

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Comment on Safeguarding Advisory Client Assets Proposal

Dear Commissioners,

I am writing as a concerned member of the investing public to express my reservations regarding the Securities and Exchange Commission's (SEC) proposed rule on Safeguarding Advisory Client Assets. While I recognize the importance of enhancing investor protections and addressing gaps in the current custody rule, I believe that some aspects of the proposed rule may exceed the SEC's regulatory authority, encroaching on areas that should be regulated by other agencies.

One area of potential concern is the proposed inclusion of digital assets or cryptocurrencies within the scope of the rule. While it is important to address the challenges posed by these emerging forms of investment, regulatory uncertainties surrounding digital assets already present significant difficulties for market participants. By expanding the SEC's authority over these assets, the proposed rule may inadvertently create regulatory arbitrage opportunities, allowing some market participants to exploit loopholes or differences between jurisdictions. This could ultimately undermine the goal of protecting investors and maintaining fair and orderly markets.

Additionally, I am concerned about the impact of the proposed rule on emerging financial markets, products, or technologies. As we witness the transformation of finance through digital assets and blockchain technology, overly restrictive regulations could stifle innovation and impede the growth of these markets. It is crucial that the SEC considers the potential efficiency implications

of the proposed rule, as market efficiency relies on the ability to foster innovation, promote transparency, and facilitate the efficient allocation of capital.

Furthermore, I would like to highlight the need for the SEC to conduct a robust economic analysis of the proposed rule. While the SEC has acknowledged the challenge of estimating economic effects due to varying practices among investment advisers, it is essential that quantifiable assessments accompany the qualitative analysis. A thorough analysis should include considerations of the potential costs and benefits, efficiency implications, competition, and capital formation effects of the proposed rule.

As a concerned investor, I believe it is crucial that the SEC strike the right balance between investor protections and facilitating innovation in the investment advisory industry. While safeguards are necessary to protect client assets and ensure market integrity, overly burdensome regulations could hinder industry growth and deter investors.

I would also like to express my interest in any committee meetings or consultations held regarding the proposed rule. I believe that engagement and collaboration between regulators, industry participants, and investors are essential in crafting well-informed and effective regulations.

Thank you for considering my concerns. I trust that the SEC will carefully analyze the potential impact of the proposed rule and take into account the points raised by concerned stakeholders like myself. Investing in the future requires striking a balance between safeguarding investor interests and fostering innovative advancements in the financial landscape.

Thank you for your time,

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