



Via electronic submission to rule-comments@sec.gov

April 18, 2022
Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Proposed Rule on 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, RIN 3235–AM45

Dear Ms. Countryman:

Thank you for the opportunity to comment on the U.S. Securities and Exchange Commission’s (the **Commission**’s) proposed rule (the **Proposed Rule**) on amendments to Rule 3b–16 under the Securities Exchange Act of 1934 (the **Exchange Act**) regarding the definition of “exchange” and alternative trading systems (ATSs).¹ Coinbase Global, Inc. (**Coinbase**) commends the Commission on its continued efforts to promote operational transparency and investor protection in the securities markets.

Executive Summary

As a leader in the digital asset market, Coinbase wants the marketplace to be open, fair, and governed by smart regulation, which is essential to the wider adoption of digital assets, including those that may be deemed to be securities (**digital asset securities**). Coinbase started in 2012 with the radical idea that anyone, anywhere, should be able to easily and securely send and receive Bitcoin, the first digital asset. Coinbase built a trusted platform for accessing Bitcoin and the broader digital asset economy by reducing the complexity of buying and selling through a simple and intuitive user experience. Today, Coinbase is a leading provider of end-to-end financial infrastructure and technology for the crypto economy. Coinbase’s platform enables more than 89 million verified users, 11,000 institutions, and 210,000 ecosystem partners in more than 100 countries to participate in the digital assets economy. Although Coinbase does not currently trade or facilitate trading in digital assets that are securities, and the Proposed Rule would only affect the trading of digital assets that are securities, Coinbase supports ongoing and future consideration by the Commission of the Exchange Act’s applicability to digital asset securities, which have different characteristics and pose different challenges from other asset classes.

The Proposed Rule and related release make no express mention of digital assets, and do not put the public on notice of any potential future changes in regulatory approach regarding such assets, as is required under the law. Moreover, were any final rule to purport to regulate digital assets that are securities, this effort would not be a logical outgrowth of the Proposed Rule as drafted—violating another well-settled legal requirement.² Nevertheless, given the extraordinary breadth and generality of the proposed new definition of exchange, many market participants have raised questions out of an abundance of caution about potential implications for communication protocols, such as decentralized exchanges (**DEXes**), that facilitate the trading of digital assets, to the extent those digital assets are securities.

¹ 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, 87 Fed. Reg. 15496 (Mar. 18, 2022).

² See, e.g., *Chocolate Mfrs. Ass’n of U.S. v. Block*, 755 F.2d 1098, 1104–05 (4th Cir. 1985).

This comment letter will focus on only three points pertaining to the Proposed Rule:

First, the Proposed Rule's expansion of the definition of "exchange" to encompass communication protocols is exceedingly broad, reaching beyond the limits of the statutory definition established by the Exchange Act, which could not be saved by any viable theory of regulatory deference.

Second, to the extent the Commission intends to apply the Proposed Rule to digital asset securities and DEXes, the Proposed Rule does not give the public any notice of the specifics of any such application, much less of the legal and policy rationale for such a sweeping change. It is therefore unsurprising that the Proposed Rule also does not demonstrate a sufficiently robust economic analysis of any such change that would be consistent with what is required by statute and case law and envisioned by the Commission's internal standards.

Third, should the Commission intend the Proposed Rule to cover digital asset securities and DEXes, the Commission would need to consider and clarify how such systems, in light of their idiosyncratic features and challenges, would be able to comply with the requirements imposed by the Proposed Rule. It would be appropriate, and indeed required under basic administrative law principles, for the Commission to notify the public, and solicit public comment on the specifics of these issues, before proceeding to issue a final rule bringing about such a sweeping change.

I. **Statutory Authority for Amending Definition of "Exchange" to Apply to Communication Protocol Systems**

First, setting aside the question of the Proposed Rule's applicability to digital asset securities, there is a preliminary question of whether the Commission has the statutory authority to re-interpret the term "exchange" in the manner proposed. Namely, the Proposed Rule, among other things, significantly expands Rule 3b-16's definition of "exchange" to encompass systems that do not themselves match or execute trades, such as "communication protocols" or as the proposing release refers to them, "Communication Protocol Systems." Although the text of the Proposed Rule does not define the term "communication protocols," the accompanying release notes that a Communication Protocol System includes "a system that offers protocols and the use of non-firm trading interest to bring together buyers and sellers of securities"³ and provides a "non-exhaustive list" of common examples.⁴ However, it does not follow through with providing a formal, self-contained definition. Even though determinations "would depend on the particular facts and circumstances of each system," the Proposed Rule already announces that, "as proposed, the Commission would take an expansive view of what would constitute 'communication protocols' under this prong of Rule 3b-16(a)."⁵

While the Commission could certainly adopt rules to interpret, and even re-interpret, ambiguous statutory terms, that authority is limited to circumstances where genuine ambiguity exists, and to interpretations that Congress could have intended.⁶ In the Exchange Act, Congress defined "exchange" as:

any organization, association, or group of persons, whether incorporated or unincorporated, which constitutes, maintains, or provides a market place or facilities for bringing together purchasers and sellers of securities or for otherwise performing with respect to securities the functions commonly performed by a stock exchange as that term is generally understood, and includes the market place and the market facilities maintained by such exchange.⁷

³ 87 Fed. Reg. at 15497 n.5.

⁴ *Id.* at 15500. *See also id.* at 15594-95.

⁵ *Id.* at 15507.

⁶ *See, e.g., Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985) ("Statutory construction must begin with the language employed by Congress and the assumption that the ordinary meaning of that language accurately expresses the legislative purpose."); *Fin. Planning Ass'n v. S.E.C.*, 482 F.3d 481, 487 (D.C. Cir. 2007) (explaining, under *Chevron* step two, that even where statute is silent or ambiguous, courts must evaluate whether agency has adopted "a permissible construction of the statute," and vacating rule where Commission "has exceeded its authority in promulgating" it); *Goldstein v. S.E.C.*, 451 F.3d 873, 881 (D.C. Cir. 2006) (vacating Commission rule, which equated "clients" with "investors" for purposes of statutory exemption, because Commission's interpretation was unreasonable in light of statutory text and purpose).

⁷ Exchange Act § 3(a)(1).

While the Exchange Act defines the term “exchange” to include the concept of an organization or group of persons that “bring[s] together purchasers and sellers of securities,” the Commission has taken the position, and the Seventh Circuit agreed, that the statutory definition is limited to an organization that “otherwise perform[s] with respect to securities the functions commonly performed by a stock exchange *as that term is generally understood*.”⁸

The Commission’s proposed expansion of the definition to include Communication Protocol Systems that do not themselves engage in order execution clearly ventures beyond the scope of the statutory definition. Indeed the language of the Proposed Rule is so broad that the Commission needed to clarify that certain “systems that passively display trading interest” such as “bulletin boards” and “systems that provide general connectivity” such as “utilities or electronic web chat providers,” would not be covered, even though technically within the scope of the language of the Proposed Rule.⁹ That the Commission felt the need to explicitly exclude platforms that are so clearly outside the definition of an “exchange” reveals the Proposed Rule’s vague and all-encompassing grasp. When the Commission seeks to interpret statutory terms, it must stay within statutory limits, and it must provide sufficient clarity to give market participants notice of what will fall within its rules.

Even with the modest clarification to exclude utilities and chat providers, there are still many mechanisms that could be captured as exchanges by the Proposed Rule even though they are not “generally understood” to be stock exchanges.¹⁰ The Proposed Rule acknowledges that, traditionally, exchanges have been generally understood as “us[ing] established, non-discretionary methods” for order execution.¹¹ Nonetheless, the Proposed Rule would enlarge the definition of “exchange” to include the term “communication protocols,” the scope of which is so broad and vague as to potentially engulf any number of intuitively non-exchange functions. But the Commission’s discretion in interpreting the statutory language is constrained by the statutory language itself—the Commission cannot cause platforms not “generally understood” to be conducting “functions commonly performed by a stock exchange” to become exchanges by reinterpreting another part of the statutory definition.¹² While the concept of what is “generally understood” is not time-locked to 1934, the Commission must still show that such systems have become generally understood to be performing stock exchange functions in 2022.¹³ We believe that, even in 2022, the core function of a stock exchange is still generally understood to involve executing orders, not merely facilitating communications.

Perhaps the reason the Commission did not examine whether its proposed expansion of the scope of the term “exchange” was actually within the statutory limits of that term is because it does not expect many of the systems captured by that expansion to operate or become regulated as national securities exchanges. It appears that, in practice, the Commission seeks to regulate Communication Protocol Systems

⁸ *Id.* (emphasis added); *Board of Trade of City of Chicago v. S.E.C.*, 923 F.2d 1270, 1272 (7th Cir. 1991) (“Unless the petitioners can be permitted to add their own punctuation to the statute, we do not think that their reading is any more persuasive, even at the literal level, than the Commission’s reading, which places the provision of a marketplace or of other facilities for bringing securities traders together among those functions performed by a stock exchange as the term is generally understood, and *thus subjects ‘provid[ing] a market place or facilities’ to the qualifying force of ‘generally understood.’*” (emphasis added)).

⁹ 87 Fed. Reg. at 15502 n.72, 15507–508.

¹⁰ In 1998, the Commission, in adopting the existing Rule 3b-16, modified its view of the scope of what it believed was “generally understood” to be operating as a stock exchange. In adopting this rule, however, the Commission assumed that in order to meet the statutory definition, the system must be “generally understood” to be performing stock exchange functions and anchored that rulemaking explicitly within the statutory definition. See Regulation of Exchanges and Alternative Trading Systems, 63 Fed. Reg. 70844 (Dec. 22, 1998) (noting that the proposing release “sought comment on whether the proposed definition captures the fundamental features of an exchange as that term is generally understood today” and that the Commission believed that the Nasdaq system, at that time, “perform[ed] what today is generally understood to be the functions commonly performed by a stock exchange”). By contrast, in proposing to amend Rule 3b-16 now, the Commission provides no analysis as to whether Communication Protocol Systems have become “generally understood” in 2022 to be performing “stock exchange functions.”

¹¹ *Id.* at 15499–500.

¹² See *Lamie v. U.S. Tr.*, 540 U.S. 526, 538 (2004) (finding an agency may not simply “read an absent word into the statute.”); see also *Am. Bankers Ass’n v. S.E.C.*, 804 F.2d 739, 755 (D.C. Cir. 1986) (vacating rule requiring registration of certain banks as broker-dealers, notwithstanding Exchange Act’s exclusion of banks from definitions of broker and dealer, because “all of the SEC’s efforts to avoid the ‘plain meaning’ of the [Exchange Act’s] definitions of ‘broker,’ ‘dealer’ and ‘bank’ fail[ed],” and rule therefore would contravene “a basic decision by Congress on how to allocate responsibility among different federal agencies for regulating financial institutions and markets.”).

¹³ See *Am. Bankers Ass’n*, 804 F.2d at 754 (rejecting argument that changes in “factual ‘context’ [may] actually ‘require[.]’ deviation from [a] statutory definition” because it would be “too big a step” to allow Commission to redefine statutory terms on that basis).

as broker-dealer-operated ATSS rather than national securities exchanges. Aware of the comparatively high regulatory costs accompanying registration as an exchange, “the Commission expects that many Communication Protocol Systems would not elect to register as an exchange but instead would register as a broker-dealer and comply with Regulation ATS.”¹⁴ Consequently, “[b]y amending Exchange Act Rule 3b-16 to include Communication Protocol Systems within the definition of exchange and ending the exemption for Government Securities ATSS, the proposed amendments would *functionally apply Regulation ATS to an additional number of entities not currently regulated by it.*”¹⁵ In analyzing the economic cost and paperwork requirements of the proposal, the Commission similarly only considered the costs of broker-dealers becoming subject to Regulation ATS, and does not consider those for Form 1—the form used to register as a national securities exchange—or other requirements applicable to national securities exchanges.¹⁶

To the extent the Commission aims to subject broker-dealers operating Communication Protocol Systems to additional regulation, it should propose a new rule that is limited to such entities and regulate these activities directly and more appropriately as broker-dealer functions. To be subject to such regulation, a system would *first* need to be operating as a broker or dealer, as those terms are currently understood, and *also* be operating as a Communication Protocol System. However, in its current form, the Proposed Rule takes the roundabout path of first seeking to capture Communication Protocol Systems in an inappropriately expanded definition of “exchange,” whether or not they are broker-dealers, and subsequently requiring them to rely on the exemption for ATSS.

It bears mentioning, moreover, that no viable theory of agency deference would save the Commission’s effort to grant itself such broad authority through this Proposed Rule. For starters, an agency may not simply “wave the ambiguity flag” in support of a claim for deference; the ambiguity must be “genuine[,]” which it is not here.¹⁷ In addition, an agency may not rely on “vague terms” to “alter the fundamental details” of a regulatory framework that Congress set forth.¹⁸ We are entitled to “expect Congress to speak clearly when authorizing an agency to exercise powers of vast economic and political significance,”¹⁹ and for an agency to speak just as clearly when exercising that authority.

The language of the Proposed Rule would grant the Commission the authority, for the first time ever, to regulate as an exchange an entity that cannot execute an order or even observe trading behavior. In the almost ninety years since enacting the Exchange Act, Congress has given no indication that it subscribes, or ever contemplated, such a novel definition of “exchange,” despite revisiting the Exchange Act many times. And where its authority over Communication Protocol Systems ends—and what specifically is covered—the Commission never says.

One would expect, had Congress intended to grant the Commission such authority, it would have said so explicitly, or at least suggested as much in the nearly ninety years since the statute was passed. And one would expect, had the Commission nonetheless intended to grant itself such authority against the backdrop of Congressional silence, the Commission would say so explicitly. The law requires no less. As the Court “expect[s] Congress to speak clearly when authorizing an agency to exercise powers of vast economic and political significance,”²⁰ the Commission thus cannot rely on any conceivable theory of deference to save its sweeping interpretations here, were they to be incorporated into a final rule.²¹

¹⁴ 87 Fed. Reg. at 15618.

¹⁵ *Id.* at 15593–94 (emphasis added).

¹⁶ *See id.* at 15594; *id.* at 15583–84 (analyzing only Regulation ATS and other rules applicable to ATSS, not exchanges).

¹⁷ *Kisor v. Wilkie*, 139 S.Ct. 2400, 2415 (2019).

¹⁸ *Whitman v. American Trucking Ass’n*, 531 U.S. 457, 468 (2001).

¹⁹ *Alabama Association of Realtors v. Dept. of HHS*, 141 S.Ct. 2485, 2489 (2021) (per curiam) (citations omitted).

²⁰ *Id.*

²¹ *Id.*

II. The Proposed Rule Fails to Provide Proper Notice or Sufficient Economic Analysis as to Decentralized Exchanges

Second, many commenters have read the Proposed Rule—and its expanded definition of “exchange” to include Communication Protocol Systems—as potentially applying to or even targeting decentralized finance, and in particular, DEXes. The Commission cannot adopt a new rule that would immediately have an impact on an existing marketplace *sub silentio* without considering the impact of that rule, including the economic impact, on the existing market.²² Despite spanning over 600 pages, the Proposed Rule, including the economic analysis, contains no such discussion with regard to digital asset securities or DEXes.

If the Commission’s unstated expectation is that the Proposed Rule would apply to digital asset securities and DEXes, the terms of the Proposed Rule are too narrow to offer the public the notice and opportunity to comment on this application as required under the Administrative Procedure Act (the **APA**). The APA requires the Commission to “provide sufficient factual detail and rationale” about the Proposed Rule to “permit interested parties to comment meaningfully.”²³ Yet the Commission neglects even to mention digital asset securities, DEXes, or anything similar. Core legal principles also require that the government speak clearly when exercising authority over vast areas of the economy or on matters of great political significance,²⁴ and that any final rule be a “logical outgrowth” of a proposed rule.²⁵ The Proposed Rule fails to satisfy each of these legal requirements.

In addition, the economic analysis offered by the Proposed Rule would be too narrow to support such a sweeping application under the statutory requirements,²⁶ applicable case law,²⁷ and the Commission’s established standards.²⁸ For example, the Commission provides no mention of digital asset securities or DEXes in its description of the economic baseline, against which the public contextualizes and examines the proposed regulatory change and its consequences.²⁹ As set forth in the Commission’s Economic Analysis Guidance, “[d]efining the baseline typically involves identifying and describing *the market(s) and participants affected by the proposed rule*.”³⁰ Notably, the Commission’s articulation of the relevant baseline focuses exclusively on the following marketplaces defined by asset class: government securities market, corporate debt market, municipal securities market, equity market, options market and other securities, which only enumerates repurchase and reverse repurchase agreements and asset-backed securities.³¹ There is no acknowledgement, much less analysis, of the digital asset market as being potentially affected by the Proposed Rule.

The omission of digital asset securities from the Proposed Rule’s economic baseline informs the scope of the economic analysis. As stated in the Commission’s Economic Analysis Guidance, “[u]sing the same baseline assumptions *throughout the economic analysis of each element of the proposed rule* is

²² *Bus. Roundtable v. S.E.C.*, 647 F.3d 1144, 1148 (D.C. Cir. 2011) (holding that proposed rule was arbitrary and capricious because Commission did not adequately “assess the economic effects of a new rule”); *Am. Equity Inv. Life Ins. Co. v. S.E.C.*, 613 F.3d 166 (D.C. Cir. 2010) (holding that Commission’s economic and efficiency analyses were arbitrary and capricious and “incomplete” where they failed to fully assess existing competition and investor protections); *Chamber of Commerce v. S.E.C.*, 412 F.3d 133, 143 (D.C. Cir. 2005) (Commission has “statutory obligation to determine as best it can the economic implications of the rule it has proposed”); *see also Motor Vehicle Mfrs. Ass’n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983) (finding “an agency rule would be arbitrary and capricious if the agency . . . entirely failed to consider an important aspect of the problem”).

²³ 5 U.S.C. § 553(b).

²⁴ *See Alabama Association of Realtors*, 141 S.Ct. at 2489.

²⁵ *Chocolate Mfrs. Ass’n of U.S.*, 755 F.2d at 1104–05.

²⁶ Exchange Act § 3(f) (“[T]he Commission shall also consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.”); *see also* 5 U.S.C. § 553(b) (providing that notice of rulemaking should include “the terms or substance of the proposed rule or a description of the subjects and issues involved”); *see generally id.* § 706(2)(A), (C), (E) (providing that agency action may be set aside if it is “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law,” “in excess of . . . statutory authority,” or “unsupported by substantial evidence”).

²⁷ *See, supra*, note 16; *see also Chamber of Commerce*, 412 F.3d at 144 (holding the Commission must “apprise itself—and hence the public and the Congress—of the economic consequences of a proposed regulation before it decides whether to adopt [a] measure”).

²⁸ S.E.C., *Current Guidance on Economic Analysis in SEC Rulemakings* (Mar. 15, 2012), available at https://www.sec.gov/divisions/riskfin/rsfi_guidance_econ_analy_seculemaking.pdf (the Economic Analysis Guidance).

²⁹ “The baseline serves as a primary point of comparison for an analysis of the proposed regulation.” *Id.* at 6.

³⁰ *Id.* at 7 (emphasis added).

³¹ 87 Fed. Reg. at 15595–617.

important.”³² The Proposed Rule’s required analysis of its effects on efficiency, competition, and capital formation, in turn, does not account for the digital asset securities market. Such analysis, including ascertaining whether application of the Proposed Rule to DEXes could result in prohibitive entry costs and dampened competition for an emerging technology, would be essential to the Commission’s considered decision-making concerning whether to apply the Proposed Rule to such markets in the future. As such, if the Commission expects to subject DEXes to the Proposed Rule, the economic analysis offered by the Proposed Rule is incomplete. It does not provide the public with adequate notice on whether the Proposed Rule covers DEXes and what the Proposed Rule’s potential impacts would be on efficiency, competition, and capital formation for the digital asset securities market or its participants.

Similarly, in analyzing the Proposed Rule under the Paperwork Reduction Act, the Commission estimated that a total of 22 Communication Protocol Systems would become subject to the Proposed Rule.³³ Clearly, the Commission did not consider the broad scope of the Proposed Rule’s language and its potential to capture many more systems. If the Commission expects to apply the Proposed Rule more broadly in the future, including potentially to DEXes, it must issue a new proposed rule that clearly specifies the breadth of any such expanded application, and in so doing must comply with the Paperwork Reduction Act and contain revised estimates to consider the impact of such expansion.

We support the Commission adopting rules that clarify the extent to which its rules apply to the digital asset and digital asset securities marketplace. However, in order to do so, the Commission must provide notice through a new proposal that explicitly contemplates said marketplace, conducts the economic and Paperwork Reduction Act analysis, and explains the proposal’s impact on said marketplace, consistent with statutory requirements and Commission guidance, and solicit public comment before adoption. To the extent that the Commission would anticipate applying the Proposed Rules to these markets, it should re-propose, or separately propose, rules directly addressing these markets.

III. **Applicability of the Proposed Rule’s Requirements to Decentralized Exchanges**

Third, aside from analyzing the economic impact, to the extent the Commission expects to apply the Proposed Rule to DEXes, the Commission would need to consider how the rule could practically apply DEXes. Such an application raises various challenges. DEXes enable decentralized, person-to-person trading, through automated systems that, once launched, are not controlled or intermediated by any person or group of persons.

Because of the nature of DEXes, we believe there are real questions of whether a decentralized communication protocol that operates autonomously on a blockchain, without intermediaries that control its functions, could be “constitute[d], maintain[ed], or provide[d]” by an “organization, association, or group of persons.”³⁴ Attributing such functions and the resulting regulatory obligations to persons who initially created or deployed the DEX code may not be practicable or advance the Commission’s policy objectives because once deployed, the DEX typically cannot be significantly altered or controlled by any such persons.³⁵

Even to the extent the Commission would view holders of a decentralized autonomous organization’s (DAO’s) governance tokens, who often, in the aggregate, have some level of ability to propose or approve adjustments to the code, as being the “group of persons” engaging in exchange functions, the Commission would need to explain how registration and compliance obligations could be imposed on them. Such disparate groups of persons generally cannot individually control the relevant code,

³² Economic Analysis Guidance, *supra* note 19, at 8 (emphasis added).

³³ 87 Fed. Reg. at 15586 & n.749.

³⁴ Exchange Act § 3(a)(1).

³⁵ Indeed, applying regulatory obligation to persons who merely write and release code, without operating or controlling the system operating the code, raises serious constitutional questions under the First Amendment. *See, e.g., Universal City Studios Inc. v. Corley*, 273 F.3d 429 (2d Cir. 2001) (“Communication does not lose constitutional protection as ‘speech’ simply because it is expressed in the language of computer code.”); *Junger v. Daley*, 209 F.3d 481, 485 (6th Cir. 2000) (“Because computer source code is an expressive means for the exchange of information and ideas about computer programming, we hold that it is protected by the First Amendment.”).

and they are neither considered securities professionals nor represented by corporate officers who could engage in filings with the Commission on behalf of the DEX. Among many other challenges to applying the Commission's registration and compliance requirements to DAO token holders, such groups of persons may not have access to information, or the level of control over the DEX, necessary to enable the DEX to satisfy such requirements.

The Commission generally cannot adopt rules or apply rules in such a way that compliance is not possible. As a result, to the extent that the Commission expects to apply the Proposed Rules to DEXes, we believe it would need to re-propose, or separately propose, rules that address how the Commission would expect DEXes to comply and which actor or group of actors would be responsible for such compliance. In addition, these practical considerations underscore the serious questions concerning whether applying the regulatory approach of the Proposed Rules to DEXes would be within the Commission's statutory authority.

* * *

In summary, we support the Commission's continued efforts, as reflected in ongoing regulatory discussions and deliberations, to promote operational transparency and investor protection among ATSS. For the reasons outlined above, we believe that (i) if the Commission seeks to regulate the activities of broker-dealers, it should do so directly, rather than through statutorily unsupportable expansions of the definition of "exchange," and, in any event (ii) to the extent that the Commission would expect to apply the Proposed Rule to digital asset securities or DEXes, it must re-propose, or propose separate, rules that specifically contemplate and analyze both the economic impact and practical application of the proposal to these markets.

Thank you for the opportunity to comment on the Proposed Rule. If you have any questions on our comment letter, please feel free to contact me at [REDACTED] or Scott Bauguess, Vice President, Global Regulatory Policy, at [REDACTED].

Sincerely,



Paul Grewal
Chief Legal Officer
Coinbase Global, Inc.

Cc: Gary Gensler, Chair
Hester M. Peirce, Commissioner
Allison Herren Lee, Commissioner
Caroline A. Crenshaw, Commissioner