



September 25, 2026

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1700 K Street, NW
Washington, DC 20006

**Re: Regulatory Notice 26-15 — FINRA Request for Comment on Modernizing
FINRA's Best Execution Guidance**

Dear Ms. Mitchell:

Bullish is pleased to submit this letter in response to FINRA's request for comment on modernizing its best execution guidance under Rule 5310 (the "Notice"). Bullish has applied for registration as a broker dealer in the United States and has a direct and material interest in how FINRA's best execution obligations will apply to innovative execution models, and in particular to tokenized securities. We write to address two related issues: (1) the need to recognize a broader set of factors when assessing best execution for customer orders in tokenized securities, and (2) the need to clarify how the directed order framework applies when customers affirmatively elect to trade in a tokenized format.

I. Best Execution for Tokenized Securities Requires a Multi-Factor Analysis, Not Just Price

FINRA has correctly observed in the Notice that "best execution is as fundamentally important for investors in tokenized securities as it is for investors in traditional securities" and that "the fundamental duty of best execution is applicable irrespective of the manner in which the security is created and the technology on which it is traded or settled." We agree and write to urge FINRA to provide guidance making clear that the specific factors relevant to a best execution determination for tokenized securities necessarily extend beyond price alone.

Rule 5310 requires members to "use reasonable diligence to ascertain the best market for the subject security and buy or sell in such market so that the resultant price to the customer is as favorable as possible under prevailing market conditions." The rule provides a non-exhaustive list of factors that must be considered when determining whether reasonable diligence was exercised. Supplementary Material .09 explicitly

includes “customer needs and expectations” alongside price, speed, and transaction costs as execution quality considerations. Although the rule acknowledges that a member should consider a range of factors when using reasonable diligence to ascertain the market for the subject security, the overarching obligation is still to obtain the **most favorable resultant price under prevailing market conditions**.

In practice, customers may choose to trade on a particular platform for reasons beyond just price, and we encourage FINRA to take into account all relevant factors when considering best execution obligations. For tokenized securities, the range of factors that are material to customers’ needs and expectations is meaningfully broader than for traditional listed equities. These factors include, but are not limited to:

- **Settlement speed.** On-chain settlement materially reduces counterparty and settlement risk relative to the traditional T+1 cycle. For customers who prioritize settlement certainty, this is a material execution quality factor.
- **Digital asset custody and security.** The safety and security of digital asset custody is a factor that informed customers weigh in selecting a trading venue.
- **Portfolio and margining benefits.** A broker or platform may offer margining and portfolio management efficiencies unavailable through traditional execution paths.
- **Cost of multi-venue integration.** Requiring a broker to connect to and surveil multiple traditional and tokenized venues imposes operational costs that are ultimately passed on to customers. This factor is expressly recognized in best execution frameworks in the European Union, United Kingdom, and Hong Kong, all of which permit brokers to route to a single venue on a holistic best execution showing that accounts for integration costs and all other relevant factors. Revising Rule 5310 guidance to accommodate similar considerations would bring U.S. standards into closer alignment with international norms and reduce structural disincentives for innovative venues to operate in the United States.

Best execution obligation in other major financial markets, including the European Union and the UK, requires intermediaries to execute a customer’s order on “***terms most favorable to the customer***”. This is more consistent with the traditional common law reasonable diligence obligation and provides greater flexibility to allow intermediaries to take into account a broader range of factors that are relevant to investor protection, beyond just execution price. We encourage FINRA to consider aligning its rules accordingly.

II. FINRA Should Clarify the Treatment of Customer-Directed Orders for Tokenized Securities

Supplementary Material .08 to Rule 5310 provides that a member receiving an unsolicited customer instruction to route an order to a particular market is “not required to make a best execution determination beyond the customer’s specific instruction.” This directed order framework is sensible and should be extended and clarified in the context of tokenized securities.

A specific issue arises when a customer affirmatively directs that an order be executed in the form of a tokenized security; that is, the customer specifically wants the tokenized version of an asset and does not want the broker to route to a non-tokenized alternative. A customer who wants tokenized shares for their custody, settlement, or portfolio benefits has not asked for a better price on a different product, they have directed a specific type of execution.

We urge FINRA to clarify two points in this regard:

First, when a customer affirmatively instructs a broker to execute an order in a tokenized security format, that instruction should be treated as a directed order under Supplementary Material .08, relieving the broker of any obligation to seek execution at a potentially superior price on a non-tokenized venue. The “unsolicited” requirement should be interpreted, or revised if necessary, to reach affirmative standing elections of this kind.

Second, FINRA should permit brokers operating tokenized ATSs to structure their platforms such that all customer orders routed to the ATS are treated as directed orders for the tokenized version of the relevant security. Where a customer has affirmatively onboarded to such a platform and has received accurate, fulsome disclosures about the nature and implications of trading in tokenized form, the broker should not be obligated to route to a traditional venue simply because a better quoted price may exist there for the non-tokenized version.

This interpretation is consistent with the principles underlying Rule 5310. The rule requires members to use reasonable diligence to obtain the most advantageous terms for the customer, considering the terms and conditions of the order as communicated by the customer. A customer who has elected to trade in tokenized form has communicated those terms clearly.

Conclusion

Bullish strongly supports FINRA’s effort to modernize its best execution guidance in light of evolving market structure and technology. We urge FINRA to: (i) confirm that the reasonable diligence standard under Rule 5310 requires members to consider the full range of execution quality factors when assessing best execution for orders in tokenized

securities; and (ii) clarify that an informed, affirmative customer election to trade in tokenized form constitutes a directed order.

Bullish would welcome the opportunity to discuss these issues further with FINRA staff. Please do not hesitate to contact us at the address below.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Seth Bender", with a stylized flourish at the end.

Bullish

Seth Bender

Deputy General Counsel, Head of US Legal

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