

Subject: File No. S7-04-23

From: Adam Smith

Dear Securities and Exchange Commission (SEC) Firstly, I would like to address the issue of privacy and the potential risks associated with disclosing sensitive financial data and social security numbers to numerous third parties. While it is important to ensure compliance and transparency, it is equally vital to protect individuals' privacy and safety. I would appreciate it if the proposed regulations could take into consideration the need to limit the dissemination of personal information and implement robust security measures to safeguard against data breaches. Furthermore, I find the proposed reporting requirements for various participants in the decentralized finance (DeFi) ecosystem to be confusing. It is likely that these requirements will result in multiple inconsistent reports being generated for the same transaction. This could create unnecessary complexity and hinder the accurate recordkeeping and reporting of digital asset sales and exchanges. I kindly request that the regulations be refined to streamline reporting processes and reduce potential confusion. Moreover, I believe that the impact of these regulations on protocols and users operating outside the United States should be carefully considered. It is essential to limit reporting requirements to an extent that is appropriate and fair for both domestic and international participants. Failure to do so may result in unintended consequences and disincentivize global innovation in the digital asset space. In relation to digital asset transactions and reporting, I would like to emphasize the need for clarity and precision in defining the roles and responsibilities of real estate reporting persons. It is important to establish clear guidelines on when and how digital asset consideration received in real estate transactions should be reported, as well as the reporting obligations for purchasers who use digital assets for these transactions. Another concern I have encountered relates to the use of poorly defined terms within the proposed regulations. Terms such as "platform" are susceptible to multiple interpretations and could lead to confusion and inconsistencies in application. Additionally, the definitions provided for terms like "wallet," "smart contracts," and "validator" fail to accurately reflect their technical meanings. I humbly request that these terms be more precisely defined to avoid any potential ambiguities and ensure clarity in compliance. Lastly, I would like to emphasize the importance of self-sovereignty in the context of digital assets. Individuals should have the right to maintain control over their own assets and financial information. It is imperative that any regulations put in place respect and uphold this principle, allowing individuals to exercise autonomy and make informed decisions regarding the management of their digital assets. Thank you for considering my concerns and feedback. I trust that you will carefully consider these issues during the development of the proposed regulations. I appreciate your efforts to create a fair and transparent environment for digital asset transactions. Sincerely, Adam Smith, VA