

May 8th, 2023

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

**RE: Proposed Safeguarding Rule (File Number – S7-04-23)**

Dear SEC / Other market participants,

Thank you for the opportunity to review this rule proposal & considering public opinion.

I would like to clearly state that I strongly support the rule proposal '*Proposed Safeguarding Rule*' (S7-04-23) and hope this can be implemented without delay.

I have structured my comment into the following format:

- Why do I support this proposal?
- What are some counterarguments to this proposal?
- Final thoughts

**Why do I support this proposal?**

To my understanding this rule will expand the current rule 206(4)-2 to include any client assets under advisers provided custody.

As a retail investor the ability to maintain custody of my assets are of paramount importance. When I purchase a stock via my brokerage app, I am expecting assets to be purchased & at minimum have ownership rights to these assets. There are currently very limited options to purchase assets directly registered under the investors title and as such a majority of retail investors are persuaded to pursue 'beneficial' ownership. To maintain these positions investors are shepherded towards custodial services where assets are held with reduced rights & legal title. Examples of reduced rights include the inability to vote, to refuse loaning shares, to gain the proceeds of share lending and even transferring shares to other brokerages. This is especially important in times of stress where custodial parties may be exposed to bankruptcy or counterparty risk & assets may be lost despite being purchased with funds from the investor, not the custodian.

This proposal is looking to tighten the rule 206(4)-2 such that in these extreme events investors can maintain confidence that their hard-earned assets are safely held & not improperly lost due to no malfeasance by the investor.

I believe all aspects of this rule are important & should be maintained. This includes the change of verbiage to any client assets under advisers' custody (including physical assets), expanding scope to include the advisers' discretionary authority to trade client's assets, requiring formal written agreement from qualified custodians and maintaining surprise audits of custodians by independent public accountants.

## What are some counterarguments to this proposal?

### *Current rule sufficiently covers clients?*

- As stated in the rule proposal there has been significant changes in the markets over the past decade. I believe the new rule proposal further strengthens the current rules & updates regulation. Beneficial ownership is the predominant form of asset ownership & strengthening the protections for clients assets held in this form fulfils all aspects of the SEC's mandate of protecting investors, increasing confidence in the markets & facilitating capital formation by preventing undue loss of assets. This rule should be implemented immediately.

### **Final thoughts**

As a conclusion to this letter, I would like to restate that I strongly support the rule proposal '*Proposed Safeguarding Rule*' (S7-04-23) and hope this can be implemented without delay.

Thank you for looking out for retail / individual investors & considering our opinions.

Kind regards,

Aswin Joy  
Retail / Individual Investor