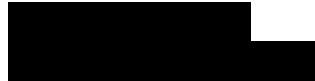


Michael Krueger



10/30/2023

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

Re: Safeguarding Advisory Client Assets Proposal (File No. S7-04-23)

Dear Securities and Exchange Commission,

I am writing to provide public comment on the proposed rule titled "Safeguarding Advisory Client Assets" (File No. S7-04-23). While I appreciate the Commission's efforts to enhance investor protection and address gaps in the custody rule, I have concerns regarding potential overreach of regulatory authority and the treatment of digital assets.

Firstly, I am concerned that the proposed rule may exceed the SEC's regulatory authority and encroach on areas that should be regulated by other agencies. It is crucial to consider the regulatory landscape as it pertains to investment advisers and custodians, ensuring that there is no duplication or inconsistency with existing regulations. Collaborative efforts between agencies are paramount to avoid confusion and unnecessary burdens on industry participants.

Furthermore, the proposed rule's treatment of digital assets, specifically cryptocurrencies, warrants careful consideration. Digital assets, built on blockchain technology, have transformed the financial landscape, providing unique investment opportunities for market participants. However, regulatory uncertainties surrounding digital assets continue to pose challenges. It is essential for the SEC to provide clear guidance on how digital assets should be treated within the context of the proposed rule and ensure that such treatment does not stifle innovation or hinder the adoption of blockchain technology.

In our rapidly evolving digital world, a balanced and forward-thinking approach to the regulation of digital assets is necessary. As the SEC moves forward with the proposed rule, it should seek to strike a reasonable balance between investor protection and fostering innovation, thereby promoting market growth and capital formation.

Additionally, the economic analysis accompanying the proposed rule addresses the costs and benefits associated with the amendments. While the enhancement of investor protections is commendable, it is crucial to consider the potential impact on efficiency, competition, and capital formation. Excessive compliance costs for qualified custodians may result in limited competition, ultimately impeding overall market efficiency. Striking the right balance between safeguards and operational flexibility is necessary to foster a dynamic and competitive advisory industry.

Moreover, I appreciate the inclusion of alternative options within the proposed rule. In order to ensure that the rule achieves its intended objectives, it is imperative that interested parties have the opportunity to propose reasonable alternatives. This collaborative approach will enable the SEC to benefit from diverse perspectives, thereby creating a more effective and efficient regulatory framework.

In conclusion, while I acknowledge the SEC's efforts to enhance investor protections through the proposed rule, it is essential to avoid potential overreach of regulatory authority and strike a balance between innovation and safeguarding advisory client assets, particularly in the context of digital assets. Furthermore, a comprehensive consideration of the economic impact, reasonable alternatives, and the involvement of relevant regulatory authorities will be instrumental in developing a rule that effectively achieves its objectives.

Thank you for the opportunity to provide my input on this important matter. I trust that the SEC will carefully consider all public comments received during the comment period before finalizing the rule. Should you require any further clarification or information regarding my comments, I am available to assist.

Sincerely,

Michael Krueger