset platforms that are not registered with the SEC to list certain crypto assets, but it also clears the way for CFTC-regulated platforms to offer these products with margin capabilities — even without Congress providing the CFTC with any additional authority, unlocking even greater liquidity for these assets.

## **Unleashing U.S. Markets: Big Beautiful On-Chain Software Systems**

Fourth, I have directed the Commission staff to update antiquated agency rules and regulations to unleash the potential of on-chain software systems in our securities markets. On-chain software comes in many shapes and sizes — some of these systems are truly decentralized and not operated by any intermediary. Other on-chain software systems have an operator. Both types of on-chain software should have a place within our financial markets. It is essential that any crypto asset regulatory market structure create a path for software developers to unleash on-chain software systems that do not require operation by any central intermediary. Decentralized finance software systems — like automated market makers — facilitate automated, non-intermediated financial market activity. Federal securities laws have always assumed the involvement of intermediaries that require regulation, but this does not mean that we should interpose intermediaries for the sake of forcing intermediation where the markets can function without them.

We will create space in our markets for both models, by protecting pure publishers of software code, drawing reasonable lines to distinguish intermediated and disintermediated activity, and creating rational and workable rules of the road for intermediaries that seek to operate on-chain software systems. Decentralized finance and other forms of on-chain software systems

will be part of our securities markets and not drowned out by duplicative or unnecessary regulation.

To make this vision a reality, we will need to consider some changes to our rules. For example, accommodating trading of tokenized securities on-chain may require us to explore amendments to Reg NMS, in addition to what we otherwise would do in the normal course to correct market distortions that it engenders. Many of you will remember that I co-authored with Commissioner Cynthia Glassman a lengthy dissent to the adoption of Reg NMS twenty years ago last month.<sup>[19]</sup> This dissent is even more compelling now that we have had two decades of prescriptive requirements that distort market activity and impede the evolution of our securities markets. Congress clearly intended that “competitive forces, rather than unnecessary regulation, guide the development of the national market system.”<sup>[20]</sup> I will look for ways to bring us back in line with that intent and thereby promote innovation and competition in our markets.

## **Fostering Innovation: Commercial Viability is Our True North**

Finally, innovation and entrepreneurialism are the engines of the American economy. President Trump has described America as a “nation of builders.”<sup>[21]</sup> Under my leadership, the Commission will encourage our nation’s builders rather than constrain them with red tape and one-size-fits-all rules. While the Commission is actively considering industry requests that could jumpstart innovative activity, we are also contemplating an innovation exemption that would allow registrants and non-registrants to quickly go to market with new business models and services that do not neatly fit within our existing rules and regulations. The Commission will continue to ensure that market participants adhere to certain conditions and requirements designed to achieve the policy aims of the federal securities laws.

Under my vision for an innovation exemption, innovators and visionaries will be able to immediately enter the market with new technologies and business models but will not be required to comply with incompatible or burdensome prescriptive regulatory requirements that hinder productive economic activity. Instead, they will be able to comply with certain principles-based conditions

designed to achieve the core policy aims of the federal securities laws. These conditions may include, for example, a commitment to make periodic reports to the Commission, incorporate whitelisting or “verified pool” functionality, and restrict tokenized securities that do not adhere to a token standard that incorporates compliance features, such as ERC3643.[22] I encourage market participants and SEC staff alike to have an eye towards commercial viability when contemplating what various models could look like.

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As we advance these priorities, I look forward to working with my counterparts across the Administration to make the United States the crypto capital of the world. This represents more than a regulatory shift — it is a generational opportunity.

From the leaves of a buttonwood tree to ledgers on a blockchain, the winds of innovation still blow — and it is our task that they carry American leadership forward. After all, ladies and gentlemen, we have never been content to follow. We will not watch from the sidelines. We will lead. We will build. And, we will ensure that the next chapter of financial innovation is written right here in America.

Thank you very much for your time today. I encourage you to be attentive to our coming announcements and proposals and, as always, I welcome your thoughtful comments and suggestions.

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[1] The White House, *Issues: Technology & Innovation*, <https://www.whitehouse.gov/issues/tech-innovation/> (<https://www.whitehouse.gov/issues/tech-innovation/>).

[2] See *The History of NYSE*, New York Stock Exchange, <https://www.nyse.com/history-of-nyse>.

[3] See *Wall Street: The Paperwork Predicament*, Time Magazine (June 21, 1968), <https://time.com/archive/6636314/wall-street-the-paperwork-predicament/>.

[4] See *A Short History of the Depository Trust Company*, Securities and Exchange Commission Historical Society (1999), [https://www.sechistorical.org/collection/papers/1990/1999\\_0101\\_DTCHistory.pdf](https://www.sechistorical.org/collection/papers/1990/1999_0101_DTCHistory.pdf).

[5] *Id.*

[6] Danny Lewis, *The Physical Stock Ticker Is a Relic, But Its Influence Reverberates Loudly Today*, Smithsonian Magazine (Nov. 15, 2016), <https://www.smithsonianmag.com/smart-news/the-physical-stock-ticker-is-a-relic-but-its-influence-reverberates-loudly-today-180961092/>.

[7] *Transformation & Regulation: Equities Market Structure, 1934 to 2018: Reg ATS*, Securities and Exchange Commission Historical Society, [https://www.sechistorical.org/museum/galleries/msr/msr04c\\_reg\\_atc.php](https://www.sechistorical.org/museum/galleries/msr/msr04c_reg_atc.php).

[8] *Id.*

[9] Justin Hendrix, *Transcript: Donald Trump's Address at 'Winning the AI Race' Event*, TechPolicy.Press (July 24, 2025), <https://www.techpolicy.press/transcript-donald-trumps-address-at-winning-the-ai-race-event/> (<https://www.techpolicy.press/transcript-donald-trumps-address-at-winning-the-ai-race-event/>).

[10] See, e.g., David H. Thompson et al., *Operation Choke Point 2.0: The Federal Bank Regulators Come For Crypto*, Cooper & Kirk (Mar. 24, 2023), <https://www.cooperkirk.com/wp-content/uploads/2023/03/Operation-Choke-Point-2.0.pdf>; Testimony of Paul Grewal, Chief Legal Officer, Coinbase, Before the U.S. House Committee on Financial Services Subcommittee on Oversight and Investigations (Feb. 6, 2025), <https://www.congress.gov/119/meeting/house/117858/witnesses/HHRG-119-BA09-Wstate-GrewalP-20250206.pdf>.

[11] See The White House, *Unleashing Prosperity Through Deregulation* (Jan. 31, 2025), <https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-prosperity-through-deregulation/>.

[12] See e.g., Commissioner Hester Peirce, *Hobs and Hobbes: Wharton FinTech Lecture*, Securities and Exchange Commission (Nov. 1, 2024), <https://www.sec.gov/newsroom/speeches-statements/peirce-remarks-wharton-fintech-110124>.

[13] See e.g., Akash Sriram, *California DMV puts 42 million car titles on blockchain to fight fraud*, Reuters (July 30, 2024), <https://www.reuters.com/technology/california-dmv-puts-42-million-car-titles-blockchain-fight-fraud-2024-07-30/>.

[14] See Danny Nelson, *Crypto Airdrops Ban U.S. Users, but Americans Are Claiming Tokens Anyway*, CoinDesk (Aug. 21, 2024), <https://www.coindesk.com/policy/2024/08/21/crypto-airdrops-ban-us-users-but-americans-are-claiming-tokens-anyway>.

[15] See e.g., CNBC Television, *BlackRock CEO Larry Fink: 'I want the SEC to rapidly approve tokenization of bonds and stocks'*, YouTube (Jan. 23, 2025), [https://www.youtube.com/watch?v=Ml3q\\_upPjBM](https://www.youtube.com/watch?v=Ml3q_upPjBM).

[16] Chairman Paul Atkins, *Remarks at Crypto Task Force Roundtable on Decentralized Finance*, Securities and Exchange Commission (June 9, 2025), <https://www.sec.gov/newsroom/speeches-statements/atkins-remarks-defi-roundtable-060925>.

[17] See Commissioner Hester Peirce, *Lava and Lamps: Opening Remarks for Crypto Custody Roundtable*, Securities and Exchange Commission (Apr. 25, 2025), <https://www.sec.gov/newsroom/speeches-statements/peirce-lava-lamps-opening-remarks-crypto-custody-roundtable-042525>.

[18] Chairman Paul Atkins, *Prepared Remarks Before SEC Speaks*, Securities and Exchange Commission (May 19, 2025), <https://www.sec.gov/newsroom/speeches-statements/atkins-prepared-remarks-sec-speaks-051925>.

[19] Commissioners Cynthia Glassman and Paul Atkins, *Dissent of Commissioners Cynthia A. Glassman and Paul S. Atkins to the Adoption of Regulation NMS*, Securities and Exchange Commission (June 9, 2005), <https://www.sec.gov/files/rules/final/34-51808-dissent.pdf>.

[20] *Id.*

[21] Hendrix, *supra* note 11.

[22] For additional information on the ERC3643 protocol, see *Overview of the Protocol: ERC-3643 Permissioned Tokens*, ERC3643 Association, <https://docs.erc3643.org/erc-3643>.

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