Zero One Strategies

ANALYSIS

PRESIDENT'S WORKING GROUP
ON DIGITAL ASSET MARKETS

Digital Asset Market Structure

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The President's Working Group on Digital Asset Markets (PWG) was established by Executive Order 14178, Strengthening American Leadership in Digital Financial Technology[1], and directed to submit a report to the President within 180 days recommending regulatory and legislative proposals to support responsible growth and use of digital assets, blockchain technology, and related technologies across all sectors of the economy. The PWG report[2] on Strengthening American Leadership in Digital Financial Technology, released July 30, 2025, proposes recommendations related to market structure, banking, stablecoins and payments, countering illicit finance, and taxation.

The below analysis focuses on the PWG recommendations for digital asset guidance and legislation on digital asset market structure.

Key Takeaways

- The U.S. must act proactively to provide regulatory certainty, competitive advantage, and consumer/investor protection by clarifying rules for digital assets.
- A clear, flexible, and function-based taxonomy is critical, backed by strong federal oversight (SEC for securities-like, CFTC for commodity-like, and tailored regimes for commercial/consumer tokens).
- Immediate and longer-term recommendations focus on safe harbors, exemptions, modernization, tailored registration, cybersecurity, and robust disclosure—plus coordination internationally and with accounting standards setters.
- The report urges legislative action to cement the U.S. as the global leader for digital asset markets, innovation, and governance.

[1] https://www.whitehouse.gov/presidential-actions/2025/01/strengthening-american-leadership-in-digital-financial-technology/
[2] https://www.whitehouse.gov/crypto

Historical Context and Market Evolution

Early Peer-to-Peer Trading: Bitcoin and other digital assets initially traded directly between individuals in peer-to-peer (P2P) transactions, using forums and meetups before formal exchanges existed.

Emergence of Centralized Exchanges: Mt. Gox (originally a trading card exchange) became the dominant early platform but collapsed due to security failures. This event catalyzed the rise of many new trading platforms and service providers, fueling innovation and attracting capital worldwide.

Importance of U.S. Market Leadership: The U.S. has historically benefited from established regulatory frameworks in traditional markets, which are seen as vital for deep, liquid digital asset markets and continued leadership in financial innovation.

Regulatory Steps and Agency Roles

The SEC ended prior enforcement-heavy approaches, rescinded certain burdensome staff bulletins, clarified rules on custody and registration, and held industry roundtables.

The CFTC formed advisory subcommittees, engaged with industry, clarified jurisdictional definitions, and updated product and clearing guidance.

Despite these actions, the report notes substantial work remains to be done, encouraging regulatory approaches that reduce undue burden and promote U.S. leadership.

Digital Asset Taxonomy Proposal

A clear taxonomy is crucial for regulatory clarity and market development. The report recommends segmenting digital assets as follows:

The PWG stresses that the function (not just form) of a digital asset should determine a token's regulatory jurisdiction.

Category	Description	Primary Regulator
Security Tokens	Digital assets resembling equities, bonds, or other securities, or sold as investment contracts	SEC

Commodity Tokens	Digital assets (e.g., bitcoin and ether) classified as commodities, including underlying derivatives.	CFTC
Tokens for Commercial / Consumer Use	Tokens for access to goods, services, or other privileges (e.g., loyalty points, NFT collectibles).	Other federal / state

Market Structure and Intermediaries

Platforms trading security tokens must register as national securities exchanges or alternative trading systems (ATS) under SEC rules; intermediaries (brokers/dealers, custodians) are subject to SEC and FINRA requirements, including AML/BSA rules.

Commodity tokens and digital asset derivatives are regulated by the CFTC, which oversees exchanges, clearinghouses, swap dealers, and intermediaries.

Customer protections (e.g., segregation of funds, reporting, anti-manipulation rules) are emphasized for both regimes.

Network tokens and decentralized tokens (e.g., bitcoin or ether) should not be classified as securities if they are sufficiently decentralized and functional.

Recommendation Highlights

Regulatory Recommendations		
Agency	**Action**	**PWG Recommendation**
SEC	Immediate	Create exemptions and safe harbors for digital asset distributions and airdrops, to make initial offerings and early-stage operations more feasible.
SEC	Immediate	Develop clearer rules for trading digital assets not deemed securities, including after their initial sale.
SEC	Immediate	Consider regulatory relief for DeFi service providers and modernize rules to better accommodate digital asset business models (including tokenization and self-hosted wallets).

SEC	Immediate	Update custody and transfer agent rules, and clarify conditions for qualified custodians (including certain state-chartered trusts).
CFTC	Immediate	Issue guidance on how digital assets are treated as commodities and expand upon previous “actual delivery” guidance.
CFTC	Immediate	Provide clarity and update rules relevant to leveraged/margined digital asset trading, commodity pool operators, and bundled trading/custody services.
CFTC	Immediate	Address the treatment of DeFi, smart contracts, and DAOs under CFTC registration; work with FinCEN for modern customer identification using digital asset technology.
CFTC	Immediate	Clarify segregation, margin, and collateral rules for digital assets, including the use of stablecoins and tokenized collateral.
CFTC	Immediate	Allow blockchain-based recordkeeping and provide guidance on swaps involving digital assets.
SEC / CFTC	Immediate	Improve coordination on public comment, rulemaking, and potential regulatory sandboxes or safe harbors.
SEC / CFTC	Immediate	Create clear eligibility and “graduation” criteria for sandbox participants.
SEC / CFTC	Immediate	Consider expanding the eligible pool of contract participants for derivatives and certain trading on alternative platforms.

SEC / CFTC	Longer-term	Allow registrants to provide multiple services through unified interfaces (e.g., brokerage, exchange, and custody).
SEC / CFTC	Longer-term	Explore more "vertically integrated" business models—with appropriate governance, safeguards, and disclosure to mitigate conflicts—and permit structures like real-time settlement.
SEC / CFTC	Longer-term	Always require segregation of customer assets from firm assets.

Legislative Recommendations	
Issue	**Recommendation**
Market Regulator Jurisdiction	Clearly grant the CFTC oversight of spot (non-security) digital assets, with SEC handling digital asset securities.
	Allow registered platforms (SEC/CFTC) to run multiple business lines and offer both security and non-security digital asset services from one interface, under clear regulatory oversight.
	Avoid regulatory arbitrage and mandate strong SEC-CFTC coordination.
	Require rules on portfolio margining and customer asset segregation.
	Require non-security digital asset venues to report market data to CFTC (with SEC coordination to minimize burdens).
Preemption and Consistency	Preempt state laws over SEC/CFTC-registered intermediaries (covering virtual currency, blue sky, and commodity broker laws) to ensure a clear, unified federal regime.

Guidelines for Market Intermediaries	Impose fit-for-purpose, principles-based, but not excessive, registration and disclosure requirements, similar to traditional market standards.
	Require platforms to publicly disclose their listing criteria and unique digital asset features.
	Align reporting/disclosure for OTC/off-chain digital trades with traditional markets where appropriate.
	Mandate clear disclosure of intermediary roles (e.g., broker, dealer, counterparty).
	Permit trading platforms to perform custody (with strong segregation, cybersecurity, and bankruptcy remoteness safeguards); require non-discrimination against third-party custodians and enable user self-custody.
	Limit margin/leverage to fit-for-purpose, with clear rules and transparency around retail borrowing costs.
	Extend analogous fee structures from exchange-traded securities to digital assets.
	Require the adoption of best practices for cybersecurity.
DeFi (Decentralized Finance) Regulatory Approach	Encourage frameworks that both support innovation and balance with appropriate security and risk management.
	The key test for DeFi regulation: the degree of “control” exercised by software/applications over user assets and the ability to modify or upgrade contracts.

	If a protocol cannot control or modify assets, it may not be regulated as a money transmitter.
	Where centralized management exists, impose requirements for customer protection, code integrity, cybersecurity, and more.
	Recognize that some protocols/business models may not technically or logistically be able to comply with current registration requirements—regulation should be fit-for-purpose.
	Take care to prevent structuring products to evade regulatory obligations.

Accounting Recommendations		
Entity	**Action**	**Recommendation**
FASB	Seek input and clarify	Recognition/derecognition: When digital asset tokens should enter or leave the balance sheet, including for lending or "wrapping" scenarios.
		Issuer accounting: How issuers should account for their digital asset tokens, especially when tokens confer access or utility rather than clear property or financial rights.
		Whether payment stablecoins can be treated as cash equivalents under GAAP.
		Offer clear guidance for emerging digital asset and token structures, possibly through new or updated standards.
		Coordinate audit and disclosure standards to avoid gaps and ensure consistency among stakeholders.

Complete PWG Recommendations

Regulatory Agency Immediate Actions

The SEC should consider using its rulemaking and exemptive authority under the Securities Act to advance the following initiatives:

- Establish a fit-for-purpose exemption from registration under Section 5 of the Securities Act for securities distributions involving digital assets.
- Establish a time-limited safe harbor or exemption from certain securities law requirements for transactions involving digital assets that may be subject to an investment contract because they are not yet fully functional or associated with a sufficiently decentralized network to allow for progressive functionality or decentralization.
- Establish a safe harbor for certain airdrops from characterization as "sales" under Section 2(a)(3) of the Securities Act or an exemption from the corresponding registration requirements under Section 5 of the Securities Act. Consider also an exemption for distributions of digital assets by decentralized physical infrastructure (DePIN) providers in securities transactions for purposes of rewarding participation in DePIN networks, as well as distributions of certain NFT offerings.

The SEC should consider using its rulemaking and exemptive authority under the Exchange Act to advance the following initiatives:

- Enable non-security digital assets that are tied to an investment contract to be traded on non-SEC registered trading platforms immediately following the primary distribution of the digital asset.
- Provide relief for certain DeFi service providers from the broker-dealer (Section 15), exchange (Sections 5 and 6), and clearing agency (Section 17A) registration provisions of the Exchange Act.
- Amend Regulation ATS, or create a framework similar to Regulation ATS, that would better accommodate trading of non-security digital assets alongside securities under a regulatory framework that is fit-for-purpose for digital asset trading.
- Create a conditional "innovation exemption" under the Exchange Act to allow SEC registrants to engage in innovative new business models.
- Address the definition of "facility" under Section 3(a)(2) of the Exchange Act to consider business models used in digital asset trading.

- Consider amendments to Regulation NMS (or to applicable national market system plans) to better accommodate tokenization of national market system (NMS) securities, or trading of non-security digital assets alongside NMS securities, including requirements applicable to transaction reporting and mechanisms for collecting bids, offers, quotation sizes, and other national market system information. This may include consideration of how amendments could facilitate the use of oracles, aggregators, and other DeFi constructs in the trading of NMS securities and/or non-security digital assets.
- Modernize transfer agent rules to clearly permit the use of blockchain technology by transfer agents.
- Provide clarity regarding whether and when self-hosted wallet providers would be acting as broker-dealers subject to SEC registration.

The SEC should consider using its rulemaking and exemptive authority under the Investment Advisers Act, the Investment Company Act, and other applicable laws to advance the following initiatives:

- Provide clarity on the custody of digital assets that are securities for Registered Investment Companies and Registered Investment Advisers by updating the rules under Section 17(f) of the Investment Company Act and Rule 206(4)-2 of the Investment Advisers Act.
- Evaluate whether certain state-chartered trusts should be deemed "qualified custodians," as defined within Advisers Act Rule 206(4)-2(d)(6) or a "bank" under the Investment Company Act.

The CFTC should consider using its rulemaking, interpretative, and exemptive authority under the Commodity Exchange Act (CEA) to advance the following initiatives:

- Provide guidance to designated contract markets (DCMs) regarding the listing of leveraged, margined, or financed spot retail commodity transactions on digital assets pursuant to CEA section 2(c)(2)(D).
- Provide guidance as to how digital assets may be considered commodities under Section 1a(9) of the CEA. For example, the agency can consider expanding upon prior guidance on "actual delivery" of virtual assets.
- To the extent that digital asset investment vehicles or their managers may be considered "Commodity Pools" or prompt registration of "Commodity Pool Operators," the CFTC will consider updating rules and guidance as appropriate.

- Collaborate with FinCEN to provide guidance regarding customer identification programs (CIPs) utilizing new technologies for eligible intermediaries and other market participants who carry customer accounts holding digital assets on behalf of customers. This collaboration can explore intermediaries' and other market participants' reliance on other financial institutions' identification and verification functions.
- Enable firms to provide bundled trading and custody services.
- Provide clarity on the applicability of various CFTC registration requirements to DeFi activities, smart contract protocols, or decentralized autonomous organizations (DAOs) consistent with technology-neutral principles.
- Provide guidance to FCMs in calculating and administering segregation obligations when digital assets are held on behalf of customers, including separate account treatment under Regulation 1.20.
- Provide clarity on haircuts on digital assets held by registered intermediaries (including FCMs, swap dealers, and DCOs) for purposes of calculating and reporting margin, financial resources/capital, segregation, and settlement obligations, including working with the SEC around the non-marketable securities haircut framework and its applicability to non-security digital assets.
- Review the application of eligible depository rules to accounts holding digital assets as collateral under CFTC Regulation 1.49.
- Provide guidance for DCO acceptance of digital asset collateral (including payment stablecoins) including DCO financial resource requirements, valuation of assets and haircuts for margin purposes, settlement finality, treatment of digital asset custodians and self-custody, systems safeguards requirements, end-of-day reporting for assets that trade 24/7, and legal risk considerations in such areas as netting and interests in collateral under CFTC Regulations 39.11, 39.13, 39.14, 39.15, 39.18, 39.19, and 39.27.
- Provide guidance on the adoption of tokenized non-cash collateral as regulatory margin to implement the CFTC's GMAC DAMS recommendation.
- Provide guidance on the classification of swaps on digital assets to address application of margin, reporting, and other requirements under CFTC Regulations 1.3, 23.154, 43.2, and 45.1.
- Consider allowing the use of blockchain technology to satisfy recordkeeping obligations under CFTC Regulation 1.31.

The SEC and the CFTC should coordinate to ensure efficient rulemaking processes.

- The SEC and CFTC should coordinate on seeking comments from the public on suggestions for rulemaking.
- If the SEC and CFTC establish a regulatory sandbox or safe harbor, it should have clear criteria to determine which types of digital assets and market participants are eligible for the sandbox or safe harbor. Moreover, there should be a clear pathway for entities to graduate from the sandbox or safe harbor.
- In coordination with the SEC, the CFTC should consider using its authority within CEA section 1a(18) to establish a category of eligible contract participants (ECPs) with the ability to engage in certain types of derivatives, including perpetual contracts, through additional regulated intermediaries (e.g., persons that are counterparties to a specified transaction conducted on or pursuant to the rules of an alternative trading system).

Regulatory Agency Longer-Term Considerations

- The SEC and CFTC should explore offering flexibility to allow registrants to offer multiple services within a single user interface.
- The Working Group encourages regulatory exploration of more vertically integrated business models in the digital asset space. These business models should include appropriate structural safeguards, governance mechanisms, and disclosures to mitigate conflicts of interest.
- While addressing conflicts and ensuring existing registrants are not disadvantaged, regulators may consider adopting regulatory regimes that allow registrants to integrate multiple financial services in one business model, which could further reduce frictions and enhance user experience.
    - Combining exchange services with custody of trading assets allows for real-time settlement. The custodian holds the assets, and the exchange matches orders to buy and sell those assets. Additionally, the digital assets custodied by an exchange should be cryptographically verifiable.
    - Combining exchange and broker services allows for economies of scale and reduces operational complexity by permitting straight-through processing of customer orders with the same technology stack.
    - Exchanges and intermediaries must segregate customer property away from proprietary funds, subject to reasonable exceptions.

Congressional Recommendations

Jurisdiction of Market Regulators

The CFTC should have clear authority to regulate spot markets in non-security digital assets. SEC and CFTC registrants should be permitted to engage in multiple business lines under the most efficient licensing structure possible, ensuring a clear and simple regulatory framework for digital asset market activities.

Regulation should be crafted to avoid regulatory arbitrage between the SEC and CFTC digital asset regulatory regimes, understanding that the regulation of digital asset securities is necessarily different than that applied to non-security digital assets. Interagency coordination could guide these efforts.

Registrant platforms should have the flexibility to offer a broad range of digital asset and other regulated products within a single user interface, subject to clearly defined regulatory oversight of the registrant.

SEC registrants should be able to offer the trading of digital asset securities and be able to engage in non-security digital asset transactions pursuant to the licensing structure defined by Congress.

CFTC registrants should be able to offer the trading of digital commodity derivatives, retail digital commodity transactions, and other CFTC-jurisdictional products alongside non-security digital assets, as specified by Congress.

To the extent Congress permits activity in non-security digital assets outside CFTC registrants, Congress should direct the market regulator leading the rulemaking process to set rules for market conduct and activities for non-security digital assets in consultation with the SEC or CFTC, as appropriate.

Rules for digital assets should include portfolio margining standards, as suggested by CLARITY.

The SEC and CFTC should adopt rules ensuring customer asset segregation for digital assets.

Trading venues for non-security digital assets should be required to report market data, subject to reporting obligations established by the CFTC. If a trading venue is engaged solely in the provisioning of non-security digital assets, there should only be reporting obligations to the CFTC.

Prior to the enactment of any reporting obligations, the CFTC should consult with the SEC on the data to be reported and the format in which it is reported to minimize industry burden.

Congress should provide that federal law preempts state law with respect to securities and commodities laws applicable to SEC- and CFTC-registered intermediaries, including in the areas of state virtual currency business, "blue sky," and commodity broker laws.

Guidelines for Market Intermediaries

Digital asset trading platforms, brokers, dealers, custodians and other registrants should be subject to a tailored registration regime that is fit-for-purpose under the SEC or CFTC, as appropriate and based upon the intermediary's activities. Consistent with the existing financial markets regulatory framework, the regime should include principles-based requirements that are no more onerous than those safeguards applied to existing registrants.

Intermediaries should be allowed to lend against, net, and hedge securities against non-securities, as risk characteristics permit. Coordinated regulatory treatment can ensure appropriate market oversight, while recognizing economic equivalence across different asset types. The SEC and CFTC should have appropriate flexibility in setting applicable rules for their registrants.

Issuers of digital asset securities, and of securities involving digital assets, should be subject to disclosure requirements that are appropriately tailored to address the novel characteristics of digital assets and blockchain technology. Digital asset trading platforms, brokers, dealers, and other CFTC-registered intermediaries that make available non-security digital assets should be required to disclose any such information that the CFTC determines to be appropriate for non-security digital assets.

Further, these parties should not be subject to ongoing disclosure requirements other than those required by Congress in future legislation or by the relevant market regulator. Furthermore, any such ongoing disclosures should be fit-for-purpose and guided by publicly available information, such as open-source code, whenever possible. Digital asset trading platforms, and other intermediaries as appropriate, should publish the criteria that govern the listing of digital assets that are traded. In addition, digital asset trading platforms, and other intermediaries as appropriate, should consider prominently disclosing features that may be unique to digital assets, such as token economics (i.e., allocation percentages and rationales) and source code, if applicable.

For institutional over-the-counter block trades of digital assets that occur offchain through regulated intermediaries, there should be similar reporting and disclosure requirements to those that apply to similar activities in traditional markets. These reporting and disclosure requirements need not be instantaneous, but it is critical to ensure there are not loopholes or "blind spots" associated with digital asset trading activity that occurs offchain.

Digital asset trading platforms, brokers, dealers, and other SEC and CFTC registrants should disclose the capacity in which they are acting on behalf of the customer, client, or counterparty (i.e., dealer, broker, counterparty, routing to an order book, etc.). Digital asset firms may serve in a variety of capacities when offering digital asset trading. Congress should consider disclosure requirements or standards depending on the nature of the relationship between the firm and the market participant (e.g., retail, institutional, customer, client, counterparty, etc.).

Trading platforms should be permitted to custody customer digital assets with appropriate controls. Safeguards may include requirements for asset segregation, disclosures, principles-based cybersecurity standards, bankruptcy remoteness, separation of legal entities, separation from margin and rehypothecation entity, capital requirements, liquidity and redemption requirements, and regulatory supervision. Trading platforms should also enable users engaging in self-custody to transact, and should be prohibited from discriminating against third-party custodians who offer products that compete with those provided by the trading platform or an affiliate.

Market intermediaries should be subject to principles-based rules regarding the margin and leverage they can extend to retail participants, based on the functions of margin and leverage in their respective activities. Congress should clearly define the rules and responsibilities between the SEC and CFTC regarding margin and leverage, but allow the regulators appropriate flexibility in setting such rules. Financing rates offered to retail customers should be publicly disclosed by the party offering leverage.

Congress should consider extending Exchange Act Section 31 fee structures to all SEC-registered products offered on SEC-regulated platforms. Intermediaries offering digital asset services should pay fees equivalent to those that traditional finance intermediaries pay in the equity markets.

SEC and CFTC registrants should be required to adopt best practices for cybersecurity standards. These standards may be adopted as part of a principles-based regulatory framework or proposed as industry best practices.

Regulatory Treatment of DeFi

By embracing and supporting the option of DeFi for investors, policymakers can help position the United States as a leader in the global crypto economy. Encouraging the development of regulatory frameworks that balance innovation with security will pave the way for a robust financial future. The integration of DeFi into mainstream finance has the potential to unlock new economic opportunities and drive significant advancements across various industries and sectors.

There are ongoing discussions regarding whether non-controlling blockchain developers, DeFi service providers, and DeFi apps or front ends can or should be required to comply with institutional obligations under the Bank Secrecy Act (BSA), either as money services businesses (MSBs), broker-dealers, FCMs, or some other category of "financial institution" under the BSA. Such considerations are discussed further in the Further Improvements to the AML/CFT Regime section of Chapter VI, covering topics related to countering illicit finance.

As contemplated in provisions of CLARITY, Congress should consider the following factors when determining the regulatory treatment of DeFi:

- The extent to which a given software application exercises "control" over user assets. Without the ability to exercise control over user assets or funds, a software application may not transmit money or exchange currency, and therefore might not be subject to the BSA as an MSB. Importantly, without control, software applications generally lack the ability to misappropriate user assets.
- The extent to which a given software application, once built or deployed, is technologically capable of being modified. Software applications in DeFi use smart contracts. In many cases, smart contracts cannot be modified or withdrawn once deployed. Implementing changes in those cases requires the creation of entirely new smart contracts. The operations of a software application, including the smart contracts or the economics of the service more broadly, may be administered by a single actor or a group of actors working together. As such, Congress should consider the degree to which a single actor, or group of actors working together, has the unilateral ability to upgrade a software application's smart contracts or change its economics in a manner not previously disclosed in the software or protocol rules.
- The extent to which a software application is controlled by, or operates with, a centralized structure or management. If a product or service is operated, managed, or otherwise controlled by a business and facilitates access to a DeFi system engaged in otherwise regulated activity, that product or service should be subject to regulation accounting for underlying regulated activity and pursuant to the principles of fair competition, customer protection, conflicts of interest, integrity of code, cybersecurity standards, and other principles as appropriate.
- The extent to which a given software application is technologically or logistically capable of complying with current regulatory obligations. Many DeFi protocols and non-controlling blockchains do not have the functional ability to register as MSBs or otherwise comply with MSB obligations under the BSA, while businesses (as described above) could register. Nevertheless, Congress could consider how obligations can be

fit-for-purpose to the technology and embrace the unique characteristics of DeFi, rather than placing the current financial regulatory regime on top of DeFi services. Care should be taken to ensure that actors are not permitted to structure products to subvert legal responsibilities.

Accounting Recommendations

Financial Accounting Standards Board (FASB) processes include outreach to a broad set of stakeholders including investors, preparers, accounting firms, academics, and regulators. The FASB issued accounting guidance in December 2023 addressing the subsequent measurement of certain digital asset holdings at fair value. It has also specifically requested stakeholder input on any additional accounting guidance needed to address digital asset matters under U.S. Generally Accepted Accounting Principles (GAAP).

The Working Group observed that many questions on the accounting for digital asset transactions relate to the following key concepts that FASB should consider for further consultation through public engagement:

- Recognition and derecognition: Whether an entity should recognize or derecognize digital asset tokens when entering into certain transactions. For example, should a lender of digital assets derecognize such assets, and should there be symmetry in accounting between a lender and borrower? Similar questions may arise related to wrapping tokens or transacting with decentralized lending or exchange protocols.
- Issuer accounting: How an entity should account for digital asset tokens it creates and issues. The accounting by the token issuer will depend on the issuer's facts and circumstances, and the enforceable rights and obligations of the parties involved. To the extent a token conveys rights or obligations that align with traditional assets or instruments (e.g., ownership of tangible commodities, debt, or equity), then established accounting guidance already exists. Additionally, FASB should consider whether to treat payment stablecoins as cash equivalents under GAAP. Further clarification is required in cases where tokens provide utility or access without clearly enforceable rights—particularly when tied to the future development of a platform. There is no explicit guidance to address the accounting for those types of token issuances.

Additionally, the principles-based nature of the Public Company Accounting Oversight Board's (PCAOB's) audit standards and guidance published by the PCAOB, as well as non-authoritative guidance from the American Institute of Certified Public Accountants (AICPA), have allowed auditors of public companies and broker-dealers to adapt traditional procedures to address digital asset tokens. As the technology and its use

continues to develop, there may be value in additional or new standards to promote consistency in application and execution and help align regulatory and stakeholder expectations (avoiding expectation gaps).