

MEMORANDUM

To: Crypto Task Force Meeting Log
From: Crypto Task Force Staff
Re: Meeting with Representatives of Receipts Depository Corporation, University of Pennsylvania Carey Law School, and Steptoe LLP

On April 4, 2025, Crypto Task Force Staff met with representatives from Receipts Depository Corporation, University of Pennsylvania Carey Law School, and Steptoe LLP.

The topic discussed was approaches to addressing issues related to regulation of crypto assets. Receipts Depository Corporation, University of Pennsylvania Carey Law School, and Steptoe LLP representatives provided the attached document, which was discussed during the meeting.

MEMORANDUM
February 27, 2025

To: The Crypto Task Force
From: Marlon Q. Paz
Subject: Request for Meeting

Introduction:

The purpose of our request for a meeting is to provide an overview of the use of American Depositary Receipts (ADRs) representing interests in digital assets. As the SEC's Crypto Task Force seeks to provide clarity on the application of the federal securities laws to the crypto asset market and recommend policy measures, it is important to consider how ADRs can be leveraged to facilitate investments in digital assets.

Attendees:

Name	Title
- Ankit Mehta	Co-Founder and Chief Executive Officer
- Bryant Kim	Co-Founder and Chief Operating Officer
- Ishaan Narain	Co-Founder and Chief Product Officer
- Marlon Q. Paz	Legal Counsel

Agenda:

- Introduction to ADRs on digital assets.
- Evolution of depositary receipts and discussion of the use case.
- Process for issuance and cancelation of depositary receipts.
- Comparison to other products.
- Policy considerations.

Background:

American Depositary Receipts (ADRs) have been a popular financial instrument for nearly a century, allowing U.S. investors to invest in foreign companies without dealing with the complexities of foreign markets. ADRs represent shares in foreign companies and are traded on U.S. exchanges, providing a convenient way for investors to diversify their portfolios.

Receipts Depository Corporation (RDC):

Receipts Depository Corporation (RDC) leverages the widely accepted ADR structure to make digital and alternative assets accessible in a traditional securities format. ADRs provide asset protection, risk minimization, and operational ease for digital assets. By utilizing RDC's services,

qualifying investors can integrate digital assets with their existing vendors, infrastructure, and operational procedures within traditional custody and clearing systems.

Digital Assets and ADRs:

With the advent of blockchain technology and digital assets, there is an opportunity to use ADRs as a convenient ownership tool. Market participants can create ADRs on digital assets, providing several benefits:

- **Low cost**, convenient traditional access.
- **In-kind convertibility** with underlying digital assets.
- Include in **funds** and other **institutional products**.
- Efficient **settlement in DTC** using existing workflows.
- Custody Digital Asset DRs at **traditional banks and brokers**.
- Ability to **utilize wider services** of traditional financial institutions.

Regulatory Policy Considerations:

As the SEC's Crypto Task Force evaluates the application of the federal securities laws to digital assets, it is important to consider the following:

1. **Clarification:** Clear guidelines are needed to clarify that ADRs on digital assets can be utilized by all market participants in the existing traditional market infrastructure.
1. **Reporting:** Provide a pathway for reporting of information to expand investor access to ADRs.

Conclusion:

The integration of ADRs with digital assets presents a unique opportunity to enhance the efficiency, protection, and accessibility for investors. By leveraging blockchain technology and innovators like RDC, the SEC can clarify the regulatory framework that fosters innovation while ensuring investor protection. The Crypto Task Force should consider these factors as it develops guidelines for the use of digital assets.