78 SW 7th Street, Suite 500
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October 3, 2025

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

Re: Securitize's Compliant, Issuer-Sponsored Security Tokenization Model

Dear Chairman Atkins,

Securitize appreciates the opportunity to provide a high-level overview of the firm's tokenization model as a contrast to some of the alternative offerings that have recently come to market, specifically as it relates to public equities. Securitize provides highly scalable and compliant tokenization solutions via its regulated subsidiaries that cover issuance, distribution and secondary market trading. The firm has pursued an approach that is innovative, leverages frontier-edge technologies of blockchains and smart contracts, all within a highly compliant model, unlike many other current and potential market entrants. We do not need or seek exemptions with respect to existing securities regulations, although some existing rules need to be modernized to accommodate blockchain solutions. It is our view that some of the 'competing' offerings to our approach represent a regulatory arbitrage and create the potential for an uneven playing field for other compliant ecosystem participants.

I. Tokenization Models

Recent enthusiasm to tokenize public securities has catalyzed a range of offerings that call into question the appropriate form of tokenized assets. Securitize's model is characterized as issuer-sponsored in contrast to some of the other approaches, i.e., we do not believe intermediaries should be tokenizing public equity without the issuer's involvement and assent.

A. **Issuer-sponsored:** Securitize Transfer Agent, LLC, a SEC-registered digital transfer agent, works directly with issuers to "natively" (meaning without intermediary layers) issue (or mint) a tokenized public equity.

   1. The tokenized security is the equivalent of the traditionally issued security.
   2. The tokenization process involves converting traditional shares held in book entry form at DTCC to a tokenized form that is captured on a blockchain-based master security file of the transfer agent.
   3. The tokenized security confers the same ownership rights as the traditional security, including voting rights, dividend rights and other corporate actions.
   4. Investors are always KYC-verified, and their wallets are whitelisted.

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5. Whitelisting, coupled with rules-based smart contracts, ensures lawful transfers and AML compliance are always enforced throughout the lifecycle of the asset

B. **Permissionless "wrapped" tokens:** SPVs are created to hold the traditional shares, and a token representing an ownership interest in the SPV is issued (i.e. a wrapped token) to provide exposure to the stock held in the SPV. The wrapped token should be [is] deemed to be a security intrinsically.
   1. This approach introduces additional counterparty risk to the investor as any potential claims would be against the SPV and not the actual issuer of the stock.
   2. The wrapped token does not confer any ownership rights equivalent to owning the underlying stock, e.g., voting rights, dividend rights and so forth.
   3. Lack of KYC: Other than at the point of purchase or redemption, investors who purchase in the secondary market are not subject to any KYC requirements.
   4. Lack of transfer restrictions: after the initial purchase, the wrapped tokens can be freely transferred from wallet to wallet without verifications or sanctions screening.

C. **Derivative securities**: Synthetic products that provide exposure to the underlying stock. This is analogous to a total return swap or a security-based swap (SBS) construct and should be deemed to be a security or a security-based swap.
   1. Exposure is purely economic: The product does not allow redemption for shares or units in the underlying asset and does not offer rights that would attach to a security purchased directly.
   2. Investors are exposed to counterparty risk of the token issuer and attendant liquidity pool.
   3. Lack of KYC in cases where the derivative security is permissionless.
   4. If the security is SBS, the full panoply of SBS rules would have to be addressed, which complicated for US retail investors.

D. **NASDAQ-DTCC Proposal:** Without addressing all the specifics of this proposal (NASDAQ proposed rule SR 2025-072), I have a few concerns:
   1. This proposal contemplates DTCC as the sole tokenization agent for minting and burning security tokens in the National Market System, despite other entities having superior technology and experience in tokenization, including Securitize.
   2. It does not envision or enable improvements to the proxy distribution process, new types of regulated liquidity pools, or the ability for settlement other than T+1. We believe that blockchain technology and the tokenization of securities should be more aspirational.

   We would like to work with NASDAQ and other exchanges and market centers to ensure that any tokenization model that leverages existing (and new) market infrastructure allows for competing tokenization agents, regulated market offerings, and settlement solutions outside of the DTCC complex. Such alternatives could improve the existing proxy distribution process, facilitate near real-time or end-of-day

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settlement, and enable additional utility, including lending and collateral mobility. At a minimum, as competing models are evaluated, an overarching goal should be to avoid protecting established intermediaries and regulated monopolies where possible.

III. Transferability & Token Control: Permissioned vs. Permissionless

Securitize implements smart contracts with rules that govern the transferability of its tokenized securities. Coupled with the KYC verification and whitelisting requirements, this ensures that only eligible and approved investors can engage and transact as smart contracts enforce compliance with suitability, AML and issuer-defined requirements. Moreover, given the smart contract architecture and the existence of an off-chain security master file, any lost, stolen or otherwise impaired tokens can be burned and reissued by the TA (at the direction of the BD or the issuer) such that investors are made whole. These are, therefore, not bearer securities.

In contrast, permissionless, wrapped tokens lack compliance with respect to suitability, AML and the ability to address token impairment; secondary market purchasers are not known to token issuers, and transfers are not governed by smart contract. This result is risky bearer tokens that present regulatory challenges, including money laundering and other illicit uses.

IV. Secondary Market Trading

Securitize Markets, LLC is a SEC registered and FINRA member broker dealer that operates the Securitize Markets ATS and has bilateral relationships with OTC market makers. The firm's ATS provides several options to compliantly trade tokenized securities, including a standard order book and an RFQ option. The firm plans on offering trading in tokenized NMS stocks and will do so within the existing framework of Reg NMS and related regulations for off chain transactions. We anticipate, initially, offering execution services in partnership with one or more OTC market makers who will fully comply with best execution obligations. Additionally, the firm is approved to conduct dealer activity with respect to tokenized securities, which is also on our roadmap. For on-chain transactions, a de minimis exemption may be required given near real-time settlement and some latency in the block validation process. Nonetheless, at the time of a transaction (match), pricing oracles will be utilized to ensure an execution at or within the prevailing market.

Unlike wrapper or derivative models noted above, natively issued tokens are fungible and are not isolated within the walled gardens of a broker-dealer or other intermediary. Native tokenized securities can be traded in any compliant market center that support digital rails with respect to execution, settlement and custody. Moreover, these tokens support off-chain trading models that subsequently leverage on-chain rails for settlement and custody, such that the requirements of institutional investors can be accommodated.

In contrast, wrapped tokens are generally traded in secondary market venues that are not fungible, not regulated, and do not provide basic investor protections or enforce market integrity.

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These venues engage in activities that typically define broker-dealer activity (e.g., facilitating transactions in securities, charging commissions and so forth) without adherence to and acknowledgement of well-established securities laws and regulations. The same holds true for tokenized synthetic and derivative products.

In addition to the non-compliant nature of trading, wrapped tokens create practical, market structure inefficiencies given that they are not fungible. Today, there are multiple versions of the same NMS stock trading in siloed pools and characterized by illiquidity due to the constraints of the wrapped model. The net result is additional fragmentation in an already fragmented market, which reduces transparency and market liquidity while increasing counterparty risk and explicit trading costs.

V. Composability/De-Fi Integration

Natively tokenized securities can be used to facilitate de-fi use cases, such as on-chain trading, lend/borrow pools and other collateral use-cases within whitelisted ecosystems that embed robust risk management capabilities. The notion that requiring a tokenized security to have a permissionless construct to effectively integrate within de-fi ecosystems is simply a misnomer. In fact, the rate of adoption of tokenized securities by traditional market participants and crypto-forward participants can and will be constrained with non-native models given the limitations previously outlined.

In summary, Securitize has implemented a tokenization model that unlocks utility while avoiding regulatory risk: 1) the model is fully compliant with existing securities regulations and does not require exemptive relief; and 2) the model has been validated in the marketplace, as demonstrated by meaningful AUM outstanding via top-tier issuer partners.

We look forward to further addressing any of the issues raised herein if needed as well as any other questions that may be adjacent to the tokenization of securities in general.

Sincerely,

Carlos Domingo

Carlos Domingo
Chief Executive Officer

Cc: Secretary of the Commission
The Honorable Mark T. Uyeda, Commissioner, SEC
The Honorable Caroline A. Crenshaw, Commissioner, SEC
The Honorable Hester M. Peirce, Commissioner, SEC
Jamie Selway, Director, Division of Trading and Markets
The Crypto Task Force