

June 29, 2026

The Honorable Mario Treto, Jr.
Secretary, Illinois Department of Financial and Professional Regulation
Attention: Craig Cellini
320 West Washington, 2nd Floor
Springfield, IL 62786

RE: Notice of Proposed Rules - Digital Assets and Consumer Protection Act (DACPA)

Secretary Treto:

Thank you for the opportunity to provide comments in response to the Department of Financial and Professional Regulation’s (“DFPR” or “the Department”) Notice of Proposed Rules (“Proposal”)¹ implementing the Digital Assets and Consumer Protection Act (DACPA).²

I. Introduction

CCI is a global alliance of industry leaders within the digital assets industry committed to promoting the advantages of digital assets while showcasing their potential for market transformation. CCI’s members represent various sectors within the digital asset ecosystem and share a common objective: advocating for responsible global regulation of digital assets to unlock economic opportunities, enhance quality of life, promote financial inclusivity, safeguard national security, and counter illicit activities. CCI firmly believes that achieving these objectives necessitates well-informed, evidence-driven policy choices achieved through collaborative participation with regulators and policymakers.

CCI is grateful for the Department’s continued work to implement DACPA. As the Department undergoes the implementation process, it should bolster its efforts to streamline the application process, mitigate impacts on digital asset small businesses, and align registration assessments and fees with other state approaches, especially as federal market structure legislation continues to advance. Additionally, while we appreciate the meaningful progress reflected in the Proposal, the Proposal remains silent on several critical issues for which industry participants need clarity before the rules are finalized and implemented. In the sections that follow, we highlight several key areas where additional guidance is essential and respectfully urge the Department to re-propose a comprehensive rulemaking that fills these gaps so that a clear, robust framework can take effect in a single, coordinated implementation.

¹ Proposed 38 Ill. Adm. Code Part 1031, 50 Ill. Reg. 6746.

² Digital Assets and Consumer Protection Act, 205 ILCS 731.

II. The Importance of Clear Rules and Guidance in the Digital Asset Ecosystem

Digital asset markets differ in meaningful ways from more traditional financial markets. It is extremely important that any regulatory framework applied to digital assets must clearly define both its requirements and the expectations of the regulators overseeing it. Uncertainty about supervisory standards discourages innovation, hinders responsible growth, and can drive activity offshore.

We highlight several areas where the Proposal is silent and where further guidance is necessary:

1. Best Execution

The best execution requirement in Section 5-15(b)(2)(A) of DACPA³ lists four specific factors that the Department will employ to determine whether a covered exchange has used “reasonable diligence to ensure that the outcome to [an Illinois resident] is as favorable as possible under prevailing market conditions.” These factors are:

- (i) The character of the market for the digital asset, including price and volatility;
- (ii) The size and type of transaction;
- (iii) The number of markets checked; and
- (iv) Accessibility of appropriate pricing.

The list ends with a catch-all for “[a]ny other factor designated by rule by IDFPR as may be necessary and appropriate for the protection of residents.”⁴

Factors (i)-(iv) resemble concepts of best execution from traditional securities markets and, as such, do not reflect the very meaningful differences between those markets and digital asset markets. For example, unlike traditional securities markets, digital asset transactions occur 24/7 and settle instantaneously, resulting in a liquidity profile that differs markedly from that of traditional securities markets. As a result, digital asset customers often prioritize speed, certainty, and slippage control – not just price.

CCI believes the Department should exercise its authority under the catch-all factor to account for these differences and confirm that such factors will be considered when assessing an exchange’s execution obligations. The Proposal, however, makes no use of the catch-all factor. CCI respectfully urges the Department to exercise its catch-all authority to incorporate additional factors into the best execution analysis – specifically, factors that

³ 205 ILCS 731/5-15(b)(2)(A).

⁴ 205 ILCS 731/5-15(b)(2)(A)(v).

clarify that execution quality may be evaluated against a customer's expressed order preferences, including execution time and acceptable slippage.

2. Use of Supervisory Authority over Affiliates and Service Providers

DACPA provides the Department with extremely broad authority over a registrant's "affiliates" and "service providers." This authority is significantly broader than that provided to state regulators with comparable regulatory regimes, including under the New York BitLicense and California DFAL regimes. The result, perhaps unintended, is that Illinois supervision may be extended to a registrant's corporate parents, sister companies, or third-party vendors that lack any direct connection to Illinois consumers, exposing them to potential liability for activities occurring entirely outside the State.

The Proposal is silent on how the Department intends to exercise this authority. This results in significant uncertainty for firms with extensive global affiliate networks and vendor relationships, while offering little incremental benefit to consumer protection. The Department should provide that, absent extenuating circumstances, it intends to extend its supervisory reach only to entities that are themselves required to register or, at most, to affiliated entities that provide material services integral to a registrant's Illinois-facing digital asset activities.

Amending the Proposed Rule to address these and other gaps would give both the Department and industry the benefit of a transparent, iterative process that yields durable rules. It would also reduce the need for piecemeal guidance, mitigate interpretive risk, and ensure that innovators, regulators, and consumers enter the new regime with aligned expectations.

III. Recommendations Related to Areas Covered by the Proposal

1. Money Transmission Exemption

CCI is encouraged by the Department's Notice of Proposed Amendments to the Uniform Money Transmission Modernization Act to prevent duplicative licensing for digital asset businesses operating in the state.⁵ By exempting money transmission transactions by DACPA registrants that are solely related to digital asset business activity, Illinois is taking an important step to streamline oversight processes and provide its registrants with clarity on their regulatory obligations as the state's digital asset sector builds out its capacity to come into compliance with the new law.

⁵ Notice of Proposed Amendments, Uniform Money Transmission Modernization Act. 50 Ill. Reg. [26] (May 15, 2026), https://www.ilsos.gov/content/dam/departments/index/register/volume50/register_volume50_20.pdf

We encourage the Department to adopt final rules consistent with this principle of preventing duplicative or unduly burdensome licensing requirements.

2. Small Business Impacts

We respectfully request the Department renew its examination of how DACPA's implementation is impacting digital asset small businesses in the state. We expect considerable disruption for Illinois' digital asset startups and smaller ventures developing through a growth pipeline. Estimates for obtaining and maintaining licensure with Illinois' new regulatory regime, including costly financial disclosure requirements, are prohibitive for many operators in this space. These disruptions will even extend to licensees subject to the proposed money transmitter law (MTL) exemption, as proposed DACPA assessments and fees are expected to be significantly higher than traditional state MTL compliance costs.

We encourage the Department and the General Assembly to explore tailored compliance pathways for smaller digital asset businesses and early-stage startups. These can include regulatory sandboxes, pilot programs, exemptions, and conditional licensing. Notably, California's DFAL includes licensing exemptions for smaller digital financial asset businesses.⁶

3. Registration Costs and Ongoing Assessment Fees

DACPA compliance will be exceedingly costly for many businesses operating in the state. While aligning the state's \$5,000 initial application fee with other state approaches⁷ is a positive development, we remain concerned with the Department's proposal to charge this fee on an ongoing, annual basis as a registration renewal fee. This approach diverges significantly from how other state digital asset regulatory regimes assess their licensees for the cost of supervision. Charging a fee for every material change report is also highly irregular and will discourage innovation by regulated entities that are considering launching new products and services in the state.⁸

In addition to registration fees, the Proposal requires that registrants pay two types of fees related to examinations and administration of DACPA. The first is a fee based on the amount of time examiners and staff spend on the particular registrant (the "Hourly

⁶ CA Fin Code § 3103 (2024)

⁷ See, e.g., N.Y. Comp. Codes R. & Regs. tit. 23, § 200.1 et seq (the "New York BitLicense").

⁸ Notice of Proposed Rules, Digital Assets and Consumer Protection Act. Subpart C, Section 1031.300(d). 50 Ill. Reg. [191] (May 15, 2026), https://www.ilsos.gov/content/dam/departments/index/register/volume50/register_volume50_20.pdf.

Examination Fee”). The second is a fee each registrant must pay toward administration of the Act, which is allocated pro rata based on the registrant’s level of activity (the “Pro Rata Administration Fee”). A registrant’s level of activity is measured by the percentage of transactions for Illinois residents attributable to the registrant and the percentage of the dollar value of assets held in custody for Illinois residents attributable to the registrant.

The Hourly Examination Fee is a reasonable way to reimburse the Department for the cost of examinations. It directly ties the amount a registrant pays the Department to the Department’s cost of supervising that registrant. The Pro Rata Administration Fee, on the other hand, rests on an implicit assumption that the amount of a registrant’s activity in Illinois is a good proxy for the Department’s cost of implementation, which is not necessarily the case. Fees related to the number of customers or assets under custody shift the cost of supervision to registrants with more direct customers, even if that does not affect the cost to the Department.

We respectfully urge the Department to modify the Pro Rata Administration Fee structure to better reflect the cost of administration by tying the fee only to the amount of time spent supervising the entity, which is the real indicator of the cost to DFPR.

4. Applications

We applaud the Department for including notifications that applicants have submitted a substantially complete application thirty days from receipt. This will provide timely certainty to applicants regarding the status of their application. Without this notification, applicants may be left confused as to the status of their application and how to meet the substantially complete threshold. Additionally, providing clear, actionable steps to allow potential registrants to rectify their submissions when applications are deemed incomplete will facilitate compliance.

As the Department works to refine these rules, we continue to encourage DFPR to provide timelines for all applications and Department reviews. A clear roadmap for reviews would mutually benefit regulators and licensees, by ensuring better communication and a closer alignment of expectations.⁹ Lacking concrete timelines makes it difficult for businesses to plan how they will offer their services to Illinois consumers. This has proven to be the case in certain other states, where there is similarly no provision of law providing a timeline for the relevant regulator to grant a license or charter.¹⁰ We encourage the Department to

⁹ Application timelines are included in Louisiana’s Virtual Currency Business Act as well as in stablecoin licensing legislation which has advanced in Florida, Indiana, Alabama, and Georgia, and have been recommended by the Conference of State Bank Supervisors (CSBS).

¹⁰ See, e.g., New York BitLicense (containing no defined timeline for the New York Department of Financial Services to review an application).

avoid this issue by setting out a clear and definitive timeline for the Department’s review and acceptance or rejection of a substantially complete application.

5. Conditional Registration

Section 15-10(g) of DACPA permits the Department to issue conditional registrations for entities that hold New York BitLicenses or limited purpose trust charters with approval to conduct virtual currency business.¹¹ This reciprocity is appropriate and will help alleviate strains on the Department as it processes initial DACPA applications. It will also reduce disruptions for industry stakeholders active in, and subject to, comparable rules in other states. For this same reason, the Department should extend this conditional registration to entities subject to state digital asset regimes that meet comparable standards for regulation and supervision, now or in the future, including the California DFAL, the Louisiana Virtual Currency Business Act (VCBA), and the Wyoming Special Purpose Depository Institution (SPDI) Act. For all states, this conditional registration reciprocity should be based on a state regime’s comparability to DACPA with respect to supervisory and regulatory outcomes.

6. Pending Federal Market Structure Legislation and Preemption Considerations

As DFPR works to implement DACPA’s new authorities and build out its capacity to oversee industry, the Department should consider, monitor, and be mindful of expected impacts on state digital asset regulatory regimes from pending federal legislation that would establish a national market structure regulatory framework for digital asset activity. For example, the U.S. House of Representatives passed the Digital Asset Market Clarity Act in a 294-134 bipartisan vote, and the Senate Banking Committee subsequently passed an amended version of this bill also on a bipartisan basis.¹² In addition, the Senate Agriculture Committee advanced the Digital Commodity Intermediaries Act, which would authorize the Commodity Futures Trading Commission (CFTC) to oversee the digital commodity spot market and digital commodity intermediaries, out of committee to the full Senate earlier this year.¹³ These bills would preempt significant aspects of the DACPA regulatory landscape.¹⁴ When federal digital asset legislation is passed into law, we expect many of the Department’s authorities under DACPA may become obsolete or superseded by federal regulators.

¹¹ 205 ILCS 731/15-10(g).

¹² Digital Asset Market Clarity Act of 2025, H.R. 3633, 119th Cong. (2025).

¹³ Digital Commodity Intermediaries Act, S. 3755, 119th Cong. (2026).

¹⁴ See, e.g., Digital Commodity Intermediaries Act § 204 (providing “The [CFTC] shall have exclusive jurisdiction over any digital commodity exchange registered under this section with respect to activities and transactions subject to this Act.”).

7. Anticipated Impacts from the Digital Asset Tax Act

As DFPR prepares to license and supervise the digital asset industry in Illinois, it should closely consider impacts to marketplace stability that are anticipated as a result of the recently enacted Digital Asset Tax Act.

The Digital Asset Tax Act will punitively tax digital asset customers in Illinois for simply engaging in commonplace digital asset transactions, despite no similar tax applying to traditional financial asset transactions. Unlike traditional tax frameworks that are tied to income, gains, or profits, this law will impose a 0.2% tax on everyday customers' use of digital asset services such as exchange, transfer, or custody, even where no profit or income is earned or realized. The Digital Asset Tax Act contains no meaningful exemptions for many common activities that digital asset users routinely undertake, such as transferring digital assets between one's own accounts, making it even more likely that everyday consumers will bear a significant burden under this new tax.

Illinois' new tax regime will disproportionately burden residents for simply using digital assets. We fear this proposal will seriously impair digital asset use and investment, as well as the state's ability to attract new entrepreneurs and maintain its burgeoning startup community. This punitive structure will have a profound chilling effect on digital asset activity in Illinois.

We respectfully urge the Department to examine the significant repercussions from this tax on Illinois digital asset businesses and consumers as you continue to analyze the anticipated impacts of DACPA implementation.

IV. Conclusion

CCI appreciates the opportunity to comment on the proposed rules for implementing DACPA. We look forward to continuing to work with the Department to maintain appropriate oversight and supervision over the state's digital asset industry while positioning the sector's innovators for success.

Respectfully,



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