

SEC takes no-action position on custody of digital asset securities by special purpose broker-dealers

January 13, 2021 | Client Update

A recent SEC conditional no-action position (the “No-Action Statement”) has further opened the regulatory door to trading of digital asset securities (“DAS”), by allowing certain limited purpose DAS-only broker-dealers to maintain custody of these securities on behalf of customers. Efforts to meet the SEC staff’s prior guidance that broker-dealers generally could not custody DAS for customers triggered somewhat cumbersome workaround attempts. While not a complete solution, the No-Action Statement offers certain broker-dealers another alternative that may allow them to provide traditional brokerage services involving DAS in a more direct fashion.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Joseph A. Hall

+1 212 450 4565

joseph.hall@davispolk.com

Zachary J. Zweihorn

+1 202 962 7136

zachary.zweihorn@davispolk.com

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