

Dear Securities and Exchange Commission,

I write to you today as a concerned investor and advocate for the advancement of digital assets, particularly cryptocurrencies. I have reviewed the proposed rule on "Safeguarding Advisory Client Assets" and find it lacking in providing the necessary regulatory clarity for security tokens, which include digital assets.

Cryptocurrencies, built on blockchain technology, have the potential to revolutionize the financial landscape. They offer increased transparency and security, lower transaction costs, and the possibility of financial inclusion for underserved populations. However, to fully harness their potential, clear and comprehensive regulatory guidelines are necessary.

The proposed rule fails to address the unique nature of digital assets adequately. The lack of clarity on how investment advisers should handle and safeguard security tokens creates uncertainty and hinders investor protection. Digital assets are different from traditional securities and require a new approach that goes beyond the existing framework.

The absence of regulatory clarity for security tokens not only discourages innovation but also creates an unequal playing field for market participants. This lack of clarity makes it difficult for investors and developers in the cryptocurrency space to navigate the regulatory landscape. Consequently, potential investors may be deterred from entering the market, stifling growth and innovation in this sector.

Moreover, this regulatory uncertainty has negative consequences for the United States' global standing in the cryptocurrency industry. Other countries have taken the lead in embracing digital assets and have created regulatory frameworks to foster their development and adoption. By falling behind in this space, the United States risks losing its competitive edge and becoming marginalized in the global market.

To address these concerns, I strongly encourage the Securities and Exchange Commission to provide clear and specific guidance on the treatment of security tokens within the proposed rule. This guidance should consider the unique characteristics of digital assets and outline the necessary safeguards for investor protection.

Additionally, the SEC should actively engage with industry stakeholders, including investors, developers, and market participants, to ensure that regulatory guidelines are comprehensive and practical. Collaboration with these stakeholders will help avoid unintended negative consequences and ensure that the regulatory framework fosters innovation while protecting investors.

In conclusion, the proposed rule on "Safeguarding Advisory Client Assets" should be revised to provide clear guidelines for security tokens. A failure to do so would hinder the advancement of digital assets, prevent the United States from staying competitive in the global market, and limit the opportunities for investors and developers alike.

Thank you for considering my concerns as you evaluate the proposed rule. I believe that with the right regulatory framework, the potential of digital assets can be fully realized, benefiting both investors and our nation's economy.

Sincerely,â€”Kim von Arx

Switzerland