

**Katy Ann Searcy**  
**Hearing Testimony on SB 859**  
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**Good morning Ms. Chairman and Members of the Committee:**

Thank you for the opportunity to testify today. My name is Katy Ann, and I lead the policy team 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 of 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 16% of Marylanders. This is not a fringe technology. It is already being integrated into the financial system through real-time payments, small-business finance, and secure digital infrastructure. Wisconsin should be looking for ways to participate in this innovation—not placing itself at a disadvantage—which is why I am here today.

I will spend the remainder of my testimony discussing SB 859 and why it matters for Maryland and its citizens. But before turning to the legislation, it is important to explain staking. And to understand staking, we must first understand the underlying crypto technology.

Cryptocurrencies are digital units of value stored on a decentralized database called a blockchain. A blockchain is similar to a bank’s deposit ledger, but is distributed across the world rather than centralized under the control of a singular entity like the traditional financial system. This means no company, country, or third party controls the blockchain, and anyone can participate in its governance – making it both widely accessible and with immutable records of transactions. The blockchain grants an unprecedented level of security, speed, and accessibility for a new generation of financial services.

Certain blockchains get built through a process called staking. Staking is when an individual locks up their cryptocurrency to help a blockchain network run and stay secure — and in return, the individual earns rewards.

Anyone can self-stake their assets, but the process can be technical and more involved. Therefore, companies, like Coinbase, often provide their users staking-as-a-service which is technology infrastructure that enables users to participate securely without giving up control of their assets.

Similar to how AWS provides cloud infrastructure or Airbnb provides a home-sharing marketplace, Coinbase provides staking infrastructure that enables users to participate in the service. In each case, each of these companies, I just described, supplies the technology and coordination layer, while customers retain ownership and control of the underlying assets.

## **Senate Bill 859**

Turning to the legislation: Senate Bill 859 is a narrow, responsible measure that clarifies staking-as-a-service is not a security.

Since these services are not securities, there is nothing to register. Misapplying securities law in this context risks chilling innovation far beyond crypto. Maryland is currently an outlier—forty-six states permit staking, including neighboring states Pennsylvania, Delaware and Virginia. Additionally, the SEC dropped its staking case against Coinbase with prejudice, and federal guidance confirms that services like ours are not securities.

Furthermore, the bill does not limit the state's authority to combat fraud or enforce consumer protection laws. There has been no allegation of harm to Coinbase users in Maryland or elsewhere.

Because Maryland lacks this clarity that SB 859 would provide, Marylanders have missed out on more than \$9 million in staking rewards, that is taxable income, and went to residents of other states. That's not consumer protection. That's consumer exclusion.

In summary, the bill:

- Confirms staking-as-a-service is not a security
- Aligns Marylanders with 46 other states
- Preserves consumer ownership and transparency
- Keeps Maryland competitive in the digital economy

The bill does not:

- Deregulate crypto
- Eliminate fraud enforcement
- Weaken consumer protection

Ultimately, Senate Bill 859 ensures Marylanders are not left behind. Thank you, and I look forward to your questions.