
September 2025

Champion the States as Fraud-Fighters in the New Federal Market Structure

Background

The Responsible Financial Innovation Act (“RFIA”) dated September 5, 2025, would overhaul the U.S. securities and commodities regulatory frameworks by creating new laws, regulations, and rules for the U.S. Securities and Exchange Commission (“SEC”), the U.S. Commodity Futures Trading Commission (“CFTC”), and state regulators. In doing so, it strips away vital state authorities to combat frauds and protect investors:

- **Directly** through preemption provisions that eliminate critical investor protections.
- **Functionally** by redefining “investment contracts” and reallocating oversight of securities intermediaries away from the states.

Congress has a straightforward solution—Adopt the **Support Anti-Fraud Enforcement (“SAFE”) Act**. The SAFE Act preserves critical state authorities to protect investors and fight fraud.

Harmful Consequences of the RFIA and Why Congress Must Pass the SAFE Act

If enacted without the SAFE Act, the RFIA would harm Main Street investors and retirement savers, drain state budgets, and tilt markets unfairly.

- **Retail Investors Including Retirement Savers**
 - Without the SAFE Act’s preservation of state anti-fraud authority and licensing guardrails, fraudsters would slip through the cracks, leaving victims without restitution.
 - States lead the fight against “pig butchering” scams, Bitcoin ATM schemes, and similar frauds. Removing states from the beat would strip retirees of their strongest fraud fighters at the worst time.
- **State Budgets and Economies**
 - Without the SAFE Act’s protection of state licensing revenues, Section 109(f) would wipe out hundreds of millions of dollars annually that sustain services across state securities, banking, insurance, and small-business development programs.
 - States also would lose restitution recoveries for fraud victims that reduce the victims’ dependence on public subsidies.
- **Fair Markets**
 - Without the SAFE Act’s preservation of state anti-fraud authority and licensing guardrails, the RFIA would tilt regulation toward the digital asset marketplace, harming market participants who use technologies other than blockchain and distributed ledger technologies.
 - Small- and medium-sized firms across the United States also would face significant challenges to remain competitive, risking job losses and firm closures.

The Solution: The Support Anti-Fraud Enforcement (“SAFE”) Act

Congress can address these issues in the RFIA in a straightforward way. Congress can adopt the SAFE Act to ensure that states retain their necessary and tested authorities to fight fraud and foster innovation all across the United States.

The SAFE Act would:

- Preserve the guardrails provided through state licensing requirements for securities broker-dealers, investment advisers, and the individuals who work for them.
- Ensure all securities intermediaries receive fair and equitable regulatory treatment regardless of the technology used in their business.
- Limit the preemption of state registration of digital asset securities to ancillary assets consistent with the purposes of the RFIA.
- Maintain robust investment contract law so that regulators can continue to fight both classic securities frauds and new technology-driven scams.
- Prevent Congress from effectively throwing gasoline on the online scam epidemic ravaging all corners of the United States.
- Codify state anti-fraud authority across securities and commodities markets, ensuring states can investigate and prosecute deceptive, manipulative, or fraudulent conduct.

Request to Communicate Support for the SAFE Act

Promptly communicate to Chair Tim Scott of the U.S. Senate Committee on Banking, Housing, and Urban Affairs and his staff that lawmakers should insert NASAA’s SAFE Act into the RFIA. Messages can be sent to Ammon Simon, Chief Counsel, at ammon_simon@banking.senate.gov.

Conclusion

The RFIA, as written, strips away proven state protections and jeopardizes investors, retirees, state budgets, and fair markets. Congress should adopt the SAFE Act to safeguard Main Street and preserve the nation’s most effective fraud-fighting system.

Should you have questions or seek to review the SAFE Act, please do not hesitate to contact Kristen Hutchens, NASAA’s Director of Policy and Government Affairs, at khutchens@nasaa.org.