

MEMORANDUM

To: Crypto Task Force Meeting Log
From: Crypto Task Force Staff
Re: Meeting with Colin D. Lloyd, Sullivan & Cromwell LLP

On February 7, 2025, Crypto Task Force Staff met with Colin D. Lloyd from Sullivan & Cromwell, LLP. Mr. Lloyd stated that his participation in the meeting was not taking place on behalf of any client.

The topic discussed was approaches to addressing issues related to regulation of crypto assets. Mr. Lloyd provided the attached document, which was discussed during the meeting.

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February 6, 2025

Via E-mail

Richard B. Gabbert,
Chief of Staff, Crypto Task Force,
Senior Advisor to the Acting Chairman,
U.S. Securities and Exchange Commission,
100 F Street, N.E.,
Washington, DC 20549-0213.

Re: Crypto Task Force Meeting

Dear Richard:

This letter is being submitted pursuant to the Commission's recently published procedure for requests to meet with the Crypto Task Force, in connection a meeting to take place on Friday, February 7, 2025.

The purpose of the meeting is to provide an overview of (i) key technologies and market conditions relevant to crypto and other digital assets recorded or transferred using distributed ledger technology and (ii) selected securities law topics that bear on this market. Specifically, the topics for the meeting are to be as follows:

- Overview of technology architecture, including different types of “wallets,” application user interfaces, applications, transaction “mempools,” transaction sequencers, and validators/miners;
- Overview of types of assets (*e.g.*, network tokens, meme coins, digital collectibles or other commercial items, stablecoins, digital securities), transactions (including derivatives and loans), and market participants (*e.g.*, exchanges, prime brokers, custodians, retail brokers, trading firms);
- Selected securities law topics;
 - *Secondary market trading of crypto tokens*, including relevant distinctions from primary market sales;

- *Disclosures*, including (i) tailoring of content to provide information material to investors and users and (ii) allocation of responsibility and liability;
- *Market structure*, including:
 - National securities exchange and ATS regulation, with a focus on (i) commingling vs. separation of functions and (ii) pre- and post-trade transparency requirements (*e.g.*, under Regulation NMS); and
 - Treatment of “DeFi” protocols and related technology, both for purposes of Exchange Act registration requirements as well as transparency requirements noted above;
- *Broker-dealer customer protection*, including the conditions applicable to (i) special purpose broker-dealers, (ii) ATSs relying on the September 2020 “three-step” no-action letter and (iii) broker-dealers using a bank or trust company as sub-custodian; and
- *Broker-dealer net capital*, including the treatment of digital assets as marketable securities or commodities.

While our firm represents many clients who participate in the crypto or digital asset markets in a variety of capacities, my participation in this meeting will not take place on behalf of any client.

Sincerely,

Colin D. Lloyd