

Securities and Exchange Commission**Re : S7-02-22_Supplemental Information and Reopening of Comment Period for Amendments to Exchange Act Rule 3b-16 Regarding the Definition of “Exchange”**

June 13, 2023

Dear Securities and Exchange Commission,

We appreciate the opportunity to provide our input on the aforementioned consultation regarding VASPs and DeFi operators' requirement to apply for registration as a national securities exchange or an alternative trading system (ATS).

In response to the regulatory oversight of DeFi, we would like to offer the following recommendations:

1. Registration System:

We understand the concerns associated with the high compliance costs that come with applying for registration as an ATS or national securities exchange. These costs may deter DeFi operators from seeking regulatory approval and potentially stifle the growth of this ecosystem. Therefore, we recommend establishing a simplified registration system that encourages voluntary participation from operators. This approach would enable a quick assessment of each operator's status while fostering effective communication channels between the operators and the SEC.

2. Smart Contract Monitoring:

Given that DeFi applications primarily rely on the interaction of smart contracts and protocol mechanisms, we suggest that the SEC develop a dedicated framework for monitoring these smart contracts. Through this framework, every DeFi operator's smart contracts would be subject to mandatory authorization, ensuring regulatory oversight. For example, in cases where suspicious activities are detected by the SEC or the operator, the SEC should have the authority to freeze and review specific user accounts. Additionally, in situations where an operator's smart contracts are vulnerable to exploitation, the SEC should have ultimate authority over asset transfers to prevent illicit activities by unauthorized individuals.

We believe that implementing these recommendations would strike a balance between regulatory oversight and fostering innovation in the DeFi space. By adopting a simplified registration system and introducing a smart contract monitoring framework, the SEC can effectively monitor the industry without imposing excessive compliance burdens on operators. This approach would promote transparency, accountability, and a conducive environment for ongoing dialogue between

DeFi operators and the SEC.

We appreciate your consideration of our recommendations and welcome any further discussions or clarifications on the matter. We remain committed to supporting the SEC's efforts in maintaining a fair and secure financial marketplace.

Thank you for your attention to this matter.

Yours sincerely,

Jim Lin / Aimichia Technology Co., Ltd. C.E.O.

