

FACT SHEET

Reopening of the Comment Period: Proposed Amendments to Exchange Act Rule 3b-16



The Securities and Exchange Commission reopened the comment period for the January 2022 proposal to amend the definition of “exchange” under Rule 3b-16 under the Securities Exchange Act of 1934. The reopening release reiterated the applicability of existing rules to platforms that trade crypto asset securities, including so-called “DeFi” systems, and provides supplemental information and economic analysis for systems that would be included in the new, proposed exchange definition. The reopening release also requested information and public comment on crypto asset securities trading on such systems and certain aspects of the proposed amendments applicable to all securities.

Background

In January 2022, the Commission proposed to amend Exchange Act Rule 3b-16 to, among other things, include in the definition of “exchange” systems that bring together buyers and sellers of securities that offer the use of non-firm trading interest and provide another type of non-discretionary method (i.e., communication protocols). The proposed amendments would require these systems to register as national securities exchanges or as broker-dealers and comply with Regulation ATS. In May 2022, the Commission reopened the comment period for the proposed amendments until June 13, 2022.

The Commission received many comment letters on the January 2022 proposal that, among other things, requested information about the application of the existing rules and the application of the proposed amendments to systems that trade crypto asset securities and meet the proposed definition of exchange or trading systems that use distributed ledger or blockchain technology, including systems commenters characterize as decentralized finance or “DeFi.”

In its April 14, 2023, reopening release, the Commission provided supplemental information regarding trading systems for crypto asset securities, including so-called “DeFi” systems, that already are included in the exchange definition and those that would be included in the definition as proposed to be amended. The Commission also reopened the comment period to allow interested persons further opportunity to analyze and comment on the proposed amendments in light of the supplemental information. The Commission also requested further information and public comment on certain aspects of the proposed amendments as applicable to all securities.

The January 2022 proposal is available on the [SEC’s website](#).

Additional Information:

The Commission is requesting public comment on the reopening release. The public comment period will remain open for 30 days after publication of the reopening release in the Federal Register.