



October 12, 2017

Via Email: rules-comments@sec.gov

Mr. Brent J. Fields, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. 265-28, SEC Investor Advisory Committee Meeting, October 12, 2017

Dear Mr. Fields:

The Chamber of Digital Commerce (the “Chamber”) appreciates the opportunity to submit comments to the Securities and Exchange Commission (“SEC” or “Commission”) Investor Advisory Committee (the “Committee”) regarding its meeting on October 12, 2017.

The Chamber is the world’s largest trade association representing the digital asset and blockchain industry. Our mission is to promote the acceptance and use of digital assets and blockchain-based technologies. Our membership is comprised of over 130 companies innovating with and investing in blockchain-based technology, including financial institutions, start-ups, exchanges, software companies, consultancies, and law firms. As a result, the Chamber is well positioned to provide a consensus view on the impact of the Commission’s actions with regard to the blockchain industry.

We appreciate the thought and leadership the SEC has exhibited in its consideration of the blockchain industry, particularly with the establishment of the Distributed Ledger Technology (“DLT”) Working Group. Additionally, the Chamber is encouraged that a discussion regarding blockchain and other distributed ledger technology is on the Committee’s October meeting agenda. The Chamber provides the following comments to help inform the SEC and the Committee as it develops its views with respect to blockchain-based technologies going forward.

1. **Token Issuances or Initial Coin Offerings (“ICOs”).** The Commission took a significant step forward in issuing its Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO (“DAO Report”). In the DAO Report, the Commission found that offers and sales of digital assets by “virtual” organizations can be, in certain circumstances, subject to the requirements of the federal securities laws. Specifically, the Commission stated that whether a particular investment transaction, *e.g.* token sales or ICOs, involves the offer or sale of a “security” will depend on the facts and circumstances, including the economic realities, of the transaction.

The Chamber is dedicated to promoting an innovative yet responsible policy framework. After the DAO Report was issued, SEC Chairman Jay Clayton stated that “[t]he SEC is studying the effects of distributed ledger and other innovative technologies. . . [the SEC] seek[s] to foster innovative and beneficial ways to raise capital, while ensuring – first and foremost – that investors and our markets are protected.”¹ We appreciate Chairman Clayton’s willingness to study these technologies and agree with his stance on fostering capital formation while ensuring investor protection.

To that end, the Chamber recently established the Token Alliance, an industry-led initiative to educate, promote, and help shape the responsible growth of token and digital asset issuances. The Token Alliance will work with the blockchain and digital asset community to recommend frameworks that drive innovation, promote investment, and protect market participants. The Chamber hopes that the initiatives of the Token Alliance can help bring added clarity and guidance to the emerging industry surrounding token and digital asset issuances. Our goal is to lay the groundwork for best industry practices that will provide a base for technological innovation for capital access for established and emerging companies while diminishing the opportunity for fraud. As we develop proposed frameworks that will enable appropriate and responsible innovation for sellers of, purchasers of, and regulators of token issuances, we encourage the SEC to be a part of the dialogue throughout the process and offer further guidance and feedback on our recommended frameworks.

¹ See “Press Release: SEC Issues Investigative Report Concluding DAO Tokens, a Digital Asset, Were Securities,” July 25, 2017, available at: <https://www.sec.gov/news/press-release/2017-131>.

Preserving investor protection is critical. It is also important to note that many token issuances are not simply a vehicle to raise capital in new ways. Rather, they are a critical component for launching a new blockchain application or platform and are necessary to distribute the token that is used for accessing or utilizing the platform. For that reason, we would also appreciate the opportunity to further engage with the Commission to discuss how such utility tokens fit within (or outside) the existing regulatory framework.

2. **Coordinated Policy Approach to Market Development.** The Chamber continues to advocate for a coordinated policy approach and strategy, both internally within the SEC and with other federal regulatory agencies. We believe such coordination is critical to ensuring that virtual currency exchanges and other investment vehicles receive the necessary regulatory approvals and/or clarity to operate. Such regulatory stability will enable well-functioning markets to emerge and further foster the development of these markets in the United States. We believe that these outcomes are essential for our nation to reap the economic benefits and job growth that blockchain-based technologies promise to offer. A consistent and coordinated regulatory approach will foster mainstream investment, which is essential for the full development of this technology. We also believe that the SEC’s approval of traditional vehicles for virtual currencies, such as exchange traded funds (“ETFs”), and exchange traded products (“ETPs”), among others, will further provide a well-understood entry point to mainstream investors.

3. **Coordinated Federal Policy.** The Chamber is greatly encouraged by the support of Commodity Futures Trading Commission (“CFTC”) Chairman J. Christopher Giancarlo, who enunciated a “do no harm” regulatory approach to blockchain-based technologies, and recently declared that embracing blockchain technology is in the “national interest.”² In this vein, the Chamber promotes a holistic policy view with respect to blockchain-based technologies. The SEC and other federal regulatory agencies should consider how blockchain-based technologies can better government and society, and how agencies can promote policies that enable innovation to flourish through the development of law, guidance, and enforcement. We also encourage the SEC to

² See “Special Address of CFTC Commissioner J. Christopher Giancarlo Before the Depository Trust and Clearing Corporation 2016 Blockchain Symposium,” March 29, 2016, *available at*: <http://www.cftc.gov/PressRoom/SpeechesTestimony/opagiancarlo-13>; *See also*, “CFTC Chair Giancarlo: Embracing Blockchain is in the National Interest,” September 21, 2017, *available at*: <https://www.coindesk.com/cftc-chair-embracing-blockchain-national-interest/>.

consider the promise blockchain technologies offer with respect to market efficiencies and compliance with securities laws, and to examine how the SEC can improve its internal workings, reduce fraud, and bolster cybersecurity.

Thank you for this opportunity to provide comments to the Commission regarding its October 12 Investor Advisory Committee meeting. We look forward to the Committee meeting and to continued dialogue with the Commission with regard to blockchain technology and digital assets.

The Chamber is available to discuss further any of the points included in this comment letter so please feel free to contact me with any questions or concerns.

Very truly yours,

A handwritten signature in cursive script that reads "Perianne Boring". The signature is written in black ink and is positioned below the "Very truly yours," text.

Perianne Boring
Founder and President
Chamber of Digital Commerce