

## SEC No-Action Letter Facilitates Secondary Market Trading of Digital Asset Securities

September 29, 2020 | Client Update

In a game-changing development for the future viability of digital asset securities trading, staff of the Division of Trading and Markets of the SEC issued a [No-Action Letter](#) to FINRA on September 25, 2020 clarifying a structure under which registered broker-dealers could operate alternative trading systems that allow for real-time trading of blockchain-based securities, without running afoul of the custody requirements of Rule 15c3-3. The structure was originally proposed to the SEC staff in a request for no-action relief from Davis Polk & Wardwell partners Annette Nazareth and Zachary Zweihorn on behalf of several clients, but the staff ultimately decided to issue the relief more broadly as industry-wide no-action guidance to FINRA.

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.

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