

July 10, 2025

The Honorable J.B. Pritzker
Governor, State of Illinois
207 State Capitol
Springfield, IL 62706

Governor Pritzker,

Thank you for your leadership on emerging financial technology issues. The Crypto Council for Innovation (CCI)¹ writes in response to the recent passing of SB 1797, the Digital Assets and Consumer Protection Act (DACPA). We are grateful for the progress that has been made on this legislation over the course of the last few years, especially during this legislative session. However, we respectfully submit that further amendments are necessary, which will be crucial to ensure Illinois remains a hub of responsible innovation for digital assets and blockchain technology development. We urge you to support trailer legislation to improve certainty for businesses seeking licensure, harmonize requirements with other state regulatory regimes, and provide considerations for Illinois' burgeoning startup sector.

The legislation's sponsors as well as IDFPR have taken important steps to address feedback from industry. These efforts include amendments over several legislative sessions to limit the scope of certain definitions, narrow overly burdensome compliance requirements that lacked commensurate benefits, expand conditional licensing eligibility, and promote coordination among state regulators. CCI is certainly appreciative of these amendments as well as the thoughtful, constructive engagement from the legislation's sponsors.

The legislature and IDFPR, however, must continue to improve clarity for future licensed entities, in order to ensure Illinois' digital asset sector is positioned to compete in a crowded marketplace. This must include, among other things, providing concrete timelines for all applications and reviews. A clearer roadmap would mutually benefit regulators and licensees, by ensuring better communication and a closer alignment of expectations.² Similarly, there seems to be duplicative licensing for companies already licensed in IL (e.g., for MTL or lending activities). Creating a streamlined framework for already licensed companies will enable and ensure accuracy of data and an efficient process for approval.

Estimates for obtaining and maintaining licensure with Illinois' new regulatory regime, including costly financial disclosure requirements, are prohibitive for many in this space. We encourage the Legislature to explore tailored compliance pathways for smaller digital asset businesses and early stage startups. These can include regulatory sandboxes, pilot programs, exemptions, and

¹ CCI is a global alliance of industry leaders in the digital asset and Web3 sectors that serves to educate consumers and policymakers and advocate for policy that spurs responsible innovation. We believe that trusted partnership between government and business stakeholders is key to crafting inclusive policy that benefits consumers and industry alike. Many of our members are located in Illinois, are licensed by the Department of Professional and Financial Regulation (IDFPR), and serve consumers throughout the state.

² Timelines are included in [Louisiana's Virtual Currency Business Act](#) as well as in digital asset licensing legislation proposed in New Jersey, [Senate Bill 1793 \(2023\)](#).

conditional licensing. Notably, California's Digital Financial Assets Law includes licensing exemptions for smaller digital financial asset businesses.³ Additionally, as financial services, and crypto specifically, has moved to a digital platform, we encourage the Legislature to allow for digital-first delivery, such as in-app modals or click-through summaries.

While many states have recognized the transformative opportunity that the digital asset economy and blockchain technology present, the varying laws, regulations, and bureaucracies that have developed across the fifty states pose challenges for consumers and innovators alike. A 50-state patchwork of regulations for this developing industry will stifle innovation and promote offshoring. As states continue advancing their own frameworks, this space will only continue to grow in complexity.

We are especially encouraged by the Legislature's efforts to promote licensing reciprocity agreements and expedited conditional licensing between states with similar regulatory regimes for digital asset business activity. Collaboration with other state regulators through acknowledgement of other states' processes and development of reciprocity frameworks or licensing passports will result in improved efficiency across state regulators while protecting consumers and allowing for responsible innovation.

We remain concerned that this legislation will impose requirements on Illinois digital asset businesses that go significantly beyond states with similar licensing regimes, including New York and California. These include higher fees, broader affiliate surveillance and supervision, impractical segregation of funds and best execution practices, confusing disclosures lacking commensurate benefit to businesses and consumers, and extensive license renewal procedures.

As IDFPR begins to undertake DACPA implementation, the State Legislature must ensure the Department is adequately resourced with the time and staffing necessary to adequately implement this new law. We encourage your office to work with the Legislature on extending the law's implementation date. California's Department of Financial Protection and Innovation required three years to implement its Digital Financial Assets Law (DFAL), while IDFPR has been tasked with standing up its function in only two. Additionally, IDFPR is also projecting hiring only 10 staff over the next three years to administer this regime. This is significantly fewer than the 60 staff supporting the Virtual Currency Unit at the New York Department of Financial Services (NYDFS) or the 40 planned hires in California's Department of Financial Protection and Innovation (DFPI). Given IDFPR's existing issues with licensing in other sectors, this staffing level seems inadequate, and we urge you to address this proactively through the state's budget process and subsequent trailer legislation.

Additionally, we applaud the State Legislature for advancing legislation to license crypto kiosk operators in Illinois. Crypto kiosk operators are already required to register federally with the Financial Crimes Enforcement Network (FinCEN), and at least fifteen other states are considering legislation this year to ensure state-level requirements are clear for kiosk operators. CCI believes this legislation would improve supervision of this specific type of money service business and help crack down on [street level crimes](#), especially consumer scams.

³ [CA Fin Code § 3103 \(2024\)](#)

Thank you again for your consideration of our perspective. As detailed, we are encouraged by the state's progress, but remain concerned this legislation will have severe and unintended impacts on the digital economy throughout the state. CCI stands ready to work with you to ensure Illinois can continue to serve as an incubator for entrepreneurs and innovators, while maintaining the stability of the digital asset marketplace and protecting digital asset consumers in Illinois.

Respectfully,

A handwritten signature in black ink, appearing to read 'JH Kim', with a stylized flourish extending to the right.

Ji Hun Kim
President & Acting Chief Executive Officer
Crypto Council for Innovation

CC: The Honorable Mark Walker
The Honorable Edgar González, Jr.