



United States House of Representatives  
One Hundred Eighteenth Congress  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

April 18, 2023

The Honorable Gary Gensler  
Chair  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, D.C. 20549

Dear Chair Gensler:

We write regarding the Securities and Exchange Commission's (SEC) approach to the digital asset ecosystem under your tenure. To date, the SEC has forced digital asset market participants into regulatory frameworks that are neither compatible with the underlying technology nor applicable because the firms' activities do not involve an offering of securities. Both approaches hamper the digital asset ecosystem's ability to realize the unique benefits the new technology offers, which harms consumers, investors, and the economy as a whole.

As Chair, you have acknowledged that digital asset trading platforms do not perfectly fit under existing laws and regulations. You have been outspoken in your push for digital asset trading platforms to "come in and register" under the national securities exchange (NSE) framework. Yet, at the same time, you have failed to provide a path that allows digital asset trading platforms to register. As you know, many digital assets are developed for the purpose of being used within a developing system, are capable of being used in non-securities transactions, and are meant to be consumed and used in the protocol for which it was designed. Existing regulations under the NSE framework do not contemplate these features.

Given an NSE can only list securities that have been offered in compliance with the securities laws, the inability to register makes the current NSE framework ill-suited for digital asset trading platforms. Moreover, the lack of clarity provided by the SEC as to what digital assets are considered securities also limits what an NSE can list. It is not clear whether a NSE could list non-securities assets even if such assets were otherwise in compliance with the law.

Without clear rules of the road, your push for firms to "come in and register" is a willful misrepresentation of the SEC's non-existent registration process. The only entity to blame for the lack of registrants is the SEC itself. The SEC should take this opportunity to work with Congress to ensure innovators and investors have the regulatory clarity and protections that they deserve.

We look forward to continuing our discussion on these critical issues.

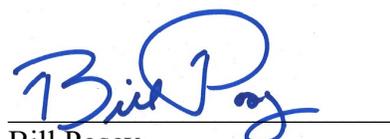
Sincerely,

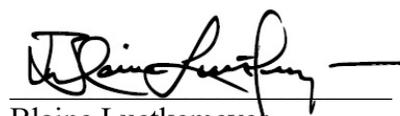
  
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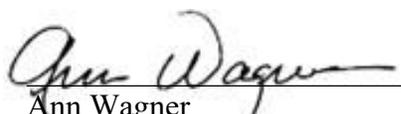
  
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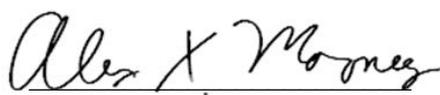
  
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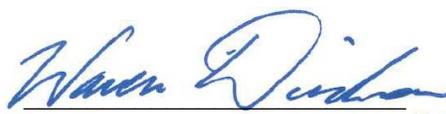
  
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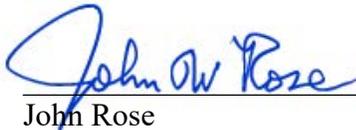
  
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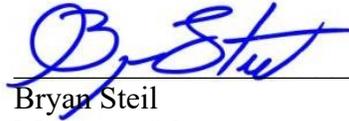
  
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