

April 17, 2026

SUBMITTED VIA SEC WEBSITE

Commissioner Hester M. Peirce
Chair of the SEC Crypto Task Force
crypto@SEC.GOV
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 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:

On behalf of The Digital Chamber (“TDC”), we respectfully provide this submission in response to Commissioner Hester M. Peirce’s December 17, 2025 statement soliciting public input on regulatory issues applicable to national securities exchanges (“NSEs”) and alternative trading systems (“ATSs”) related to blockchain technology and crypto assets (the “Statement”). In particular, this letter addresses Questions 2, 3, 4, 5, 6 and 7 of the Statement, relating to the regulatory treatment of crypto ATSs affiliated with NSEs, NMS plan amendments for crypto asset trading pairs, tailored Form ATS requirements for crypto ATSs, and Form ATS-R reporting. TDC will also be providing responses to the other questions posed by the Statement in separate submissions.

2. *When should a crypto ATS that is affiliated with an NSE be considered a facility of such exchange?*

The question goes to the heart of how affiliation, operational interdependence, and market structure intersect under the Securities Exchange Act of 1934 (as amended) (the “Exchange Act”) facility concept. Clarifying the bounds of facility status is important because a facility determination can fundamentally change the ATS’s regulatory status and obligations by making it part of the exchange.

A crypto ATS that is affiliated with an NSE should not be deemed a facility of that exchange based on corporate affiliation, common ownership, or shared enterprise resources. The statutory text does not support that result, the regulatory framework has evolved to make it

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unnecessary, and the way markets actually operate today confirms that such an interpretation would be counterproductive.

The facility concept in Section 3(a)(2) of the Exchange Act defines “facility” by reference to property and services used “for the purpose of effecting or reporting a transaction on an exchange.” The definition is functional, not entity-based: the statutory trigger is whether the property or service is being used to effect exchange transactions, not whether it is owned by the same parent company or shares technology with the exchange. The parenthetical reference to communication systems “maintained by or with the consent of the exchange” reflects the concern that existed in 1934 with ticker networks and wire services that disseminated exchange prices; it contemplates systems the exchange actively incorporates into its market operations, not systems that happen to exist under common corporate ownership. When Congress enacted this definition, exchanges were the only regulated trading venues and Congress was concerned that an exchange could route activity through an affiliated but unregulated venue to execute trades that influenced exchange prices, to front-run exchange order flow, or to selectively report transactions in ways that distorted price discovery, in each case, outside the reach of exchange rules and SEC-approved rule filings. The facility concept closed that gap by ensuring that infrastructure functionally connected to the exchange’s core market operations was governed by exchange rules and SRO oversight.

The regulatory landscape has changed fundamentally since 1934, and each change has independently addressed the manipulation risks that facility status was designed to cover. The adoption of Regulation ATS in 1998 created a comprehensive regime for non-exchange trading venues: an ATS must register as a broker-dealer, join FINRA, file Form ATS notice filings (or, as discussed in response to Question 4 below, a tailored crypto-specific form that improves on the current template), submit quarterly activity reports providing regulators with trading data (whether through Form ATS-R or, as discussed in response to Question 7 below, through equivalent on-chain transparency mechanisms that deliver the same or superior supervisory access), maintain records sufficient for regulatory examination and trade reconstruction, safeguard confidential trading information under Rule 301(b)(10), and comply with fair access and order display obligations when volume thresholds are met.

The 2018 adoption of Rule 304 and Form ATS-N added public disclosure and SEC review for NMS Stock ATSS. Separately, the Consolidated Audit Trail now captures order lifecycle data across all NMS exchanges and broker-dealers. FINRA operates cross-market surveillance and independently monitors ATS activity. The U.S. Securities and Exchange Commission’s (the “SEC” or the “Commission”) own analytical tools provide additional market-wide oversight. An ATS that is a registered broker-dealer and FINRA member is subject to Books and Records requirements, anti-manipulation rules under Exchange Act Sections 9(a)(2) and 10(b) and Rule 10b-5, FINRA’s own manipulation rules, and SEC and FINRA examination authority. In sum, every specific manipulation risk that motivated the facility concept is today independently

prohibited and surveilled under Regulation ATS, broker-dealer obligations, FINRA rules, and SEC anti-fraud and anti-manipulation authority. Treating an affiliated ATS as a facility of the exchange adds a second layer of SRO oversight on top of a regime specifically designed to regulate non-exchange trading venues, without addressing any manipulation risk that is not already covered. The strength of that regime lies in the substantive protections it delivers—registration, surveillance, activity reporting, recordkeeping, information safeguards, and anti-manipulation enforcement—not in the particular legacy forms or procedures through which those protections are currently administered. As discussed in our responses to Questions 3 through 7 below, TDC supports targeted modernization of certain ATS filing and reporting requirements to better fit crypto market realities, but each of those proposals preserves or enhances the underlying regulatory coverage; none diminishes it.

For crypto ATSs, blockchain technology provides a further layer of transparency that reinforces the adequacy of existing protections. Public blockchains create an immutable, independently verifiable record of transactions that is visible to regulators, market participants, and the public in real time. This on-chain transparency makes it more difficult, not less, for an affiliated ATS to engage in the kinds of manipulation the facility concept was designed to prevent: selective trade reporting is constrained by the immutability of blockchain records, and execution activity is observable on-chain in ways that have no analog in traditional off-chain trading. To the extent that a crypto ATS references exchange pricing through an on-chain oracle, for example, where tokenized securities trade on the ATS at prices derived from an exchange price feed, that arrangement is functionally no different from the widespread existing practice of dark pools and ATSs pegging executions to the NBBO, which incorporates exchange prices.

Exchange market data is already commercially distributed to, and consumed by, broker-dealers, ATSs, and other market participants as a matter of course; the fact that a price feed is delivered through a blockchain oracle rather than a traditional data vendor does not transform the ATS into a facility of the exchange any more than subscribing to a SIP data feed does today. The relevant question remains whether the ATS is independently effecting its own transactions under its own rules, or whether it has become a conduit for the exchange's own market operations. Consuming exchange pricing data, whether through a traditional market data feed or an on-chain oracle, falls squarely in the former category.

This is how markets actually operate today, and have operated for decades. Every major exchange group operates multiple exchanges and ATSs under common corporate ownership with extensively shared technology, personnel, and infrastructure. In every case, these affiliated ATSs have been regulated under Regulation ATS as separate broker-dealer venues, filing their own Forms ATS and ATS-N, reporting trades through FINRA Trade Reporting Facilities, and subject to SEC and FINRA examination independently of the exchange. No SEC enforcement action, guidance, or order has treated any of these exchange-affiliated ATSs as a facility based on common ownership, shared matching technology, or shared enterprise services. To the contrary, the entire

Regulation ATS framework treats ATSs and exchanges as distinct regulatory categories with separate compliance obligations. Shared technology stacks, cloud services, back-office and compliance staff, customer onboarding platforms, data feeds, and office space are standard operational efficiencies, not indicators of regulatory evasion or manipulation risk. Treating these shared enterprise services as indicia of facility status would penalize efficient business organization, raise barriers to entry for exchange families seeking to innovate in crypto, and impose costs without corresponding investor protection benefits. It would also be inconsistent with the Commission's stated goal of lowering barriers to entry for platforms that seek to trade crypto asset securities.

There is no principled basis for treating a crypto ATS affiliated with an exchange differently from a non-crypto ATS affiliated with the same or another exchange. The Statement frames this question specifically in terms of "crypto ATSs," but the answer should not be crypto-specific.

The facility analysis under Section 3(a)(2) turns on functional criteria, whether property or services are being used "for the purpose of effecting or reporting a transaction on an exchange", and those criteria do not vary by asset class. If shared matching engines, common technology platforms, overlapping personnel, and common corporate ownership between affiliated exchanges and ATSs in traditional equities have never triggered facility status, the same logic should apply, with at least equal force, to crypto ATSs, which benefit from the additional transparency of blockchain-based trading and settlement. To apply a different or more expansive facility standard to crypto ATSs would create an unjustified disparity that penalizes innovation in digital assets and is inconsistent with the principle that regulatory obligations should attach to activities and functions, not to the technology or asset class.

A facility determination should be reserved for the narrow circumstance in which a crypto ATS has become a functional extension of the exchange's own market operations, that is, where the ATS is not operating as an independent venue under its own rules but is instead serving as a conduit for the exchange's core market functions. This would be the case where the exchange uses the ATS's matching or routing systems to execute orders that are treated, for regulatory and operational purposes, as exchange executions rather than ATS executions, or where the exchange directs ATS activity under exchange protocols rather than permitting the ATS to operate pursuant to its own independent rules and procedures. In other words, facility status should turn on whether the ATS has effectively become a substitute for or extension of the exchange itself, not on whether the ATS and exchange share resources that are ancillary to their respective market operations.

This approach is superior to both a bright-line rule and an expansive principles-based test. A bright-line rule risks being either over-inclusive (sweeping in ordinary operational sharing) or under-inclusive (missing genuinely integrated structures), and would become outdated as business models and technology evolve. An expansive principles-based test that treats any significant

operational overlap as a potential facility trigger would create uncertainty and chill legitimate innovation. The better approach is a narrow, function-based standard: facility status attaches when the ATS functionally substitutes for or extends the exchange's core market operations, and does not attach when the ATS and exchange merely share enterprise resources while each independently operates, and is independently regulated, as a separate venue.

To provide market participants with practical certainty, the Commission should issue guidance that includes non-exclusive examples of arrangements that would and would not give rise to facility status. Examples of arrangements that should not trigger facility status include:

- Common corporate ownership or control, without more;
- Shared technology infrastructure, including cloud hosting, data centers, network connectivity, and cybersecurity systems;
- Shared back-office, compliance, legal, risk management, or administrative personnel;
- Overlapping customer or subscriber bases, where each venue independently onboards and governs its participants under its own rules;
- Shared market data feeds or analytics platforms;
- Co-located or shared office space; and
- Common branding or marketing under a parent company identity.

Examples of arrangements that may warrant a facility determination include:

- The exchange uses the ATS's matching engine to execute orders that are reported and regulated as exchange transactions;
- ATS executions are cleared and settled through the exchange's clearing process as if they were exchange trades, and the ATS has no independent settlement capability or arrangement;
- The exchange's rulebook governs trading activity on the ATS, and ATS participants are subject to exchange disciplinary authority by virtue of their ATS participation; and

- The exchange directs order flow to the ATS under exchange routing protocols, and the ATS does not exercise independent discretion over whether to accept or how to handle such orders.

This functional approach aligns with the statutory text, which defines “facility” by reference to property and services used “for the purpose of effecting or reporting a transaction on an exchange.” It preserves the facility concept for the circumstance Congress intended to address, while recognizing that today’s market structure, regulatory framework, surveillance capabilities, and the additional transparency afforded by blockchain technology make an expansive reading of “facility” unnecessary, counterproductive, and inconsistent with the Commission’s objectives of encouraging innovation and lowering barriers to entry for trading platforms.

3. *What NMS plan amendments may be necessary to accommodate security and non-security crypto asset pairs trading on NSEs?*

Existing NMS plans, including the CTA/CQ Plan, the UTP Plan, and the Consolidated Audit Trail, were built for equity markets with limited trading hours, conventional reference data, and centralized post-trade infrastructure. To support NSE trading that involves a crypto leg, the NMS should be modernized in targeted ways that recognize the realities of crypto markets while preserving the core goals of fair access, transparency, and surveillance.

First, data reporting protocols should be adapted for twenty-four-hour, seven-day trading. Timestamp standards and system availability assumptions grounded in a five-day market week should be extended, with a preference for time standards that can accommodate both wall-clock and block-time references. Audit trail designs should address cross-session continuity so that surveillance and analytics maintain integrity across calendar boundaries without artificial breaks.

Second, NMS reference data should include a taxonomy and unique identifiers for crypto assets used in trading pairs. Basic reference attributes, such as asset type, protocol, chain identifier, and contract address where relevant, support accurate market data, audit trail capture, and risk controls. Reference data should be technology-neutral and flexible enough to accommodate protocol upgrades and chain migrations without requiring constant rulemaking.

Third, order protection and trade-through logic should be reviewed where one side of a pair trades on-chain or where atomic settlement is part of the execution model. The Commission should assess whether exceptions or tailored definitions are appropriate so that obligations designed for centralized equity markets do not undermine execution quality when on-chain execution yields a better all-in outcome. This assessment should consider

whether venue linkages that are not practical across heterogeneous crypto venues should be excluded from trade-through comparisons.

Fourth, consolidated quotation and trade data that are useful for market participants should be evaluated with a clear-eyed view of what can be aggregated across crypto venues. Many crypto trading venues for the non-security leg will not be subject to SEC jurisdiction. A modular approach is preferable, under which NSE quotes and trades for security legs and for pairs that execute within the exchange environment are consolidated in the same way as traditional securities, while cross-market linkages to non-securities venues remain optional and clearly labeled as supplemental.

Finally, the CAT should incorporate crypto-specific attributes where needed, including identifiers for trading pairs, references to block heights or transaction hashes where relevant, and coverage of around-the-clock activity. The guiding principle is minimal but sufficient adaptation so that surveillance, reconstruction, and analytics are as robust for crypto pairs as they are for equities, without building unnecessary bespoke infrastructure. A phased approach would allow the Commission and plan participants to prioritize high-impact changes, beginning with twenty-four-hour, seven-day time standards and crypto reference data, followed by tailored order protection logic and CAT enhancements. The Commission should evaluate whether a standalone crypto module within existing plans is adequate in the near term, reserving a separate crypto NMS plan for a future stage if volumes and use cases justify it. Coordination with other regulators is important so that cross-market surveillance and reporting do not fragment along jurisdictional lines.

4. *Should the Commission propose a new Form ATS that is tailored to the trading of crypto asset securities and trading pairs on a crypto ATS? If so, what information should that form require crypto ATSs to disclose? Should the Commission revise or repeal provisions of Regulation ATS, Form ATS, Form ATS-N, or other forms or rules?*

The Commission should consider adopting a tailored Form ATS for crypto asset securities to better capture the material information unique to blockchain-based trading systems. While the existing Form ATS framework “can accommodate” crypto disclosures, “can accommodate” is not “well-suited to.” A streamlined, purpose-built form would reduce compliance burdens, eliminate the need to force-fit crypto-specific information into categories designed for traditional market structure, and provide investors and staff with decision-useful disclosures in a consistent format. Importantly, a tailored form does not weaken the ATS regulatory regime described in our response to Question 2; rather, it strengthens it by ensuring that disclosures capture the information that is actually material to crypto trading, including protocol dependencies, smart contract architecture, custody models, and on-chain settlement mechanics, rather than relying on categories that were

designed for traditional off-chain market structure and that may obscure rather than illuminate the risks and operations of a blockchain-based venue.

For platforms offering integrated crypto and traditional securities trading, the Commission should permit a single consolidated form rather than requiring duplicative filings across multiple instruments. This approach follows the successful precedent of Regulation ATS, which provided a middle-ground solution when electronic trading platforms emerged—stronger regulation than broker-dealer rules alone, but not the full burden of exchange registration—allowing innovation within a regulated framework.

A crypto-tailored Form ATS should require disclosure of information that is uniquely material to blockchain-based trading and crypto asset securities. This includes: (1) protocol information, including the underlying blockchain or blockchains used, consensus mechanisms, and any dependencies on external protocols or oracle systems; (2) smart contract architecture and audit history, including whether execution or settlement relies on smart contracts, results of independent security audits, formal verification where available, and governance procedures for contract upgrades or bug fixes; (3) custody model, including wallet architecture, key management practices (multi-signature, hardware security modules, threshold signatures), whether custody is self-managed or delegated to third parties, and safeguarding controls under Rule 15c3-3 or equivalent standards; (4) treatment of non-security crypto asset trading pairs, including how the platform handles paired trading of securities against non-security assets like stablecoins or bitcoin, settlement mechanics, and regulatory compliance for the non-security leg; (5) on-chain data transparency, including what transaction data is recorded on-chain, whether execution and settlement are atomic, and how market participants and regulators can access verifiable on-chain records such as transaction hashes, block heights, and timestamps; (6) order handling and execution model, including whether the platform uses a central limit order book, automated market maker, hybrid model, or other mechanism, order types available, matching logic, treatment of network fees or gas costs, and slippage controls; (7) operational and cyber resilience, including incident response procedures, business continuity plans tailored to blockchain infrastructure, and disaster recovery for key material and wallet access; and (8) conflicts of interest, including whether the operator or affiliates trade as principal, operate market-making strategies, maintain relationships with issuers, or receive listing fees or other incentive payments.

The disclosures should be designed to support integration into existing market infrastructure while accommodating the unique characteristics of blockchain-based systems. To ensure institutional participation and market integrity, crypto ATSs trading tokenized NMS stocks should be required to integrate with established quote and trade reporting infrastructure, including SIPs for consolidated market data and TRFs for trade reporting, just as traditional ATSs do today. This integration is essential for price discovery, consolidated audit trail capture, cross-market surveillance, and enabling broker-dealers to meet best execution obligations. Where tokenized securities trade alongside their traditional counterparts, integrated reporting prevents market

fragmentation, supports consistent pricing through arbitrage mechanisms, and ensures regulators have complete visibility for detecting fraud and market manipulation across all venues.

Where crypto ATs facilitate trading of tokenized securities that represent underlying NMS stocks, the tailored Form ATS should address fungibility and treatment of the tokenized form relative to the underlying security. This includes whether the tokenized security is freely convertible to the traditional form, how the platform handles corporate actions such as dividends and voting rights, and whether the token conveys the full legal and economic rights of the underlying security or introduces counterparty, credit, or operational risks. Clear disclosure is particularly important for wrapped tokenized securities issued by third parties, where investors must understand the respective responsibilities of the underlying issuer versus the tokenization agent, and any risks associated with the wrapping process. The Commission should also require disclosure of how the platform addresses the risk of multiple wrapped tokens based on the same underlying security trading at different prices, which could fragment markets and harm execution quality.

The Commission should also streamline the broader Form ATS regime to reduce duplication and regulatory burden. Form ATS-N should be revised to accommodate crypto-specific public disclosures for platforms trading NMS stocks in tokenized or native digital form, without requiring platforms to maintain parallel disclosure regimes. With respect to Form ATS-R, we have provided a more fulsome explanation of proposed amendments and uses in response to Question 7 below. Where a platform offers both traditional and crypto trading, a single integrated form should be sufficient, with modular sections that allow the operator to provide relevant information for each asset class without duplicative narrative or overlapping schedules. The Commission should confirm that required disclosures and records may incorporate verifiable on-chain data, including transaction hashes and block heights, where that data serves as the authoritative record of execution or settlement, and that twenty-four-hour, seven-day operations are fully contemplated by the rules. Importantly, the Commission should clarify that broker-dealers operating crypto ATs may use distributed ledger technology for recordkeeping purposes, consistent with guidance previously issued for transfer agents, and that facilitating on-chain settlement does not trigger clearing agency registration where the activity falls within the customary brokerage activities exemption.

Any amendments to Regulation ATS and the associated forms should be addressed through a targeted process focused on the specific challenges of applying the framework to crypto asset securities, rather than a wholesale revision of the ATS regime. The Commission should start with the presumption that established ATS regulations apply to tokenized securities and the platforms that trade them, then address specific adaptations needed through focused rulemaking. This approach preserves regulatory consistency, prevents the creation of parallel fragmented markets for economically similar securities, and maintains the investor protections that underpin institutional participation in U.S. markets.

The Commission should also coordinate with the CFTC in developing frameworks for platforms that offer paired trading of securities and non-security crypto assets, ensuring consistent regulatory treatment at the intersection of the two agencies' jurisdictions. A crypto-tailored Form ATS can be calibrated to platform scale and complexity while maintaining core investor protections. For example, a smaller platform could satisfy smart contract assessment disclosure through third-party attestations or summaries, while a larger platform might provide more granular documentation. The Commission can also publish a model plain-English summary that ATSs may use voluntarily to improve comparability for market participants.

Volume-based thresholds for enhanced disclosure and operational requirements, similar to the existing ATS fair access thresholds, would ensure that platforms are not subject to disproportionate burdens while they build liquidity. However, where tokenized securities exist in multiple forms based on the same underlying asset, the Commission should clarify how volume thresholds are calculated—whether on a token-by-token basis or aggregated with the underlying security—to ensure consistent regulatory treatment and prevent fragmentation that could undermine market quality. The Commission should also provide clarity on the treatment of tokenized securities for purposes of determining whether a platform meets the definition of an exchange versus operating as an ATS, ensuring that entities performing equivalent marketplace functions are subject to equivalent regulatory standards regardless of the technology employed.

5. Today, Form ATS is filed on a non-public basis and is not subject to Commission approval. Should that approach be followed for crypto ATSs? Or should disclosures about trading in crypto asset securities be made public or be subject to a Commission review, approval, and effectiveness process? How can the Commission lower the costs of starting and running a crypto ATS in a manner that is consistent with investor protection and market integrity?

The confidential, non-approval Form ATS framework should continue to govern crypto ATSs. That framework has encouraged innovation and timely market entry while preserving the Commission's ability to monitor platforms, request additional information, and intervene when necessary. A shift to a public, pre-effective approval regime would add significant delay and expense and would likely drive activity offshore without improving investor outcomes. The better path is to maintain confidential filings while introducing targeted, standardized public disclosures focused on the topics that are most material to trading in crypto asset securities.

To lower costs, the Commission should streamline filing requirements by adopting the crypto schedule described above and by allowing registrants to incorporate by reference previously filed material that has not changed. Compliance should be scaled to platform size and activity so that smaller or emerging platforms can enter the market without bearing costs designed for the largest participants. The Commission should also consider safe harbors for good-faith compliance efforts and regulatory sandboxes or pilot programs that allow new models to operate under enhanced monitoring and reporting for a limited period. Finally, the staff can commit to expedited

review timelines for crypto ATS submissions to align with the pace of product development, while preserving the Commission's full supervisory authority. A template public summary that mirrors the crypto schedule's key elements, including order handling, conflicts, custody, and fee disclosures, would allow platforms to communicate essential information at low cost. The Commission could publish a short set of plain-language definitions to promote consistent usage of crypto terminology across filings and disclosures.

6. Are there specific crypto ATS public disclosures that would protect investors or enhance capital formation? For example, should the Commission propose amendments to Form ATS to require disclosures about conflicts of interest related to operators of a crypto ATS? Does private ordering already address platform disclosure?

Targeted, standardized public disclosures will improve investor protection and reduce search costs for institutions without imposing prescriptive requirements that stifle competition. Conflicts of interest deserve particular attention. Operators should disclose principal trading or market-making activity by the operator or affiliates, relationships with token issuers, any listing or similar fees, and whether the operator or its affiliates hold financial interests in assets traded on the platform. Disclosure of order handling practices is critical to execution quality. The platform should explain order types, matching logic, any latency differentials, the treatment of network fees for on-chain settlement, and the use of speed bumps or similar features. Transparent, plain-English fee disclosures should include the components of total cost, including network fees where applicable, so that market participants can make meaningful comparisons. Safeguarding disclosures should summarize custody arrangements, wallet architecture, and key management controls, including whether the operator self-custodies or uses a third-party custodian and how client and proprietary assets are segregated. Finally, platforms should describe their incident response programs and business continuity arrangements in a way that allows investors to assess operational resilience.

Private ordering has led many platforms to publish operational details, fee schedules, and security attestations to attract institutional participants, but private ordering alone is not enough for retail users or for comparability across platforms. Baseline mandatory disclosures ensure that key topics are covered systematically and in a common format while still allowing platforms to differentiate themselves. The Commission should therefore amend Form ATS to require submission of the crypto schedule and should encourage public disclosure of a corresponding plain-English summary that covers conflicts, order handling, fees, safeguarding, and resilience. Standardization should focus on content and clarity, not on dictating technology or business models. The Commission can support comparability by publishing illustrative examples that map technical practices, such as multi-party computation or multi-signature controls, into plain-language safeguarding descriptions. As the market evolves, the Commission can revisit the disclosure topics to ensure they remain decision-useful.

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7. An ATS must file quarterly reports about its securities trading activity on Form ATS-R, which is confidential. In light of open-source data and public blockchains, should the Commission repeal the requirement to file Form ATS-R for crypto ATSS? Should the Commission propose amendments to Form ATS-R specifically for crypto asset securities or trading pairs?

For crypto ATSS that trade assets recorded on public blockchains, much of the data historically captured by Form ATS-R can be obtained from verifiable on-chain sources with superior timeliness and granularity. Maintaining a confidential quarterly reporting regime that attempts to replicate on-chain transparency imposes costs without delivering unique supervisory value. For these reasons, the Commission should repeal Form ATS-R for crypto ATSS that meet an on-chain transparency standard, or, in the alternative, create an exemption that allows crypto ATSS to satisfy the substance of ATS-R reporting through verified on-chain data feeds or attestations from reputable blockchain analytics providers. To be clear, this proposal does not diminish the comprehensive regulatory framework applicable to ATSS that we describe in our response to Question 2. The supervisory objective served by Form ATS-R (i.e., giving the Commission visibility into ATS trading activity) would be fully preserved and in many respects improved by on-chain transparency, which provides continuous, immutable, and independently verifiable data rather than backward-looking quarterly snapshots. Regulatory coverage does not change, only the delivery mechanism.

If the Commission retains a reporting requirement, it should amend Form ATS-R so that it maps to crypto market realities. The form should address twenty-four-hour, seven-day trading periods rather than imposing quarter-end snapshots built for five-day markets. It should incorporate unique identifiers for crypto assets and trading pairs and should recognize cross-chain trading and settlement where applicable. At the same time, the form should concentrate on data that cannot be derived from public blockchains, such as breakdowns by customer type, subscriber concentration, potentially risk-assessment data as required by AML/CFT regulation, or operational outages that do not manifest in on-chain metrics. Keeping this subset of sensitive data confidential is appropriate, as it informs supervisory oversight without risking competitive harm or inappropriate inferences about specific market participants.

An on-chain reporting safe harbor can rely on a small set of objective criteria. For example, the ATS would publish or provide to the staff a verifiable index of relevant on-chain addresses or smart contracts controlled by or used for settlement by the platform, together with a statement of the methodology for attributing flows and executions to those addresses. A third-party analytics provider could furnish periodic attestations that the published on-chain data for that period, but not looking back indefinitely for any new or modified attributions, accurately reflects reported activity. Where residual non-public data remain valuable for supervision, the Commission can require a confidential annex that is limited to those items.

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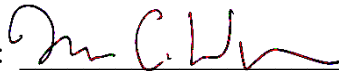
TDC thanks the many members that contributed their time and expertise toward the development of this letter, including but not limited to the significant efforts of James Audette, Elizabeth Boison, Christian Brockman, Peter Hong and Morrison Warren, Chapman and Cutler LLP.

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If you have any comments or questions relating to this letter or would like to arrange a meeting to discuss further, please do not hesitate to contact the undersigned.

Very truly yours,

CHAPMAN AND CUTLER LLP

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