December 4, 2025

Via Electronic Mail
The Honorable Paul S. Atkins
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Re: Ondo Finance - Roadmap for Tokenized Securities

Dear Chairman Atkins,

Ondo Finance Inc. ("Ondo") is a financial technology company focused on tokenizing real-world assets ("RWAs"). We endorse the growth of tokenization - the representation of financial assets on distributed ledgers - as an important new market feature that policymakers, regulators, market participants, and the SEC should fully support. However, we believe progress on tokenization is being hindered in the U.S. by a lack of consensus on which of the three main models to use when incorporating digital ledger technology ("DLT") into U.S. securities markets:

- Direct registration of tokenized securities with issuers and their transfer agents,
- Tokenized beneficial ownership interests in securities (e.g., through The Depository Trust Company ("DTC") and its members), and
- New digital native securities linked to securities entitlements held through DTC.

Ondo believes this is a false choice. Versions of each of these models are present in U.S. markets today and hold the promise of finding substantial investor interest if allowed to develop further onchain. This variety of choices is a strength of the U.S. financial system, rooted in the core role of DTC. And the lack of consensus on reforms is impeding U.S. leadership in digital asset markets.

The purpose of this submission to the Commission is to describe what we believe are the root causes limiting tokenization adoption, to describe practical steps the Commission and its staff may take to develop greater consensus on appropriate actions to take, and to offer our expertise as support for those actions. As explained in our attached Roadmap for Tokenized Securities:

- Based on our experience in both traditional and tokenized markets, Ondo believes that SEC tokenization policies should support:
    - Both direct and intermediated ownership pathways for securities tokenization.
    - The use of permissioned, permissionless, and hybrid blockchains.
    - Targeted regulatory relief for tokenization models through transfer agents.
    - Broad regulatory relief for tokenization models linked to securities held in DTC.
- We also believe the current approach for cryptoasset reforms you have laid out largely aligns with these priorities, but that to date a relative focus on market structure reforms has meant that *tokenized product innovation* has been deprioritized, particularly tokenized products linked to securities held in DTC.
- In this spirit, earlier this year we introduced our Ondo Global Markets tokenized notes products to non-U.S. investors, which are secured by securities held in DTC. Those

products collectively are the largest tokenized public securities product in the market today as measured by the total value of the underlying securities, according to RWA.xyz. We also plan to make tokenized products linked to securities held in DTC the focus of many of our future efforts in the United States, and we expect to provide more details on those plans prior to our Ondo Summit in February 2026.

Our thesis is that all assets are moving onchain, and we aim to aid this evolution by combining the strengths of traditional financial markets with the digital native capabilities of DLT. We also emphasize that increased control of tokenized securities for investors and issuers compared to intermediaries is a key feature of DLT, so wider adoption of DLT closely aligns with the SEC's role as the investor's advocate and its mission of investor protection, with three implications:

- **Permissionless Systems:** The SEC should support the use of public, permissionless DLT systems being incorporated into financial markets as consistent with investors' rights to own and control securities without undue restrictions.
- **Targeted Reforms:** The SEC should support targeted reforms to ensure fair access to the securities held through DTC for individual investors, asset managers, and new technology platforms that wish to buy, sell, and hold securities in tokenized forms.
- **Empower Investors:** The SEC should work to limit developments that reduce the ability of investors to own, control, and transfer tokenized securities without relying on financial intermediaries. The belief that financial institutions are strictly necessary for security and privacy objectives to be achieved is outdated, and requiring permissioned blockchains to be used or limiting public, permissionless alternatives may worsen existing inequities.

Thank you in advance for considering our perspectives set forth in this letter and in the accompanying longer form Roadmap, and our rationales for them. We would also be happy to answer questions, expand upon our reasoning, and provide more details regarding why we believe Commission action is warranted in whatever form may be most useful to the Commission and its staff.

Yours sincerely,

Nathan Allman
Chief Executive Officer

Cc: The Crypto Task Force
SEC Investor Advisory Committee

Ondo Finance: Roadmap for Tokenized Securities

I. Ondo Profile

Ondo's mission is to make institutional-grade financial products, such as U.S. government securities, money market funds, and U.S. listed stocks and ETFs, and related services more accessible to a broader audience on blockchains. Ondo's approach spans both intermediated structures for tokenized real-world assets ("RWAs") and decentralized finance structures. From our perspective, adopting blockchain technology and digital ledger technology ("DLT") solutions in financial markets isn't about replacing the traditional financial system, it's about combining the strengths of that system with the additional capabilities of digital native systems, and solutions that produce meaningful improvements and a stronger, more robust financial system overall.

Ondo's business consists of three main lines of business that together allow Ondo to engage in a range of activities related to the tokenization of RWAs.

- **Software development.** We develop software that supports both centralized tokenization platforms and decentralized protocols to improve the utility and distribution of tokenized RWAs.
    - *Ondo Chain* – A Layer 1 proof-of-stake blockchain being developed to enable tokenized RWAs to be used at scale.
    - *Ondo Token Bridge* – Blockchain tool that allows tokenized RWAs to be natively bridged between blockchains, including Ethereum, Solana, Arbitrum, and Mantle.
    - *Oasis Pro Tokenization* – A tokenization platform that enables market participants to convert RWAs into digital representations of those assets.
    - *Flux Finance Protocol* – The first decentralized lending protocol supporting high-quality permissioned tokenized securities as collateral, e.g., Ondo's OUSG token.
    - *Ondo Nexus*. Provides a 24/7 redemption mechanism for tokenized Treasuries from various issuers, converting them to stablecoins like USDC.
- **Creating new tokenized assets.** We support the creation of tokenized securities on public blockchains.
    - *Ondo Short-Term U.S. Government Treasuries ("OUSG")*: A first of its kind tokenized private fund of onchain, institutional government securities and money market funds ("MMFs") such as Blackrock's BUIDL, and MMFs of Fidelity, Franklin Templeton, Wisdom Tree and others.
    - *U.S. Dollar Yield Token ("USDY"):* The first tokenized note secured by short-term U.S. Treasuries and bank deposits, providing yield to non-U.S. investors.
    - *Ondo Global Markets ("OGM"):* The largest platform tokenizing publicly traded securities, currently offering tokenized notes secured by over 100 U.S. stocks and ETFs to non-U.S. investors.
- **Supporting markets for tokenized assets.** We support the buying, selling, trading, and custody of tokenized securities by investors.
    - *Oasis Pro Markets* – An SEC registered broker-dealer and operator of an alternative trading system ("ATS") for trading of tokenized securities.
    - *Oasis Pro Transfer Agent* – An SEC registered transfer agent authorized to maintain on and off-chain master securityholder file records of registered owners.
    - *Ondo Capital Management LLC* – SEC registered investment adviser. Adviser to our Ondo Short-Term U.S. Treasury fund, OUSG.

II. General Perspective

We agree with many other commentators and financial institutions that the global capital markets are entering a new phase that will enable mass adoption of tokenization. Key building blocks that were still developing a few years ago have matured; and market infrastructure is increasingly robust and interconnected, with major banks and market utilities having launched live distributed ledger platforms, and settlement networks achieving significant scale. Regulatory clarity also has dramatically improved in many countries, lowering a key barrier to institutional adoption. Policymakers are establishing frameworks that recognize tokenized assets and provide guidance for the use of blockchains across financial services.[1]

But most tokenized financial products today are still a reflection of the regulations that have governed the sector to date. Onchain investors want improved access to a wider range of financial exposures in public, permissionless environments. However, regulatory requirements, investor protections, and preservation of TradFi market integrity through legacy market structures leave relatively narrow pathways for developers like Ondo to meet that demand. As more regulators have accepted blockchain technologies as viable alternatives to these legacy systems, the range of compliant onchain options has expanded rapidly. More and more investors are now using tokenized financial products, and Ondo believes this trend will continue.

Ondo's products to date have been developed with a consistent goal in mind – to enable customers to have direct ownership interests in assets onchain as opposed to account-based interests held through intermediaries. Our existing product offerings also use many features pioneered by stablecoin issuers in their creation, redemption, and custodial processes, making us confident they can be executed well at scale. For example:

- The USDY and OGM products transform beneficial ownership interests in securities into direct ownership of new digital native securities secured by those assets.
- USDY smart contract terms also effectively accelerate the crediting of interest payments to investors, a practice equivalent to established norms in many financial institutions.
- OGM products now deliver exposures to equity securities and ETFs in the form of secured notes, but can also be adapted to deliver equivalent exposures in other forms.
- Ondo Token Bridge allows tokenized RWAs to be natively bridged between blockchains, increasing the utility of tokens that originated under otherwise less compatible standards.

A core thesis of ours is that everything is coming onchain - financial assets, real property, commodities, gaming, intellectual property, social media, and other forms of commerce. As this happens, a new cohort of investors is emerging that want to directly manage their investments and other affairs onchain exclusively. Against that backdrop, legacy intermediated account-based practices for managing financial assets may be barriers to adoption of this new paradigm.

As a market leader in tokenized RWAs, including securities, Ondo's mission is to help lead this evolution of financial markets in which traditional markets converge with blockchain technology to create more accessible, efficient and inclusive outcomes. Some activities and products are coming onchain faster than others, and legacy systems may not necessarily go away rapidly or at all, but in our view many will be impacted by that megatrend. As those changes occur, smooth connections between these changing TradFi and onchain worlds become increasingly important to ensure fair access to these domains. Our sights are firmly set on delivering value by facilitating access to RWAs in digital forms for onchain investors and market participants.

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[1] Joint Trade Associations, The Impact of Digital Ledger Technology in Financial Markets (August 19, 2025).

III. State of Play

Even as consensus around the value of tokenization generally has increased, however, there continues to be a significant lack of consensus around which tokenization model or models to use for such new market practices. Leaving aside models that are not backed by an underlying security (such as those developing in the futures markets), which we are not addressing today, we observe three primary pathways for tokenizing securities emerging in the market:

- *Direct Registration*: An issuer establishes an onchain system of records for the reference security using its transfer agent. The issuer then either distributes those securities onchain or supports the transfer of those securities out of DTC's intermediated system onto the issuer's digital ledger. This is facilitated today using the Direct Registration System ("DRS") and the Fast Automated Securities Transfer ("FAST") program.
    - In this case, security tokens represent a holder's direct legal interest in securities on the official books and records of the issuer. The token is not a new security.
    - Models of this kind most often allow for at least some possibility of securities trading and settlement in emerging new tokenized forms.
    - Examples of this model already in the market today include those by Galaxy Digital and Exodus Movement, running both traditional and tokenized ledgers.
- *Beneficial Ownership*: The existing DTC system and the issuer's system of records remain in their current forms. When a customer wants to take delivery of a security in tokenized form, a book-entry position is transferred to a control account with a securities intermediary, converted to a corresponding token position, and minted and delivered to the customer's designated onchain digital wallet. Subsequent transfers are tracked and reconciled between the token sub-record against the control account.
    - In this case, the security tokens are indirect beneficial ownership interests in the securities held in the sub-account maintained by the securities intermediary for its customers. Again, there is no new security.
    - Models of this kind may or may not allow for securities trading and settlement in new tokenized forms or venues rather than the regular way system at DTC.
    - Though not yet confirmed, DTC is widely understood to be developing a model of this kind. The model also closely resembles established methods of segregating or placing holds on customer positions widely used by financial institutions today.
    - In digital asset markets, models of this kind are also widely used (including by Oasis Pro and Ondo) to create and bridge digital assets between blockchains.
- *New Security*: The existing DTC system and the issuer's system of records remain in their current forms. A holder of securities, either directly or beneficially, issues a new security in tokenized form that corresponds to rights in the underlying securities it holds. Tokenized interests are delivered to investors as a new digitally native security.
    - In this case, there is a new security. The form of the investors' interests also vary with the terms of the instrument, e.g., tokenized secured notes, trust securities, warrants, swaps etc. Compliance requirements must be followed accordingly.
    - Models of this kind uniformly allow for the possibility of trading and settlement in tokenized form, but the specific methods of trading vary with the instrument.
    - There are numerous examples of closely equivalent equity-linked structured products available in financial markets for many years. This informs Ondo's view, and those of others, that these alternatives can be executed responsibly at scale.

IV. Second Mover Advantage - Focus on CSD Practices

We believe it is important to continue to advance each of these approaches. Each has significant merits and holds the promise of finding substantial investor interest in U.S. markets. In the current environment, however, concerns have been raised that the presence of such a variety of alternatives is more of a potential risk than a benefit from an investor protection perspective as competing models proliferate. Questions have also been presented regarding whether these approaches, and tokenization in general, erodes some of the benefits associated with existing market practices, such as low costs, significant liquidity, and operational systems that have proven reliable over many years.

While we recognize the value in acting with due consideration for such concerns, we do not believe that they should be used as excuses for inaction on tokenization. This lack of consensus on the detailed path forward is hampering progress in adopting tokenization technology widely agreed to be beneficial and impeding U.S. leadership in digital asset markets generally. The U.S. is clearly behind other jurisdictions in many respects and will need to take deliberate steps to catch up with, let alone surpass them. We support the more favorable stance taken by the Trump administration on digital asset matters for this reason. And we believe changes to legacy market infrastructure and related market practices will be key elements of U.S. success.

The current position of the U.S. as a "second mover" in digital asset matters also presents the SEC and market participants with an opportunity to learn from the experience of others and use those observations to help develop consensus on actions appropriate for our markets. Based on Ondo's experience with other markets, Ondo believes one feature stands out as both relevant to tokenization methodologies and distinctly different in the U.S.: the role of the central securities depository ("CSD") in maintaining the official register of publicly traded securities.

- In many other jurisdictions, including the EU and the UK, the register maintained in the CSD for each publicly traded security is an official sub-register of the master security file of the issuer. Accordingly, a substantial degree of legal equivalence can be maintained between directly registered interests in such securities and indirect, beneficial ownership interests in those securities.[2] This common foundation in the CSD creates a building block upon which tokenization models can develop with confidence on both permissioned and permissionless blockchains, and a legal foundation for secure linkages between blockchains with different features.
- In the U.S., DTC - through its nominee Cede & Co. - holds its interests in each publicly traded security as a shareholder on the records of the issuer's transfer agent. Under relevant provisions of the Uniform Commercial Code ("UCC"), DTC is also a securities intermediary and, as such, plays a critical role in maintaining the official book-entry-only records for all securities it holds. Over time, through operational improvements and changes to the UCC, the legal differences between investors holding interests directly rather than as beneficial owners have been vastly reduced but not eliminated. From time to time changes to these practices have been considered but not pursued, even while recognized as a root cause of many costs of the current system.[3]

These details of the U.S. shareholding system are not currently on the SEC's agenda for potential reform, but from our perspective should be – not as yet another pre-condition for action but as a tool for developing consensus. By first agreeing on the baseline upon which we will be taking those actions, the pros and cons of alternative proposals can be considered more clearly.

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[2] In some cases such as Belgium, official steps have been taken to memorialize this equivalence in law. See, e.g., L. Van Marcke, The Belgian Substantive Law Regime for (the Cross-Border Holding of) Intermediated Securities (2023).

[3] J.T. Laster, The Blockchain Plunger: Using Technology to Clean Up Proxy Plumbing and Take Beck tho Vote (2016). SEC Report, The Practice of Recording Securities Ownership…in Other than the Names of Beneficial Owners (1976).

V. Actionable Next Steps

A. Ondo's Perspective

While others may disagree, Ondo's perspective is that DTC does not need to fundamentally reform its current practices in order for the SEC to enable other workable approaches to tokenization. This perspective also has some logical implications that inform our views on what next steps make the most sense. Among these views are:

- There will continue to be a legal difference between securities held directly through transfer agents and securities entitlements held indirectly through DTC, as is true in the current regime. This difference is not itself a cause for concern.
- Both pathways for shareholding should be supported in tokenization reforms, but some relative time priority may be given to tokenizing intermediated securities entitlements held in DTC given the substantially higher dollar value of securities held in this way.
- Both permissioned, permissionless, and hybrid blockchains can be used safely when they link back to security entitlements held with a CSD like DTC.[4] Other models may need to be reviewed more carefully, depending on their characteristics.
- Similarly, models involving newly issued, tokenized securities products that provide holders with interests in securities held in DTC should not raise more fundamental concerns than equivalent products offered and sold in non-tokenized forms.
- In the case of interpretive or other questions relating to the permissibility of tokenized product proposals, targeted no action, exemptive, and other relief should be considered for tokenization models that link back to security entitlements held with DTC.

B. Current Tokenization Pathway

When viewed from this perspective, the current tokenization pathway for the U.S., led by the SEC, appears to be both reasonable, and appropriately forward-looking, in several respects.

- The SEC has prioritized transfer agent reform as a target for rulemaking in early 2026, which in principle should help to level the playing field and create greater equivalence between holding shares in directly registered forms and beneficial ownership forms.
- Though not yet confirmed, DTC is widely understood to be developing a model to support tokenized securities in connection with trading on national securities exchanges using a blockchain-based beneficial ownership model. While the details will matter, we support the development of such a model in principle, though based on our experience we believe the final market-wide deployment of the model may take several years.
- The Commission is preparing to formally introduce an "innovation exemption" according to recent statements from Chairman Paul Atkins. The initiative is designed to provide regulatory flexibility for emerging technologies, including blockchain and tokenized assets, while maintaining investor protection standards under existing securities laws.

A key omission to date, however, has been with respect to proposals involving tokenized securities product innovations. While many proposals have been discussed publicly, described in public submissions to the SEC's Crypto Task Force, and presented for review by Commission staff, none have yet gone live in the United States for retail investors. For the reasons set forth above, we believe closing this gap should be a priority focus of the SEC - with a relative emphasis on tokenized securities products that represent interests in securities held in DTC.

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[4] This is a basis for the recent pilot project on the use of DLT in securities markets, for example. ESMA Report on the Functioning and Review of the DLT Pilot Regime - Pursuant to Article 14 of Regulation (EU) 2022/858.

C. Actionable Next Steps

In our view, new initiatives led by market participants working to develop tokenized securities products and services in response to customer demand and the competitive dynamics of a free market system have a critical role to play in advancing securities tokenization efforts in the United States. As compared to more centralized efforts to change market practices uniformly, such market-led initiatives provide economic incentives for firms to develop products and services that address the most present needs of real world investors, and create alternatives that increase consumer welfare by providing investors with more choices to address their individual needs. In this spirit, earlier this year we introduced our Ondo Global Markets tokenized notes products to non-U.S. investors, which are secured by securities held in DTC. Those products collectively are the largest tokenized public securities product in the market today as measured by the total value of the underlying securities, according to RWA.xyz. We also plan to make tokenized products linked to securities held in DTC the focus of many of our future efforts in the United States, and we expect to provide more details on those plans prior to our Ondo Summit in February 2026.

D. Policy Rationales

We believe actions such as these by Ondo and similar steps being taken by others to introduce tokenized products in the U.S. help to energize innovation centered on tokenized securities products and encourage greater consensus on tokenization efforts in U.S. securities markets generally. In addition to their economic value for investors, there is also a key feature that our tokenized products have in common: They each result in putting some additional degree of control in the hands of securities owners and issuers rather than intermediaries. That is most often a general feature of blockchain technology, so in that respect it should be associated fundamentally with tokenization efforts. But we also believe this feature means that the wider adoption of blockchain technology in financial markets closely aligns with the SEC's role as the investor's advocate and its core mission of investor protection, with three principal policy implications:

- **Permissionless Systems.** The tokenization models Ondo is pursuing and advocating for the SEC to recognize are ones compatible with the use of public, permissionless blockchain technologies.[5] The dollar value of cryptoassets circulating on public permissionless blockchains has grown rapidly in the recent past and such blockchains are becoming increasingly integrated with the mainstream financial system.[6] Financial institutions and regulators also have become increasingly comfortable that such systems can be relied upon at scale in use cases including stablecoins, tokenized bank deposits, and tokenized securities,[7] and supervisory practices based on that assumption[8] are rapidly being developed and deployed around the world. Particularly when paired with permissioned assets held through a CSD like DTC, and features pioneered by stablecoin issuers in creation, redemption, and wallet management practices, the SEC should support the use of public, permissionless DLT systems as consistent with investors' rights to own and control tokenized securities directly without undue restrictions. Doing so is a requirement for the U.S. to maintain parity with market developments elsewhere in the world, and there are identifiable benefits for investors in pursuing such models.

[5] European Commission Directorate-General for Financial Stability, Financial Services and Capital Markets Union, Enhancing Financial Services with Permissionless Blockchains (2024).
[6] C. Watsky, et al., Tokenized Assets on Public Blockchains: How Transparent is the Blockchain? FEDS Notes (2024).
[7] European Securities and Markets Authority, Report on the Functioning and Review of the DLT Pilot Regime - Pursuant to Article 14 of Regulation (EU) 2022/858 (2025).
[8] I. Aldsosoro, et al., An Approach to Anti-Money Laundering Compliance for Cryptoassets, BIS Bulletin 111 (2025).

- **Targeted Reforms:** These characteristics also strongly suggest that there are good reasons for the SEC to consider being even more progressive in the reforms adopted to enable tokenization of U.S. securities markets. For example, more fundamental reforms of the SEC's CSD regulations and current practices of DTC potentially could improve outcomes even further for issuers and shareholders compared to existing practices.
    - Ondo is not advocating for the SEC to prioritize such reforms at this time primarily because, in our view, they are not strictly necessary to achieve the primary benefits of tokenization, and past efforts to accomplish such reforms have been both time consuming and unsuccessful.
    - However, we believe that targeted reforms could be valuable to ensure that individual investors, asset managers, financial exchanges, and new technology platforms that wish to hold securities in tokenized forms have fair access to the ledgers upon which interests in securities held through DTC are recorded, and that connections between traditional and tokenized markets are transparent and reliable. Ondo is prepared to support targeted reforms of that kind which emerge.
- **Empower Investors:** As this process of change evolves, the SEC also should work to empower investors by limiting developments that reduce their ability to own, control, and transfer tokenized securities without relying on financial intermediaries. In our view, the greatest risk of that possibility may arise from a mistaken belief that financial institutions are strictly necessary to achieve desired levels of security and privacy. In our view, well designed blockchain-based systems demonstrate that belief is no longer true - just as the SEC itself envisioned over 50 years ago.[9] Particularly when paired with the existing practices of a mature CSD such as DTC, requiring the additional use of permissioned blockchains and/or placing limits on the use of public, permissionless alternatives for tokenized securities is neither justified nor effective to improve investor protection.[10]

Conclusion

We believe these additional policy considerations are particularly relevant for the SEC in its role as the investor's advocate. Tokenization efforts now underway are better for investors in numerous respects with fairly modest reforms, so, when paired with the SEC's traditional focus on investor protection, the topic should be a natural candidate for SEC leadership. These reforms also represent the culmination of a process initiated by Congress and the SEC over 50 years ago to protect and stabilize markets following a crisis, and we believe the SEC is in an excellent position to again lead the effort to make the marketplace both safer and more capital efficient. Ondo looks forward to fully supporting the SEC in those efforts.

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[9] SEC Report, Study of Unsafe and Unsound Practices of Brokers and Dealers (1971).
[10] A.Park, DeFi vs. TradFi: Institutions and Industrial Organization, Wharton Initiative on Fin. Pol. and Reg., (2025).