

MEMORANDUM

To: Crypto Task Force Meeting Log
From: Crypto Task Force Staff
Re: Meeting with Representatives of Alpaca Securities LLC and Lowenstein Sandler LLP

On April 14, 2026, Crypto Task Force Staff met with representatives from Alpaca Securities LLC and Lowenstein Sandler LLP.

The topic discussed was approaches to addressing issues related to regulation of crypto assets. Alpaca Securities LLC and Lowenstein Sandler LLP representatives provided the attached document, which was discussed during the meeting.

Alpaca Securities LLC (“Alpaca”) provides clearing, custody, and brokerage infrastructure for technology-focused financial intermediaries. As a clearing firm at the intersection of traditional securities infrastructure and emerging digital asset markets, Alpaca is writing to engage the Commission’s Division of Trading and Markets (the “Division”) regarding the Firm’s proposed expansion to support custody, settlement, and trading of digital asset securities.

The Commission has published guidance making clear that existing regulatory frameworks can accommodate a variety of digital asset securities activities. Of note, recent staff statements and FAQs from the Division of Trading and Markets have clarified how broker-dealers may satisfy the "physical possession" and "control" requirements of Rule 15c3-3 with respect to digital asset securities.¹ In addition, the Division of Investment Management has issued no-action relief confirming that state-chartered trust companies may serve as qualified custodians for digital assets.²

Alpaca is proposing to engage in the following digital asset custody activities, which build upon its traditional brokerage, clearing, and custody functions:

- **Direct Custody of Digital Asset Securities.** Providing custody for digital asset securities on behalf of customers and for proprietary purposes.
- **Omnibus Transfer Agent Custody Activities.** Holding digital asset securities in omnibus fashion at a transfer agent treated as a good control location under Rule 15c3-3, with beneficial ownership reflected in the Firm’s books and records.

These functions will be subject to rigorous controls and oversight, including but not limited to, the following:

- **Institutional-Grade Private Key Controls.** Maintaining exclusive possession or control of private keys through Multi-Party Computation (“MPC”), Hardware Security Modules (“HSMs”), and policy-based governance.
- **Rule 15c3-3 Compliance Framework.** Satisfying the physical possession requirements of Rule 15c3-3(b)(1) through direct ledger access, private key protection policies, contingency planning, and daily reconciliation of on-chain activity against internal and transfer agent records.

While the Commission’s recent guidance has meaningfully advanced the regulatory framework for digital asset custody, there remains a gap with respect to how a clearing broker-dealer like Alpaca, who provides custody and clearing infrastructure, fits squarely within the existing interpretive landscape. Alpaca is therefore seeking to engage the Division directly to discuss its proposed business model and obtain, whether through interpretive guidance, no-action relief, or

¹ See Division of Trading and Markets, Statement on the Custody of Crypto Asset Securities by Broker-Dealers (Dec. 17, 2025); Division of Trading and Markets, Frequently Asked Questions Relating to Crypto Asset Activities and Distributed Ledger Technology (updated Dec. 17, 2025), at Questions 2–3.

² See Simpson Thacher & Bartlett LLP, SEC No-Action Letter (Sept. 30, 2025) (Division of Investment Management).

other Commission action, the regulatory clarity necessary to operationalize these activities in full compliance with federal securities laws.

We welcome the opportunity to present Alpaca's custody architecture and compliance framework to the Division in greater detail and to work collaboratively toward a clear and workable path forward.