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Bridging the Week by Gary DeWaal: March 11 – 15 and March 18, 2019 (Positioning for New Position Limits Proposal; Custody and Cryptoassets; Supervision for Swap Dealers) VIDEO

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Last week, J. Christopher Giancarlo promised a "workable" revised position limits proposed rule before he leaves as chairman of the Commodity Futures Trading Commission sometime this summer. Separately, the Securities and Exchange Commission's Division of Investment Management sought comments on how its Custody Rule applies to cryptoassets. As a result, the following matters are covered in this week's edition of *Bridging the Week*:

- Outgoing CFTC Chair Promises Workable Position Limits Proposal Before Departure; Pending New CFTC Head Says Agency Must Continue to Promote Digital Innovation (includes **Memory Lane**);
- SEC Staff Curious How Custody Rule Applies to Cryptoassets While Canadian Regulators Seek Help Understanding Digital Assets Trading Platforms (includes **My View**);
- NFA Proposes New Rule Formally Requiring Swap Dealer Supervision of Employees and Agents (includes **Compliance Weeds**); and more.

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Bridging the Week

Securities & SEC
Financial Institutions & Banking
All Federal

The next regularly scheduled edition of *Bridging the Week* will be April 1, 2019.

Video Version:

Article Version:

Briefly:

- **Outgoing CFTC Chair Promises Workable Position Limits Proposal Before Departure; Pending New CFTC Head Says Agency Must Continue to Promote Digital Innovation**: In a broad-ranging speech delivered at the FIA's Annual International Futures Conference, J. Christopher Giancarlo, Chairman of the Commodity Futures Trading Commission, indicated that, prior to leaving the Commission this summer, he intends to propose a new "workable" position limits rule that, among other things, would address anticipatory hedging. He offered no other contents of the proposed new rule other than to suggest it "must be responsive to the public comments and ensure that regulatory barriers do not stand in the way of long-standing hedging practices of American farmers, ranchers, producers and manufacturers, who depend on our markets."

The CFTC last proposed amendments to its position limits regime in December 2016. (Click here for background in the article "CFTC Adopts Final Rules Related to Aggregation of Positions and Owned Entity Exemption; Re-Proposes Position Limits Rules" in the December 11, 2016 version of *Bridging the Week*.)

Mr. Giancarlo was also optimistic that, prior to the end of his tenure as chairman, the Commission will finalize a number of unspecified Project KISS initiatives, as well as propose "various" new cross-border rules, including to establish a framework for non-US clearinghouses ("CCP") that do not pose a substantial risk to the US financial system to register with the CFTC as derivatives clearing organizations under an alternative, presumably lighter framework, giving "enhanced deference" to the CCP's home regulator. Project KISS – Keep it Simple Stupid – was a CFTC initiative announced two years ago, to holistically review the Commission's rules, regulations and practices to make them simpler, less burdensome and less expensive, where possible. (Click here for more information regarding Project KISS in the article "CFTC Chairman Nominee Warns of Tough Love to Come: KISS But Also Aggressive and Assertive Enforcement" in the March 19, 2017 edition of *Bridging the Week*.)

On the same day Mr. Giancarlo was delivering his remarks at the FIA conference in Florida, Heath Tarbert, the nominee to replace him, testified before the US Senate Committee on Agriculture, Nutrition and Forestry in Washington, DC. Mr. Tarbert stressed the importance of empowering the agricultural sector with means "to hedge risk and receive fair prices." He noted the transformation of derivatives markets by digital technologies, and said the CFTC "must remain committed to promulgating regulations that allow technological innovations to flourish." Mr. Tarbert's nomination must be approved by the Senate Committee and then by the full Senate before he may become the next CFTC chairman.

Memory Lane: In November 2013, the CFTC proposed new rules related to derivatives speculative position limits, addressing absolute levels for 28 so-called "core referenced futures contracts" involving various agricultural commodities, energy products and metals. These limits were proposed to apply on a futures equivalent basis across all referenced contracts (e.g., related futures, options and swaps). The proposed rules also addressed what constituted *bona fide* hedging positions. The recommended rules were meant to replace final rules adopted by the CFTC in 2011 that were vacated by a US District Court during September 2012. (Click here for details regarding the CFTC's 2013 proposed position limit rules in the article "CFTC Proposes Revised Position Limit Rules" published on November 12, 2013 by Katten Muchin Rosenman LLP.)

In May 2016, the CFTC proposed some modifications and additions to its 2013 proposed regulations and guidance related to speculative position limits in order to potentially authorize relevant derivatives exchanges to recognize certain derivatives positions as constituting non-enumerated bona fide hedges or enumerated anticipatory hedges. The CFTC also proposed to grant derivatives exchanges authority to recognize certain spread positions as justifying an exemption from speculative position limits too. (Click here for background in the article "CFTC Proposes to Authorize Exchanges to Grant Physical Commodity Users Non-Enumerated Hedging Exemptions and Other Relief Related to Speculative Position Limits" in the May 27, 2016 edition of *Between Bridges*.)

Most recently, in December 2016, the CFTC re-proposed its position limits rules. Compared to its November 2013 proposed rules, the Commission's most recent proposals: (1) reduced the number of core referenced contracts subject to express oversight by the Commission for position limits purposes from 28 to 25; (2) revised spot month, single and all-months position limits on the 25 referenced contracts; (3) defined *bona fide* hedging to more closely parallel the definition in existing law and to address many concerns raised in response to the CFTC's 2013 proposal; and (4) authorized persons to apply for non-enumerated hedging exemptions from qualified exchanges, even for referenced contracts.

- **SEC Staff Curious How Custody Rule Applies to Cryptoassets While Canadian Regulators Seek Help Understanding Digital Assets Trading Platforms**: The SEC's Division of Investment Management sought comment on the application of the Commission's "Custody Rule" to cryptoassets. Pursuant to this rule – Rule 206(4)-2 under the Investment Advisers Act (click here to access) – investment advisers who have custody of client funds and securities must maintain certain procedural safeguards and hold such funds with a qualified custodian, which includes banks, broker-dealers and other enumerated entities. Among other things, the Division seeks input into challenges faced by IAs in complying with the Custody Rule for digital assets; to what extent, if at all, IAs consider cryptoassets funds or securities; to what extent are cryptoassets currently included in calculating regulatory assets under management; and how can distributed ledger technology be used for evidencing ownership of securities.

The Division solicited comment through a letter to the Investment Adviser Association. In the letter, the Division also asked for views on non-delivery versus payment transactions by investment advisers.

Because custody includes both the authority to access clients' securities and funds in addition to physical possession, the SEC has expressly recognized a limited exception to the Custody Rule – the "authorized trading exception" – that permits an investment adviser to issue instructions to a qualified custodian to effect or settle trades solely on a delivery versus payment basis. (Click here to access fn. 10 to the SEC's 2003 release adopting final rules for the custody of funds or securities of clients by investment advisers.) This means that, under the SEC's explicit approval, investment advisers may only trade or transfer funds or securities out of a client's account when there is a "corresponding transfer of securities or funds into the account." However, when authorizing this DVP exception, the SEC was silent on non-DVP transactions. The Division now desires to understand what instruments trade on a non-DVP basis; what risks of fraud or loss may be associated with non-DVP trading and how they are controlled; what role custodians play in non-DVP trading; and how evolving technologies, such as distributed ledger technology, may contribute to enhanced or diminished customer protection for non-DVP trading, among other questions. (Click here for access to the 2013 Division release on Inadvertent Custody that also discusses the authorized trader exception in fn 1.)

Separately, the Canadian Securities Administrators and the Investment Industry Regulatory Organization of Canada solicited input on how regulatory requirements pertaining to securities or derivatives exchanges could be "tailored" for cryptoasset trading platforms located in Canada or that have Canadian participants. Among other things the CSA and IIROC are trying to better understand for cryptoasset trading platforms: custody and verification, price determination, surveillance of trading activities, systems and business continuity planning, conflict of interest issues, and insurance. The Canadian regulators will accept comments through May 15, 2019.

Finally, the SEC will host a forum to address distributed ledger technology and related issues including initial coin offerings and cryptoasset platforms, on May 31 at the SEC's headquarters in Washington, DC. The event will also be webcast on the SEC's website.

In other legal and regulatory developments involving cryptoassets:

- SEC Chairman Concurs With Division Head That a Cryptoasset's Regulatory Classification May Morph Over

Time: Jay Clayton, Chairman of the Securities and Exchange Commission, formally concurred with the June 2018 views of William Hinman, the SEC's Director of Corporation Finance, that the nature of a cryptoasset is not static and that, depending on how it is promoted and likely used, a cryptoasset, may change over time. According to Mr. Clayton, "[a] digital asset may be offered and sold initially as a security because it meets the definition of an investment contract but that designation may change over time if the digital asset later is offered and sold in such a way that it will no longer meet that definition." Mr. Clayton expressed his views in a March 7, 2019 letter to Congressman Ted Budd (R-NC). In a speech delivered in June 2018, Mr. Hinman indicated that the cryptoasset ether was likely a security when issued but is not a security today. (Click here for further background in the article "Anything But Sleep Inducing: SEC Corporate Finance Director Says Ether Not a Security and Canada Issues Guidance on Utility Tokens" in the June 17, 2018 edition of *Bridging the Week*.)

- CFTC Settles Charges With Non-US Trading Platform and Its CEO for Allegedly Engaging in Margined Bitcoin Transactions With Retail Clients Contrary to Law: The Commodity Futures Trading Commission settled an enforcement action filed during September 2018 against 1pool Ltd and Patrick Brunner, its chief executive officer and principal, for acting as a futures commission merchant without registration; entering into leveraged commodity transactions with retail persons that were not executed on a licensed exchange; and failure to supervise. 1pool operated an online trading platform that offered contracts for differences on a margined-basis referencing gold, West Texas Intermediate crude oil and other commodities; it accepted bitcoin as margin so that clients could effectively control a large notional value of the relevant commodity. To resolve this matter, the defendants agreed to pay a fine of US $175,000, disgorge US $246,000 of profits and repay 93 bitcoin (approximately US $570,000) to its US customers. The SEC also filed an enforcement against the defendants. (Click here for further information in the article "CFTC and SEC Charge Non-US Company With Illegally Engaging in Off-Exchange Margined Transactions With Retail Customers While Accepting Bitcoin as Payment" in the September 30, 2018 edition of *Bridging the Week*.)

- Global Bank Standard Setter Issues Guidance for Banks Obtaining Cryptocurrency Exposure: The Bank of International Settlements cautioned banks acquiring cryptoasset exposure to conduct "comprehensive analysis" to adequately assess risks stemming from such exposure. BIS also advised such banks to maintain a "clear and robust risk management framework" that is "appropriate" to the risk of cryptoasset exposure; identify material exposure as part of its regular financial disclosures; and inform their supervisory authority of actual and planned cryptoasset activity. BIS advised that a bank's risk management framework for cryptoasset activity should be made part of the bank's overall risk management processes, including processes related to ordinary anti-money laundering and related activities.

- Clearing and Settlement Institution Recommends Guiding Principles for Processing of Digital Securities: The Depository Trust and Clearing Corporation issued a white paper recommending guiding principles for the post-trade processing of cryptosecurities. Drawing on Principles for financial market infrastructures developed by international standards setting bodies (click here to access), DTCC argued that any platform for post-trade processing of security tokens should satisfy certain requirements: (1) it should be clear which law or legal basis applies to all activities and user relationships; (2) there should be "appropriate governance relationships" to support its operation, including functionality and risk management; (3) the platform should have a "sound framework" for managing legal, credit, liquidity, operational and other risks; (4) there must be systems and procedures to ensure settlement finality; (5) the platform must ensure the integrity of cryptosecurities, as well as minimize and manage safekeeping and transfer risks; (5) be resilient; and (6) ensure robust recordkeeping. According to DTCC, these characteristics should be dealt with in appropriate rules and regulations of relevant cryptosecurity post-trade-processing platforms.

- Colorado Authorizers Issuer Registration Exemption for Certain ICOs: Colorado enacted a new law – the Colorado Digital Token Act – that exempts from securities registration cryptoassets designed for consumptive purposes and not marketed for speculative or investment purposes. Under the law the consumptive purposes of eligible cryptoassets – termed "digital tokens" – must be available at the time of sale or within 180 days. The law also exempts persons who broker digital tokens and from broker-dealer and salesperson licensing requirements. Filing a notice of intent to take advantage of these exemptions and other requirements will apply. The law is expected to go into effect later in 2019.

My View: Mr. Hinman's June 2018 analysis of digital tokens and recognition that the characteristics of a digital token (such as ether) may change over time – likely resulting in a different legal categorization – now appears to be formally embraced by Mr. Clayton. However, Mr. Clayton still seems to take a very broad view of when an initial offering of cryptoassets constitutes an investment contract, thus qualifying the digital tokens as securities. Although saying each scenario presents unique facts and circumstances (relying on the landmark Supreme Court decision, *SEC v. W.J. Howey* and its progeny), Mr. Clayton suggests that almost all investments in common ventures “premised on a reasonable expectation of profits to be derived from the entrepreneurial or managerial efforts of others” render the underlying cryptoasset a security – whether the profits are achieved directly from a venture (e.g., through profits) or market appreciation. (Click here to access the *Howey* decision. Click here for insight into Mr. Clayton’s views on the potential morphing characteristic of cryptoassets and the application of Howey to cryptoassets in an interview on November 27, 2018, with Glenn Hutchins, a co-founder of Silver Lake Partners).

However, at the fringes, it still is unclear when market appreciation might be considered derived from a promoter’s hype as opposed to investor sentiment. A recent settlement by the SEC suggested that if a promoter takes too many steps to list a cryptoasset initially sold to raise funding for a project on an exchange for trading – even if the token was designed solely to be used in connection with the project – the digital token will likely be viewed as a security by the Commission. (Click here for background in the article “ICO Promoter Settles SEC Enforcement Action for No Fine After Self-Reporting Potential Securities Law Violations” in the February 24, 2019 edition of *Bridging the Week*.)

As a result, it appears to me that, applying the SEC’s broad view of *Howey,* smart kids who purchased and held, as collectibles, Beanie Babies from Ty Inc. years ago and later eagerly resold them on eBay for a profit, potentially could be regarded to have been transacting in securities depending on the amount of advertising and other promotional activities by Ty. Such an outcome makes no sense. There needs to be formal SEC clarification – perhaps creating a safe harbor along the lines of Colorado’s new Digital Token Act.

- **NFA Proposes New Rule Formally Requiring Swap Dealer Supervision of Employees and Agents**: The National Futures Association formally proposed a new rule provision and interpretive notice requiring swap dealers and major swap participants to diligently supervise their employees and agents for their swap business activities. NFA claims that its proposed requirement is “broadly written” to allow members to develop supervisory programs particularized to their business activities.

Concurrently, NFA also proposed amendments to its general supervisory rule – Rule 2-9 (click here to access) — to make clear it applies to all commodity interest activities of futures commission merchants, introducing brokers, commodity pool operators, and commodity trading advisors. This embraces the swaps activities of such members, as well as their futures activities. NFA also stated in its interpretive notice that non-US located swap dealers and major swap participants relying on substituted compliance with home jurisdiction requirements (instead of Commodity Futures Trading Commission requirements) may nonetheless be held liable for failure to supervise under NFA’s new proposed rule under “appropriate facts and circumstances.”

Compliance Weeds: The CFTC wields “failure to supervise” very broadly and often as a stand-alone violation.

In September 2017, Merrill Lynch, Pierce, Fenner & Smith Incorporated agreed to pay a fine of US $2.5 million to resolve charges brought by the CFTC that, from January through October 2010, the firm failed to diligently supervise responses to a CME Group Market Regulation investigation related to block trades executed by its affiliate, Bank of America, N.A. (“BANA”) on the Chicago Mercantile Exchange and the Chicago Board of Trade. However, from the facts included in the CFTC’s settlement order with Merrill as well as BANA’s separate settlement with the US Attorney’s Office for the Western District of North Carolina, it was unclear what Merrill might have failed to supervise. From all referenced facts, it appears that Merrill was misled by BANA regarding BANA’s handling of the relevant block trades and had no reason to believe it was being misled. (Click here for background in the article “FCM Agrees to Pay US $2.5 Million CFTC Fine for Relying on Affiliate’s Purportedly Misleading Analysis of Block Trades for a CME Group Investigation” in the September 24, 2017 edition of *Bridging the Week*.)

During the same month, the CFTC also brought and settled enforcement actions against two commodity pool operators for failure to supervise. In one action, the CFTC charged Tillage Commodities, LLC, a CFTC-registered CPO, with failure to supervise for not monitoring and detecting unauthorized wire transfers processed by the administrator of a fund it operated, Tillage Commodities Fund, L.P. In the second action, the CFTC alleged that Logista Advisors LLC, a CFTC-registered CPO and commodity trading advisor, failed to detect one of its employee’s alleged spoofing-type trading of crude oil futures on a non-US exchange, and then failed to provide to its futures commission merchant and the non-US exchange accurate explanations of the trading in response to the non-US exchange’s inquiry. To resolve these enforcement actions, Tillage agreed to pay a fine of US $150,000 while Logista consented to remit a fine of US $250,000.

In the Tillage case, the CFTC did not charge the CPO for the actions of its fund administrator in responding to the fake transfer instructions. It solely charged the firm for not monitoring bank accounts regularly to increase its likelihood of detecting possible fraudulent transfers and for not having policies and procedures to engage in such monitoring.

In the Logista case, the alleged spoofing occurred on a non-US exchange. However, the CFTC did not charge the

CPO with spoofing. The Commission charged the CPO with not detecting its employee's purported spoofing even after it was alerted of the potential issue following the non-US exchange's detection of the possible wrongful trading activity, and with not conducting a reasonable review of the trading (including talking to its trader) prior to responding to the non-US exchange's request for an explanation of the trading. Logista, said the CFTC, also did not have policies and procedures to detect spoofing, and did not itself detect the alleged spoofing.

The Logista enforcement action echoed the CFTC's enforcement action against Advantage Future LLC during September 2016, where the firm and two of its senior officers also settled charges related to the firm's handling of the trading account of one customer in response to three exchanges' warnings and for the firm's alleged failure to follow its own risk management policies. (Click here for background in the article "FCM, CEO and CRO Sued by CFTC for Failure to Supervise and Risk-Related Offenses" in the September 25, 2016 edition of *Bridging the Week*.)

CFTC registrants and members should maintain robust procedures and practices to ensure all elements of their sales, operational and financial activities are adequately supervised. This means not solely requiring that an activity be undertaken appropriately in the first instance, but that such activity is regularly reviewed and periodically tested more comprehensively to help ensure there have been no breakdowns and that the activity was designed and implemented correctly.

More Briefly:

- **SEC Settles Charges Against 79 Investment Advisers for Inadequate Disclosure of Differently Priced Mutual Fund Share Classes**: The Securities and Exchange Commission settled charges with 79 investment advisers resulting in over US $125 million being returned to the investment advisers' clients for violations of applicable securities laws. According to the SEC, this settlement was due to the agency's recent Share Class Selection Disclosure Initiative that encourages investment advisers to self-report prohibited actions dealing with undisclosed conflicts of interest, as well as to compensate investors promptly, and review and correct improper fee disclosures (click here to access). The SEC claimed that the sanctioned investment advisers did not adequately disclose their receipt of recurring fees associated with certain mutual fund share classes (so called "12b-1 fees"), and/or advise customers they were assessed additional fees for investing in a fund's fee paying class, when a lower-cost share class was available. As part of their settlements, the sanctioned investment advisers agreed to review and correct disclosure document statements related to mutual fund share class selection and 12b-1 fees and to assess whether clients should be placed in lower cost mutual fund share classes. None of the investment advisers were required to pay monetary fines.

- **Broker-Dealer Hit With US $250,000 SEC Fine for Purported Failure to Supervise Salesman's Alleged Pump and Dump Orchestration**: Wedbush Securities Inc. settled a March 2018 enforcement action brought by the Securities and Exchange Commission over its purported role in an alleged pump and dump scheme aimed at retail investors by one of its sales persons – Timary Delorme – from 2008 to 2014. The firm agreed to pay US $250,000 to resolve the SEC's charges. According to the SEC, Wedbush – an SEC-registered broker-dealer – failed to follow up adequately on numerous red flags of potential market manipulation, including emails describing Ms. Delorme's role in fraudulent transactions involving certain penny stocks; receipt of copies of two customer arbitrations before the Financial Industry Regulatory Authority alleging unlawful conduct by Ms. Delorme in connection with investments in the same penny stock issuers; and knowledge of FINRA inquiries into Ms. Delorme related to her personal trading of the stock of at least one of the penny stock issuers and customer investments in penny stocks underlying the FINRA arbitration. In settling with Wedbush, the SEC acknowledged measures the firm has taken to heighten its supervision of its registered representatives. (Click here for additional details regarding the charges against Wedbush and separate allegations against Ms. Delorme and her SEC settlement in the article "Pump and Dump Fraud Results in SEC Charges Against Broker-Dealer and Salesperson" in the April 1, 2018 edition of *Bridging the Week*.)

- **CFTC Asks Appeals Court to "End the Confusion" Regarding Clarity of Law Regarding Actual Delivery and Fraud-Based Manipulation**: The Commodity Futures Trading Commission requested a federal appeals court in California to "end the confusion" regarding the clarity of law regarding actual delivery and fraud-based manipulation during oral arguments in connection with its enforcement action against Monex Deposit Company and other defendants. Previously, a federal district court had dismissed the CFTC's enforcement action, rejecting the Commission's view of relevant law. The CFTC appealed the dismissal.

In 2017, the CFTC charged Monex with engaging in illegal off-exchange futures transactions because it entered into leveraged transactions to retail persons without making actual delivery within 28 days, and with committing fraud, relying on authority under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The district court rejected the CFTC's legal theories, holding that actual delivery of precious metals in financed transactions to retail persons falls outside the CFTC's jurisdiction when ownership of real metals is legally transferred to such persons within 28 days. This is the case even if the seller retains control over the commodities because of financing beyond 28 days. The court also held that the CFTC cannot use the Dodd-Frank enacted prohibition against persons engaging in any manipulative or deceptive device or contrivance in connection with the sale of any commodity in interstate commerce to prosecute acts of purported fraud except in instances of fraud-based market manipulation. (Click here for background on the district court's decision in the article "California Federal Court Dismissal of CFTC Monex Enforcement Action Upsets Stable Legal Theories" in the May 6, 2018 edition of *Bridging the Week*.)

Before the Court of Appeals, the CFTC argued that the district court's view of the law was incorrect as it "did not apply the text of the statute" and has caused confusion in the meaning of the relevant provisions nationwide. It asked the appeals court to restore "what Congress wrote" in the plain language of the relevant statutes. Counsel for Monex asked for affirmation of the district court's decision.

- **Use of Allegedly Deceptive Promotional Material Results in NFA Bar of CPO and Firm's Sole AP**: Quants Capital LLC, a National Futures Association member, and Gokhan Kisacikoglu, a former principal and sole associated person of the firm, agreed to settle an administrative complaint initially filed by NFA in October 2017. NFA charged the defendants with failing to prepare and distribute pool statements and preparing and distributing misleading promotional material and disclosure documents. To resolve this matter, Quants Capital and Mr. Kisacikoglu agreed to a one year suspension from NFA membership and were both barred permanently from serving as a principal of any NFA member. Quants Capital or Mr. Kisacikoglu re-applies for NFA membership, they must pay a US $20,000 fine within 30 days after being granted such membership.

Separately, The Chicago Board of Trade brought and settled charges against Ji-Neng Tsai, a nonmember, for entering non *bona fide* orders between July 13, 2015, and April 11, 2016, in the CBOT Oats and Rough Rice markets prior to market opening with the intent to ascertain the depth of the order book. CBOT claimed that the non bona fide transactions resulted in fluctuations in the publicly displayed Indicative Opening Price. According to CBOT, Mr. Tsai did not cooperate with its investigation. CBOT fined Mr. Tsai US $50,000 and banned him from trading on all CME Group exchanges beginning immediately through one year after the date he pays his fine in full.

For further information:

Broker-Dealer Hit With US $250,000 SEC Fine for Purported Failure to Supervise Salesman's Alleged Pump and Dump Scheme:
https://www.sec.gov/litigation/admin/2019/34-85309.pdf

CFTC Asks Appeals Court to "End the Confusion" Regarding Clarity of Law Regarding Actual Delivery and Fraud-Based Manipulation:
https://www.ca9.uscourts.gov/media/view_video.php?pk_vid=0000015372

CFTC Settles Charges With Non-US Trading Platform and Its CEO for Allegedly Engaging in Margined Bitcoin Transactions With Retail Clients Contrary to Law:
https://www.cftc.gov/sites/default/files/2019-03/enfconsentorder1poolltdandbrunnertrustcompanycomplex.pdf

Clearing and Settlement Institution Recommends Guiding Principles for Processing of Digital Securities:
http://www.dtcc.com/news/2019/march/13/dtcc-outlines-guiding-principles-for-post-trade-processing-of-tokenized-securities

Colorado Authorizers Issuer Registration Exemption for Certain ICOs:
http://leg.colorado.gov/sites/default/files/2019a_023_signed.pdf

Global Bank Standard Setter Issues Guidance for Banks Obtaining Cryptocurrency Exposure:
https://www.bis.org/publ/bcbs_nl21.htm

NFA Proposes More Supervision of Member's Commodity Interest Activities:
https://www.nfa.futures.org/news/PDF/CFTC/Proposed-Amend-NFA-CR-2-9-Incorporate-Supervison-Requirements-SDs-and-Proposed-Intrp-Notc.pdf

Outgoing CFTC Chair Promises Workable Position Limit Proposal Before Departure; Pending New CFTC Head Says Agency Must Continue to Promote Digital Innovation:

- Giancarlo:
  https://www.cftc.gov/PressRoom/SpeechesTestimony/opagiancarlo67

- Tarbert: https://www.agriculture.senate.gov/imo/media/doc/Testimony_Tarbert%2003.13.19.pdf

SEC Chairman Concurs With Division Head That a Cryptoasset's Regulatory Classification May Morph Over Time: https://digitalchamber.org/wp-content/uploads/2019/03/Budd-et-al-Digital-Tokens-ES157408-Response-002.pdf?utm_source=3-5-19+Members&utm_campaign=81f783059d-EMAIL_CAMPAIGN_2018_11_05_02_07_COPY_02&utm_medium=email&utm_term=0_66ed98a112-81f783059d-345288837

SEC Settles Charges Against 79 Investment Advisers for Inadequate Disclosure of Differently Priced Mutual Fund Share Classes: https://www.sec.gov/news/press-release/2019-28

SEC Staff Curious How Custody Rule Applies to Cryptoassets While Canadian Regulators Seek Help Understanding Digital Assets Trading Platforms:

- CSA: https://lautorite.qc.ca/fileadmin/lautorite/consultations/valeurs-mobilieres/2019-05/2019mars14-21-402-doc-cons-en.pdf
- SEC: https://www.sec.gov/investment/non-dvp-and-custody-digital-assets-031219-206 https://www.sec.gov/news/press-release/2019-35

Use of Allegedly Deceptive Promotional Material Results in NFA Bar of CPO and Firm's Sole AP:

CBOT:

- Ji-Neng Tsai: https://www.cmegroup.com/notices/disciplinary/2019/03/CBOT-16-0370-BC-JI-NENG-TSAI.html#pageNumber=1
- NFA:

Complaint: https://www.nfa.futures.org/basicnet/CaseDocument.aspx?seqnum=4506
Decision: https://www.nfa.futures.org/basicnet/CaseDocument.aspx?seqnum=4658