April 1, 2026

VIA WEBSITE SUBMISSION
Commissioner Hester M. Peirce
Chair of SEC Crypto Task Force
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: Request for Information Regarding National Securities Exchanges and Alternative Trading Systems Trading Crypto Assets

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

Solana Policy Institute[1] commends the work of the U.S. Securities and Exchange Commission's Crypto Task Force and the agency's ongoing efforts to articulate a coherent regulatory framework for crypto assets under the federal securities laws. We appreciate the opportunity to submit this additional letter in response to the request for information ("RFI") issued by Commissioner Hester Peirce regarding national securities exchanges ("NSEs") and alternative trading systems ("ATSs") trading crypto assets.[2]

As an organization that advocates for fair and appropriate regulatory treatment of software developers and neutral technological solutions, we believe it is important that the Commission—as it has done under its current leadership—recognizes and takes into account the technological differences and realities associated with disintermediated financial technologies and systems. We are concerned, however, that certain stakeholders continue to urge the Commission to adopt a one-size-fits-all regulatory approach in the context of such technologies that ignores critical differences in how those technologies function.

This approach is reflected in several submissions by the Securities Industry and Financial Markets Association ("SIFMA"), including its March 17, 2026 submission to the SEC Crypto

[1] Solana Policy Institute is a non-partisan, non-profit entity focused on educating policymakers on how decentralized networks like Solana are the future infrastructure of the digital economy. We are also a member of Project Open—a collection of interested parties working collaboratively to address and enable tokenized securities on public blockchain networks in a manner consistent with existing regulations.

[2] *See* SEC Commissioner Hester M. Peirce, *And Then Some: Request for Information Regarding National Securities Exchanges and Alternative Trading Systems Trading Crypto Assets* (Dec. 17, 2025), https://www.sec.gov/newsroom/speeches-statements/peirce-12172025-then-some-request-information-regarding-national-securities-exchanges-alternative-trading-systems.

Task Force related to the RFI (the "SIFMA Letter").[3] This submission is intended to address many of the problems with such an approach and explain why we support ongoing Commission efforts to appropriately recognize the distinctions and nuances between intermediated financial actors and disintermediated systems and technologies.

SIFMA begins from an overbroad premise that collapses disintermediated protocols, non-custodial interfaces, and traditional intermediaries into the same regulatory bucket.

At the outset, it is important to recognize that SIFMA conflates decentralized finance ("DeFi") and centralized finance ("CeFi") throughout its letter, including by misleadingly defining "DeFi trading platforms" to include front-end systems that "intermediate user access to" automated market makers ("AMMs") and other trading protocols that involve the trading of tokenized securities via smart contract code deployed to a blockchain network.[4] SIFMA's definition rests on reductive misconceptions about the technologies underlying DeFi trading platforms and potentially captures every person and technology with any connection to a DeFi transaction as a securities intermediary *despite the lack of securities intermediation by the technology*. And it ignores SEC leadership's own recognition that public blockchains can enable genuinely disintermediated, peer-to-peer software systems.[5]

While some centralized or intermediated platforms may fit within SIFMA's conception, fully disintermediated protocols and non-custodial interfaces do not, as they lack key characteristics of securities intermediaries. Among other reasons, these types of technology do not: (1) maintain custody, possession, or control over user assets; (2) operate a central order book or private order matching engine; (3) provide investment recommendations; or (4) exercise agency or discretion on behalf of customers. By contrast, where a person or entity takes custody of customer assets, exercises discretion over execution, controls market access, handles customer orders, or otherwise performs traditional intermediary functions, existing registration and conduct regimes should apply to the extent appropriate. The SIFMA Letter fails to acknowledge these distinctions or otherwise clarify how SIFMA's positions would apply with respect to fully disintermediated trading protocols and noncustodial interfaces. The core issue remains whether a person or entity is actually performing intermediary functions that the securities laws regulate, not whether trading occurs somewhere in the technology stack.

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[3] SIFMA, *RFI Response to SEC RFI "And Then Some" and Linked FAQ* (Mar. 17, 2026), https://www.sec.gov/files/ctf-written-sifma-ats-rfi-letter-03-17-2026.pdf. Many of the same generalizations and oversimplifications identified in this submission persist in SIFMA's March 30, 2026 letter concerning automated market makers. *See* SIFMA, *Automated Market Makers and the Consistent Application of Securities Market Regulations* (Mar. 30, 2026), https://www.sec.gov/files/ctf-written-input-sifma-033026.pdf.

[4] SIFMA Letter at 9.

[5] SEC Chairman Paul S. Atkins, *Remarks at the Crypto Task Force Roundtable on Decentralized Finance* (June 9, 2025), https://www.sec.gov/newsroom/speeches-statements/atkins-remarks-defi-roundtable-060925 (recognizing that blockchain enables "self-executing software code" that can facilitate peer-to-peer transactions "without an intermediary"); SEC Commissioner Hester M. Peirce, *Lava and Lamps: Opening Remarks for Crypto Custody Roundtable* (Apr. 25, 2025), https://www.sec.gov/newsroom/speeches-statements/peirce-lava-lamps-opening-remarks-crypto-custody-roundtable-042525 (noting that blockchain technology allows individuals to "engage with their assets without the use of any intermediary").

The Commission should identify who is performing an exchange or ATS function before assuming legacy venue rules apply to every onchain architecture.

SIFMA's central premise is that the Commission should begin with the assumption that where a securities transaction occurs, there must be intermediaries that transact in them regardless of the technology used.[6] But that premise skips the antecedent legal question: who, exactly, is the relevant actor, and what regulated function is that actor actually performing, if any?

Section 3(a)(1) of the Exchange Act and Rule 3b-16 focus on organizations, associations, or groups of persons that constitute, maintain, or provide a marketplace or facilities for securities trading. Regulation ATS, together with the definition of "exchange" (and related terms) in the Securities Exchange Act of 1934 ("Exchange Act") and Rule 3b-16 thereunder,[7] contemplates venues that bring together the orders for securities of multiple buyers and sellers and use established, non-discretionary methods under which such orders interact. The focus in the definition and regulatory framework is on the *operators* of such venues. These frameworks do not naturally sweep in independent software developers, validators, general-purpose wallet software, or neutral infrastructure. The technological realities of disintermediated protocols require a tailored approach.[8]

SIFMA separately argues that "facility of an exchange" should be read broadly. But that principle does not support treating every interface or communications layer as a facility.[9] Section 3(a)(2) reaches a communications system only if it is maintained by or with the consent of the exchange. Where the operator of an interface does not control the underlying protocol or alleged exchange, and where execution occurs through a user's self-custodial wallet interacting directly with public blockchain infrastructure, treating the interface as a "facility" would erase the boundary between exchange operation and software provision.

Moreover, as we and others have previously explained, DeFi protocols do not rely on operators but on automated technologies such as public blockchain networks, validators, and

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[6] SIFMA Letter at 1 (emphasis added).

[7] Under Section 3(a)(1) of the Exchange Act, the term "exchange" is defined as "any organization, association, or group of persons, whether incorporated or unincorporated, which constitutes, maintains, or provides a market place or facilities for bringing together purchasers and sellers of securities or for otherwise performing with respect to securities the functions commonly performed by a stock exchange as that term is generally understood, and includes the market place and the market facilities maintained by such exchange." Exchange Act Rule 3b-16, adopted with Regulation ATS, further interprets "exchange" to mean an organization, association or group of persons that "(1) Brings together the orders for securities of multiple buyers and sellers; and (2) Uses established, non-discretionary methods (whether by providing a trading facility or by setting rules) under which such orders interact with each other, and the buyers and sellers entering such orders agree to the terms of a trade."

[8] The SEC has a history of providing tailored relief when circumstances warrant, including related to technology providers and potential registration requirements. *See, e.g.*, SEC No-Action Letter, *S3 Matching Technologies LP* (July 19, 2012), https://www.sec.gov/divisions/marketreg/mr-noaction/2012/s3-matching-tech-071912.pdf; SEC No-Action Letter, *Swiss American Securities, Inc. and Streetline, Inc.* (May 28, 2002), https://www.sec.gov/divisions/marketreg/mr-noaction/swissamer052802.htm.

[9] *See* DeFi Education Fund, *Response to Request for Information Regarding National Securities Exchanges and Alternative Trading Systems Trading Crypto Assets* (Apr. 1, 2026), https://www.sec.gov/files/ctf-written-input-defi-education-fund-040126.pdf.

smart contract code. In these systems, users hold their own keys and authorize, sign, and transmit their own messages to the network. Neither a DeFi protocol nor its developers take custody, make individualized judgments, or exercise discretion on behalf of a user. The protocol simply executes based on user-provided instructions.

Likewise, the software developers who develop and maintain these technologies do not meet the functional profile of an operator. They do not receive or store customer orders, maintain order books or match counterparties, nor do they decide who may access the system, custody assets, or act as counterparties.[10]

Because developers of DeFi protocols do not satisfy operator-centric requirements, and the protocols themselves certainly do not, subjecting them to the regulatory frameworks governing NSEs or ATSs would, absent significant changes to those frameworks, functionally prohibit the use of DeFi protocols because those requirements are technologically or legally impracticable absent tailored guidance, exemptive relief, or further rulemaking.[11]

SIFMA's "regulatory equivalence" theory conflates market results with regulated conduct.

In a similar vein, the SIFMA Letter advocates for "regulatory equivalence."[12] But in reality, SIFMA appears to focus on regulating outcomes. The Commission's focus should be on *activities and risks*—and calibrating regulation accordingly.

The federal securities laws and corresponding regulatory framework generally assume that securities are traded through layers of centralized intermediaries, such as registered broker-dealers that are subject to SEC regulation and FINRA rules. This regulatory framework was designed with traditional product types, legacy technologies, existing market structure—and associated risks—in mind. For example, centralized intermediaries often make discretionary decisions about order routing, determine who has access to certain markets, and can control customer assets. As a result, the federal securities laws are designed to address the trust-dependent risks related to this structure, including conflicts of interest, information asymmetry, and the potential financial failure of intermediaries.

And SIFMA is right that institutional-quality tokenized securities markets will require reliable reporting, transparency, and surveillance. But that is separate from the threshold

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[10] The Commission need not choose between a structure of assumed intermediation and regulatory vacuum. Project Open, for example, provides a viable path where public blockchain infrastructure serves as the transaction layer; non-custodial wallets enable user-directed activity; smart-contract protocols can be utilized for secondary trading; and a registered transfer agent maintains the authoritative ownership record, applies investor-protection controls, and supports compliance functions.

[11] *See* Solana Policy Institute, *Request for Information Regarding National Securities Exchanges and Alternative Trading Systems Trading Crypto Assets – Request No. 16* (Jan. 9, 2026), https://www.solanapolicyinstitute.org/legal-archive/response-to-commissioner-peirces-rfi; Letter from the DeFi Education Fund to the SEC (June 12, 2023), https://www.defieducationfund.org/uploads/pdf-imports/84ba66_f997b07bbb6d43b8a3b6c0626f57cdf3.pdf ("The upshot of this technological reality is that holding DeFi protocols to the requirements of the regulatory regimes governing national securities exchanges and ATSs would result in their de facto expatriation from the United States.").

[12] SIFMA Letter at 7.

classification question, which asks whether the Commission should misclassify disintermediated interfaces, validators, and autonomous protocols as exchanges or broker-dealers.

DeFi transactions fundamentally differ from transactions under the centralized intermediary model through the use of automated technologies. Transactions on public blockchains are inherently transparent and auditable and mitigate many of the risks that the existing statutory and regulatory frameworks governing broker-dealers, exchanges, and other categories of SEC registrants are designed to address. Indeed, the fundamental structure and architecture of DeFi protocols, coupled with thoughtful conditions and safeguards, can address and fulfill the core purposes and goals of the federal securities laws and SEC rules and regulations.

For example, public blockchain networks can obviate many of the systemic risks that clearing agencies are designed to address, as instantaneous settlement of pre-funded trades eliminates settlement risk. In addition, onchain settlement autonomously creates a transparent and auditable audit trail and enhances transparency regarding fees and costs. Moreover, self-custodial crypto wallets eliminate the risks associated with the financial failure of centralized intermediaries. Further, the structure of user-directed transactions via transparent trading protocols helps to eliminate the information asymmetry and conflicts risks inherent with the centralized order book and principal-agent dynamics of traditional markets.

SIFMA's proposed approach, which we encourage the Commission to reject, would require DeFi developers and protocols to reconstitute themselves as traditional intermediaries. This would reintroduce the very risks that decentralized designs seek to reduce.

Instead, the Commission should develop a regulatory framework that accounts for the unique characteristics of DeFi protocols. This framework should be technology-neutral and anchored in custody and control, identifying true intermediaries and market operators based on their function.

Tailored application of the securities laws preserves investor protection without lowering standards for new entrants.

SIFMA asserts that the RFI implies "a potential lowering of standards to facilitate operations of a small subset of new entrants . . . or a specific type of new trading model."[13] Tailored application of existing law, however, is not a lowering of standards. It is how the Commission has historically responded to new market technologies, including when it adopted Regulation ATS to accommodate trading systems that did not fit neatly within legacy exchange regulation.

In the late 1990s, the Commission developed the ATS regime as an alternative to traditional regulation of stock exchanges to account for the unique characteristics of emerging technologies. This was a direct response to technological innovations in how market participants transacted. In its adopting release, the Commission explained:

[13] SIFMA Letter at 2.

> [T]he Commission has undertaken a reevaluation of its regulatory framework for markets because of substantial changes in the way securities are traded. Market participants have incorporated technology into their businesses to provide investors with an increasing array of services, and to furnish these services more efficiently, and often at lower prices. *The current regulatory framework, however, designed more than six decades ago, did not envision many of these trading and business functions*.[14]

To preserve investor protection and market integrity in tokenized securities markets, the Commission should continue to emulate the thoughtful and constructive approach it took in the late 1990s by reevaluating its regulatory framework for markets; granting no-action relief, providing interpretive guidance, and allowing for exemptive relief where appropriate based on the specific activities and risks presented; and, as needed, engaging in formal rulemaking to ensure fit-for-purpose regulations that account for the novel trading and business functions that crypto assets and DeFi protocols present.

The issues before the Task Force are narrower and more concrete than SIFMA suggests.

Finally, we believe that it is important to address several arguments in the SIFMA Letter that misrepresent, oversimplify, or distract from the topics at issue:

- **We are not asking the Commission for a blanket exemption from intermediary rules.** SIFMA suggests that a general exemption for platforms acting as intermediaries for the trading of tokenized securities is under consideration.[15] We do not know the specifics of regulatory initiatives that the Commission may currently be considering. We certainly have not requested blanket exemptions. In fact, the Commission has indicated that it is not considering any such blanket relief.[16] No market participant that we are aware of disputes that a party engaging in intermediary activities involving tokenized securities should be subject to the securities laws.

- **A request for information complements rather than replaces notice-and-comment rulemaking.** SIFMA also appears to suggest that the RFI may be a substitute for notice-and-comment rulemaking.[17] However, we are not aware of any market participant that believes the SEC could or would amend

[14] SEC, *Regulation of Exchanges and Alternative Trading Systems*, 63 Fed. Reg. 70844, 70845 (emphasis added) (Dec. 22, 1998), https://www.govinfo.gov/content/pkg/FR-1998-12-22/pdf/98-33299.pdf.

[15] *See* SIFMA Letter at 6.

[16] *See* SEC Commissioner Hester M. Peirce, *Adam's Lib: Remarks at the Meeting of the SEC Investor Advisory Committee* (Mar. 12, 2026), https://www.sec.gov/newsroom/speeches-statements/peirce-remarks-iac-031226 (noting that Commission staff is working on an innovation exemption to facilitate limited trading of certain tokenized securities and confirming that the exemption will be "much narrower than the 'blanket' exemption mentioned in the draft recommendation").

[17] *See* SIFMA Letter at 6.

Regulation NMS or Regulation ATS without notice-and-comment rulemaking.[18] A pre-proposal RFI is an additional process to better inform potential future rulemaking.

- **Technical questions about speed, reporting, and network design should be analyzed by architecture, not generalized from a single, nonrepresentative example.** SIFMA noted that blockchains "may be significantly slower than traditional compute technology."[19] That statement ignores many purpose-built blockchains, including Layer 1s, that are capable of sub-second execution.[20]

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As Commissioner Peirce stated in the RFI, "[t]rading platforms and market participants need to be able to operate under the certainty of clear market structure rules that facilitate fair and orderly markets without imposing unnecessary burdens." To strike an appropriate balance, the Commission must reject calls for a one-size-fits-all approach. Instead, the Commission should adopt a tailored approach that draws distinctions between financial intermediaries and disintermediated systems and technologies. We appreciate your thoughtful engagement with these issues and are available to discuss them at your convenience.

Respectfully submitted,

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[18] *See* SEC Chairman Paul S. Atkins and SEC Commissioner Hester M. Peirce, *Number Go Down and Other Schadenfreude* (Feb. 18, 2026), https://www.sec.gov/newsroom/speeches-statements/atkins-peirce-021826-number-go-down-other-schadenfreude (stating their desire to engage in formal rulemaking).

[19] *See* SIFMA Letter at 10.

[20] *See, e.g.*, Token Terminal, *Solana Block Time* (Mar. 30, 2026), https://tokenterminal.com/explorer/projects/solana/metrics/block-time (calculating an average block time of under 400ms as of March 30, 2026).