

## MEMORANDUM

**To:** Crypto Task Force Meeting Log  
**From:** Crypto Task Force Staff  
**Re:** Meeting with Representatives of INX Securities, LLC and The INX Digital Company, Inc.

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On June 17, 2025, Crypto Task Force Staff met with representatives from INX Securities, LLC and The INX Digital Company, Inc.

The topic discussed was approaches to addressing issues related to regulation of crypto assets. INX Securities, LLC and The INX Digital Company, Inc. representatives provided the attached documents, which were discussed during the meeting.



**INX Securities LLC**  
**Member FINRA/SIPC**

**VIA ELECTRONIC SUBMISSION**

crypto@sec.gov

Crypto Task Force  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, D.C. 20549-0213

## **AGENDA**

**Attendees:**

Vlad Uchenik – Chief Executive Officer, Chief Compliance Officer – INX Securities, LLC  
Alan Silbert – CEO of INX North America

- A. Custody of Assets – There is currently no way to hold digital securities. Our customers self-custody assets in MetaMask wallets. Looking to discuss a path forward for a realistic non-self-custody solution other than the SPBD option, which has not worked.
- B. Control of customer funds – We had a CMA where proposed facilitating the cash portion of each execution that happens on our ATS. We proposed full compliance with SEC 15c3-3. Ultimately it was not approved after 2 and half years due to it violating the Three Step Process. The firm would like to discuss options for the firm to handle customer funds since the broker/dealer is already a \$250K BD and is willing to be subject to SEC 15c3-3.
- C. Expansion of rules for digital securities trading on ATS to clarify what is allowed and not allowed more than just what exists today, which is the Three Step and Four Step process.
- D. Clarify regulations on how a previously issued digital assets that was not issued under any US regulation or exemption from regulation such as Reg D/S, can trade on a SEC regulated ATS. In addition, define a path allow for previous “crypto” assets to become securities and trade on ATS.



**INX Securities LLC**  
**Member FINRA/SIPC**

June 1, 2025

**VIA ELECTRONIC SUBMISSION**

crypto@sec.gov

Crypto Task Force  
U.S Securities and Exchange Commission  
100 F Street NE  
Washington, D.C. 20549-0213

RE: Custody of Tokenized Securities and Cash

Dear Commissioner Peirce and Members of the Crypto Task Force:

We are very excited about the new and more objective look the Commission has taken with respect to digital securities. We appreciate the opportunity to submit these written comments and hopefully engage with the Commission in a face to face to meeting at a future date.

INX Securities, LLC (“INXS” or “the firm”) is a registered broker/dealer that operates as an Alternative Trading System (“ATS”), specializing in matching orders of buyers and sellers, in among other things, digital securities. The way a digital security was defined in our Membership agreement was securities issued as an OTC security, exempt securities issued pursuant to Reg D/S, Reg CF securities, Reg A+ securities, and other securities issued under a valid overseas exemption that is then represented by a security token on a blockchain protocol (currently our platform supports the Ethereum, Avalanche and Polygon blockchain protocols), where there is an off chain redundant copy of the ownership record for that security token, either maintained by the issuer or a transfer agent. Since that time, the ATS has operated under what the Commission refers to as the Three Step Process pursuant to the Joint Staff Statement on Broker-Dealer Custody on Digital Asset Securities of May 8, 2019, which has recently been withdrawn.

INXS and its parent company have been pioneers in the digital securities space. INXS was the first broker/dealer to get a FINRA membership approval to trade digital securities on an ATS and was the first ATS (called Openfinance Securities, LLC at the time) to execute a digital securities trade in November 2018 using blockchain technology. In addition, INXS’s parent company, INX Limited, is still the only registered digital security that was deemed effective by the SEC via an F1 registration in 2021 for its INX Token

(<https://www.sec.gov/Archives/edgar/data/1725882/999999999521001219/9999999995-21-001219-index.htm>). The INX Token then started trading on the INXS ATS and continues to trade there today.

Since that time, we have had numerous discussions with FINRA and SEC Staff about custody of both cash and digital securities. As part of our CMA approval to operate under the Three Step Process, we were instructed to increase our net capital from \$5,000 to \$250,000. As part of this process, our clients maintain a self-custodied wallet via MetaMask for their digital securities and a separate bank account at a qualified bank or custodian for their cash balance. It is important to note that settlements that are executed using the ATS are settled in USD only. As INXS continued to explore options to enhance the cash portion of settlement, it became very clear that banks were instructed not to deal with firms that dealt in digital assets. Since INXS had an affiliated business that operates a state-licensed cryptocurrency exchange in all states except for New York, called INX Digital, Inc., banks were reluctant to engage with INXS even though our broker/dealer only executes trades of securities. As such, establishing any banking relationship was near impossible during the last administration's tenure. INXS had engaged FINRA and the SEC on carving out an exception to allow INXS to act as carrying broker that would be allowed to maintain customer cash via a segregated operating account in addition to maintaining an SEA 15c3-3 Reserve Account and being subject to all the applicable aspects of that rule. In this aim, on February 9, 2022 INXS submitted a CMA to allow the firm to act as a "cash custodian" only, while still having securities continue to be self-custodied. After numerous calls and letters from FINRA, many extension requests, calls with the SEC, including multiple with the Trading and Markets Division (Thomas McGowan and others), and finally a request to register another FINOP to assist with the 15c3-3 computation, FINRA finally sent a decision letter, attached herewith, on November 4, 2024, over two and half years after the initial CMA submission, denying the application. FINRA indicated that their hands were tied by the SEC and ultimately, SEC Trading and Markets would not allow this structure.

During this process, things were exacerbated by the bankruptcy of Synapse Technologies, and all their customer accounts that were held at U.S. banks. INXS was one of Synapse's customers and had long worried about such a possible collapse due to various reasons, one of them being the Federal Reserve Bank's pressure on banks dealing with crypto-related customers.

During the CMA process we also discussed INXS possibly maintaining custody of digital securities. The firm had a framework for developing such as solution to custody digital securities and indicated as such to FINRA and the SEC. The firm, through its experience in trading digital securities on its ATS, can firsthand see the value of such a custody solution which would help reduce fraud and make the user experience significantly better than using a self-custodied MetaMask wallet. While the FINRA and the Staff often pointed to applying for a Special Purpose Broker-Dealer ("SPBD"), there were many concerns INXS had in starting the process. At the time it was mentioned there were no broker/dealers that were approved for such a license. In addition, the SPBD was due to expire in 5 years so there was uncertainty as to what would govern such custody after expiration. When FINRA finally approved Prometheus for a SPBD, there were still many challenges to integrate a SPBD into their business, and it would not be operational until they got approval to use the SPBD in

conjunction with their ATS. Subsequently, tZero was approved for the SPBD, but just like Prometheus, it is our understanding that these businesses are not utilizing the SPDB and the ATS to execute digital securities and hold custody of the digital securities. Unlike these firms, INXS has been and continues to be operational. We are looking to make the process easier, less expensive and safer for our clients.

Since the Joint Statement on July 8, 2019, and the subsequent SEC No Action Letter from September 25, 2025, there has been no movement on custody of cash or digital securities. INXS has the framework and ability to custody cash and securities and would like an opportunity to discuss a path forward with clear and concise rules by the SEC on how that can be achieved while maintaining market integrity and safety.

We want to thank the Crypto Task Force for all the work that it is doing and the opportunity for us to engage in meaningful discussions with the staff. We look forward to hearing from you soon including providing the staff with any answers to questions that the staff may have for INXS with respect to these proposals.

Sincerely,

/s/

Vlad Uchenik  
Chief Executive Officer  
Chief Compliance Officer  
INX Securities, LLC  
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