

**Katy Ann Searcy**  
**Hearing Testimony on HB 859**

March 10, 2025

1:00 PM ET

Good afternoon Ms. Chairwoman and Members of the Committee:

Thank you for the opportunity to testify today. My name is Katy Ann, and I lead the U.S. Policy in Maryland at Coinbase, America's largest crypto platform and a publicly traded company.

At Coinbase, we don't just accept regulation; we advocate for it. We hold 46 state money transmission licenses—including one right here from the Maryland Office of Financial Regulation. We are regulated by the CFTC and the SEC through various subsidiaries and by dozens regulators around the world. We believe the crypto economy needs clear rules of the road to protect consumers and foster innovation.

More than 52 million Americans own crypto, including roughly 15% of Marylanders. This is not a fringe technology. It is already being integrated into the financial system. Maryland should be looking for ways to participate in this innovation—not put itself at a disadvantage.

One part of blockchain technology is staking. On certain networks, individuals temporarily lock up their own digital assets to help verify transactions and secure the network. In return, the network itself provides rewards. Importantly, users always retain ownership and control of their assets, and rewards are paid by the blockchain protocol—not by Coinbase or any other company. I want to reemphasize that Stakers always retain ownership and control of their assets.

This bill simply clarifies the legal status of staking. These services are not securities, and misapplying securities law risks chilling innovation. Maryland is currently an outlier—46 states already permit staking services.

This Committee cares—rightly—about consumer harm. So let's talk about the facts.

- In more than six years of offering staking nationwide, no Coinbase customer has lost assets through our staking service
- Across the entire global staking ecosystem, losses due to penalties are exceedingly rare
- Statistically, a person is more than six times more likely to be struck by lightning than to lose assets due to a staking penalty
- The SEC's Division of Corporation Finance issued the most comprehensive guidance on staking, and confirmed that services like Coinbase -- and like those that would be covered by this statute -- are not securities under federal law.

Because Maryland lacks this clarity today, Maryland residents have already missed out on more than \$9 million in staking rewards on Coinbase's platform alone.

House Bill 859 confirms staking-as-a-service is not a security, ensures Marylanders are not left behind and shows that the state of Maryland is open for innovation. Thank you, and I look forward to your questions.