ANDREESSEN
HOROWITZ

August 17, 2026

VIA ELECTRONIC SUBMISSION

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: **Proposed Rule; The Trade-Through Rule and Locked and Crossed Markets Provisions of Regulation NMS (File No. S7-2026-20)**

Dear Ms. Countryman:

Andreessen Horowitz ("a16z" or "we") appreciates the opportunity to submit this comment letter in response to the Securities and Exchange Commission's ("SEC" or "Commission") proposed rescission of Rule 611 (the "Trade-Through Rule") of Regulation National Market System ("Reg NMS") (the "Proposal").[1]

a16z is a venture capital firm that invests in seed, venture, and growth-stage technology companies, focused on AI, bio and healthcare, consumer, crypto, enterprise, fintech, games, infrastructure, and companies building toward American dynamism. As of 2026, a16z has more than $100 billion of regulatory assets under management across multiple funds, with more than $9.8 billion in committed capital for crypto funds. In crypto, a16z primarily invests in companies using blockchain technology to develop protocols that people will be able to build upon to launch internet businesses. a16z is a leading investor in, and policy advocate for, blockchain-based financial market infrastructure, and has regularly engaged with the SEC on these issues.[2]

We commend the Proposal and appreciate the Commission's recent efforts to facilitate the development of crypto asset markets. As further described below, rescission of Rule 611 is a necessary structural step to enable equity securities markets to move onchain in accordance with

[1] *See* 91 Fed. Reg. 36656 (June 17, 2026).

[2] *See, e.g.*, Andreessen Horowitz, *Recommendations Regarding a Safe Harbor for Applications from the Broker Registration Requirements of the Securities Exchange Act of 1934* (Aug. 13, 2025), https://www.sec.gov/files/ctf-written-a16z-def-safe-harbor-proposal-applications-081325.pdf. In addition, a16z has previously addressed the application of Reg NMS to onchain markets. *See* Andreessen Horowitz, *Comments on the SEC Crypto Task Force's Questions Concerning Tokenized Securities* (July 21, 2025), https://www.sec.gov/files/comments-sec-crypto-task-forces-072125.pdf.

the President's executive order,[3] the Presidential Working Group on Digital Asset Markets Report ("PWG Report"),[4] and the Commission's Project Crypto initiative.[5]

The Commission has recently taken several steps to facilitate onchain markets, including the April 13, 2026 Staff Statement on Covered User Interfaces ("CUI Guidance").[6] We view the Proposal and the forthcoming "Innovation Exemption" as the next milestones in this progression, and look forward to the SEC codifying the CUI Guidance and any other guidance as rules through notice-and-comment rulemaking. Taking the steps to codify the guidance as rules provides the comfort that builders and companies need to continue building and investing in the United States.

Against this backdrop, we support the Proposal for four main reasons, each discussed in turn below. First, Rule 611 is outdated and fails to account for developments in market structure. Second, rescinding Rule 611 would remove a significant obstacle to the development of onchain securities markets, freeing new venues from a legacy routing regime. Third, the Proposal advances the crypto-related policy objectives set forth by this Administration and the Commission. And fourth, the Commission developed the Proposal through a careful, well-supported rulemaking process that is consistent with applicable statutory requirements.

I. Rule 611 is Outdated and Fails to Account for Developments in Market Structure

We support the rescission of Rule 611 because the rule no longer serves its initial purpose and instead has created complexities and costs for market participants. Reg NMS was adopted to establish a national market system in order to protect investors from trade-throughs, promote fair access to exchange quotations, and ensure that the best displayed prices across competing trading centers were accessible and enforceable.[7] However, the equity market structure that existed when Reg NMS was adopted in 2005 bears little resemblance to today's markets.

At the time Reg NMS was adopted, equity trading was dominated by floor-based auctions for stocks listed on the New York Stock Exchange LLC and by dealer-based competition for

[3] *See* Exec. Order No. 14178, 90 Fed. Reg. 8647 (Jan. 31, 2025).

[4] *See* Presidential Working Group on Digital Asset Markets, *Strengthening American Leadership in Digital Financial Technology* (July 17, 2025), https://www.whitehouse.gov/wp-content/uploads/2025/07/Digital-Assets-Report-EO14178.pdf.

[5] *See* SEC Chairman Paul S. Atkins, *American Leadership in the Digital Finance Revolution* (July 31, 2025), https://www.sec.gov/newsroom/speeches-statements/atkins-digital-finance-revolution-073125.

[6] *See* SEC Division of Trading and Markets, *Staff Statement Regarding Broker-Dealer Registration of Certain User Interfaces Utilized to Prepare Transactions in Crypto Asset Securities* (Apr. 13, 2026), https://www.sec.gov/newsroom/speeches-statements/staff-statement-regarding-broker-dealer-registration-certain-user-interfaces-utilized-prepare-staff-statement-regarding-broker-dealer-registration-certain-user-interfaces-utilized.

[7] *See* 70 Fed. Reg. 37496 (June 29, 2005).

stocks listed on the Nasdaq Stock Market LLC.[8] In the two decades since, that landscape has transformed: stocks now trade across a wide range of highly automated, interconnected venues, including exchanges, alternative trading systems ("ATS"), and other broker-dealer trading systems.[9] And these technological advancements have not stopped at automation. As the Commission itself recognized in the Proposal, distributed ledger technology, along with smart contracts, has "introduced new methods of trading securities and opened access to such trading to various types of market participants."[10]

These developments have rendered Rule 611 obsolete. The Commission's initial concern that motivated Rule 611—that markets lacked mechanisms to connect trading centers and ensure investors the best available price—has been resolved by the widespread adoption of automated, interconnected trading and modern routing technology.[11] In addition, liquidity providers routinely deliver execution quality that surpasses any minimum benefit that Rule 611 was designed to secure.[12]

In light of these developments, the Commission's reconsideration of Rule 611 is both timely and warranted. Over time, Rule 611 has imposed challenges for new market participants, exacerbated compliance costs, and led to an increasingly complex market structure.[13] For example, by effectively requiring market participants to connect with trading centers that they otherwise might choose to avoid, Rule 611 has distorted market dynamics and led to market inefficiencies due to a fracturing of liquidity across exchanges that often lack depth and rely on regulatory-driven routing obligations, rather than competitive forces, to attract order flow.[14] At the same time, off-exchange trading volume has grown considerably since 2005 and now regularly exceeds 50% of total volume, undercutting Rule 611's goal of incentivizing displayed liquidity.[15] This increased fragmentation and dispersion of liquidity have spurred the development of a broad array of complex order types, along with corresponding increases in compliance costs.[16] In short, Rule 611 has become outdated and counterproductive in key

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[8] *See* Proposal at 36659.

[9] *See id.*

[10] *Id.* at 36660.

[11] *See id.* at 36667 ("Currently, the U.S. equity markets are highly automated and interconnected and the Commission's concern expressed at the time of Regulation NMS's adoption in 2005 regarding the lack of mechanisms to connect markets is no longer an issue").

[12] *See id*.

[13] *See id.* at 36702, 36716; *see also* SEC Chairman Paul S. Atkins, *Remarks at the Roundtable on Rule 611 of Regulation NMS* (Dec. 16, 2025), https://www.sec.gov/newsroom/speeches-statements/atkins-121625-remarks-roundtable-rule-611-regulation-nms; SEC Chairman Paul S. Atkins, *Remarks at the Roundtable on Trade-Through Prohibitions* (Sept. 18, 2025), https://www.sec.gov/newsroom/speeches-statements/atkins-091825-remarks-roundtable-trade-through-prohibitions.

[14] *See* Proposal at 36665.

[15] *See id.* at 36659.

[16] *See id.* at 36665-67.

respects. Accordingly, as Commissioner Hester M. Peirce aptly stated, rescinding Rule 611 "should encourage innovation and competition in our markets."[17]

II. The Proposal Facilitates the Development of Onchain Securities Markets

We support the Proposal because, beyond correcting the market structure distortions described above, rescission of Rule 611 would remove a significant impediment to the development of onchain securities markets. As relevant here, under Rule 611, a "trading center" is required to establish, maintain, and enforce written policies and procedures that are reasonably designed to prevent trade-throughs of "protected quotations" in NMS stocks,[18] subject to certain enumerated exceptions.[19] A "trading center" is broadly defined to encompass national securities exchanges, ATSs, exchange market makers, OTC market makers, and any other broker-dealer that executes orders internally by trading as principal or crossing orders as agent.[20] Consequently, a wide range of market participants, including those engaged in certain crypto asset activities, could potentially fall within the scope of the rule.

Applied to tokenized securities, Rule 611 could therefore require onchain liquidity sources that qualify as "trading centers" to route orders to an exchange displaying a protected quote before executing onchain. Accordingly, such onchain liquidity sources would effectively need to monitor offchain prices and maintain routing to offchain venues. While most onchain liquidity sources, including automated market makers ("AMMs") and other decentralized finance ("DeFi") protocols, would not constitute "trading centers," rescinding Rule 611 would nonetheless resolve any ambiguity regarding the application of trade-through requirements to certain types of onchain systems that might constitute "trading centers."[21]

More broadly, Rule 611 could otherwise fundamentally constrain onchain markets by imposing a decades-old routing framework on certain onchain venues that operate on entirely different principles, obstructing the ability of onchain market participants to build new products

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[17] SEC Commissioner Hester M. Peirce, *Disorder Protection Rule: Statement on the Proposed Amendments to Rule 611 and Other Provisions of Regulation NMS* (June 11, 2026), https://www.sec.gov/newsroom/speeches-statements/peirce-statement-proposed-amendments-rule-611-other-provisions-regulation-nms-061126.

[18] A "protected quotation" is defined as "a protected bid or a protected offer." 17 C.F.R. § 242.600(b)(82). A "protected bid or protected offer," in turn, is defined as "a quotation in an NMS stock that: (i) Is displayed by an automated trading center; (ii) Is disseminated pursuant to an effective national market system plan; and (iii) Is an automated quotation that is the best bid or best offer of a national securities exchange, or the best bid or best offer of a national securities association." 17 C.F.R. § 242.600(b)(81).

[19] *See* 17 C.F.R. § 242.611(a)(1).

[20] *See* 17 C.F.R. § 242.600(b)(106).

[21] *See* Andreessen Horowitz, *Comments on the SEC Crypto Task Force's Questions Concerning Tokenized Securities* (July 21, 2025), https://www.sec.gov/files/comments-sec-crypto-task-forces-072125.pdf (explaining that "peer-to-peer (including peer-to-pool) transactions in tokenized securities occurring through blockchain networks that are not controlled . . . do not involve a registered broker-dealer or regulated trading center" and accordingly do not implicate Reg NMS).

and services. Absent rescission, an onchain system transacting in tokenized NMS stocks would face a choice: either (i) integrate with offchain protected quotations, or (ii) avoid taking the form of a "trading center"—both of which limit product design and ultimately harm innovation. Rescission of Rule 611, by contrast, would allow onchain venues to compete on execution quality, transparency, and settlement finality without the artificial requirement that they defer to offchain protected quotations. This increased competition, in turn, would foster the development of new products and services, ultimately leading to improvements in execution outcomes and a broader range of options for investors.

III. The Proposal is Consistent with the Administration's Digital Asset Policy Framework

We further support the Proposal because it is consistent with the Administration's digital asset policy framework, which calls on regulators to modernize legacy rules to accommodate the movement of securities onchain. This framework is reflected in the President's executive orders, the Commission's Project Crypto initiative, and the SEC's recent guidance and forthcoming exemptions, each of which supports rescission of Rule 611.

Shortly after taking office, the President issued Executive Order No. 14178 "to promote United States leadership in digital assets and financial technology."[22] The Executive Order recognized that the digital asset industry "plays a crucial role in innovation and economic development in the United States," and established a Presidential Working Group on Digital Asset Markets to identify regulations, guidance documents, and orders that affect the digital asset sector.[23] The resulting PWG Report explicitly noted that the SEC should consider amendments to Reg NMS "to better accommodate tokenization of national market system (NMS) securities." The Commission's Proposal is a direct step toward implementing that recommendation and modernizing Reg NMS to accommodate the move of securities markets onchain.[24]

Further, the Administration reinforced this policy the following year in Executive Order No. 14405, which directs agencies to "update regulations to allow integration of digital assets and innovative technology into traditional financial services and payment systems."[25] To that end, the Executive Order provides that agencies must "remove overly burdensome and fragmented regulations and supervisory practices that form barriers to entry and primarily benefit incumbent financial services firms."[26] Rescission of Rule 611 is a paradigmatic example of removing a legacy rule that entrenches incumbent equity market infrastructure and creates barriers to entry for onchain market participants.

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[22] Exec. Order No. 14178, 90 Fed. Reg. 8647 (Jan. 31, 2025).

[23] *See id*.

[24] *See* PWG Report at 51-52.

[25] Exec. Order No. 14405, 91 Fed. Reg. 30475 (May 22, 2026).

[26] *Id.*

The Proposal is also consistent with the Commission's stated objectives. Bringing equity markets onchain is a core aim of Project Crypto,[27] and Chairman Atkins has noted that "the migration to on-chain securities has the potential to remodel aspects of the securities market by enabling entirely new methods of issuing, trading, owning, and using securities."[28] Existing regulations, however, can create barriers to fully onchain markets. As Chairman Atkins has recognized, "[i]n order for the United States to be the 'crypto capital of the planet' as envisioned by President Trump, the Commission must keep pace with innovation and consider whether regulatory changes are needed to accommodate on-chain securities and other crypto assets."[29] Indeed, Chairman Atkins has expressly stated that "accommodating trading of tokenized securities on-chain may require [the SEC] to explore amendments to Reg NMS."[30] Accordingly, rescinding Rule 611 is precisely the kind of regulatory change that would advance Project Crypto's goal of enabling securities markets to move onchain.

The Proposal also builds on the Commission's other recent steps to facilitate onchain markets. The SEC's CUI Guidance provides much-needed clarity that certain non-custodial user interfaces are not, by themselves, broker-dealers.[31] Standing alone, however, the CUI Guidance cannot facilitate the growth of onchain securities markets. The Proposal takes the next step beyond the CUI Guidance and would help unlock the promise of onchain markets. At a high level, the CUI Guidance and the Proposal are complementary: the CUI Guidance addresses the regulation of those who build interfaces to onchain markets, while the Proposal addresses how those markets can be structured without being forced into an offchain price-discovery regime.

The forthcoming Innovation Exemption is expected to round out this framework by addressing the regulatory treatment of tokenized securities and certain onchain liquidity sources. Chairman Atkins has indicated that this exemption "will provide market participants with a cabined framework to begin facilitating the trading of tokenized securities on-chain."[32] Taken together, the Innovation Exemption, the CUI Guidance, and rescission of Rule 611 represent the natural next step in operationalizing onchain securities markets. In particular, rescission of Rule 611 would simplify a complex regulatory framework that would otherwise complicate the design

[27] *See* SEC Chairman Paul S. Atkins, *American Leadership in the Digital Finance Revolution* (July 31, 2025), https://www.sec.gov/newsroom/speeches-statements/atkins-digital-finance-revolution-073125.

[28] SEC Chairman Paul S. Atkins, *Keynote Address at the Crypto Task Force Roundtable on Tokenization* (May 12, 2025), https://www.sec.gov/newsroom/speeches-statements/atkins-remarks-crypto-roundtable-tokenization-051225-keynote-address-crypto-task-force-roundtable-tokenization.

[29] *Id.*

[30] *See* SEC Chairman Paul S. Atkins, *American Leadership in the Digital Finance Revolution* (July 31, 2025), https://www.sec.gov/newsroom/speeches-statements/atkins-digital-finance-revolution-073125.

[31] *See* SEC Division of Trading and Markets, *Staff Statement Regarding Broker-Dealer Registration of Certain User Interfaces Utilized to Prepare Transactions in Crypto Asset Securities* (Apr. 13, 2026), https://www.sec.gov/newsroom/speeches-statements/staff-statement-regarding-broker-dealer-registration-certain-user-interfaces-utilized-prepare-staff-statement-regarding-broker-dealer-registration-certain-user-interfaces-utilized.

[32] *See* SEC Chairman Paul S. Atkins, *Keynote Remarks at The Economic Club of Washington* (Apr. 21, 2026), https://www.sec.gov/newsroom/speeches-statements/atkins-keynote-remarks-economic-club-washington-042126.

of any broader regime for onchain trading of tokenized securities. To ensure their durability, the Innovation Exemption and the CUI Guidance should likewise be codified through notice-and-comment rulemaking.

IV. The Proposal is Consistent with the Administrative Procedure Act

In addition to the substantive merits of the Proposal, we also support how it was developed through a measured, deliberate process in accordance with the Administrative Procedure Act ("APA"). Even before issuing the Proposal, the Commission held two public roundtables on Rule 611 in late 2025 and solicited public comment, engaging a wide range of market participants.[33] Participants in the roundtables noted that the Trade-Through Rule has led to market fragmentation and additional compliance costs.

The release also directly engages with the initial rationale for Rule 611—which was itself controversial[34]—and explains why intervening market and technological developments render those justifications antiquated.[35] As the Commission explains, Rule 611 was initially adopted to "assure that public investors are able to obtain the best price for securities," at a time when intermarket linkages were limited.[36] Today, however, equity markets are highly automated and interconnected. Similarly, the concern that Rule 611 was needed to "backstop" a broker's duty of best execution no longer holds: investors now have widely available access to market data and execution-quality information, and routing technologies have grown increasingly sophisticated, resulting in improved pricing for investors.[37] In light of these developments, the burdensome and mechanistic requirements of Rule 611 are obsolete and represent an unneeded impairment of innovation. And, as described above, the Commission's analysis also details the negative externalities associated with Rule 611.[38] Together, these considerations amply support the Commission's conclusion that Rule 611 is no longer necessary to serve the objectives for which it was adopted and should be rescinded.

Further, the Proposal includes a detailed economic analysis, considers reasonable alternatives, and provides a meaningful opportunity for public comment.[39] Accordingly, the Proposal reflects reasoned, evidence-based decision-making that satisfies the APA's requirements.

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[33] *See* SEC Roundtable on Trade-Through Prohibitions (Sept. 18, 2025), https://www.sec.gov/newsroom/meetings-events/roundtable-trade-through-prohibitions; SEC Roundtable on Rule 611 of Regulation NMS (Dec. 16, 2025), https://www.sec.gov/newsroom/meetings-events/roundtable-rule-611-regulation-nms.

[34] *See* Dissent of Commissioners Cynthia A. Glassman and Paul S. Atkins to the Adoption of Regulation NMS, 70 Fed. Reg. 37496, 37632 (June 29, 2005).

[35] *See generally* Proposal.

[36] *Id.* at 36668.

[37] *See id.*

[38] *See id.* at 36665-68.

[39] *See id.*

V. Conclusion

We greatly appreciate the opportunity to provide comments on these important matters, and we welcome engagement with the Commission and its staff on any of the issues discussed herein as the Commission considers steps toward modernizing U.S. equity market infrastructure for the onchain era.

Respectfully submitted,

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