

MEMORANDUM

To: Crypto Task Force Meeting Log
From: Crypto Task Force Staff
Re: Meeting with Representatives of Prometheus Inc.

On April 15, 2025, Crypto Task Force Staff met with representatives from Prometheus Inc.

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



February 27, 2025

To: SEC Crypto Task Force
From: Prometheus Inc.
Re: Meeting with SEC Crypto Task Force

Dear Acting Chairman Uyeda and Commissioner Peirce:

Prometheus Inc. ("Prometheus") appreciates and supports the Securities Exchange Commission's ("SEC") Crypto Task Force's (the "CTF") commitment to a collaborative approach in developing thoughtful, practical regulation for digital assets. We believe such active engagement will benefit U.S. capital markets, investors, and the nation at large.

The purpose of our submission is to discuss the implementation and expansion of broker-dealer frameworks for digital assets, including our experience operationalizing the special purpose broker-dealer ("SPBD"), issues surrounding crypto asset securities and digital asset securities, maintaining investor protections as markets evolve, and other topics which impact digital assets as laid out in our proposed Agenda attached as Exhibit A.

Under former Chairman Jay Clayton, the SEC established multiple frameworks that form the foundation of digital asset market structure, centered on the SPBD license for clearing, settling, and custodial digital assets. The SPBD framework successfully seeks to ensure investor asset protection, segregation, and recoverability in case of bankruptcy. Combining an SPBD with an alternative trading system ("ATS") offers the clearest path yet for integrating digital assets and its underlying technology into a market structure that mimics traditional market structure. The SPBD / ATS broker-dealer model preserves the benefits of federal securities laws and evolves markets to be more efficient, however further development of this model is still required, including onboarding additional market participants.

Prometheus Inc. and its broker-dealer subsidiaries, Prometheus ATS and Prometheus Capital, have focused on building a responsible infrastructure through SEC-registered broker-dealers to support digital assets. These efforts have provided our team with unique insights which we hope to offer in furtherance of the SEC's and CTF's effort to establish a digital asset market structure. By doing so, we are confident the Commission can expand the progress and benefits offered through existing regulatory frameworks.

Without the requisite infrastructure underpinned by federal securities laws, digital assets can not be empowered and investors will not be properly protected. This is also an issue of ensuring healthy competition as the securities industry and crypto industry become increasingly intertwined.

It is now clear that the digital asset and securities industries are converging as capital markets harness the efficiencies offered by distributed ledger technology. With securities increasingly



moving on-chain and ongoing questions surrounding the treatment of cryptocurrencies, prohibiting regulated broker-dealers from engaging in crypto-related activities has created a vacuum for unregulated intermediaries—undercutting investor protections. This not only disincentivizes compliant engagement with digital assets, but also rewards risk-taking behavior at the expense of responsible market participants.

At the same time, we recognize that introducing digital assets into established capital markets poses risks if not handled responsibly. A practical solution is to allow traditional broker-dealers to introduce accounts on a fully disclosed basis to qualified SPBDs. This arrangement keeps digital asset activities sufficiently separate from traditional securities operations, thereby minimizing systemic risk while giving investors a regulated pathway to digital assets.

We appreciate the Task Force's commitment to constructive dialogue and are excited to contribute to the dialogue in support of the Commission's three-part stated mission: 1) protecting investors, 2) maintaining fair, orderly, and efficient markets, and 3) facilitating capital formation.

Respectfully,

Benjamin S. Kaplan
Founder and co-CEO, Prometheus Inc.
CEO, Prometheus Ember Capital LLC
CEO, Prometheus ATS

cc: Aaron L. Kaplan, Founder and co-CEO, Prometheus Inc.
Rosemarie Fanelli, Chief Regulatory Officer, Prometheus Inc.; Chief Operating Officer,
Prometheus Ember Capital LLC
Martin H. Kaplan, Chairman, Prometheus Inc.



EXHIBIT A: Agenda

- I. Market structure and broker-dealer registration framework
 - A. Introducing Broker-Dealers
 - B. Exchanges, ATs, trading venues
 - C. Special Purpose Broker-Dealers
 - D. Clearing Agency
- II. Material risk
 - A. Combining traditional and digital asset securities offerings
 - B. SPBD stagnation
- III. Crypto asset and digital asset securities (intrinsically not a security)
 - A. Holding period/fungibility of exempt crypto asset securities
 - B. Public Information/15c2-11/12g
 - C. Liquidity providers
 - D. Digital asset nomenclature
 1. Security token v. crypto asset security
 - E. Best execution
 - F. Possession or control on private/permissioned/hybrid blockchain
- IV. Investor protections
 - A. Custody of Non-securities digital assets
 1. No action relief
 - B. 15c3-3 Customer Protection Rule
 - C. SIPC protection for unregistered investment contracts
- V. National market system
 - A. Cross-custodial settlement
 - B. Traditional broker-dealers introduce accounts to its correspondent SPBD
- VI. New broker-dealer business lines
 - A. Staking as a Service
 1. No action relief
 - B. Crypto Asset Securities as cash equivalent in a transaction