



May 27, 2022

VIA EMAIL (rule-comments@sec.gov)

Vanessa Countryman
Secretary
US Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Further Definition of “As a Part of a Regular Business” in the Definition of Dealer and Government Securities Dealer [Release No. 34-94524; File No. S7-12-22]

Dear Ms. Countryman:

The Blockchain Association submits this letter in response to the request for comments by the US Securities and Exchange Commission (“SEC”) with respect to proposed Rule 3a5-4 (“Rule 3a5-4”), which would further define “as a part of a regular business” as used in the statutory definition of “dealer” under Section 3(a)(5) (“Section 3(a)(5)”) of the Securities Exchange Act of 1934 (“Exchange Act”) (“Proposal”).¹

The Blockchain Association is a nonprofit organization dedicated to improving the public policy environment for public blockchain networks so that they can develop and prosper in the United States. We endeavor to educate policymakers, courts, law enforcement, and the public about blockchain technology and the need for regulatory clarity to allow for a more secure, competitive, and innovative digital marketplace. The Association is comprised of over 90 industry leaders who are committed to responsibly developing and supporting public blockchain networks fueled by cryptocurrencies. Our diverse membership reflects the wide range of this dynamic market and includes crypto exchanges, custodians, software developers, early-stage investors, trading firms, and others supporting the crypto ecosystem. The Blockchain Association represents the interests of these various digital asset market participants and supports the priorities of the SEC, including investor protection, the maintenance of fair, orderly, and efficient markets, and the facilitation of capital formation.

The Proposal conflicts with those priorities, and we write to highlight the following concerns. First, the Proposal exceeds the scope of the SEC’s statutory authority under the Exchange Act because it effectively eliminates the statutory “trader” exclusion to the “dealer” definition. Second, the Proposal exacerbates the harmful impact of existing regulatory uncertainty caused by the SEC’s failure to provide adequate guidance regarding the classification of digital assets as securities. Third, the SEC’s promulgation of the Proposal violates statutory rulemaking requirements by eliminating the opportunity for meaningful stakeholder engagement in the rulemaking process, both by providing an insufficient comment period and by offering insufficient analysis relating to the detrimental potential impact of the Proposal on the digital asset sector.

¹ Further Definition of “As a Part of a Regular Business” in the Definition of Dealer and Government Securities Dealer, SEC Release No. 34-94524 (Mar. 28, 2022), 87 Fed. Reg. 23054 (April 18, 2022).

Fourth, adoption of the Proposal would violate the Administrative Procedures Act due to the SEC's inadequate comment period and insufficient cost-benefit analysis.

I. Congress Specifically Included a Trader Exception in the Definition of Dealer

Section 3(a)(5) of the Exchange Act defines “dealer” as “any person engaged in the business of buying and selling securities . . . for such person’s own account through a broker or otherwise.”² Proprietary traders are carved out of this definition by Section 3(a)(5)(B) of the Exchange Act, which excludes “a person that buys or sells securities . . . for such person’s own account, either individually or in a fiduciary capacity, but not as part of a regular business.”³ This statutory exception from the “dealer” definition—recognized by Congress since the inception of the Exchange Act and commonly known as the “trader” exception—has historically been recognized by the SEC in its guidance and has been relied on by market participants. Market participants, such as hedge funds, that (i) buy and sell securities for their own accounts, (ii) do not deal directly with public investors, and (iii) do not otherwise carry on a public securities business have historically claimed this exception and (thus) have not been expected to register as “dealers” in connection with their trading activities.⁴

In its prior guidance, the SEC has set forth various indicia relevant to differentiating a “dealer” from a “trader,” including (among others) whether the firm is carrying an inventory, has regular clientele, quotes the market, buys and sells the same security simultaneously, engages in securities activities that are minor as measured against its other business, holds itself out as willing to buy and sell particular securities on a continual basis, or acts as a *de facto* market maker whereby market professionals or the public look to the firm for liquidity.⁵ While the SEC has stated that the level of a dealer’s activity in securities transactions is usually more than that of

² 15 U.S.C. § 78c(a)(5)(A).

³ 15 U.S.C. § 78c(a)(5)(B).

⁴ See, e.g., Testimony of Richard R. Lindsey, Director, Division of Market Regulation, SEC, before the House Committee on Banking & Financial Services, Concerning Hedge Fund Activities in the U.S. Financial Markets (Oct. 1, 1998) (stating that hedge funds typically rely on the trader exception from broker-dealer registration).

⁵ See, e.g., OTC Derivatives Dealers, Exchange Act Release No. 40594 (Oct. 23, 1998), 63 Fed. Reg. 59,362, 59,370 n.61 (Nov. 3, 1998) (listing dealer indicia in context of over-the-counter [OTC] derivatives dealers); Further Definition of “Swap Dealer,” “Security-Based Swap Dealer,” “Major Swap Participant,” “Major Security-Based Swap Participant” and “Eligible Contract Participant,” Exchange Act Release No. 66868 (Apr. 27, 2012), 77 Fed. Reg. 30,596, 30,607 (May 23, 2012) (discussing dealer-trader distinction in context of security-based swaps); Stephen V. Hart, SEC Staff No-Action Letter (Mar. 6, 1980); Public Securities Locating Services, SEC Staff No-Action Letter (Sept. 8, 1973); United Trust Company, SEC Staff No-Action Letter (Sept. 6, 1978); Continental Grain Company, SEC Staff No-Action Letter (Nov. 6, 1987); Burton Securities, SEC Staff No-Action Letter (Dec. 5, 1977); United States Savings Association of Texas, SEC Staff No-Action Letter (Apr. 12, 1987); Fairfield Trading Corp., SEC Staff No-Action Letter (Jan. 10, 1988); Louis Dreyfus Corp., SEC Staff No-Action Letter (July 23, 1987).

an active trader,⁶ it has also noted that the level of a firm’s activity with respect to securities is not a measure of whether the firm is “engaged in the business” of buying and selling securities.⁷

The SEC explored the trader/dealer distinction in its 2002 proposal to grant banks exceptions and exemptions from the definitions of “broker” and “dealer” as part of the its implementation of the Gramm-Leach-Bliley Act of 1999 (“2002 Bank Exemptions Proposal”). There, the SEC identified dealers as distinct from traders because the former engaged in specific types of market activities: acting as an underwriter in the distribution of new issues; acting as a market maker or specialist on an organized exchange or trading system; acting as a *de facto* market maker whereby market professionals or the public look to the person for liquidity; and buying and selling securities directly to customers, while providing them an assortment of professional market activities, including investment advice, extending credit, lending securities in connection with transactions, and carrying a customer’s securities account.⁸ By comparison, the SEC identified the following characteristics of traders: having less regular volume, not handling other people’s money or securities, not making a market in securities, and not furnishing dealer-type services.⁹

The SEC also endorsed the trader/dealer distinction in connection with the definition of “security-based swap dealer” to implement the provisions of the Dodd-Frank Act. That definition provides that security-based swap activity between majority-owned affiliates does not constitute “dealing” and therefore does not trigger a security-based swap dealer registration requirement. The SEC stated that, given the parallels between the way “security-based swap dealer” and “dealer” are defined, analogous interpretative positions are warranted.¹⁰

II. There is Inadequate Guidance on the Application of Securities Laws to Digital Assets

The SEC’s guidance on digital assets and digital industry remains ambiguous and generally insufficient in providing clarity to digital asset market participants.

The question of when a digital asset constitutes a security remains unclear despite comments made and actions taken by the SEC. The SEC has taken the position that certain token

⁶ See *SEC v. Ridenour*, 913 F.2d 515 (8th Cir. 1990)

⁷ See *United Trust Co. (Morris, Larson, King)*, SEC Denial of No-Action Request (Sept. 6, 1978) (“While the volume of such municipal securities activity appears to have been low, the level of a firm’s activity with respect to municipal securities is not the measure of whether it is ‘engaged in the business’ of buying and selling municipal securities for its own account. The Company’s apparent willingness to continue to engage in such municipal securities activity when requested to do so by customers suggests that the Company is ‘engaged in the business.’”).

⁸ See Definition of Terms in and Specific Exemption for Banks, Savings Associations, and Savings Banks Under Sections 3(a)(4) and 3(a)(5) of the Securities Exchange Act of 1934, Exchange Act Release No. 46745 (Oct. 30, 2002), 67 Fed. Reg. 67,496, 67,498–500 (Nov. 5, 2002).

⁹ *Id.* at 67498–500.

¹⁰ Further Definition of “Swap Dealer,” “Security-Based Swap Dealer,” “Major Swap Participant,” “Major Security-Based Swap Participant” and “Eligible Contract Participant,” Exchange Act Release No. 66868 (Apr. 27, 2012), 77 Fed. Reg. 30,596, 30,607 (May 23, 2012) (discussing dealer-trader distinction in context of security-based swaps)

transactions can qualify as securities transactions and, thus, those token issuers are required to register the token under the Securities Act of 1933 (“Securities Act”).¹¹ SEC staff have also issued a “Framework for ‘Investment Contract’ Analysis,” which sets forth many factors relevant to the analysis of whether a digital asset constitutes an “investment contract,” a type of security.¹² However, William Hinman, former Director of the SEC’s Division of Corporation Finance, emphasized that digital assets need not always be securities and that digital assets on a sufficiently decentralized network, which do not otherwise have the indicia of securities transactions, do not give rise to the public policy concern of informational asymmetries between an investor and issuer and, consequently, may not trigger the application of US securities laws.¹³ With a lack of clear guidance and messaging, there remains great uncertainty regarding how one determines a token’s status as a security. In fact, the SEC has set forth no practical framework despite numerous calls from industry participants, academics, and SEC Commissioners.¹⁴

Even if certain digital assets are to be deemed securities, the SEC has provided no type of definitive guidance about how this dynamic, innovative, and fast-growing sector can comply with the various requirements of the securities laws, which were designed for the traditional securities markets—markets that are different from the digital asset sector, at least in certain aspects, such as with respect to intermediation and custody. It is into this murky regulatory environment that the SEC introduces the Proposal, which as discussed below, could have material, detrimental effects on traders of digital assets and liquidity providers on digital asset protocols.

III. The Proposal Exceeds the SEC’s Statutory Authority and Contradicts Prior SEC Guidance

Rule 3a5-4 would allow the “as part of a regular business” section of the “dealer” definition to be satisfied by meeting one of three *qualitative* standards that “has the effect of providing liquidity to other market participants,” even if that effect is unintended.¹⁵ These qualitative standards would be: (i) routinely making roughly comparable purchases and sales of the same or substantially similar securities in a day; (ii) routinely expressing trading interests at or near the best available prices on both sides of the market and that are communicated and represented in a way that makes them accessible to other market participants; or (iii) earning revenue mainly from capturing bid-ask spreads, by buying at the bid and selling at the offer, or

¹¹ See, e.g., SEC Release No. 34-81207, Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO, 17-18 (July 25, 2017), <https://www.sec.gov/litigation/investreport/34-81207.pdf>; In re Munchee Inc., Order Instituting Cease-and-Desist Proceedings pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order, SEC Administrative Proceeding File No. 3-18304 (Dec. 11, 2017), <https://www.sec.gov/litigation/admin/2017/33-10445.pdf>.

¹² SEC, Framework for “Investment Contract” Analysis of Digital Assets (2019), <https://www.sec.gov/corpfin/framework-investment-contract-analysis-digital-assets>.

¹³ See William Hinman, Dir., Div. Corp. Fin., Sec. & Exch. Comm’n, Digital Asset Transactions: When Howey Met Gary (Plastic) (June 14, 2018), <https://www.sec.gov/news/speech/speech-hinman-061418>

¹⁴ See, e.g., Hester M. Peirce, Running on Empty: A Proposal to Fill the Gap Between Regulation and Decentralization (Feb. 6, 2020), <https://www.sec.gov/news/speech/peirce-remarksblockress-2020-02-06>.

¹⁵ Proposal at 47 n.131.

from capturing any incentives offered by trading venues to liquidity supplying trading interests.¹⁶ These standards would be non-exhaustive, meaning a person could still qualify as a dealer even if that person does not satisfy these qualitative standards.

Adopting these expansive standards would effectively eviscerate the statutory “trader” exclusion to the “dealer” definition, which is integral to the definition passed by Congress, and thus would exceed the SEC’s authority. The Proposal would discard the nuanced regulatory framework developed by the SEC over decades through its no-action letters and various releases and pull the rug from under the numerous securities industry participants that have relied on this historic distinction in positioning their businesses. Adopting these expansive standards would contradict the SEC’s endorsement of the “trader” exception in the 2002 Bank Exemptions Proposal and, most recently in its 2012 adopting release, its adoption of the “security-based swap dealer” definition.¹⁷

The SEC fails to reconcile the Proposal with its previous statements that the level of a person’s securities activities is not the measure of whether a person is “engaged in the business” of dealing.¹⁸ Two of the qualitative standards laid out in the Proposal are qualified by “routinely,” which the SEC states as “relat[ing] to the frequency with which a person engages in” purchases and sales of securities. The use of “routinely” is in direct tension with the existing dealer/trader framework, which does not recognize the level of a person’s securities activities as a definitive delineating factor. While the SEC certainly may “fill up the details” of the securities laws through rulemaking,¹⁹ the Proposal far exceeds the bounds of its authority.

IV. If Adopted, the Proposal Would Violate the Administrative Procedure Act

The Administrative Procedure Act, 5 U.S.C. §§ 551–559, requires that a “reviewing court . . . hold unlawful and set aside agency action, findings and conclusions” that are “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law.”²⁰ Under *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*,²¹ agency interpretations of a statute that the agency administers are not entitled to deference when the statute is unambiguous or the interpretation is unreasonable.²²

¹⁶ Proposal at 190.

¹⁷ See discussion in Section I above.

¹⁸ See United Trust Company, SEC Staff No-Action Letter, (“While the volume of such municipal securities activities appears to have been low, the level of a firm’s activities with respect to municipal securities is not the measure of whether it is ‘engaged in the business’ of buying and selling securities for its own account.”).

¹⁹ See *Gundy v. United States*, 139 S. Ct. 2116, 2136-37 (2019) (Gorsuch, J., dissenting); see also *Jarkesy v. SEC*, 2022 WL 1563613, at *8-11 (5th Cir. May 18, 2022) (invalidating the SEC’s exercise of legislative power as unconstitutional under the nondelegation doctrine).

²⁰ 5 U.S.C. § 706(2)(A); see also *Motor Vehicle Mfrs. Ass’n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 42-43 (1983).

²¹ 467 U.S. 837 (1984).

²² See *id.* at 842-44.

Agency rulemaking is “arbitrary and capricious if the agency has relied on factors which Congress has not intended it to consider, entirely failed to consider an important aspect of the problem, offered an explanation for its decision that runs counter to the evidence before the agency, or is so implausible that it could not be ascribed to a difference in view or the product of agency expertise.”²³ An agency must adequately consider all aspects of a rule and “offer the rational connection between facts and judgment required to pass muster under the arbitrary and capricious standard.”²⁴

A. Lack of Adequate Comment Period

The Administrative Procedure Act requires that an agency consider “relevant matter presented” during the notice and comment period,²⁵ including “comments which, if true, raise points relevant to the agency’s decision and which . . . cast doubt on the reasonableness of a position taken by the agency.”²⁶ To satisfy this requirement, an agency must “ensure that the public has a meaningful opportunity to participate in the regulatory comment process,” which includes ensuring “that commenters have sufficient time to submit their comments.”²⁷

Because of the substantial uncertainty around whether individual digital assets are securities, the Proposal could cause widespread disruption as it could subject digital asset market participants to substantial regulation as well as significant and unprecedented industry-wide regulatory compliance burdens. These burdens could have a chilling effect on market participants which could negatively impact liquidity and price discovery in digital asset markets.

Sixty days after the release of the proposal is insufficient time to analyze the appropriateness of such a major change with potentially massive impacts, such as eliminating the statutory dealer/trader distinction. This is especially true given the SEC’s failure to include or even mention decentralized finance protocols, or digital asset protocols more generally, and the effect of the Proposal thereon in its economic impact analysis. Sixty days is insufficient time both to perform this analysis and to consider and comment on the Proposal comprehensively. Indeed, in connection with its recent “exchange” definition proposal, which could have similarly massive

²³ *Motor Vehicle Mfrs. Ass’n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983).

²⁴ *Id.* at 56–57 (finding a National Highway Traffic Safety Administration rule revoking seatbelt requirements arbitrary and capricious because it “fail[ed] to analyze the continuous seatbelts in its own right” and “failed to offer any explanation why a continuous passive belt would engender the same adverse public reaction as the ignition interlock” where “every indication in the record point[ed] the other way” because “it is the agency’s responsibility . . . to explain its decision”).

²⁵ 5 U.S.C. § 533(b); see also *Perez v. Mortgage Bankers Ass’n*, 575 U.S. 92, 96 (2015) (“An agency must consider and respond to significant comments received during the period for public comment.”) (citing *Citizens to Preserve Overton Park, Inc. v. Volpe*, 401 U.S. 402, 416 (1971)).

²⁶ *Home Box Office, Inc. v. F.C.C.*, 567 F.2d 9, 36 n. 58 (1977).

²⁷ US Senate Permanent Subcommittee on Investigations, *Abuses of the Federal Notice-And-Comment Rulemaking Process* at 8 (Oct. 22, 2019) (<https://www.hsgac.senate.gov/imo/media/doc/2019-10-24%20PSI%20Staff%20Report%20-%20Abuses%20of%20the%20Federal%20Notice-and-Comment%20Rulemaking%20Process.pdf>) (citing Exec. Order No. 12,866, 3 C.F.R. 638 (1993) (stating that a “meaningful opportunity to comment on any proposed regulation . . . should include a comment period of not less than 60 days”).

effects on the digital asset sector, the SEC seems to acknowledge that even 82 days after the release of the proposal was an insufficient comment period, as it recently reopened the comment period.²⁸

B. Insufficient Cost-Benefit Analysis

Agencies must further “assess both the costs and the benefits of [an] intended regulation,” “propose or adopt a regulation only upon a reasoned determination that the benefits of the intended regulation justify its costs,” and make decisions based on “the best reasonably obtainable scientific, technical, economic, and other information concerning the need for, and consequences of, the intended regulation.”²⁹ The burden is higher for “significant regulatory action,” which is defined in part as “any regulatory action that is likely to result in a rule that may . . . [h]ave an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities,” as well as rules that may “[r]aise novel legal or policy issues.”³⁰

The SEC focuses the Proposal’s cost-benefit analysis solely on the traditional securities markets and disregards economic effects on the digital assets markets. The discussion is generally limited to proprietary trading firms and private funds that operate in the traditional securities markets, with no mention of traders and liquidity providers in the digital asset sector. Not only is the cost-benefit analysis section insufficient by not mentioning digital assets, it relies on incomplete data and unsupported assumptions to estimate the costs to the traditional securities markets and market participants.

According to the analysis, for a market participant that is not currently registered as a dealer, the estimated cost to register with the SEC as a dealer and become a member of a self-regulatory organization such as FINRA would be \$600,000, and it would incur \$265,000 annually to comply with the associated dealer regulations. The analysis underestimates the costs, as these numbers reflect the lower range of costs even for small, unsophisticated market participants with low trading volume. The costs for a mid-size or large entity, with many offices and employees that would need to register with FINRA and which engage in high trading volume, would be significantly higher. Moreover, registration and compliance with dealer regulations are burdensome, and the potential need to register could alter how currently unregistered proprietary trading firms and private funds participate in the traditional securities markets. This, in turn, could negatively impact market stability, liquidity, and price discovery. And then there are the significant delays that firms are now experiencing when seeking to register as broker-dealers to engage with digital assets. The existing timeline for obtaining the requisite approvals is at least

²⁸ The “exchange” definition proposal was released on January 26, 2022 and the comment period ended on April 18, 2022. See Reopening of Comment Periods for “Private Fund Advisers; Documentation of Registered Investment Advisers Compliance Reviews” and “Amendments Regarding the Definition of ‘Exchange’ and Alternative Trading Systems (ATSs) That Trade U.S. Treasury and Agency Securities, National Market System (NMS) Stocks, and Other Securities,” Release Nos. 34-94868 (May 9, 2022).

²⁹ Exec. Order No. 12,866, 3 C.F.R. 638 (1993)

³⁰ Id.

several multiples of traditional securities registrations, and accordingly, more costly.³¹ The Proposal quantifies none of these chilling effects and costly burdens, which could far exceed the compliance costs cited in the Proposal.

The analysis only briefly mentions that market participants would incur costs related to self-evaluation of whether their activity satisfies one of the qualitative standards in the Proposal,³² as (of course) the qualitative standards in Rule 3a5-4 are subject to interpretation. For example, regarding the first enumerated pattern of activity that would constitute buying and selling securities “as a part of a regular business,” “routinely making roughly comparable purchases and sales of the same or substantially similar securities in a day,” the SEC states that “routinely” means “more frequent than occasional but not necessarily continuous.” It is unclear what volume of trading would be deemed to be more frequent than occasional. The SEC also notes that determining whether securities are “substantially similar” would entail a totality of the facts analysis taking into account certain factors;³³ it then lists examples of purchases and sales that are and are not “substantially similar,” reflecting the fact that market participants will likely incur significant legal costs to determine whether their activities fall within the scope of this qualitative standard.

As to the second qualitative standard, the phrase “communicated and represented in a way that makes them accessible to other market participants” is open to interpretation, and the SEC fails to clarify in the Proposal. The Proposal’s singular focus on market effects, regardless of intent, would likely cause more uncertainty for market participants when self-evaluating; this could chill legitimate trading strategies that contribute to market efficiencies in liquidity and price discovery. In fact, the vague and ambiguous language of these standards would leave market participants exposed to *post hoc* second-guessing and “gotcha” enforcement actions. The SEC disregards the costs that would accompany self-evaluation of activity in the face of standards open to interpretation. Such potential self-evaluation costs are compounded for digital asset traders and liquidity providers given the general uncertainties regarding how securities laws should be applied to digital asset market participants.

For the third qualitative standard, digital asset market participants would need to determine whether decentralized protocols constitute “trading venues” as defined under the SEC’s recent proposal on the definition of “exchange.” There is only one mention of digital assets in the Proposal in Footnote 36, which states that the proposed rules “would apply to securities . . . including any digital asset that is a security . . .”, and yet, there is no mention of digital assets in the cost-benefit analysis. Given the general lack of guidance and regulatory infrastructure addressing digital asset markets, the registration and compliance costs for digital asset market participants would likely be much higher than the \$600,000 and \$265,000 figures in the Proposal. That the SEC must first clarify the threshold question of whether digital assets constitute securities is evident throughout the Proposal. Digital asset market participants are accruing and will accrue costs in analyzing this threshold question. Given the differences

³¹ It would be the height of hypocrisy for the SEC to ignore the clear barrier to registration it has placed in the way of broker-dealers to engage with digital assets while requiring more market participants to so register. As a result, the Proposal should adequately address the SEC’s approach to ensure an appropriate and timely process for market participants seeking to register under the Proposal.

³² Proposal at 135.

³³ Proposal at 51.

between trading on digital asset exchanges and traditional, intermediated securities markets, it is unclear how digital asset traders would proceed in registering as broker-dealers or in achieving compliance with regulatory requirements applicable to broker-dealers.

The Proposal's failure to address features specific to the digital asset sector is evident in the SEC's discussion of economic benefits. For example, the SEC states that the Proposal would help reduce the externalities related to defaults and disorderly trading because it would subject more market participants to the net capital requirements of Exchange Act Rule 15c3-1. This purported benefit does not necessarily carry over to decentralized protocols, as leverage constraints may be built into the smart contracts underlying the protocols. That is, there may be a more efficient way to achieve any related benefits than those presented by the Proposal. The Proposal's approach of painting the digital assets market with the same brush used for the traditional securities market is flawed and will stifle innovation and competition in the nascent digital assets industry. A failure to consider and analyze these consequences in connection with the Proposal conflicts with the requirements of the Administrative Procedure Act.

* * *

The goals of the Blockchain Association and the SEC are aligned in seeking operational transparency and fair access, and we encourage the SEC to revise its Proposal to ensure clear and transparent regulatory oversight in this novel and innovative space. To that end, we appreciate the opportunity to provide comments with respect to this important rule-making. The staff of the Blockchain Association and our counsel are available to meet and discuss these matters with the SEC and to respond to any questions.

Respectfully submitted,



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Executive Director



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cc: Benjamin Naftalis
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