

October 20, 2026

Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
rule-comments@sec.gov

Re: Regulation Crypto Assets (File Number S7-2026-27)' (the "Proposed Rule").

Dear Ms. Countryman:

The Institute for Portfolio Alternatives ("IPA")² appreciates the opportunity to comment on the Proposed Rule and appreciates that the Securities and Exchange Commission ("Commission") is addressing the regulatory landscape around crypto assets. This letter addresses one provision of the Proposed Rule: proposed Rule 500, which would define "qualified purchaser" for purposes of Section 18(b)(3) of the Securities Act of 1933 (the "Securities Act") so that offers and sales of covered investment contracts under the Proposed Rule, and specified secondary market transactions in those contracts, are covered securities exempt from state registration and qualification.

The question Rule 500 presents is essentially the same question the Commission asked in its Registered Offering Reform proposal:³ whether Section 18(b)(3) permits the Commission to end state-by-state registration and qualification review of an offering that is national in scope and subject to a federal disclosure, reporting, and antifraud regime.

¹ Regulation Crypto Assets, SEC Release Nos. 33-11434, 34-106150 (Aug. 18, 2026), 91 Fed. Reg. 54510 (Aug. 21, 2026) ("Proposing Release").

² For more than 40 years, the IPA has served as the leading voice for global asset managers, distributors and service providers in the private markets and alternative investment industry. We deliver best-in-class education for practitioners and champion policies that expand investor access to wealth-building private market strategies, including real estate, credit, infrastructure, private equity and venture capital, among other asset classes. These investments offer lower correlation to public markets, strengthen retirement outcomes and enhance portfolio diversification while operating within robust investor-protection standards. Over the past 25 years, private market and alternative investments have driven more than \$15 trillion in capital formation, playing a critical role in fueling national and local economic growth.

³ Registered Offering Reform, SEC Release Nos. 33-11418, 34-105513, IC-36160 (May 19, 2026), 91 Fed. Reg. 31022 (May 26, 2026) ("Registered Offering Reform Release").



The IPA answered that question in its letters of July 27, 2026, and September 11, 2026 (the “IPA Letters”),⁴ and the IPA’s support for preemption does not change with the asset class.

The IPA supports Rule 500 as proposed.

I. Rule 500 Applies the Framework Congress Built in Section 18

Congress enacted the National Securities Markets Improvement Act of 1996 (“NSMIA”) to “eliminate the costs and burdens of duplicative and unnecessary regulation by, as a general rule, designating the Federal government as the exclusive regulator of national offerings of securities.”⁵ Section 18(b)(3) gave the Commission the means to extend that designation as markets developed. A security “is a covered security with respect to the offer or sale of the security to qualified purchasers, as defined by the Commission by rule,” and the Commission “may define the term ‘qualified purchaser’ differently with respect to different categories of securities, consistent with the public interest and the protection of investors.”⁶

As the Commission noted in the Proposing Release, crypto asset markets are “often characterized as borderless,” issuers will not “routinely seek to limit sales of covered investment contracts to a single state,” and “[t]his technological and geographic reality makes the review and qualification of covered investment contracts a difficult and inefficient task for issuers to conduct on a state-by-state basis.”⁷ The IPA agrees. And that is the same conclusion the Commission reached about registered offerings of unlisted securities, which “are inherently national in nature,”⁸ and it is the conclusion Congress reached about national offerings in 1996.

⁴ Letter from Anya Coverman, President and CEO, IPA, to Vanessa A. Countryman (July 27, 2026) (“IPA July Letter”); Letter from Anya Coverman, President and CEO, IPA, to Vanessa A. Countryman (Sept. 11, 2026) (“IPA September Letter”).

⁵ H.R. Rep. No. 104-622, at 16 (1996), quoted in Proposing Release at 54556.

⁶ 15 U.S.C. 77r(b)(3). The Commission has exercised that authority for Tier 2 offerings under Regulation A, and the United States Court of Appeals for the District of Columbia Circuit upheld it. *See* 17 CFR 230.256; *Lindeen v. SEC*, 825 F.3d 646 (D.C. Cir. 2016).

⁷ Proposing Release at 54556.

⁸ Registered Offering Reform, 91 Fed. Reg. at 31078.

II. What the States Retain

Importantly, Rule 500 leaves in place everything Section 18(c) reserves to the states: jurisdiction to investigate and bring enforcement actions for fraud or deceit and for unlawful conduct by brokers or dealers; authority to require notice filings, a consent to service of process, and fees; and the power to suspend the offer or sale of securities in the state for failure to file or pay.⁹ This is the allocation of responsibility that Congress designed for national offerings under NSMIA, it is the allocation the Commission applied for Regulation A, and it is the allocation that the Commission proposed in the Registered Offering Reform Release.

Conclusion

The IPA supports proposed Rule 500 as written and believes that the Commission should adopt Rule 500, as proposed.

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The IPA appreciates the opportunity to comment on the Proposed Rule. Should you have any questions about our comments, please feel free to contact me or Jeff Evans, IPA's director of government affairs and policy, at jevans@ipa.com.

Sincerely,



Anya Coverman
President and CEO

⁹ 15 U.S.C. 77r(c)(1)–(3); Proposing Release at 54556.