**MEMORANDUM**

**To**: Crypto Task Force Meeting Log
**From**: Crypto Task Force Staff
**Re**: Meeting with Representatives of Wintermute Trading Ltd.

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On September 16, 2025, Crypto Task Force Staff met with representatives from Wintermute Trading Ltd.

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

WINTERMUTE

Wintermute Trading Ltd
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www.wintermute.com

**BY ELECTRONIC SUBMISSION**

September 3, 2025

SEC Crypto Task Force
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-021

**RE: Wintermute Request for Meeting**

Dear Members of the SEC Crypto Task Force:

Wintermute Trading Ltd. (**"Wintermute"**) respectfully requests a meeting with the SEC Crypto Task Force to discuss its written submission to the Task Force, dated as of the date hereof, attached hereto as Annex A, which addresses:

- Permissible tokenized securities activities for dealers
- Custody, clearance and settlement of dealer proprietary positions in tokenized securities
- Decentralized trading protocols
- Legal classification of network tokens

The attendees for this meeting with be:

- Marina Gurevich, Chief Operating Officer
- Ron Hammond, Head of Policy and Advocacy
- Sabrina Wan, General Counsel
- Vanessa Savino, Lead US Counsel
- Vasu Nigam, Senior Counsel

Respectfully submitted,

Ron Hammond
Head of Policy and Advocacy

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Annex A

[Attached]

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**BY ELECTRONIC SUBMISSION**

September 3, 2025

Commissioner Hester M. Peirce and Members of the SEC Crypto Task Force
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-021

**RE: Request for Comment on There Must Be Some Way Out of Here**

Dear Commissioner Peirce and Members of the SEC Crypto Task Force:

Wintermute Trading Ltd. (**"Wintermute"**) appreciates this opportunity to provide feedback to the U.S. Securities and Exchange Commission's (the "**SEC**" or the "**Commission**") crypto task force (the "**Task Force**").[1] Wintermute is a global proprietary trading firm specializing in the trading of digital assets. Our firm, like many other proprietary trading firms, trades solely for its own account, utilizing its own capital, and does not manage funds or assets for or on behalf of counterparties or investors. As one of the leading global liquidity providers in the digital assets industry, Wintermute is deeply aware of the importance of liquid and unfragmented markets for robust price discovery and efficient capital allocation. Our feedback to the Task Force aims to address practical policy measures that would be helpful to tokenized securities[2] traders and dealers, in a manner that fosters innovation, protects investors and encourages blockchain-based innovation within the U.S.[3]

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[1] *See* Commissioner Hester Peirce, There Must Be Some Way Out of Here, (Feb. 21, 2025), available at: https://www.sec.gov/newsroom/speeches-statements/peirce-statement-rfi-022125.

[2] In the request for comment, tokenized securities are referred to as digital representations of a security on a blockchain or a security directly issued on a blockchain. The Commission also refers to "crypto assets that are securities" in the request for comment. Historically, the Commission has defined "digital asset security" or a "crypto asset security" as an asset that is issued and/or transferred using distributed ledger or blockchain technology ("distributed ledger technology"), including, but not limited to, so-called "virtual currencies," "coins," and "tokens," that meet the definition of a security under federal securities laws. For purposes of this response, our reference to tokenized securities will refer to securities that can be issued or transferred on-chain, which may include securities that have digital representations on chain that facilitate transfers of ownership.

[3] *See* The White House, Strengthening American Leadership in Digital Financial Technology, (July 30, 2025) (the "PWG Group Report"), available at: https://www.whitehouse.gov/wp-content/uploads/2025/07/Frame-634317.png?resize=1221,1536.

**Permissible Tokenized Securities Activities for Dealers**

As an initial matter, the Commission should clarify in guidance that the following business activities are permissible for broker-dealers:

- Trading tokenized securities for the dealer's own account; and
- Self-clearance and settlement of proprietary transactions in tokenized securities through the use of dealer operated key management and wallet software.

Affirmatively stating that these activities are permissible would help to quell any lingering hesitation about whether dealers can have a full scale tokenized securities business in the U.S. The guidance should be coupled with a principles-based framework for dealers, which identifies the risks dealers will need to safeguard against to engage in a tokenized securities business, but which also allows dealers to use their discretion in developing the appropriate safeguards that are tailored to the current state of technology and their business.

For the tokenized securities clearance and settlement process, the Commission should clarify that blockchain based settlement using stablecoins or other non-security digital assets is permissible. The Commission should empower dealers to use their discretion to develop their own processes and procedures for clearance and settlement until standard industry practices emerge or further guidance and/or rulemaking by the Commission is issued. While atomic or real-time settlement may be appropriate in certain cases, dealer clearance and settlement procedures may include certain risk mitigation and efficiency measures when trading directly with counterparties. These measures may include requiring counterparty delivery before dealer delivery or netting.

We would also suggest that the Commission clarify that dealers can directly custody proprietary positions in tokenized securities using key management and wallet software. Since proprietary positions in tokenized securities are not subject to the customer protection rule, a dealer should be able custody these tokenized securities on its own behalf so long as it can demonstrate it can establish, maintain, and enforce reasonably designed policies and procedures to protect against the theft, loss, and unauthorized and accidental use of the private keys necessary to access and transfer the tokenized securities that the broker-dealer holds for its own account. A broker-dealer should also be able to hold proprietary positions in stablecoins and other non-security crypto assets used for settlement purposes pursuant to the same procedures.

We would also encourage the Commission to coordinate with the Financial Industry Regulatory Authority on all permitted tokenized securities activities for broker-dealers so requirements related to these activities are clear to all market participants during the process for a new membership application or continuing membership applications and that regulatory oversight of these activities be applied in a technology-neutral way.

**Dealer Financial Responsibility Requirements**

The manner in which an asset is readily convertible into cash so it can be counted as allowable for meeting minimum net capital requirements and the haircuts applied to assets for net capital purposes is critical for dealers. The Commission should not discourage dealers from engaging in a digital asset business through strict interpretation of net capital requirements that would create undue financial burdens.

For tokenized securities, if the Commission takes the position that a tokenized security is not readily convertible into cash in the same manner as a traditional security, it may further stall the adoption of tokenized securities and disincentive dealers from holding positions in these assets because the market for tokenized securities is much less developed and liquid as compared to the market for traditional securities or crypto assets. A small number of reasonable adjustments to the application of Rule 15c3-1 could help, without compromising the financial soundness of broker-dealers. First, and similar to feedback made to the Task Force by other liquidity providers, the Commission should clarify that the term "recognized established securities market" in the "ready market[4]" definition includes any over-the-counter market because tokenized securities are not traded on any national securities exchanges today and likely won't be in the near future. Second, the Commission should seek to modernize its series of "ready market" no-action letters to address tokenized securities. Third, if a tokenized security is a representation of a traditional security and it can be readily exchanged for the underlying traditional security, a dealer should be able to apply the same haircut to the tokenized version of the security as the underlying traditional security.

For non-security crypto assets, in a recent FAQ, the Commission confirmed that it does "not object if a broker-dealer treats a proprietary position in bitcoin or ether as being readily marketable for purposes of determining whether the 20% haircut applicable to commodities

[4] 17 CFR 240.15c3-1(c)(11)(i).

under Appendix B of Rule 15c3-1 applies.[5]" The Commission should build upon this guidance and confirm a broker-dealer can take the same 20% haircut on any non-security crypto asset that is readily marketable.

**Decentralized Finance**

While it is critical to create a path for broker-dealers to operate a tokenized securities business, regulated intermediation will not always be necessary or appropriate in tokenized securities markets. As Chairman Atkins recently said "[i]t is essential that any crypto asset regulatory market structure create a path for software developers to unleash on-chain software systems that do not require operation by any central intermediary.[6]" Historically, financial intermediation was a practical requirement, driven by the constraints of market infrastructure and technology, not a choice. The development and growth of distributed ledger technology, decentralized trading protocols, and decentralized finance more generally (together, "**DeFi**"), gives market participants the option of exiting a centralized market operated by intermediaries and directly controlling their investing activities in a decentralized market. The Commission should empower both types of marketplaces, centralized and decentralized, to emerge for tokenized securities. The emergence of centralized and decentralized marketplace optionality will create competition, promoting innovation and product improvements for investors. It will also foster the creation of a global marketplace for tokenized securities and allow for cross-border interactions among DeFi participants, which is one of the primary benefits of this technology and its fundamental *raison d'etre* i.e. global decentralization.

To empower DeFi to flourish, and to preserve its natural ability to operate without intermediation, registration requirements under the federal securities laws should not be triggered merely by a participant providing liquidity. In particular, liquidity providers should not be subject to broker-dealer registration absent other conduct that would independently require it. One of the SEC's core goals is to promote "fair, orderly, and efficient markets," and liquidity is a core ingredient in achieving this goal. Liquidity enables investors to efficiently buy or sell securities without causing a substantial change in the price of a security and enables speed and ease of

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[5] Statement of Commissioner Hester M. Peirce, An Incremental Step Along the Journey: The Division of Trading Markets' Frequently Asked Questions Relating to Crypto Asset Activities and Distributed Ledger Technologies (May 15, 2025), *available at*: https://www.sec.gov/rules-regulations/staff-guidance/trading-markets-frequently-asked-questions/frequently-asked-questions-relating-crypto-asset-activities-distributed-ledger-technology.

[6] Paul S. Atkins, Chairman, American Leadership in the Digital Finance Revolution (July 31, 2025), *available at*: https://www.sec.gov/newsroom/speeches-statements/atkins-digital-finance-revolution-073125

execution. Accordingly, the provision of liquidity in DeFi markets should be promoted and the Commission should clarify through guidance or exemptive relief, as appropriate, that the following activities do not require broker-dealer registration: (i) trading for one's own account on a DeFi protocol, (ii) acting as a liquidity provider on a DeFi protocol, whether through direct trading or by contributing tokenized security inventory to liquidity pools, and (iii) lending tokenized securities on a DeFi protocol.

The development of DeFi markets for tokenized securities also promotes investor protection because DeFi investors have direct control over and self-custody of their financial assets and direct access to markets. In this context, the following risks to investors can be eliminated or reduced: broker-dealer misappropriation of assets, loss of assets if a broker-dealer fails, intermediary errors in order routing and handling, and counter party risk during the settlement cycle. Furthermore, the promotion of DeFi can be achieved while preserving existing protections for investors in securities laws, such as registration and disclosure requirements and, in certain cases, laws or rules relating to transfers. To ensure compliance with these securities laws, it should be incumbent upon the issuers of tokenized securities to implement smart contract technology governing their tokenized securities to address any transfer restrictions that may be applicable while these tokenized securities are traded on a DeFi protocol. For example, through smart contract technology, an issuer can prevent a tokenized security from being traded during a holding period and/or only permit their tokenized security to be traded amongst whitelisted wallet addresses. Therefore, permitting issuers to program compliance rules into a smart contract, allows for disintermediation in a compliant manner.

In addition to clarifying that dealer registration is not required for liquidity provision in DeFi markets, the Commission should also make clear through no action relief or guidance that trading or providing liquidity by non-U.S. parties from outside the U.S. on DeFi markets is extraterritorial activity. A non-U.S. entity that trades a tokenized security on a peer-to-peer DeFi market cannot know, or control, if they are trading with or providing liquidity to a U.S. person. Absent solicitation of, or other conduct aimed at U.S. persons, such activity should not be deemed "conduct occurring within the United States" or "conduct occurring outside the United States that has a foreseeable substantial effect within the United States.[7]" Merely trading or supplying liquidity on globally accessible DeFi markets should not, by itself, subject non-U.S. participants to U.S. jurisdiction. Clarifying this point, together with confirming that trading for one's own account on DeFi markets does not require dealer registration, would provide foreign

[7] *See* The Dodd-Frank Act, Pub. L. No. 111-203, 124 Stat. 1376, 1862 (2010).

market participants the certainty needed to participate in DeFi markets without fear of unintended U.S. liability.

**Security Status**

As a final matter, we would like to applaud the Commission for recently clarifying that certain meme coins[8], stablecoins[9], protocol staking activities[10], and liquid staking tokens[11] are not securities. We agree with the positions in these statements; to build on this momentum, the Commission should confirm through further guidance that network tokens are not securities as well. Network tokens are of imminent importance for clarification because they make up the vast majority of digital asset market capitalization. For purposes of this letter, our reference to a "network token" means "a token that is intrinsically connected to the functioning of a decentralized network or protocol,"[12] such as Bitcoin or Ethereum. Network tokens enable a blockchain network to operate because they are a necessary technical input for the consensus mechanism of a blockchain network, which governs how and when transactions are recorded on a blockchain network. When one just considers a network token's intended function and use, it is very clear that it is not a security or financial product, in a practical sense. From a legal perspective, it has also become clear that network tokens in and of themselves are not securities pursuant to test set forth in the SEC v. W.J. Howey Co., 328 U.S. 293, 298 (1946)[13] (the "**Howey Test**"). However, the occurrence of two market practices relating to network tokens has caused confusion on how these assets should be treated under securities laws: (1) network tokens are commonly issued as part of a fundraising round for a blockchain network developer or innovator and (2) network tokens are often traded for speculative purposes.

With respect to network tokens that are issued as part of a broader fundraising effort, we recognize that some of these transactions may be investment contract transactions under the

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[8] Division of Corporation Finance, SEC, Staff Statement on Meme Coins (Feb. 27, 2025) ("SEC Staff Meme Coin Statement"), *available at*: https://www.sec.gov/newsroom/speeches-statements/staff-statement-meme-coins

[9] Division of Corporation Finance, SEC, Statement on Stablecoins (Apr. 4, 2025) ("SEC Staff Stablecoin Statement") (stating that the offer and sale of certain dollar-pegged stablecoins backed by highly liquid assets generally does not constitute the offer and sale of securities), *available at*: https://www.sec.gov/newsroom/speeches-statements/statement-stablecoins-040425.

[10] https://www.sec.gov/newsroom/speeches-statements/statement-certain-protocol-staking-activities-052925

[11] Division of Corporation Finance, SEC, Statement on Certain Protocol Staking Activities (May 29, 2025) ("SEC Staff Statement on Staking"), *available at*: https://www.sec.gov/newsroom/press-releases/2025-104-securities-exchange-commission-division-corporation-finance-issues-staff-statement-certain-liquid.

[12] *See* The PWG Report (categorizing network tokens as digital commodities).

[13] *See* SEC v. Ripple Labs, Inc., 682 F. Supp. 3d 308, 324 (S.D.N.Y., 2023).

Howey Test. However, the status of a transaction as a securities transaction should not be imputed to a network token issued as part of that transaction.[14] The Commission should explicitly reject any suggestion that a token can be the embodiment of an investment contract transaction. With respect to network tokens being traded for profit and other speculative purposes, this factor alone does not make an asset a security. Many assets, like traditional commodities, collectibles or real estate, are bought and sold for investment purposes and are not securities. These facts alone do not make the network token a security.

We recognize that current iterations of market infrastructure legislation[15] propose to give the Commission certain regulatory authority over network tokens, and other digital commodities, issued pursuant to an investment contract transaction, particularly before a digital asset network matures or is fully decentralized. Congress is the appropriate venue for those provisions to be promulgated. We welcome these proposed laws so long as they are appropriately tailored and do not promulgate overly broad resale restrictions that capture third party liquidity providers as related persons of a network and prevent or deter such liquidity providers from playing their pivotal role in the market. In the meantime and until such laws are passed by Congress, the Commission can and should clarify the appropriate position on this point. It will create a clean slate for forthcoming market infrastructure legislation and correct the record so the law is not incorrectly applied by future SEC administrations. In the event that market infrastructure legislation is not passed, it will remain the correct interpretation of existing law.

**Conclusion**

Wintermute appreciates the opportunity to share its views. We would welcome the opportunity to discuss these topics further with the Task Force. Please do not hesitate to contact us should you have any questions.

Respectfully submitted,

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[14] See SEC v. Binance Holdings Limited, et al., 1:23-cv-01599-ABJ-ZMF. 20 (stating that the suggestion that a token is the embodiment of the investment contract "muddied the issues" and "ignored the Supreme Court's directive.").

[15] Majority Press Release, United States Committee on Banking, Housing, and Urban Affairs, Scott, Lummis, Colleagues Release Market Structure Discussion Draft, Issue Request for Information from Stakeholders (July 22, 2025), *available at*: https://www.banking.senate.gov/newsroom/majority/scott-lummis-colleagues-release-market-structurediscussion-Draft-issue-request-for-information-from-stakeholders; Digital Asset Market Clarity Act of 2025, H.R. 3633, 119th Congress (2025), *available at*: https://www.congress.gov/bill/119th-congress/house-bill/3633.

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Marina Gurevich
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Wintermute Trading Ltd.

cc: Ron Hammond
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