October 5, 2026

Via Electronic Submission

Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Comments on Proposed Regulation Crypto Assets
File No. S7-2026-27

Dear Secretary:

My name is Daniel James Schilz. For two years I tried to build SmoknJoez — a cannabis lifestyle brand with a token, $SMJZ, on the Base network — meant to let ordinary people participate in and share in something real: real products, real operations, not speculation. I funded it myself, out of my own pocket. No investors. No funding. Two years of personal money.

SmoknJoez LLC is dissolved. I write as an individual, because there is no company left to write as.

I am not writing to complain. I am writing because I am the use case. This is what happens with no rulebook: a small operator spends two years and his own money trying to do it right, and the company dies anyway — not from a bad product or no customers, but from operating in a fog where every step might be a violation and no one can say which.

I support the Commission's proposal. It is the first serious attempt to give token projects a lawful path to raise capital and operate in the United States. Given the Senate's failure to advance the CLARITY Act on September 15, 2026, this

rulemaking is now the only moving vehicle for the clarity the industry needs. I urge the Commission to finalize it promptly.

My comments focus on five points, from someone who lived the problem this proposal is meant to solve:

1. The Startup Exemption — keep it workable for actual startups.

The proposed startup exemption — up to $5 million over four years with no financial statement requirements — is the single most important piece of this proposal for people like me. I had no audited financials and could not afford them. If the Commission layers financial-statement or audit requirements onto this exemption in the final rule, it will defeat its own purpose. Please keep the entry point genuinely accessible.

2. The investment contract safe harbor — the "graduation" concept is correct.

The proposal's safe harbor — allowing a token to exit investment-contract status once the issuer's essential managerial efforts are complete or permanently ceased, via self-certification — matches how honest projects actually develop. A token backed by real products and operations should not carry securities obligations forever. I support this framework and ask the Commission to provide concrete guidance on what satisfies "completion" of essential managerial efforts, so small issuers can plan around a clear standard rather than guess at one.

3. Principles-based disclosure — keep it principles-based.

The proposed Rule 103 disclosure framework, organized around topics rather than line items, is the right approach for

token projects. Traditional S-1 style disclosure does not map onto how these businesses operate. I ask only that the final rule resist the temptation to expand the topic list into a de facto line-item regime through guidance. Ten topics is already a full compliance load for a small team.

4. Tokens already outstanding need a transition path.

The proposal appears oriented toward new offerings. But many of us launched tokens years ago — mine around October 2024 (my best recollection) — before any of this guidance existed, in good faith and without enforcement action. The final rule should include an explicit transition provision: a defined window for existing issuers to come into compliance under the new exemptions and safe harbor, without prejudice for pre-rule conduct undertaken in good faith. Punishing the projects that operated transparently while the Commission wrote the rules would be perverse.

5. Finalize without waiting for Congress.

With market-structure legislation stalled indefinitely, the industry cannot wait another Congress for operating clarity. The Commission has the authority to act, and the March 2026 Token Taxonomy shows the analytical groundwork is done. Delay helps no one except the offshore projects that already ignore U.S. law.

If the Commission finalizes these rules, I will rebuild under them — and I will be first in line. Someone has to take the first step.

Respectfully submitted,

Daniel James Schilz

Oakland Park, Florida

Public record: U.S. Securities and Exchange Commission, File No. S7-2026-27 — https://www.sec.gov/comments/S7-2026-27/s7202627-3776707.htm