



Ouisa Capital
100 Wall Street, Suite 501
New York, NY 10005

July 28, 2017

The Honorable Jay Clayton
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: SEC Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO

Dear Chairman Clayton,

Ouisa Capital, LLC ("Ouisa") is a financial technology ("FinTech") company and broker-dealer registered with the U.S. Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA"). Ouisa is the operator of an alternative trading system ("ATS") that plans to use blockchain technology as part of the operation of the ATS. As a financial services technology ("FinTech") firms we offer the following comments in the hope of promoting the effective regulation of FinTech companies without stifling innovations that promote job creation.

Petition for Rulemaking

We commend the SEC on the agency's issuance of the Investigative Report regarding The DAO on July 25, 2017 (the "Investigative Report").¹ This is an important development in the regulation of FinTech. The Investigative Report is consistent with Ouisa's opinion that digital assets can and often are securities. We presented our thoughts on this matter and asked the SEC to provide guidance to FinTech firms in our petition for rulemaking to the SEC on March 13, 2017.² We write today to note that while the Investigative Report provides informal guidance to the industry, FinTech firms need the SEC to adopt rules to guide them.

As discussed in our petition, we believe the SEC should engage in formal rulemaking regarding the agency's regulation of digital assets. We believe that the SEC has provided guidance based on existing precedent that supports the position that based on a facts and circumstances digital assets can be securities. However, without formal rules to guide the industry, FinTech firms will be left with the choice of seeking no actions letters from the SEC that their activities do not constitute the sale of securities, or they will have to risk selling securities in violation of the securities laws.

¹ *Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO*, Securities and Exchange Commission (July 25, 2017), available at: <https://www.sec.gov/litigation/investreport/34-81207.pdf>.

² See *Petition for Rulemaking* (Mar. 13, 2017), available at: <https://www.sec.gov/rules/petitions/2017/petn4-710.pdf>.

Regulation ATS

As a FinTech firm that is registered as a broker-dealer and an ATS, we commend the SEC for advising the operators of platforms that facilitate the secondary trading of digital assets that they could be acting as unregistered brokers, dealers, or exchanges under the Securities Exchange Act of 1934 (the "Exchange Act"). While the Investigative Report notes the importance of Regulation ATS, we note the regulation as adopted in 1998 and is designed for markets that existed almost twenty years ago. We believe that given the disruptive nature of FinTech and the rapid development of new technologies, in its current form, Regulation ATS is ill suited for the regulation of digital assets.

Administrative Procedure Act

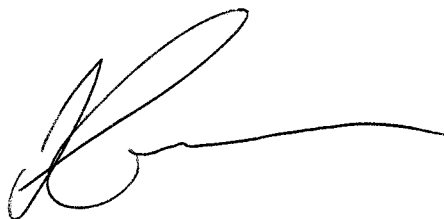
The guidance provided in the Investigative Report is illustrative but informal, and not a rule that was subject to public comment under the Administrative Procedure Act ("APA"). We believe that because of this, our petition for rulemaking is still relevant. Formal rulemaking will benefit the public, the FinTech industry, and the SEC. The APA requires that rules be published for public comment. This is critical to the FinTech industry because of the degree of innovative product and service offerings. It is important the SEC understand industry needs and propose regulations that are tailored to the unique attributes of the growing industry. FinTech is in great need of regulatory guidance as the industry continues to grow, driven largely by small to mid-size firms that are burdened by the regulatory uncertainty that currently exists. We believe formal rulemaking with public comment is required by the APA and is appropriate for the regulation of digital assets, as it will allow the industry and SEC to develop a regulatory model that is well suited to the industry.

We would be very interested in meeting with you to discuss this matter. If Ouisa or we can be of any further assistance to you before then, please do not hesitate to contact us at the above address or at 646-595-1737 or our counsel Richard B. Levin of Polsinelli PC at 202-772-8474.

Very truly yours,



Vincent R. Molinari
Chief Executive Officer



Joseph K. Latona

cc: Michael S. Piwowar, Commissioner, Securities and Exchange Commission
cc: Kara M. Stein, Commissioner, Securities and Exchange Commission