PGP ⓩ
PRETTY GOOD POLICY

August 6, 2026

The Honorable John Thune
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Charles E. Schumer
Democratic Leader
United States Senate
Washington, D.C. 20510

Re: Support for H.R. 3633, the Digital Asset Market Clarity Act of 2025

Dear Majority Leader Thune and Democratic Leader Schumer:

Pretty Good Policy for Zcash ("PGPZ"), together with the undersigned organizations, companies, developers, researchers, infrastructure providers, and other participants in the Zcash ecosystem, writes in support of H.R. 3633, the Digital Asset Market Clarity (CLARITY) Act of 2025.

We respectfully urge the Senate to bring the CLARITY Act to the floor and enact durable digital asset market structure legislation. In so doing, Congress should preserve the legislation's central protections, including its clear treatment of network tokens and investment-contract transactions and the developer protections contained in the Blockchain Regulatory Certainty Act.

About

Pretty Good Policy for Zcash is a community-oriented effort helping policymakers, regulators, industry stakeholders, and ecosystem partners understand Zcash and advance policy that protects financial privacy. Zcash is a cryptocurrency and blockchain built to let people send value with strong privacy protections. Like Bitcoin, it has a fixed supply and a decentralized network, but it uses zero-knowledge cryptography so shielded transactions can be verified without publicly revealing the sender, recipient, or amount thereby allowing users to protect their financial privacy through selective disclosure.

Zcash demonstrates why a technology-neutral and functionally grounded market structure framework is necessary. ZEC is the native network token of the Zcash blockchain. It is intrinsically connected to the operation and use of that network and enables users to transfer

value through a decentralized protocol, including through transactions that use advanced cryptography to protect sensitive financial information while enabling selective disclosure through viewing keys.

Market Structure and the Classification of ZEC

The absence of a clear statutory distinction between a digital asset and the circumstances in which that asset may be offered or sold has created substantial uncertainty for developers, users, trading platforms, custodians, and other responsible market participants.

A transaction or capital-raising arrangement may, depending on its particular facts, constitute an investment contract. That does not mean that the underlying network token is itself an investment contract for all purposes and in every subsequent transaction. Treating the asset and the transaction as legally indistinguishable risks extending federal securities laws to ordinary uses and transfers of decentralized network tokens long after any potentially securities-related transaction has ended.

The CLARITY Act appropriately recognizes this distinction. Its network-token framework establishes that an underlying token may be treated as a non-security even when a particular offer or sale involving that token is conducted through an investment contract. It similarly provides that secondary-market transactions in a qualifying network token should not be treated as securities transactions unless the transaction itself involves the offer or sale of a security.

This distinction is particularly important for the Zcash ecosystem. ZEC is a paradigmatic network token whose functionality and value are connected to the operation and use of the Zcash blockchain. Its legal classification should not depend on whether an unrelated party may previously have offered, sold, or promoted ZEC in a manner that could independently satisfy the legal test for an investment contract.

Enactment of the CLARITY Act would provide formal statutory recognition that ZEC itself is not an investment contract subject to the federal securities laws merely because it is transferred, traded, used, or held. At the same time, the legislation would preserve appropriate Securities and Exchange Commission authority over transactions that actually constitute investment contracts, as well as federal anti-fraud and anti-manipulation authority.

This transaction-specific approach would provide greater certainty to the Zcash ecosystem without eliminating appropriate consumer protections. It would allow exchanges, custodians, payment providers, developers, and other market participants to evaluate their obligations under clear statutory standards rather than attempting to infer the legal status of ZEC from enforcement actions, informal statements, or fact-specific judicial decisions involving unrelated assets.

Developer Protections and the Blockchain Regulatory Certainty Act

We also strongly support the inclusion of the Blockchain Regulatory Certainty Act in the CLARITY Act.

Open-source blockchain networks depend on developers who write and publish software, maintain cryptographic libraries, contribute to protocol upgrades, build non-custodial wallet software, operate interfaces, and provide infrastructure that allows users to interact directly with decentralized networks. These developers frequently have no custody of user assets and no legal right or unilateral ability to initiate, approve, block, or otherwise control users' transactions.

A person should not be regulated as a money transmitter merely because that person writes or publishes software, maintains a decentralized protocol, supplies non-custodial tools, or provides infrastructure that allows users to access a blockchain. Financial regulation should follow actual custody and control over customer assets rather than the creation, publication, or maintenance of code.

The Blockchain Regulatory Certainty Act would establish this essential principle by providing that non-controlling developers and service providers are not treated as money-transmitting businesses, or as engaged in money transmission, solely because they develop software, provide users with tools for their own custody, or supply infrastructure supporting a distributed-ledger service.

These protections are especially important for developers of privacy-preserving technologies. Privacy-enhancing cryptography is complex, frequently open source, and often developed collaboratively by individuals and organizations that do not operate a financial intermediary. Subjecting those developers to money-transmitter regulation merely because their software can be used to transfer digital assets would impose obligations that they are technically incapable of performing and would discourage lawful research and development in the United States.

The Blockchain Regulatory Certainty Act does not provide immunity for fraud, custodial financial activity, or criminal conduct. Its protections are appropriately limited to developers and providers that lack unilateral control over users' assets and transactions. The legislation also preserves the application of relevant laws when a person knowingly participates in the transfer of criminal proceeds or engages in conduct outside the scope of protected software-development and infrastructure activities.

This is a sound, function-based allocation of regulatory responsibility. Entities that take custody of customer property or exercise meaningful control over customer transactions should be subject to appropriately tailored obligations. Developers who merely create or maintain tools that allow users to transact on their own behalf should not be treated as though they were custodial intermediaries.

Technology Neutrality and Financial Privacy

As Congress and federal regulators implement a market-structure framework, they should ensure that its protections are applied neutrally to privacy-preserving blockchain protocols.

The use of encryption or privacy-enhancing technology does not transform a network token into a security, nor does it transform a non-controlling software developer into a financial intermediary. Financial privacy is a legitimate interest for individuals and businesses, and privacy-preserving technologies can protect users from identity theft, commercial surveillance, data breaches, and the public disclosure of sensitive financial information.

Any implementing regulations should therefore focus on the functions performed by a person or entity—particularly custody, control, and intermediation—rather than discriminating against a protocol because it offers users stronger privacy protections.

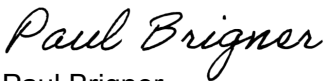
Conclusion

The CLARITY Act represents an important opportunity to replace regulatory uncertainty with clear, durable, and technology-neutral rules for digital-asset markets. For the Zcash ecosystem, its most important contributions include recognition that an underlying network token is legally distinct from any investment-contract transaction involving that token and protection for developers who do not custody user assets or control user transactions.

We urge the Senate to pass the CLARITY Act while preserving these core principles. Any floor amendments or subsequent negotiations should maintain clear non-security treatment for qualifying network tokens, transaction-specific application of the federal securities laws, protections for lawful secondary-market activity, and the full substance of the Blockchain Regulatory Certainty Act.

Thank you for your consideration and for your continued work to establish a responsible regulatory framework that protects consumers, supports open-source innovation, and keeps the development of privacy-preserving financial technology in the United States.

Very Truly Yours,



Paul Brigner
Founder, PGPZ
Chief Policy and Regulatory Officer, ZODL
paul@pgpz.org

On behalf of the undersigned members and supporters of the Zcash ecosystem:

Divij Pandya
Public Policy Advisor, PGPZ
div@pgpz.org

Alex Bornstein
Executive Director, Zcash Foundation

Harry Halpin
CEO, Nym Technologies

Daniel Spuller
(signing in individual capacity)

Jason Schwartz
(signing in individual capacity)