Subject: File No. S7-04-23
From: Michael Jones`

As an individual deeply involved in the cryptocurrency and digital assets industry, I strongly oppose the proposed legislation by the SEC regarding the safeguarding of advisory client assets. While I understand the need for regulatory measures to protect investors, I believe that the SEC is overreaching its authority in this case. The SEC's attempt to extend its regulatory reach to the realm of cryptocurrency and digital assets goes beyond its mandate and encroaches upon the jurisdiction of other regulatory bodies. Firstly, it is important to note that the SEC's authority is primarily derived from the Securities Exchange Act of 1934, which was enacted to regulate traditional securities and exchanges. Cryptocurrencies and digital assets, on the other hand, are a relatively new and distinct asset class that falls outside the scope of traditional securities. Therefore, it is questionable whether the SEC has the legal authority to regulate these assets in the same manner as traditional securities. Furthermore, the SEC's proposed legislation fails to consider the unique characteristics of cryptocurrencies and digital assets. Unlike traditional securities, these assets are decentralized and operate on blockchain technology, which provides inherent security measures. The proposed regulations would impose burdensome requirements on market participants, stifling innovation and hindering the growth of this emerging industry. Additionally, it is worth noting that that the SEC's proposed legislation could have unintended consequences for investors and market participants. By imposing stringent regulations on advisory client assets, the SEC may inadvertently discourage investors from participating in the cryptocurrency market. This could limit investment opportunities and hinder the development of a vibrant and competitive market. Moreover, the SEC's overreach in regulating cryptocurrencies and digital assets could stifle innovation and technological advancements. The cryptocurrency industry has shown great potential for revolutionizing various sectors, including finance, supply chain management, and decentralized applications. By imposing burdensome regulations, the SEC risks stifling innovation and hindering the growth of this transformative technology. It is also important to consider the global nature of cryptocurrencies and digital assets. These assets operate on a decentralized network that transcends national borders. Imposing strict regulations at the national level could create regulatory inconsistencies and hinder international cooperation. Instead of taking a heavy-handed approach, it would be more prudent for the SEC to work collaboratively with other regulatory bodies and international organizations to develop a coordinated and harmonized regulatory framework. Furthermore, it is worth noting that the SEC already has existing regulatory tools at its disposal to address any fraudulent or manipulative activities in the cryptocurrency market. The Securities Act of 1933, for example, prohibits fraudulent activities in the offer and sale of securities, and the SEC has successfully utilized this act to prosecute fraudulent initial coin offerings (ICOs) and other illicit activities in the cryptocurrency space. Therefore, it is unnecessary for the SEC to extend its regulatory reach and impose additional burdensome requirements on advisory client assets. In conclusion, while investor protection is of utmost importance, the SEC's proposed legislation regarding the safeguarding of advisory client assets in the cryptocurrency and digital assets industry represents an overreach of its authority. The SEC should focus on utilizing its existing regulatory tools to address fraudulent activities in the market, rather than imposing burdensome regulations that could stifle innovation and hinder the growth of this emerging industry. It is crucial for the SEC to work collaboratively with other regulatory bodies and international organizations to develop a coordinated and harmonized regulatory framework that takes into account the unique characteristics of cryptocurrencies. Further, I have been immensely harmed by the reckless actions of Gary Gensler and his SEC authority because it's damaged my retirement savings, possibly irreparably. The SEC has too much power already and they do not need more.