ANDREESSEN
HOROWITZ

November 28, 2025

BY ELECTRONIC SUBMISSION

Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Re: Request for Input on All Recommendations for the CFTC in the President's Working Group on Digital Asset Markets Report

Andreessen Horowitz ("**a16z**") is pleased to submit this response to the request for input issued by the Commodity Futures Trading Commission ("**CFTC**") on August 21, 2025[1] seeking feedback and suggestions on all recommendations for the CFTC in the President's Working Group on Digital Asset Markets report (the "**PWG Report**").[2]

The PWG Report recommended, among other things, that the CFTC consider using its existing rulemaking, interpretive, and exemptive authority to provide clarity on the applicability of CFTC registration requirements to blockchain networks and smart contract protocols, including those related to decentralized financial products and services ("**DeFi**"), consistent with technology-neutral principles.[3] The PWG Report further recommended that, absent congressional action, the CFTC may use its existing authority to provide fulsome regulatory clarity that best keeps blockchain-based innovation in the United States.[4]

a16z welcomes and supports the CFTC's Crypto Sprint 2.0 and related initiatives in furtherance of the PWG Report recommendations, including its confirmation that the Commission is prepared to consider innovation safe harbors or exemptions allowing market participants to build and engage in peer-to-peer and decentralized trading models while agencies pursue longer-term rulemaking.[5] Such statements and the Commission's ongoing efforts advance the statutory mandate under the Commodity Exchange Act ("**CEA**") to "promote responsible innovation and fair competition among" market participants.[6] These measures can be enhanced to

---

1 CFTC Release No. 9109-25 (Aug. 21, 2025).

2 President's Working Group on Digital Asset Markets, *Strengthening American Leadership in Digital Financial Technology* (July 30, 2025).

3 *Id.* at 52.

4 *Id.* at 54.

5 Joint Statement from the Chairman of the SEC and Acting Chairman of the CFTC, CFTC (Sep. 5, 2025), *available at* https://www.cftc.gov/PressRoom/SpeechesTestimony/phamatkinsstatement090525.

6 7 U.S.C. § 5(b).

achieve the Trump Administration's goal of ensuring the United States is the preeminent country for blockchain development.

Consistent with the PWG Report's recommendations, a16z encourages the CFTC to take concrete action to provide clarity regarding the applicability of existing requirements under the CEA and regulations promulgated by the CFTC thereunder ("**CFTC Rules**") to (i) the blockchain networks and smart contract protocols by which digital asset transactions are securely recorded and verified without intermediaries (collectively, "**Protocols**"); and (ii) interfaces provided via a website or application that enable users to interact with such Protocols (collectively, "**Apps**"), including those Protocols and Apps related to DeFi.[7]

To this end, a16z urges the CFTC to issue targeted no-action relief or interpretive guidance where clarity can be provided to market participants in the short term, and to pursue longer-term rulemaking in other areas requiring further clarification. In particular, a16z proposes the Commission take the following three actions in support of the PWG Report's recommendations and technology-neutral principles:

- First, the Commission should make a clear and emphatic statement via no-action relief and/or interpretive guidance that Protocols themselves, where they enable certain types of DeFi transactions and meet conditions with respect thereto, are not subject to the registration requirements of the CEA and CFTC Rules ("**Proposal I**");

- Second, the Commission should provide no-action relief and/or interpretive guidance confirming that Apps, where they enable certain types of DeFi transactions and meet conditions with respect thereto, will not be regarded as engaging in activity requiring registration with the CFTC ("**Proposal II**"); and

- Third, the Commission should engage in formal rulemaking and/or adopt exemptive relief to provide a safe harbor or innovation exemption clarifying the circumstances and manner in which Apps, where they fall outside of the conditions addressed in Proposal II, but may implicate CFTC registration requirements, can comply with the CEA and CFTC Rules, including by providing a tailored registration pathway ("**Proposal III**," and together with Proposal I and Proposal II, the "**Proposals**").

In the discussion that follows, we first provide an overview of Protocols and Apps and describe the negative impacts that regulatory uncertainty and prior CFTC enforcement actions have had for developers of these technologies and for innovation in the United States. We then discuss and describe each of the Proposals in detail. a16z would welcome the opportunity to

---

[7] For the avoidance of doubt, these definitions are employed for ease of reference and expression in this letter, but are not necessarily exhaustive or comprehensive for application in other contexts. In this regard, we note that various definitions that may partially or fully overlap with these concepts are currently being considered elsewhere, including statutory definitions in the context of proposed market structure legislation, as well as the token taxonomy recently proposed by SEC Chair Atkins. *See* SEC Chairman Paul S. Atkins, The SEC's Approach to Digital Assets: Inside "Project Crypto," SEC (Nov. 12, 2025), *available at* https://www.sec.gov/newsroom/speeches-statements/atkins-111225-secs-approach-digital-assets-inside-project-crypto.

meet with Commission staff to answer any questions and discuss the Proposals.

Background

a16z submits this response based on our firsthand experience working with entrepreneurs in the digital asset field and seeing the negative impact that regulatory uncertainty has had on the industry. a16z is a venture capital firm that invests in seed, venture, and late-stage technology companies, focused on AI, bio and healthcare, consumer, crypto, enterprise, fintech, and games. As of 2025, a16z has more than $74 billion in assets under management across multiple funds, with more than $7.6 billion in committed capital for crypto funds. In crypto, a16z primarily invests in companies using blockchain technology to develop protocols that people will be able to build upon to launch internet businesses. a16z funds typically have a 10-year time horizon, as the firm takes a long-term view and does not speculate in short-term crypto-asset price fluctuations.

Blockchain Technology, Protocols, & Apps

Blockchain technology has the potential to serve as the backbone of a new, low-cost, interoperable, and globally accessible internet—an internet with an embedded financial system that enables new marketplaces and peer-to-peer transactions. Public blockchain networks not only function securely and according to rules that participants can independently verify, they are also highly scalable and composable, allowing anyone in the world to build on, integrate with, or transact on those networks without seeking permission or relying on centralized intermediaries.

DeFi is one of the most promising use cases for blockchain technology. Capitalizing on the ability of blockchain networks and smart contract protocols to enable nearly instantaneous peer-to-peer transactions which are auditable and verifiable in real time, DeFi products and services empower users to execute a wide array of transactions while retaining full custody of their assets and avoiding any reliance upon centralized intermediaries. In these systems, no person can arbitrarily freeze funds, alter rules without consensus, or extract value through opaque fee structures. Users retain control over their assets through self-custodial wallets. Transactions are settled based on code, not discretion. And pricing is determined through automated mechanisms or by users directly, not behind-the-scenes negotiations or traditional intermediary order handling.

To date, the power of DeFi has been trapped in a circular "crypto-for-crypto" economy—not because the tools are not useful, but because bridging into traditional finance has been nearly impossible. Now, with improving regulatory clarity and institutional adoption, DeFi is poised to unlock a broader set of capabilities with greater reach and fewer barriers than legacy systems. As a result, DeFi has the potential to revolutionize legacy financial systems.

Two exciting examples of DeFi products and services are decentralized exchanges ("**DEXs**") and tokenized derivatives. DEXs enable "liquidity providers" to create liquidity pools that pair digital assets for trading, and users to access those pools to swap assets instantaneously. All of this happens on a permissionless basis without the need to rely on an intermediary or trust any counterparty. As a result, DEXs function as connective tissue for the broader blockchain ecosystem, enabling users to exchange different tokens seamlessly across applications and

blockchains, each embedded in different networks or use cases.

Tokenized and onchain derivatives have seen enormous growth in volume, albeit predominantly outside of the United States. This includes (i) onchain versions of traditional derivative instruments and transactions, such as swaps and financially and physically settled forwards and options, on digital assets as underliers; (ii) onchain versions of derivative instruments on traditional asset classes as underliers, such as FX and physical commodities; and (iii) entirely novel, digital asset-native instruments such as perpetuals. These tokenized and onchain derivatives are often issued or transacted via autonomous and decentralized smart contract protocols and can be traded through various DeFi products and services, including DEXs.

In this letter, we use the term "Protocols" to refer collectively to the blockchain networks and smart contracts protocols through which digital asset transfers and transactions, including those involving tokenized and onchain derivatives, are securely recorded and verified without centralized intermediaries, and which may be used to enable transactions which, if offered in the United States, may implicate the CFTC's regulatory jurisdiction.[8] In comparison, we use the term "Apps" to refer to the interfaces, websites, and applications that provide a convenient and generally non-exclusive way for users to interact with such Protocols.[9]

Apps come in a variety of forms, including visual interfaces provided through websites, separately downloadable applications that run on users' computers or smartphones, and embedded applications within self-custody wallets. The range of functionality and connectivity provided by Apps can vary. For example, an App may provide connectivity and the ability to interact with (i) a specific Protocol; (ii) multiple Protocols (e.g., Apps serving as "aggregators" or providing a unified interface for interacting with different Protocols); and (iii) conceivably, with the increasing convergence and interaction of DeFi and traditional markets, both onchain Protocols and traditional centralized finance markets within a single unified interface.

In each case, Apps function as software tools and technology infrastructure allowing users to interact with and engage in transactions on underlying Protocols. Specifically, Apps are user interfaces that display relevant onchain information and help users set the terms of a transaction with a Protocol; they cannot move user funds or execute transactions. While using such an App, the user always retains agency and control over whether to execute a transaction. Specifically, the user chooses an action and confirms it through a self-hosted wallet, and nothing occurs without the user's approval. Upon making a decision for a course of action, the App packages the user's choices into a transaction request, and the self-hosted wallet presents a summary for review. When the user approves and signs the transaction request, the transaction request is sent via a remote procedure call node to the blockchain network.[10] The relevant

---

[8] Our term "Protocols" encompasses each of the broadcast layer, smart contract protocol layer, asset layer, and base layer in the terminology employed by the PWG Report to describe the DeFi technology stack.

[9] Equivalent to the user interfaces encompassed in the application/interface layer in the terminology employed by the PWG Report to describe the DeFi technology stack.

[10] Remote procedure call nodes serve as the communication bridge between users and blockchain networks. They allow wallets and Apps to query blockchain data, submit transactions, and interact with smart

Protocol's smart contracts then execute the transaction request automatically according to their code and update the blockchain's ledger. After the transaction is confirmed, the App reads the updated onchain data and refreshes the user's view.

Importantly, Apps are generally not necessary to interact with Protocols and typically do not serve as permissioned gatekeepers with special privileges to enable access to a given Protocol. Rather, the underlying Protocols are typically permissionless—anyone with an internet connection can interact with them directly. Apps make interacting with Protocols more convenient, especially for those without the technical expertise or desire to directly interact with the relevant blockchain network or smart contracts. As a consequence of their technical architecture, Apps typically do not act on behalf of users, take custody or control of users' assets, exercise discretion, or actively solicit, recommend, or initiate any particular transaction. Rather, Apps serve as passive software tools that provide connectivity to underlying Protocols to make it more convenient for users to engage in self-directed transactions and onchain activities.

Uncertainty Created by Prior Enforcement Actions

To date, an absence of Commission rulemaking or staff guidance, combined with a series of novel enforcement actions, has created considerable uncertainty for Protocol and App developers, both in the United States and around the world. Specifically, the Commission's cases during the prior administration[11] have conflated underlying Protocols with Apps built on or providing a means for users to access them, as well as products trading through them, thereby creating confusion about what Protocol or App functionality gives rise to registration requirements. They have also adopted expansive interpretations of certain regulatory terms to find registration violations in novel ways. Under the previous administration, these actions chilled innovation and growth in the United States by creating legal uncertainty in three ways.

First, the Commission's settlement orders concerning DeFi activities failed to delineate the significance for purposes of regulatory classification and application of the CFTC's registration requirements of Protocol functionality, App functionality, and the products for which they may be used to trade. Instead, the Commission's orders cherry-picked and combined features of each to identify a purportedly regulated activity. For example, in *Opyn*, the Commission relied on the fact that the Opyn Protocol allowed customers to deposit collateral and establish positions to support its assertion that the respondent developer company had accepted property as margin—despite acknowledging in its own factual findings that the Opyn Protocol consisted of fully automated smart contracts about which the respondent had only a minimal "degree of control."[12] In *ZeroEx*, the Commission recited that users traded on a peer-to-peer basis

---

contracts. Although these nodes enable blockchain access, they do not control transactions or alter blockchain data, making them analogous to ISPs in traditional web infrastructure.

[11] *See In re Blockratize, Inc. d/b/a Polymarket.com*, CFTC Dkt. No. 22-09 (Jan. 3, 2022) ("***Polymarket***"); *In re bZeroX, LLC et al.*, CFTC Dkt. No. 22-31 (Sept. 22, 2022) ("***bZeroX***"); *In re Opyn, Inc.*, CFTC Dkt. No. 23-40 (Sept. 7, 2023) ("***Opyn***"); *In re Deridex, Inc.*, CFTC Dkt. No. 23-42 (Sept. 7, 2023) ("***Deridex***"); *In re ZeroEx, Inc.*, CFTC Dkt. No. 23-41 (Sept. 7, 2023) ("***ZeroEx***"); *In re Universal Navigation Inc. d/b/a Uniswap Labs*, CFTC Dkt. No. 24-25 (Sept. 4, 2024) ("***Uniswap***"); *see also CFTC v. Ooki DAO*, No. 3:22-cv-5416 (N.D. Cal. compl. filed Sept. 22, 2022) ("***Ooki DAO***").

[12] *Opyn* at 4, 6.

directly from their wallets and retained complete custody of their tokens, but nonetheless alleged that the respondent ZeroEx was engaged in soliciting or accepting orders for leveraged commodity transactions because the Matcha App and the 0x Protocol could be utilized by users to transact in leveraged tokens.[13] And the Commission's DeFi settlement orders notably conflated such functionality irrespective of whether the App and Protocol must be used together, as alleged in *Polymarket*,[14] or whether a Protocol may be accessed by a range of Apps (including unaffiliated, third-party Apps such as DEXs or block explorers) or no App at all.[15]

At times, the Commission's orders caused additional confusion by bringing enforcement actions against Protocol or App developers based on the activities of unaffiliated third parties who may use those Apps or Protocols to develop new features or products.[16] As then-Commissioner Pham noted at the time, such orders provide insufficient guidance as to what products are or are not regulated, introducing legal uncertainty as to the CFTC regulatory perimeter in regard to digital assets and related DeFi activities.[17] As then-Commissioner Mersinger noted, these orders impose risk on one set of actors in a decentralized network based on the activities of others in that network. For example, the relevant Protocol in *ZeroEx* could have been used only for spot trading, but an App developer was found to be engaging in off-exchange retail leveraged commodity transactions because it "was used to trade some leveraged digital assets issued by unaffiliated third parties, which could be created by utilizing a set of smart contracts designed and deployed by third parties that automatically executes a series of actions on other third-party DeFi lending platforms and decentralized exchanges to generate leverage."[18] In other words, even though "users could trade on a peer-to-peer basis in thousands of different digital assets trading pairs," the Commission alleged a violation arose because there were four tokens for which unaffiliated third parties at some point in time created a leverage mechanism, even though the respondent had no alleged involvement in those third-party

---

13 *ZeroEx* at 2, 4.

14 *Polymarket* at 3 (alleging that inputs for the Protocol's smart contracts were only "specifically identifiable through the Polymarket website," so "all market participants who seek to transact in Polymarket's [Protocol], even those sophisticated users who can transact directly on the blockchain, must interface, directly or indirectly, with Polymarket's website in order to do so").

15 *See, e.g.*, *Deridex* at 3 (noting Protocol was available "through direct interaction with [its] smart contracts"); *Opyn* at 3 (noting Protocol was accessible in three ways—through Opyn's website, through an unaffiliated DEX, and by accessing the Protocol directly through a blockchain explorer).

16 *See Uniswap* at 3 n.5 (basing enforcement action on leveraged tokens created using Protocol's smart contracts by a third-party "Issuer 1").

17 *See* Dissenting Statement of Commissioner Caroline D. Pham on DeFi Enforcement Action Involving Uniswap Protocol, CFTC (Sept. 4, 2024), *available at* https://www.cftc.gov/PressRoom/SpeechesTestimony/phamstatement090424 (noting "there is no evidence . . . that describes the specific terms and/or characteristics of the [third party] 'Leveraged Tokens'" and "it is not possible to perform . . . [a] legal analysis . . . to determine whether they are a CFTC-jurisdictional product").

18 Dissenting Statement of Commissioner Summer K. Mersinger Regarding Enforcement Actions Against 1) Opyn, Inc.; 2) Deridex, Inc.; and 3) ZeroEx, Inc., CFTC (Sept. 7, 2023), *available at* https://www.cftc.gov/PressRoom/SpeechesTestimony/mersingerstatement090723.

activities.[19] The Commission thus implied that an App developer must screen the assets that can be traded or transacted in using the App and a connected Protocol to identify tokens that are or may have been transformed into a CFTC-regulated product by the actions of unknown third parties.[20] There has never been guidance for such a duty on otherwise unregulated actors or activities.

Second, the enforcement orders against DeFi developers provided inconsistent and contradictory guidance as to what type of conduct gives rise to which registration obligations. For example, the Commission's order against Polymarket in 2022 alleged that a developer was operating as an unregistered designated contract market ("**DCM**") or swap execution facility ("**SEF**"),[21] whereas other orders have alleged that a developer was liable both as a DCM or SEF and as a futures commission merchant ("**FCM**"),[22] a distinct regulatory category that confers additional (and at times contradictory) regulatory requirements. In her dissenting statement to the *Opyn*, *Deridex*, and *ZeroEx* orders, then-Commissioner Mersinger questioned whether a Protocol should be required to register as both a DCM/SEF and an FCM, how a Protocol could satisfy the DCM and SEF core principles if required to register in such capacity, and whether the Commission rules are "fit for purpose if FCM activity can be performed in a decentralized manner?"[23] As she noted, the effect of these enforcement actions was not to promote innovation but to "shut it down, banishing innovation from U.S. shores."[24]

Third, the Commission's orders found Protocols and Apps to be subject to registration based on novel and expansive interpretations of certain regulatory terms, which have provided insufficient guidance on what is or is not regulated activity. For example, in *bZeroX*, the CFTC suggested that the Protocol developer "utiliz[ed] the bZx Protocol" to "act[] as an FCM" by "soliciting and accepting orders for leveraged or margined retail commodity transactions with customers[] and accepting money or property to margin those transactions."[25] That cursory statement, however, ignored that a user's self-directed transaction would not meet the CFTC's own regulatory definition of "order": "an *instruction or authorization* provided by a customer to

---

19 *See ZeroEx* at 3 &, n.6.

20 In certain contexts, the Commission appeared to emphasize the relevant App's role in supporting trading in the impugned third-party leverage tokens. *See, e.g., ZeroEx* at 3 ("Among the digital assets that were traded on [the App] were certain leveraged digital assets . . . developed and issued by a third party."). In other contexts, the Commission referred to the combination of the App and Protocol. *See, e.g., ZeroEx* at 4 ("During the Relevant Period, utilizing [the App] and the [Protocol], Respondent conducted an office or business in the United States for the purpose of soliciting or accepting orders for, or otherwise dealing in, off-exchange leveraged or margined retail commodity transactions, in the form of transactions in Leveraged Tokens."). As we noted above, this lack of clarity regarding the significance of App and Protocol functionality has itself engendered uncertainty.

21 *Polymarket* at 7.

22 *See, e.g.*, *bZeroX* at 10 n.10.

23 Dissenting Statement of Commissioner Summer K. Mersinger Regarding Enforcement Actions Against: 1) Opyn, Inc.; 2) Deridex, Inc.; and 3) ZeroEx, Inc., CFTC (Sept. 7, 2023), *available at* https://www.cftc.gov/PressRoom/SpeechesTestimony/mersingerstatement090723.

24 *Id.*

25 *bZeroX* at 8.

a futures commission merchant . . . regarding trading . . . *on behalf of the customer*."[26] Similarly, in *Opyn*, the Commission alleged that the respondent developer acted as an FCM by "soliciting and accepting orders for swaps via the Opyn Protocol," and had accepted property to margin transactions by creating and deploying smart contracts that allowed customers to establish positions and contribute collateral, despite having described the Protocol as fully automated smart contracts and noting that the Protocol could be accessed in multiple ways, including by direct interaction on the blockchain without using the App developed by the respondent.[27] The required statutory elements of the FCM definition, namely that a person engage in "soliciting and accepting"[28] "orders"[29]—instruction or authorization for an intermediary to trade on behalf of a customer—and accept money or property to margin the trades or contracts that result, cannot be reconciled with the fundamental fact that DeFi Protocols and Apps enable disintermediated, peer-to-peer trading on a self-custodial basis.

These three dynamics in such enforcement actions—conflation between Protocols, Apps, and products; inconsistency in the types of conduct that give rise to liability (and how); and the expansion of regulatory concepts to assert CFTC jurisdiction over DeFi—have created legal uncertainty that is chilling innovation, particularly for U.S.-based teams building software tools that support user-directed, onchain activity. The Commission has a unique opportunity now to provide clarity, guidance, and a regulatory path for DeFi innovation to flourish and be accessible to U.S. markets.

Proposals

Proposal I: Provide a Clear Statement that Qualifying Protocols Are Not Subject to Registration Under the CEA

As an initial step in furtherance of the PWG Report's recommendations, and consistent with a technology-neutral approach to regulation, the CFTC should make a clear and emphatic statement that Qualifying Protocols themselves (as defined below)—i.e., the blockchain networks and smart contracts underlying onchain digital asset activities—are not subject to the registration requirements of the CEA and CFTC Rules. Whether as no-action relief or interpretive guidance, such recognition would help avoid stifling innovation by resolving the regulatory uncertainty that has driven Protocol developers out of the United States.

As autonomous software, Protocols cannot comply with or be the subject of registration requirements without undermining their very design and benefits. Software cannot apply for or maintain a license. Being subject to regulation and supervision requires someone who can interact with the regulator, respond to requests and directives, and make determinations that are often subjective about how to comply with regulatory requirements. Likewise, Protocols may offer regulators new, and often more effective, ways of monitoring activities, including all activities that take place on transparent and public blockchains. Moreover, as technology and

[26] 17 C.F.R. § 1.3 (emphasis added).

[27] *Opyn* at 3, 6.

[28] 7 U.S.C. § 1a(28).

[29] 17 C.F.R. § 1.3.

software, Protocols transcend international borders, and applying registration requirements to them would raise the specter of conflicting and incompatible compliance demands from global regulators. It would not make any more sense for the United States to allow its citizens to be subjected to the demands of international financial regulators targeting a blockchain-based global financial system, than it would for the CFTC to target projects outside the United States, even if they are not specifically designed or intended for use by U.S. persons. By analogy, consider the implications of every country applying its own regulation to the email protocol. The result would not be a more compliant email system. Rather, it would be the end of the global utility of email.

Recognition that Protocols themselves are not subject to registration is consistent with, and dictated by, the statutory text of the CEA. The CEA makes it unlawful for any "person" to engage in activities that do not conform to the requirements of the CEA and CFTC Rules. For example, Section 4d(a) of the CEA makes it unlawful for any "person" to be an FCM without having registered as such,[30] and Section 4d(g) of the CEA makes it unlawful for any "person" to be an introducing broker ("**IB**") without having registered as such.[31] Section 4f(a) of the CEA then provides that any "person" desiring to register as an FCM or IB shall register by application, and Section 4f(b) provides that no such "person" shall be registered unless they satisfy the minimum financial requirements prescribed by the Commission.[32] Similarly, Sections 5 and 6 of the CEA make clear that a "person" desiring to be designated or registered as a contract market must apply to the CFTC, and in doing so provide assurance it complies with and will continue to comply with the CEA.[33] Moreover, Section 5h(a) provides that no "person" may operate a facility for the trading or processing of swaps unless the facility is registered as a SEF or DCM.[34] With regard to the foregoing, Section 1a(38) of the CEA defines "person" to include "individuals, associations, partnerships, corporations, and trusts."[35] In short, the CEA regulates and requires registration of "persons," not technologies.

The CFTC's own approach to enforcement in the DeFi context has at times recognized the precept that the CEA regulates "person[s]," not software. In the *Ooki DAO* case, for example, the CFTC sued a decentralized autonomous organization ("**DAO**") associated with the Ooki Protocol, which allegedly offered users the ability to engage in transactions on a leveraged, margined, and financed basis via an App operated by the DAO. In doing so, the CFTC made clear that its "action [was] not against the blockchain-based Ooki Protocol, but against the Ooki DAO."[36] Though the CFTC correctly refrained from seeking to require the Ooki Protocol itself to

---

30 7 U.S.C. § 6d(a).

31 7 U.S.C. § 6d(g).

32 7 U.S.C. § 6f.

33 7 U.S.C. §§ 7, 8.

34 7 U.S.C. § 7b-3.

35 7 U.S.C. § 1a(38); *see also* 17 C.F.R. § 1.3.

36 CFTC's Consolidated Opposition to *Amicus Curiae* Motions for Reconsideration at 3, *CFTC v. Ooki DAO*, No. 3:22-cv-5416-WHO (N.D. Cal. Nov. 14, 2022), Dkt. 53 ("**CFTC Ooki Opp.**").

register, the agency's choice to pursue the DAO led to other problems.[37] Like other DAOs, the Ooki DAO largely consisted of anonymous members who varied widely in their ability to influence changes to the underlying Protocol's parameters, use of the allegedly unlawful features, and level of participation in governance. The CFTC first settled claims against two identified individuals who founded the Ooki Protocol,[38] but then also sought to hold liable "an unincorporated association comprised of holders of OokiDAO Tokens . . . who vote those tokens to govern" the Ooki Protocol.[39] Only after industry stakeholders (including a16z) serving as *amici curiae* pointed out the challenges of this guilt-by-association approach did the CFTC disclaim that a judgment against the Ooki DAO would constitute a judgment against individual DAO members.[40] Ultimately, the CFTC's attempt to shoehorn a DAO into the CEA's definition of a "person" resulted in a paper judgment that has chilled an entire industry in the United States without providing any meaningful guidance on how decentralized governance systems can or should operate. While the usage of a DAO should certainly not enable persons to avoid all responsibilities under the CEA (including where a DAO is used to operate an App that enables U.S. persons to access a Protocol), the mere existence of a decentralized governance system does not transform a Protocol into a "person."

The CFTC should provide clarity to software developers and market participants by issuing a clear and emphatic statement via no-action relief and/or interpretive guidance that, in qualifying circumstances, Protocols themselves are not subject to registration with the CFTC. While Protocols can be developed, accessed, and utilized in a range of ways, including in circumstances involving centralized control as part of the business activities of particular natural and legal persons, Protocols that are not subject to operational control should not be subject to registration. Where a Protocol is not subject to operational control by any person or group of persons under common control, there is no individual, organized group, or other entity that resembles those in the definition of a "person" under Section 1a(38) of the CEA who can register with the Commission and, as such, these Protocols fall outside of CFTC jurisdiction. This includes Protocols that utilize limited decentralized governance systems as, even in such cases, human participation does not result in the outcomes of the Protocol being determined through a centralized decision-making process that any "person" controls.

Accordingly, we envisage the scope of Commission action under this Proposal I being directed to Protocols meeting certain conditions or qualifications ("**Qualifying Protocols**"). For example, the qualifications to rely on guidance pursuant to Proposal I could require that the Protocol be:

(i) *Autonomous*. A Protocol is autonomous where it operates, executes, and enforces transactions and other activities without human intervention, functioning solely through transparent, predetermined rules embedded in source code, and no person

---

37 In general terms, a DAO is a decentralized governance model or body commonly employed in DeFi to allow holders of digital assets associated with a particular Protocol to make and debate proposals and cast votes to make decisions collectively with respect to such Protocol.

38 *bZeroX* at 2-3, 12-15.

39 Compl. ¶ 2, *CFTC v. Ooki DAO*, No. 3:22-cv-5416-WHO (N.D. Cal. Nov. 14, 2022), Dkt. 1.

40 CFTC Ooki Opp. at 14.

or group under common control has unilateral authority or ability to alter the functionality, operation, or rules of the system. This criterion may include that the Protocol is not dependent on onchain or offchain elements subject to centralized or discretionary control, such as an offchain central limit order book. If a system is not yet autonomous, a user can be exposed to risks stemming from the manual performance of operations, the potential for unilateral changes to the system's functioning such that transactions are executed in unforeseen ways, and the risks of potential mistakes in calculation or data storage.

(ii) *Permissionless*. A Protocol is permissionless where no person or group under common control has unilateral authority or ability to restrict or prohibit access to or operation or use of the system.[41] If a system is not permissionless, a controlling party could, *inter alia*, gate user access, interfere in transactions, or extract economic rents from routing. This introduces intermediary risks to customers, against which CFTC supervisory oversight and regulation is designed to protect.

(iii) *Credibly neutral*. A Protocol is credibly neutral where the system's source code does not empower anyone with private permissions, hard-coded privileges, or similar rights over others that would enable them to discriminate against particular users or use-cases. If a system is not credibly neutral, its operators could manipulate transaction ordering, impose selective fees, or advantage affiliated Apps—thus turning the Protocol into a venue for discriminatory routing or solicitation. This may create informational asymmetries or conflicts of interest akin to those addressed by traditional intermediary registration requirements, especially in fragmented or opaque execution environments.

(iv) *Non-custodial*. A Protocol is non-custodial where the system's source code enables participants to maintain total, uninterrupted, and independent control of digital assets owned by them, with all asset management and transaction initiation governed solely by the user's private keys. The Protocol must not provide any party with the unilateral ability—whether through administrative keys, upgrade mechanisms, or hard-coded privileges—to access, freeze, reallocate, or otherwise interfere with user-controlled assets. By contrast, if a Protocol is custodial, it may introduce risks the CEA is designed to address—for example, fraudulent or abusive practices, misuse of assets, and risks to the financial integrity of transactions.[42]

We note that this Proposal I aligns with the approach to regulation of spot digital asset markets proposed under the CLARITY Act.[43] As passed by the House of Representatives in July 2025, the CLARITY Act would expressly provide an exclusion from the CEA—including the

---

[41] Exceptions should be made for permissions that are required by law, such as sanctioned address screening/blocking. Any such gating must be based on objective and disclosed criteria, and be required for applicable compliance and safeguarding purposes.

[42] 7 U.S.C. § 5(b).

[43] H.R.3633 - Digital Asset Market Clarity Act of 2025 ("**CLARITY Act**").

proposed new digital commodity intermediary registration requirements—for "decentralized finance trading protocols."[44] Consistent with Qualifying Protocols as envisaged in this Proposal I, a "decentralized finance trading protocol" would be defined as a blockchain system through which multiple participants can execute financial transactions (i) in accordance with an automated rule or algorithm that is predetermined and non-discretionary; and (ii) without reliance on any other person to maintain control of the digital assets of the user during any part of the financial transaction.[45] Notably, this approach demonstrates that decentralization is a relevant conceptual and policy basis for delineating regulatory perimeters and registration requirements. This is further illustrated by the fact that the CLARITY Act's definition of a "decentralized finance trading protocol" expressly excludes a blockchain system if (i) a person or group of persons under common control has the authority to control or materially alter the functionality, operation, or rules of the system; or (ii) it does not operate, execute, and enforce its operations and transactions based solely on encoded pre-established, transparent rules.[46] Moreover, contrary to the Commission's approach to the Ooki DAO, the CLARITY Act would also provide that a "decentralized governance system" shall not be considered to be a person or group of persons under common control for purposes of determining whether any person or group of persons has the authority to control a decentralized finance trading protocol.[47] In this regard, a "decentralized governance system" would be defined as any transparent, rules-based system permitting persons to form consensus or reach agreement in the development, provision, publication, maintenance, or administration of such blockchain system, where participation is not limited to, or under the effective control of, any person or group of persons under common control.[48]

Importantly, any requirements established by the Commission for Qualifying Protocols should take into account both the potential benefits and innovations of blockchain technology and the risks that may arise from the elimination of operational control. The Commission should consider and recognize the ways in which the nature of blockchain technology and the manner in which Protocols function may be consistent with the statutory objectives of the CEA in novel ways. For example, the public nature and immutability of blockchain transaction data provide novel opportunities for real-time monitoring and detection of anomalous price action and disruptive trading activity. In addition, the self-custodial and disintermediated trading model and the ability to have simultaneous delivery-versus-payment settlement provide ways to help eliminate credit and settlement risk and avoid concerns about misuse of customer assets that exist with custodial, intermediated business models. We also emphasize, however, that if projects eliminate operational control too early, users may be placed at risk through security flaws or other undiscovered vulnerabilities. Because of this, Protocols do not typically start out having eliminated all mechanisms of control, meaning that taking too strict of an approach to implementing the conditions set forth above could forestall innovation or subject market participants to harm—a Protocol developer may jeopardize the security of the Protocol by

---

44 CLARITY Act, Section 409.

45 CLARITY Act, Section 103.

46 CLARITY Act, Section 103.

47 CLARITY Act, Section 103.

48 CLARITY Act, Section 101.

rushing to eliminate operational control too quickly. Instead, allowances should be made for Protocols to qualify even if their developers have not yet entirely eliminated operational control, for instance, so long as (1) the Protocol is pursuing decentralization in good faith; and (2) transaction volumes or the total value of assets deposited in the Protocol falls under a specified threshold. The Commission could also consider providing greater leniency where Protocols are not engaged in for-profit activity.[49] Collectively, these measures would enable the Commission to optimize for both investor protection and innovation.

If the Commission deems further information necessary to formulate the conditions to be a Qualifying Protocol, we would be happy to discuss or provide additional input as part of any further public engagement process.

***Proposal II*: Provide Clarity on Circumstances in Which Apps Do Not Implicate CFTC Registration Requirements**

As a further step towards implementation of the PWG Report's recommendations, the CFTC should provide no-action relief or interpretive guidance to the effect that Qualifying Apps (as defined below) will not be regarded as engaging in activity requiring registration with the CFTC, either as an intermediary or as a trading venue.

We envisage Commission action under this Proposal II being directed to Apps meeting certain conditions or qualifications ("**Qualifying Apps**"). In particular, an App could qualify based on meeting certain conditions related to both (i) the nature of the App's activity and functionality (as discussed further below, the "**Activity Restriction Conditions**"); and (ii) the qualifications of the App's users ("**User Qualification Conditions**").

The Activity Restriction Conditions are intended to identify Apps that, by virtue of the nature of their activities, are not engaged in conduct triggering the CFTC's registration categories. For example, the Activity Restriction Conditions could require that:

(i) the App does not take custody or control of user assets;

(ii) the App does not exercise discretion with respect to user-initiated transactions;

(iii) the App does not solicit particular transactions;

(iv) the App does not provide derivatives trading advice tailored to the circumstances or characteristics of any particular user; and

(v) the App does not act as a counterparty to any relevant transaction initiated by the user.

---

[49] *See* Miles Jennings & Brian Quintenz, *Regulate Web3 Apps, Not Protocols Part II: Framework for Regulating Web3 Apps*, a16z crypto (Jan. 11, 2023), https://a16zcrypto.com/posts/article/regulate-web3-apps-not-protocols-part-ii-framework-for-regulating-web3-apps/.

As noted above, in addition to meeting the Activity Restriction Conditions, we envisage that a Qualifying App would also need to satisfy the User Qualification Conditions. This ensures that activity involving Qualifying Apps in the United States remains consistent with the off-exchange trading prohibitions of Sections 2(e) and 4(a) of the CEA. In this regard, the User Qualification Conditions could require that:[50]

(i) to the extent the App enables trading on or through a Qualifying Protocol, the App takes sufficient steps to limit access to such functionality to persons who qualify as eligible contract participants ("**ECPs**"); and

(ii) to the extent the App enables trading on or through a CFTC-registered exchange or intermediary or, alternatively, an exempt exchange or intermediary, the App would not need to be limited to ECPs.

We discuss the basis for Proposal II and the Activity Restriction Conditions and User Qualification Conditions in more detail below.

In addition, as a related matter, we encourage the Commission to provide no-action relief or interpretive guidance providing clarity and certainty as to what constitutes reasonably sufficient steps by an App to exclude U.S. person access and thus remain outside of the CFTC's territorial jurisdiction. We discuss the basis and need for such clarity in more detail below.

Qualifying Apps – Activity Restriction Conditions

The Activity Restriction Conditions for a Qualifying App are intended to identify Apps that do not implicate the predicate definitions of the CFTC's exchange, execution facility, and intermediary registration categories. In the discussion that follows, we set out why an App satisfying the Activity Restriction Conditions is not engaged in the activity of an FCM, IB, DCM, or SEF, or acting as an offeror of leveraged, margined, or financed retail commodity transactions.

We note at the outset that this approach to the Activity Restriction Conditions is also supported by the approach to regulation of spot digital asset markets proposed under the CLARITY Act. As passed by the House, the CLARITY Act would expressly provide an exclusion from the CEA—including the proposed new digital commodity intermediary registration requirements—for "decentralized finance messaging systems."[51] Consistent with the Activity Restriction Conditions envisaged by this Proposal II, a "decentralized finance

[50] Imposing a requirement on Apps relating to the underlying Protocols to which they enable access should not be misconstrued as treating Apps and Protocols as integrated where they are unaffiliated. Even when separate and unaffiliated, Apps serve as public-facing gateways to Protocol infrastructure, putting them in a position to control which systems they enable users to access. Permitting them to interact with Protocols that retain discretionary control, lack neutrality, or are custodial could incentivize riskier designs, distort competition, and shift regulatory burdens to unidentified Protocol operators. Conditioning safe harbor eligibility on exclusive interaction with Qualifying Protocols further ensures Apps do not present risks that the CEA was intended to address and preserves the CEA's investor and market protections. Significantly, this is also consistent with the CLARITY Act's approach to digital commodities trading.

[51] CLARITY Act, Section 409.

messaging system" would be defined to mean "a software application that provides a user with the ability to create or submit an instruction, communication, or message to a decentralized finance trading protocol for the purpose of executing a transaction by the user."[52] Moreover, a "decentralized finance messaging system" would not include a system that provides someone other than the user with control over the funds of the user or the execution of the user's transaction.[53] The CFTC can implement this form of clarity now for the derivatives markets as it awaits passage of the new regulatory structure for regulation of spot markets.

FCM and IB Registration

As part of Proposal II, and to implement the PWG Report recommendation to provide clarity on the applicability of CFTC registration requirements, the CFTC should provide no-action relief or interpretive guidance confirming that, by virtue of satisfying the Activity Restriction Conditions, a Qualifying App is not engaged in activity requiring registration as an FCM[54] or IB.[55]

First, Apps meeting the Activity Restriction Conditions do not involve solicitation or acceptance of "orders." Both the FCM and IB definitions require that the relevant person be engaged in soliciting or accepting "orders" for the purchase or sale of a CFTC-regulated instrument. As noted above, an "order" is defined under the CEA as "an instruction or authorization provided by a customer to a [FCM or IB] regarding trading in a commodity interest on behalf of the customer."[56] As discussed, Qualifying Apps are front-end interfaces, websites, and applications that enable users to interact with Qualifying Protocols. There is no relevant "order" in the sense of an instruction or authorization by the user for the Qualifying App to trade on the user's behalf. Rather, such Apps function as software tools and technological infrastructure that allow users to interact with Qualifying Protocols on the users' own behalf and on a self-directed basis, in a more convenient or non-technical way. In this regard, all relevant transactions are user-initiated and controlled and are conducted on a self-custodial basis. A Qualifying App does not engage in trading for or on behalf of the customer (nor, as discussed below, does it hold property for the customer). Rather, it is technology that allows individuals to transact directly on their own behalf.

Moreover, Apps meeting the Activity Restriction Conditions do not involve any relevant

---

52 CLARITY Act, Section 103.

53 CLARITY Act, Section 103.

54 Section 1a(28) of the CEA defines an FCM as any individual, association, partnership, corporation, or trust who (i) is engaged in soliciting or in accepting orders for the purchase or sale of a CFTC-regulated instrument; and (ii) in connection with any of these activities accepts any money, securities, or property (or extends credit in lieu thereof) to margin, guarantee, or secure any trades or contracts that result or may result therefrom. 7 U.S.C. § 1a(28); *see also* 17 C.F.R. § 1.3.

55 Section 1a(31) of the CEA defines an IB as any person who (i) is engaged in soliciting or in accepting orders for a CFTC-regulated instrument; and (ii) does *not* accept any money, securities, or property (or extend credit in lieu thereof) to margin, guarantee, or secure any trades or contracts that result or may result therefrom. 7 U.S.C. § 1a(31); *see also* 17 C.F.R. § 1.3.

56 17 C.F.R. § 1.3.

"soliciting" or "accepting." The term "solicit" does not have its own definition in the CEA or CFTC Rules, but its plain meaning makes clear that it encompasses active inducement, not passive provision of technology or access. For example, Merriam-Webster defines "solicit" as "to approach (someone) with a request or plea" or "to try to obtain (something) by usually urgent requests or pleas,"[57] and the Oxford English Dictionary similarly defines "solicit" as "to entreat or petition (a person) for, or to do, something; to urge, importune; to ask earnestly or persistently."[58] The term "accept"—which also does not have its own definition in the CEA or CFTC Rules—has a broader range of meanings, but is relevantly defined in the Oxford English Dictionary to mean "to agree or consent to do something" and "to agree to (a condition, stipulation, or command); to respond affirmatively to (a proposal, offer, or invitation)."[59] In the context of the FCM and IB definitions, the term must also be understood in relation to that which is "accepted"—an "order" in the sense defined and discussed above. The Activity Restriction Conditions reflect that Qualifying Apps are passive and do not solicit, propose, or recommend particular transactions or orders. Nor do they "accept" orders in any relevant sense—transactions are entirely self-directed and in the control of the user, and there is no agreement, consent, or affirmative approval required from the App.[60] On the other hand, were an App to incorporate functionality that prompts or proposes particular transactions, actively encourage or advise particular trades tailored to the circumstances of the particular user, or incorporate a layer of acceptance or approval by the App before a user's transaction could proceed, such App would not meet the Activity Restriction Conditions and thus would not be a Qualifying App.

We note this approach is consistent with statements in the recent 2025 staff advisory regarding the registration framework for foreign boards of trade ("**FBOT**") clarifying that an FBOT's ability to provide direct access does not, of itself, require registration as an FCM.[61] In the context of FBOTs, the CEA defines "direct access" as an explicit grant of authority to an identified member or other participant located in the United States to enter trades directly into the trade matching system of the FBOT.[62] In discussing this concept in a footnote to the FBOT Advisory, the staff noted that the act of providing such direct access "does not, of itself, involve 'soliciting or accepting orders,' or encompass other activity that may require a market participant

---

57 Merriam-Webster (online ed.), retrieved Nov. 28, 2025 from https://www.merriam-webster.com/dictionary/solicit.

58 Oxford English Dictionary (online ed.), retrieved Nov. 28, 2025 from https://www.oed.com/dictionary/solicit_v?tab=meaning_and_use.

59 Oxford English Dictionary (online ed.), retrieved Nov. 28, 2025 from https://www.oed.com/dictionary/accept_v?tab=meaning_and_use#40558959.

60 While in the distinct statutory context of the definition of a "broker" under the Securities Exchange Act of 1934 and the notion of "effecting transactions . . . for the account of others," we note by way of analogy Judge Failla's reasoning in *SEC v. Coinbase, Inc.* that it was not sufficiently alleged that an App (in that case, a self-custodial wallet) was engaged in brokering securities transactions in circumstances where the App did little more than provide information regarding pricing on different Protocols, provide technical infrastructure for users to enter into transactions on Protocols, and where the user remained the sole decision-maker and retained control over their assets. *See* 726 F.Supp.3d 260, 306-07 (S.D.N.Y. 2024).

61 CFTC Letter No. 25-27 (Aug. 25, 2025) (the "**FBOT Advisory**").

62 7 U.S.C. § 6(b).

located outside the United States to be registered with the CFTC" as an FCM.[63] As discussed above, Qualifying Apps are a means of access—they are software tools and technological infrastructure that allow users to interact with Qualifying Protocols and conduct transactions on a self-directed and self-initiated basis. Similar to an FBOT providing direct access, if the Activity Restriction Conditions are satisfied, such functionality does not, by itself, constitute soliciting or accepting orders.

This reasoning also echoes and is supported by a series of prior no-action letters in which CFTC staff repeatedly recognized that certain data service and connectivity providers, and similar software tools allowing users to enter and route orders over the internet, are not engaged in the activity of an IB.[64] For example, in a 2002 no-action letter, the CFTC staff considered the circumstances of an "integration tool" developed by a data services provider to allow customers to access and submit orders to the order-entry system of their FCM more easily and without having to open multiple applications and browser windows manually.[65] In agreeing that this did not implicate the activities of an IB, the CFTC staff emphasized that the technology provider (i) would not solicit customers or orders for an FCM or the trading of futures contracts; (ii) would not recommend, propose, or encourage that customers use any particular FCM or place any particular orders; and (iii) was paid a fee by the relevant FCM for development and ongoing support costs.

Two years later, in 2004, the CFTC staff granted similar no-action relief to a company offering a software program allowing users to access and utilize market data and enter orders directly into the order-entry system of the FCM or IB of their choice without having to open and use a separate application.[66] In contrast to the 2002 no-action relief, the company collected a usage fee based on the number of contracts executed using the software program. Even with this fact, the CFTC staff confirmed that the company's provision of the software program was not IB activity, emphasizing that the company's central business activity was the provision of software services and the company did not solicit customers or orders for an FCM or IB or the trading of futures contracts.[67] Similar to the staff's reasoning in these no-action letters, Apps meeting the

---

63 FBOT Advisory at 4 n 21.

64 We note that these no-action letters were issued prior to the Commission's expanded jurisdiction with respect to swaps pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, and thus focused on intermediated futures transactions, where each customer has a relationship with an FCM or IB. As contemplated by the User Qualification Conditions posited above, such intermediaries would not necessarily be required with respect to transactions entered into by ECPs. Regardless, these historical no-action letters demonstrate that merely providing technology or connectivity for users does not constitute "soliciting" or "accepting" orders.

65 CFTC No-Action Letter 02-91 (Jul. 30, 2002).

66 CFTC No-Action Letter 04-34 (Sept. 16, 2004).

67 The CFTC staff later provided similar no-action relief for software programs allowing customers to route orders directly to a DCM on behalf of the FCM of their choice, summarizing the basis for vendors of such software programs not implicating IB status as reflecting that (i) each customer will have established a relationship with an FCM or IB independent of its relationship with the software vendor; (ii) the vendor would not recommend, propose, or encourage that customers use any particular FCM or IB; (iii) the software platform would not produce express "buy" or "sell" signals; (iv) the software vendor would not solicit or accept orders for any commodity futures or commodity; and (v) fees charged by the vendor would

Activity Restriction Conditions are "simply providing technology that connects the customer" and allows them to engage in self-directed transactions in a more convenient fashion—and thus should not be regarded as soliciting or accepting orders for purposes of the FCM and IB definitions.

Indeed, that Apps meeting the Activity Restriction Conditions are not engaged in any relevant "soliciting" or "accepting" of orders is also supported by court decisions that have rejected broader readings of these terms. In *CFTC v. Mass Media Marketing, Inc.*, the court rejected allegations applying the IB definition to an advertising service that created and broadcasted advertisements and engaged in lead generation on behalf of registered IBs.[68] In rejecting the CFTC's interpretation, the court observed that the phrase "soliciting or accepting orders" does not cover merely referring customers without actually inviting or accepting the placement of an order, and it emphasized that the legislative history accompanying the enactment of the IB registration requirement was directed to specific harms occasioned by persons acting as affiliated "agents" on behalf of FCMs to procure business.[69] Similarly, in *Carr v. Phoenix Futures, Inc.*, the court rejected an argument that referring accounts amounted to activity requiring registration as an IB.[70] The court observed that merely referring such accounts did "not appear to involve or contemplate the solicitation . . . of customer orders."[71] These cases make clear that an overbroad reading of what constitutes "solicitation" or "acceptance" for purposes of the FCM and IB definitions would run counter to statutory text and legislative intent. Moreover, the role of Apps meeting the Activity Restriction Conditions is even further removed from the conduct underpinning these cases, given there is not even an active referral of the *user* or other "customer"—all activity is self-directed and any use of the App or entry into an order or transaction is conducted by the user on their own behalf.

For similar reasons, Apps meeting the Activity Restriction Conditions also do not implicate the second prong of the definition of an FCM (i.e., accepting money, securities, or property for margin or collateral) given such Apps operate on a self-custodial basis. Users maintain custody and control of their assets at all times, and the App does not have control or discretion over the user's assets. There is no money, securities, or property being received or accepted by the App from the user. The Commission should reverse the confusion engendered in this regard by contrary suggestions in prior enforcement actions. For example, in the *Opyn* order discussed above, the Commission asserted that the respondent developer accepted property to margin transactions "by creating and deploying smart contracts that were designed and intended to allow users of the Opyn Protocol to contribute collateral and establish perpetual contract positions," and it referred to the smart contracts as holding custody of users' assets.[72] This appears to reflect a fundamental misunderstanding of the self-custodial nature of blockchain

---

not be related to any fees charged by the FCM or IB for the execution of any futures orders. CFTC No-Action Letter 06-29 (Oct. 24, 2006); CFTC No-Action Letter 08-07 (Apr. 4, 2008).

68 156 F.Supp.2d 1323, 1327-32 (S.D. Fla. 2001), *aff'd*, 297 F.3d 1321 (11th Cir. 2002).

69 *Id.* at 1331.

70 1991 WL 121184, at *2 (E.D.N.Y. June 24, 1991).

71 *Id.* at *2.

72 *Opyn* at 4, 6.

technology. The Commission should make clear that it recognizes no person is accepting or taking custody of a user's assets in the context of transactions conducted on a self-custodial and self-directed basis.

DCM and SEF Registration

As part of Proposal II, we also encourage the CFTC to provide no-action relief or interpretive guidance confirming that, by virtue of satisfying the Activity Restriction Conditions, a Qualifying App is not engaged in the activity of a DCM[73] or SEF.[74]

As a threshold matter, Apps meeting the Activity Restriction Conditions do not satisfy a fundamental predicate of the relevant statutory terms—such an App is not an "organized exchange," "trading facility," "trading system," or "platform" on which transactions are placed and executed. For purposes of the definition of a "board of trade," on which DCM status rests, an "organized exchange" is defined as a trading facility that permits trading and has adopted rules that govern the conduct of participants, including disciplinary sanctions.[75] A "trading facility" is defined as a person or group of persons that constitutes, maintains, or provides a physical or electronic facility or system in which multiple participants have the ability to execute or trade agreements, contracts, or transactions.[76] An App meeting the Activity Restriction Conditions does not provide these functions. Rather, as discussed above, such Apps are passive software tools and technological infrastructure that allow users to engage in self-initiated and self-directed activities on a decentralized blockchain.

Not requiring such a software tool to register as a DCM or SEF is consistent with recent steps by the Commission to reverse uncertainty occasioned by prior expansive interpretations and applications of the SEF definition. In a September 2021 advisory letter,[77] and in a small

---

[73] Section 4(a) of the CEA makes it unlawful for any person to offer to enter into, execute, confirm the execution of, or conduct an office or business in the United States for the purpose of soliciting, or accepting any order for, or otherwise dealing in any transaction in, or in connection with, a commodity futures contract, unless such transaction is made on or subject to the rules of a board of trade designated by the CFTC as a contract market (or registered FBOT). 7 U.S.C. § 6(a). Section 1a(6) of the CEA defines a board of trade as "any organized exchange or other trading facility." 7 U.S.C. § 1a(6). A "trading facility" is defined in Section 1a(51) of the CEA as "a person or group of persons that constitutes, maintains, or provides a physical or electronic facility or system in which multiple participants have the ability to execute or trade agreements, contracts, or transactions—(i) by accepting bids or offers made by other participants that are open to multiple participants in the facility or system; or (ii) through the interaction of multiple bids or multiple offers within a system with a pre-determined non-discretionary automated trade matching and execution algorithm." 7 U.S.C. § 1a(51).

[74] Section 5h(a)(1) makes it unlawful to operate a facility for the trading or processing of swaps unless the facility is registered as a SEF (or DCM). 7 U.S.C. § 7b-3(a)(1). Section 1a(50) of the CEA defines a SEF as a trading system or platform in which multiple participants have the ability to execute or trade swaps by accepting bids and offers made by multiple participants in the facility or system, through any means of interstate commerce, including any trading facility, that (A) facilitates the execution of swaps between persons; and (B) is not a designated contract market. 7 U.S.C. § 1a(50).

[75] 7 U.S.C. § 1a(37).

[76] 7 U.S.C. § 1a(51).

[77] CFTC Letter No. 21-19 (Sep. 29, 2021).

number of enforcement actions in the traditional financial market context, the staff propounded a broad and expansive interpretation of the definition of a SEF as encompassing (i) communication software tools allowing bilateral communications (e.g., chat functionality) or one-to-many communications;[78] and (ii) advisors who assisted clients with the facilitation and execution of swap transactions by obtaining and transmitting pricing requests between clients and swap counterparties, including over chat and email.[79] In the digital asset context, the staff has imported this broad reading to charge developers with operating unregistered SEFs without clearly articulating or identifying the requisite "multiple-to-multiple" functionality required by the SEF definition.[80]

Acknowledging the resulting regulatory uncertainty in the applicability of the requirement to register as a SEF, the Staff recently withdrew the 2021 SEF advisory and, implicitly, the interpretive view that a bilateral or one-to-many communication tool constitutes a SEF.[81] Accordingly, the CFTC should provide confirmation that Apps meeting the Activity Restriction Conditions—software tools allowing users to view onchain information and transmit and engage in self-initiated transactions—likewise do not implicate status as a DCM or SEF.

Status as an "Offeror" of Leveraged, Financed, or Margined Commodity Transactions

We also encourage the CFTC as part of Proposal II to provide clarity that, by virtue of satisfying the Activity Restriction Conditions, a Qualifying App will not be regarded as engaging in the activity of an "offeror" or acting in concert with the offeror of a user-initiated leveraged, financed, or margined transaction, for purposes of Sections 2(c)(2)(D) and 4(a) of the CEA. We emphasize that providing such clarity with respect to Apps meeting the Activity Restriction Conditions need not conflict with Section 4(a) and the prohibition of off-exchange trading for non-ECPs since, in order to be a Qualifying App, an App would also need to meet the User Qualification Conditions discussed in the next section.

As part of its 2020 interpretive guidance on the meaning of "actual delivery" in a digital asset context (the "**Actual Delivery Guidance**"),[82] the CFTC articulated an exceedingly broad interpretation of who may qualify as the "offeror" of a leveraged, margined, or financed commodity transaction. For example, the CFTC observed that in the context of a "decentralized network or protocol," "the Commission could, depending on the facts and circumstances, view 'offerors' as *any* persons presenting, soliciting, or otherwise facilitating retail commodity transactions."[83] The Commission also observed in the Actual Delivery Guidance that "the offeror of the transaction and the ultimate counterparty may be two separate entities," and that making a transaction available or otherwise facilitating a transaction may be sufficient to be considered the

78 *In re Symphony Commc'n Servs., LLC*, CFTC Dkt. No. 21-35 (Sep. 29, 2021).

79 *In re Asset Risk Mgmt., LLC*, CFTC Dkt. No. 22-36 (Sep. 26, 2022).

80 *See Deridex* at 5; *Opyn* at 5.

81 CFTC Letter No. 25-05 (Mar. 13, 2025).

82 *Retail Commodity Transactions Involving Certain Digital Assets*, 85 Fed. Reg. 37734 (Jun. 24, 2020).

83 *Id.* at 37737 n 63; *see also id.* at 37742 n 164.

offeror.[84] Relying on these and other aspects of the Actual Delivery Guidance, the CFTC has alleged in enforcement orders that developers of DEX and DEX aggregator Protocols and/or Apps were engaged in the offer of leveraged or margined transactions in connection with leveraged tokens created by unaffiliated third parties but which could be traded using the relevant DEX or DEX aggregator.[85] This has generated considerable uncertainty and risk for market participants, who face the threat that activity short of an actual offer or solicitation of leveraged or margined transactions may still result in regulatory liability. Moreover, as discussed above, the Commission's DeFi settlement orders have created additional confusion and uncertainty by at times emphasizing or impugning the functionality of an App alone, while in others emphasizing and aggregating the functionality of a Protocol with one or more Apps.

Just as Apps meeting the Activity Restriction Conditions are not engaged in soliciting or accepting orders for purposes of the FCM and IB definitions, the CFTC should provide clarity that such Apps are also not engaged in the "offer" of leveraged or financed transactions, and expressly rescind or supersede the elements of the Actual Delivery Guidance to the contrary. As discussed above, Apps are front-end interfaces, websites, and applications that enable users to interact with Protocols in a self-directed fashion. In this regard, Qualifying Apps under Proposal II are passive and do not solicit, propose, or recommend particular transactions. Moreover, Apps meeting the Activity Restriction Conditions are not offering and do not act as the counterparty to any relevant transaction, nor are they providing the leverage, margin, or financing that may be involved in a relevant transaction. In such circumstances, the App is not in any relevant sense "offering" to enter into the transaction, executing or confirming the transaction, or otherwise soliciting or accepting the transaction. Rather, an App meeting the Activity Restriction Conditions is passive software and technology infrastructure that provides connectivity and makes it more convenient for users to engage in self-directed onchain transactions and activities.

Numerous cases brought by the CFTC under its Section 2(c)(2)(D) authority have faced litigation challenges. While those cases have tended to focus on other issues, such as what it means for a transaction to be on a "leveraged," "margined," or "financed" basis, or the scope of the exception for transactions resulting in "actual delivery" of the relevant commodity within 28 days, it is instructive that the activity underpinning them involved significant, active conduct demonstrating a clear offer to enter into, or actual entry into, relevant transactions. For example, in *CFTC v. Hunter Wise Commodities, LLC*, the respondents' commodity brokerage firm was said to have, among other things, (i) provided the financing made available to retail customers as part of the relevant leveraged commodity transactions; (ii) administered transactions and approved orders; (iii) assisted intermediary precious metal dealers in marketing metals and managing transactions; (iv) provided training materials, sales pitch scripts, and standard form contracts; and (v) maintained a portal housing account and trading records for all transactions.[86] Furthermore, in *CFTC v. Monex Credit Company*, as alleged in the CFTC's underlying complaint, the defendant acted as the counterparty to every transaction, was entitled to issue margin calls and change margin requirements at any time, had sole discretion to liquidate trading

---

84 *Id.* at 37743 n 165.

85 *See ZeroEx* at 4 n 8*; Uniswap* at 5 n 7.

86 749 F.3d 967 (11th Cir. 2014).

positions, and employed salespersons to promote the trading program.[87] Such conduct far exceeds the nature and role of Apps meeting the Activity Restriction Conditions.

Qualifying Apps – User Qualification Conditions

As noted above, we envisage that in order to be a Qualifying App, an App would need to meet both the Activity Restriction Conditions and the User Qualification Conditions. While the Activity Restriction Conditions reflect that a Qualifying App is not engaged in activity requiring registration as an FCM, IB, DCM, or SEF or acting as an offeror of leveraged or financed transactions, the User Qualification Conditions ensure consistency with the prohibitions on off-exchange trading under Sections 2(e) and 4(a) of the CEA.

In this regard, we note that under Section 2(e), it is unlawful for any person, other than an ECP, to enter into a swap unless the swap is entered into on or subject to the rules of a DCM.[88] Section 4(a) of the CEA makes it unlawful to enter into a futures contract unless such contract is conducted on a DCM. Accordingly, as we posit above, the User Qualification Conditions could require that:

(i) to the extent the App enables trading on or through a Qualifying Protocol, the App takes sufficient steps to limit access to such functionality to persons who qualify as ECPs; and

(ii) to the extent the App enables trading on or through a CFTC-registered exchange or intermediary or, alternatively, pursuant to an exemption or relief from exchange or intermediary registration, the App would not need to be limited to ECPs.

To address any lingering regulatory uncertainty regarding these criteria, we respectfully request that the CFTC adopt no-action relief or interpretive guidance providing clarity to market participants as to what constitutes reasonably sufficient steps to identify a user's status as an ECP. In particular, we request that the CFTC confirms that for purposes of satisfying the User Qualification Conditions, an App is entitled to rely on a user's affirmative written representation of status as an ECP, provided the user specifies in such representation the provision of the ECP definition pursuant to which it qualifies, and absent receipt of information that would cause a reasonable person to question the accuracy of the representation.

What constitutes sufficient steps to confirm a counterparty's or user's ECP status in the DeFi context currently remains a matter of uncertainty and risk for market participants. In addition to the prohibition on off-exchange swap transactions by non-ECPs, we note that the Commission's jurisdiction with respect to retail leveraged commodity transactions pursuant to Section 2(c)(2)(D) of the CEA applies to agreements, contracts, and transactions in commodities that are entered into with or offered to a person that is not an ECP.[89] Applying these provisions, the Commission has referred in settled enforcement actions to respondents' asserted failures to

---

87 931 F.3d 966 (9th Cir. 2019).

88 7 U.S.C. § 2(e).

89 7 U.S.C. § 2(c)(2)(D)(i).

take adequate steps to exclude non-ECPs.[90] Yet the Commission has never provided any meaningful guidance or clarity on what constitutes adequate steps in this context to exclude non-ECP access.

We note that in neither of the statutory provisions above does the CEA prescribe the particular steps or actions as necessary or sufficient for market participants to identify status as an ECP. Indeed, the CEA does not by its terms impose a general obligation on unregistered market participants to verify the status of a counterparty as an ECP. Unregistered market participants have largely adopted the market practice of obtaining and relying on written representations regarding counterparty status as an ECP, which draws from regulatory requirements imposed on swap dealers.[91]

Accordingly, we respectfully request that the CFTC provide no-action relief or interpretive guidance confirming that, for purposes of the User Qualification Conditions, an App will be regarded as taking sufficient steps to identify and categorize users' ECP status by relying on user attestations, provided the user specifies in such representation the provision of the ECP definition pursuant to which it qualifies, and absent receipt of information that would cause a reasonable person to question the accuracy of the representation. This could be done, for example, by requiring users to complete an affirmative attestation that they qualify as an ECP with a signed wallet transaction.

Clarifying the Reach of CFTC's Territorial Jurisdiction

In addition, as a related matter, we also encourage the Commission to adopt no-action relief or interpretive guidance providing clarity on what constitutes reasonably sufficient steps to ensure that an App is not engaged in activity within the CFTC's territorial jurisdiction. The conditions for such guidance or relief could require that:

(i) the App takes sufficient steps to exclude U.S. person access; and/or

(ii) the developer and operator of the App limit their domestic activities to certain approved functions.

In particular, we respectfully request that the CFTC consider adopting no-action relief or interpretive guidance providing clarity and certainty to market participants on what constitutes

---

90 *See, e.g.*, *bZeroX* at 5.

91 *See, e.g.*, the ISDA August 2012 Dodd-Frank Protocol, providing a multilateral mechanism for market participants to, among other things, exchange representations regarding ECP status. As referenced above, certain CFTC-registered entities do have an affirmative obligation to verify counterparty ECP status. In particular, the business conduct rules for registered swap dealers and major swap participants establish a duty for such registered entities to verify that their counterparties meet the standards to be an ECP. For such market participants, the practice of relying on counterparty representations has the Commission's regulatory imprimatur. In that context, the Commission's implementation of the business conduct rules permits a swap dealer or major swap participant to rely on written representations confirming a counterparty's status as an ECP, provided the representation specifies the provision of the ECP definition pursuant to which the counterparty qualifies, and absent information that would cause a reasonable person to question the accuracy of the representation. 17 C.F.R. §§ 23.402(d), 23.430.

reasonably sufficient steps to identify and categorize user location and status as a "U.S. person" or "non-U.S. person." Specifically, we request that the CFTC confirm that an App is entitled to rely on a user's affirmative written representation of their status as a non-U.S. person, absent receipt of information that would cause a reasonable person to question the accuracy of the representation. This would provide clarity that Apps which do not seek to provide access to U.S. persons, and act in good faith to exclude them from access, are not subject to registration with the CFTC.

As set out in Section 2(i) of the CEA, the CEA grants the CFTC extraterritorial jurisdiction over foreign swaps activity only when those activities have a direct and significant connection with activities in, or effect on, commerce of the United States.[92] The Commission has further delineated its extraterritorial jurisdiction with respect to swaps activity, initially in interpretive guidance[93] and then pursuant to the Commission's 2020 cross-border rulemaking, and in doing so adopting a definition of "U.S. person."[94] In parallel, with respect to foreign futures activity, Section 4(a) requires registration by any person conducting the business of an FCM "in the United States," and Section 4(b) of the CEA gives the CFTC authority to regulate FBOTs providing direct access to persons "located in the United States."[95]

The CFTC has in the past pursued aggressive and expansive interpretations of these terms and its extraterritorial jurisdiction, placing reliance on limited U.S. touchpoints, such as U.S. server infrastructure and vendors, minimal U.S.-based technical or administrative personnel, or U.S. ultimate beneficial ownership.[96] Importantly, however, the CFTC has recently provided interpretive guidance on the application of its extraterritorial jurisdiction, which takes a narrower and more nuanced approach, providing guidance that it would not regard the non-U.S. entity in question as a "U.S. person" based solely on such entity (1) engaging U.S.-based traders, quantitative researchers, and software developers; (2) licensing certain trading technology from a related U.S. firm; or (3) hosting trading technology on U.S.-located servers.[97]

---

92 7 U.S.C. § 2(i).

93 *Interpretive Guidance and Policy Statement Regarding Compliance With Certain Swap Regulations*, 78 Fed. Reg. 45292 (Jul. 26, 2013).

94 17 C.F.R. § 23.23.

95 7 U.S.C. § 6.

96 *See, e.g.*, Compl., *CFTC v. MEK Global Limited et al. (dba KuCoin)*, No. 1:24-cv-02255 (S.D.N.Y. Mar. 26, 2024), Dkt. 1 (emphasizing, among other things, U.S. based investors and employees); *In re Falcon Labs Ltd.*, CFTC Dkt. No. 24-06 (May 13, 2024) (seemingly asserting that a non-U.S. entity may be regarded as "located in the U.S." based on having a U.S. parent entity or beneficial owner, or personnel located in the U.S. that "control" a relevant account).

Prior to its change in approach, the SEC engaged in similar overreach in its enforcement actions involving digital assets. As industry stakeholders explained, "the SEC's unpredictable lawsuits enforcing the securities laws against digital asset participants has further compounded confusion in the market by generating a hodgepodge of court decisions that are often ambiguous, inconsistent with one another, and contrary to long-standing principles of United States securities laws, such as limits on extraterritorial application." Brief of Amicus Curiae Digital Chamber at 4, *SEC v. Balina*, 24-50726 (5th Cir.), ECF No. 44-2.

97 *See, e.g.*, CFTC Letter No. 25-14 (May 21, 2025).

The CFTC has not, however, provided meaningful guidance or clarity on what constitutes reasonably sufficient steps for a person to exclude U.S. person access or confirm the non-U.S. person status of its counterparties and users. To the contrary, the CFTC has at times seemingly based digital asset and DeFi-related enforcement actions on the alleged failure of respondents to implement "sufficient" steps to block access by U.S. users.[98] Yet the CFTC has never stated what steps it would regard as sufficient. Given the ubiquity and legitimate uses of VPNs and similar technologies, good faith actors around the world have seemingly been subject to an impossible standard of ensuring they do not inadvertently allow access to U.S. users.

This is in stark contrast with the approach in other contexts under the CEA and CFTC Rules, where the Commission has expressly recognized that inadvertent or *de minimis* access by or interaction with U.S. persons does not subject a person to registration with the CFTC. For example, CFTC Rule 3.10(c)(5)(i) provides that a foreign-located person engaged in the activity of a commodity pool operator is not required to register with the CFTC in such capacity with respect to its operation of a commodity pool the participants of which are all foreign-located persons or international financial institutions.[99] Importantly, absolute certainty is not required to qualify for this exemption from CPO registration. Rather, the Commission has adopted a safe harbor pursuant to which a foreign-located person may qualify for this exemption by taking certain defined steps to mitigate the risk of U.S. participation in the offshore commodity pool.[100]

Similarly, CFTC Rule 4.14(a)(8)(i)(C) provides an exemption from commodity trading advisor registration to a person whose commodity interest trading advice is directed solely to commodity pools operated outside the United States and provided that, among other things, solely non-U.S. persons will contribute funds or other capital to the pool.[101] This requirement notwithstanding, a person may still qualify for this exemption from CTA registration if up to 10% of the beneficial interest of the commodity pool is held by persons who do not qualify as non-U.S. persons (or otherwise as qualified eligible persons).[102]

Moreover, we note that registered swap dealers are permitted to rely on a counterparty's written representation as to their status as a U.S. person unless the swap dealer knows or has reason to know that the representation is not accurate.[103] In this regard, both registered and unregistered market participants in swap transactions routinely rely on written representations regarding their counterparty's status as, among other things, a "U.S. person" or "non-U.S. person."[104]

---

98 *See, e.g.*, *Opyn* at 4 ("Although Respondent took certain steps to exclude U.S. persons from accessing the Opyn Protocol, such as blocking users with U.S. internet protocol addresses, those steps were not sufficient to actually block U.S. users.").

99 17 C.F.R. § 3.10(c)(5)(i).

100 17 C.F.R. § 3.10(c)(5)(iii).

101 17 C.F.R. § 4.14(a)(8)(i)(C).

102 17 C.F.R. § 4.14(a)(8)(i)(C)(2).

103 17 C.F.R. § 23.23(a).

104 *See, e.g.*, the ISDA U.S. Self-Disclosure Letter.

Consistent with this approach in other contexts under the CEA and CFTC Rules, an App taking good faith steps to exclude U.S. person access should not be subject to the impossible standard of absolute certainty that it has been successful in doing so. Accordingly, we respectfully request that the CFTC provide no-action relief or interpretive guidance confirming that an App will be regarded as taking sufficient steps to identify and categorize user status as a "U.S. person" or "non-U.S. person" by relying on user attestations, absent receipt of information that would cause a reasonable person to question the accuracy of the representation. As noted above, this could be done by requiring users to complete an affirmative attestation that they qualify as a "non-U.S. person" with a signed wallet transaction.[105] Additional measures the CFTC could consider delineating include geo-IP detection and blocking,[106] wallet IP screening and tagging,[107] and separate U.S. and non-U.S. front-ends.[108] Any such measures should be accompanied by clear guidance grounded in technological feasibility. The CFTC should avoid placing cumbersome burdens on all global market participants to ensure complete and guaranteed exclusion of U.S. persons, an impossible standard the CFTC has never applied to other aspects of the financial system.

Such guidance and clarity for Apps that desire to remain outside of the United States market and CFTC territorial jurisdiction would complement the guidance on Qualifying Apps that meet the Activity Restriction Conditions and User Qualification Conditions to provide maximum clarity to global market participants on when CFTC registration requirements will or will not apply.

***Proposal III*: Pursue formal rulemaking or exemptive relief providing a tailored pathway for certain Apps to obtain registration or operate in conjunction with registered entities**

While Proposal I and Proposal II would allow the Commission to promptly provide a measure of regulatory clarity to market participants, in order to maintain and promote blockchain-based innovation in the United States in alignment with the PWG Report recommendations, the CFTC should also engage in formal rulemaking or adopt exemptive relief to provide a suitable and appropriate regime for other Apps, beyond the circumstances encompassed in Proposal II, but which may implicate CFTC registration requirements, to operate in compliance with the CEA and CFTC Rules. In this regard, the Commission should consider adopting an innovation exemption or tailored registration pathway for developers of Apps to

---

105 In this regard, the Commission should also consider emerging digital ID solutions and zero-knowledge proof based onchain verification tools as alternative methodologies for confirming and obtaining representations regarding users' U.S. person status.

106 That is, the Commission could recognize the sufficiency of measures blocking or restricting access based on IP geolocation data, including through use of reverse proxies (e.g., Cloudflare, AWS WAF) to detect and block IPs associated with U.S. geolocation. Frontends could deny or restrict wallet access for a defined period (e.g., block for 30 days if a U.S. IP is detected). The downside risk of this approach is that it could jeopardize user privacy.

107 When a user first connects their wallet, the app can tag it with metadata (offchain or onchain) associated with the user's geolocation, e.g., if their IP is from the U.S.

108 This could include creating a "clean" frontend that excludes impermissible services for U.S. persons, thereby encouraging a clearer segmentation of risk exposure.

pursue registration, or be able to offer access through or in conjunction with registered entities, including to permit non-ECPs access to trading on Qualifying Protocols.

As we detail above, the Commission's prior enforcement actions have alleged various registration failures against Protocols, Apps, and their developers, often in multiple and seemingly conflicting registration categories (e.g., failure to register as both a DCM or SEF and as an FCM). To date, however, there has been no viable way for good faith DeFi market participants to register and comply with the CEA and CFTC Rules, which did not contemplate or anticipate the nature of blockchain and DeFi technology—specifically, that a marketplace could be built on a decentralized and autonomous Protocol. As the PWG Report recognizes, this is unfortunate, as decentralized and autonomous Protocols can function safely in ways that markets controlled by businesses could never do.[109]

Consistent with a technology-neutral approach to regulation and the CFTC's existing principles-based regulatory approach, the CFTC should recognize that certain existing aspects and requirements of the CEA and CFTC Rules either (i) may not be necessary or relevant to fulfill their goals in light of the nature of blockchain technology, or (ii) are impractical or impossible to apply in the context of blockchain technology. In so doing, the CFTC can consider and recognize the ways in which the benefits and innovations of blockchain technology provide new and improved ways to satisfy or exceed the policy goals and statutory mandates of the CEA.[110] Indeed, the CEA expressly contemplates that DCMs and SEFs should be afforded reasonable discretion in the manner in which they comply with core principles. The CFTC should also make that promise of reasonable discretion real when it comes to Apps interacting with a Qualifying Protocol.

We would be happy to discuss in additional detail or participate in further public consultation regarding the formulation of such a tailored registration pathway.

---

109 *See, e.g.*, PWG Report at 36-37, 97 (discussing, inter alia, potential for tokenization to enable new financial products, potential benefits of programmability and peer-to-peer transferability for operational efficiency, improved transparency in comparison with traditional markets, potential for beneficial applications for instantaneous international transfers, and the ability of atomic settlement and simultaneous delivery versus payment to reduce settlement risk).

110 7 U.S.C. § 5(b).

* * *

We greatly appreciate the opportunity to provide comments and welcome further engagement with the Commission on these issues.

Miles Jennings, Head of Policy & General Counsel
a16z crypto

Michele R. Korver, Head of Regulatory
a16z crypto

Jai Ramaswamy, Chief Legal Officer
a16z

Scott Walker, Chief Compliance Officer
a16z