



HB 859 – Financial Institutions - Digital Assets and Digital Asset Staking - Regulation (Maryland Financial Innovation Act of 2026)

Committee: House Economic Matters Committee

Date: March 10, 2026

Position: Favorable with Amendments

The Maryland Bankers Association (MBA) **SUPPORTS HB 859 WITH AMENDMENTS**. This legislation prohibits the State of Maryland or political subdivisions within the State from regulating certain activities involving digital assets and states that crypto staking is not subject to the Maryland Securities Act. While MBA is not outright opposed to crypto staking, which is currently allowed under Maryland law, MBA believes further study is needed to ensure any new definitions are accurate, bank deposits are not threatened, and consumers remain protected if crypto staking is no longer considered a security.

Clear, precise, and internally consistent definitions are essential in any legislation, but they take on heightened importance in a rapidly evolving field like digital assets. HB 859 introduces many new terms to the Maryland Code, and MBA believes some of these terms need further review to ensure accuracy. For example, the definition of “Decentralized Protocol” is ambiguous, particularly the idea of “rules altered by a predetermined mechanism,” which is unclear and could be interpreted inconsistently. In addition, the definition of “Staking” oversimplifies the concept by describing it merely as “committing” a digital asset to blockchain operations, without acknowledging that staking typically involves putting assets at risk as part of a validator’s role and may include penalties such as slashing, which is the destruction of staked crypto, for incorrect validation. Together, these issues highlight the need for greater precision to ensure the bill aligns with actual industry practices and commonly accepted terminology.

Earlier this year, the Maryland Office of Financial Regulation (OFR) [briefed the Senate Finance Committee](#) on a broad range of policy issues anticipated during the current legislative session, including the emerging matter of crypto staking. In that presentation, OFR outlined several considerations for lawmakers evaluating crypto staking legislation, such as potential licensing frameworks, structural requirements, and appropriate consumer protections. The Maryland Bankers Association believes these factors are essential to a comprehensive policy discussion and should be carefully evaluated before determining whether crypto staking should be exempted from treatment as a security. **For this reason, additional study and deliberation are warranted to ensure that any legislative action is both prudent and protective of Maryland consumers and the broader financial system.**

Maryland banks are committed to embracing innovation that strengthens the security, efficiency, and accessibility of financial services for consumers and businesses alike. As the marketplace experiences rapid growth in largely unregulated digital assets, it becomes increasingly important for policymakers to ensure that legislative efforts—such as HB 859—provide clarity, preserve the stability of local lending markets, and safeguard consumers from predatory or deceptive practices. The Maryland Bankers Association believes these priorities are essential to maintaining a safe and resilient financial ecosystem and that each can be effectively addressed through further study and careful evaluation. Accordingly, the Maryland Bankers Association respectfully urges a **FAVORABLE** report **WITH AMENDMENTS** on HB 859.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding \$194.8 billion in deposits in over 1,100 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.