

## FINRA Extends Information Request Period for Digital Assets (Virtual Coins and Tokens)?

### WRITTEN BY

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On July 18, 2019, the Financial Industry Regulatory Authority (“FINRA”) issued *Regulatory Notice 19-24*<sup>[1]</sup>, which extended the deadline of FINRA’s previously issued notice that asked members to keep their Regulatory Coordinator informed if the firm, or its associates or affiliates, engaged, or intended to engage, in activities related to digital assets.<sup>[2]</sup> The original notice, *Regulatory Notice 18-20*,<sup>[3]</sup> was the result of an outreach initiative implemented to engage with member firms regarding current and planned activities relating to digital assets, regardless if the assets qualified as securities. The recently published notice is now encouraging firms to continue keeping their Regulatory Coordinators up-to-date on their activities until July 31, 2020.

FINRA’s request results from the continued growth of the market for digital assets in recent years and the increasing interest among investors. The data obtained will be used in an effort to strengthen investor protections by combatting incidences of fraud and other securities law violations involving digital assets and the platforms on which they trade.

The notice states, as was also the case under *Regulatory Notice 18-20*, the type of business activities of interest to FINRA include, but are not limited to, the following:

- purchases, sales or executions of transactions in digital assets, or pooled funds investing in the same;
- creation of, management of, or provision of advisory services for, a pooled fund related to digital assets;
- purchases, sales or executions of transactions in derivatives tied to digital assets;
- participation in an initial or secondary offering of digital assets;
- creation or management of a platform for the secondary trading of digital assets;
- custody or similar arrangement of digital assets;
- acceptance of cryptocurrencies from customers;
- mining of cryptocurrencies;
- recommend, solicit or accept orders in cryptocurrencies and other virtual coins and tokens;
- display indications of interest or quotations in cryptocurrencies and other virtual coins and tokens;
- provide or facilitate clearance and settlement services for cryptocurrencies and other virtual coins and tokens; or
- recording cryptocurrencies and other virtual coins and tokens using distributed ledger technology or any other blockchain technology.

FINRA requests prompt written notification (including email) about the above activities, but if a firm has submitted a continuing membership application regarding its involvement with digital assets, or previously provided the information, additional notice is not requested unless a change occurs.

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[1] View the full notice at [https://www.finra.org/sites/default/files/notice\\_doc\\_file\\_ref/Regulatory-Notice-19-24.pdf](https://www.finra.org/sites/default/files/notice_doc_file_ref/Regulatory-Notice-19-24.pdf).

[2] For purposes of the notice, the term “digital asset” refers to cryptocurrencies and other virtual coins and tokens, and any other asset that involves a blockchain or distributed ledger.

[3] The previous notice is located at: [https://www.finra.org/sites/default/files/notice\\_doc\\_file\\_ref/Regulatory-Notice-18-20.pdf](https://www.finra.org/sites/default/files/notice_doc_file_ref/Regulatory-Notice-18-20.pdf).

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