

SAGINT

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SEC Crypto Task Force

Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-0213

Dear SEC Crypto Task Force,

As CEO of SAGINT, a developer of Digital Asset Infrastructure solutions for Real World Asset (RWA) and tokenization, I am pleased to submit recommendations to support the SEC's mission of protecting investors, maintaining fair markets, and facilitating capital formation. Tokenization—the process of converting rights to assets like real estate, commodities, or intellectual property into blockchain-based tokens—offers unprecedented opportunities to enhance liquidity and accessibility in financial markets. However, regulatory clarity is essential to unlock its potential responsibly.

SAGINT has observed firsthand the transformative power of tokenization. Fractional ownership enables everyday investors to participate in markets previously reserved for the wealthy, while blockchain's transparency reduces inefficiencies. Yet, without tailored guidelines, uncertainty stifles adoption. We propose the following regulatory considerations:

1. **Clear Asset Classification:** The SEC should define when tokenized RWAs constitute securities under the Howey Test. For instance, tokenized real estate may differ from utility tokens or stablecoins. A nuanced taxonomy will reduce compliance burdens and encourage innovation.
2. **Streamlined Registration:** Current frameworks like Regulation D or S-1 are cumbersome for tokenized offerings. SAGINT recommends a blockchain-specific registration pathway—potentially a safe harbor—allowing projects to launch with oversight while maturing into full compliance.
3. **Custody and Market Rules:** Modernize custody rules to include tokenized assets, recognizing blockchain wallets as valid custodial mechanisms. Similarly, adapt broker-dealer regulations to support secondary trading platforms, ensuring investor safeguards without outdated intermediaries.
4. **Disclosure Standards:** Develop tokenization-specific disclosure requirements addressing blockchain risks (e.g., smart contract failures) and benefits (e.g., real-time ownership tracking), distinct from traditional securities filings.

SAGINT urges the SEC to adopt a technology-neutral stance, avoiding prescriptive rules that may obsolesce as blockchain evolves. We also propose a “tokenization sandbox” in collaboration with industry leaders like SAGINT, enabling small-scale pilots to test regulatory impacts safely. Finally, guidance on tokenized asset trading within the National Market System would clarify market structure roles, fostering orderly growth.

The U.S. risks falling behind jurisdictions like the EU and Singapore without proactive leadership. SAGINT stands ready to assist the Task Force in refining these recommendations, drawing on our expertise to balance innovation with investor protection. I welcome the opportunity for further discussion.

Sincerely,

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Jacob Clayton
CEO, SAGINT

