

24 October 2026

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

Re: File No. 4-927; Release No. 34-106402 - Supplemental comment on underlying-network properties and material changes

Dear Secretary:

I submit this comment in my individual capacity as an independent researcher. I have patent interests in related technical fields. Those interests inform my research; I do not request endorsement of any product, provider or proprietary method.

This supplements my earlier comment on File No. 4-927 and focuses on disclosures about the underlying network. I take no position here on expanding or narrowing which networks qualify under Condition II.A.

The Order already contains continuing conditions, Public Notice revision requirements and disclosures about distributed ledger technology. My recommendations concern the application of those provisions to material changes in network properties. I do not suggest that compliance is assessed only when a venue begins operating.

1. Explain the relevant properties separately

The Commission could clarify how a venue should describe the network properties material to its reliance on Condition II.A. Relevant distinctions include public access to ledger information; submission of transactions; participation in validation or sequencing; contract deployment; and access to the particular token contract. A network's governance and upgrade arrangements, and practical options for withdrawal or exit during disruption, also matter.

These are related questions, not interchangeable assurances. A network may permit broad transaction submission while restricting validation. An open network may host a token with eligibility restrictions. Such restrictions should be described in their actual context, rather than treating openness at one layer as establishing access at every layer.

I do not propose that every property must be unrestricted. A concise explanation of the relevant layers would help readers understand what the venue asserts and what it does not.

2. Clarify the treatment of changes outside the venue's control

Section II.C already requires revisions to the Public Notice. Section III.n addresses the technology used by a venue and powers over its applications. The Commission could explain how those provisions apply when an underlying network changes through governance, an external operator or an emergency process.

For example, validation arrangements, an upgrade authority, transaction access or a withdrawal dependency may change without the venue initiating the change. Useful guidance would distinguish planned changes known in advance from unanticipated external changes, explain when the existing update duties apply, and clarify what a venue should do if it concludes a condition of the exemption is no longer satisfied. Advance disclosure cannot be assumed feasible for every external event.

3. Make the basis and limits of the assessment understandable

Where material, the Public Notice could identify the network and relevant deployment, the date and scope of the assessment, the sources reasonably relied upon, and material uncertainties. It could distinguish powers the venue controls from those exercised by affiliated or independent parties.

The venue could also explain how it expects to learn of material changes affecting its stated basis for reliance, and which matters it cannot independently verify. This would not require control over external systems, an assurance of perfect monitoring, or publication of sensitive security details.

4. Explain the practical consequences and notice process

When a material change affects access, trading or exit, the updated disclosure should explain the consequences reasonably known to the venue, the affected activities, any interim restrictions and the applicable notice process. It should distinguish continuing operation, temporary restriction and restoration of functionality.

The Commission could clarify whether the existing notification arrangements adequately inform participants and affected issuers in these circumstances. I do not assume that every change creates a new consent right or a continuing issuer veto.

Suggested clarification

Where an underlying-network change materially affects a venue's basis for relying on the exemption or a statement in its Public Notice, the venue should apply the existing update requirements to explain the affected properties, assessment basis, practical consequences and material uncertainties. Guidance should distinguish changes within the venue's control from externally imposed changes and explain the response when an exemption condition is no longer met.

This would build on the Order's existing framework while preserving flexibility in technical design. It would help investors distinguish a description of network properties from evidence that those properties remain applicable to the arrangement on which they rely.

Respectfully submitted,

Arifa Khan

Independent researcher

Submitted in an individual capacity

Reference: SEC Release No. 34-106402, File No. 4-927, September 17, 2026, particularly Conditions II.A and II.C and Section III.n.

<https://www.sec.gov/files/rules/exorders/2026/34-106402.pdf>