

MEMORANDUM

To: Crypto Task Force Meeting Log
From: Crypto Task Force Staff
Re: Meeting with Representatives of Groovy Company, Inc.

On March 30, 2026, Crypto Task Force Staff met with representatives from Groovy Company, Inc.

The topic discussed was approaches to addressing issues related to regulation of crypto assets. Groovy Company, Inc. representatives provided the attached documents, which were discussed during the meeting.



GROOVY COMPANY, INC.

OTCM Protocol

March 17th, 2026

Groovy Company, Inc. dba OTCM Protocol
A Wyoming Corporation
frank@otcm.io | otcm.io
SEC EDGAR CIK: 1499275

Via Electronic Submission
The SEC Crypto Task Force
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549
Detailed Meeting Agenda

We propose a 90-minute meeting structured as follows. We are pleased to adjust the format, duration, or sequencing to suit the Task Force's preferences.

Opening (5 minutes)

OTCM Protocol will provide a brief organizational introduction, including an overview of Groovy Company, Inc.'s SEC reporting history (CIK: 1499275), the June 2025 IP Assignment of the OTCM Protocol software platform, and the Company's current stage of development. This framing will establish for the Task Force that OTCM Protocol is not a conceptual proposal — it is a functioning SEC-reporting entity with a valued and assigned software platform, a formal transfer agent relationship, and active issuer commitments awaiting platform completion.

Agenda Item 1: The Market Failure — Why This Problem Requires a Novel Solution (15 minutes)

Presenter: Franjose Yglesias, CTO, with Patrick Mokros, COO

OTCM Protocol will present the structural market failure it was built to address. The discussion will cover the mechanics by which OTC securities become permanently illiquid: Rule 15c2-11 compliance failures triggering market maker withdrawal, broker-dealer inability to publish quotes, and the resulting permanent exile of securities to the Expert Market or Grey Market with no recovery pathway. We will quantify the scale of this failure — over 11,000 affected companies, more than five million individual shareholders, and an estimated \$50+ billion in trapped equity value — and explain why no existing platform, institutional or retail, centralized or decentralized, addresses this specific market.



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The discussion will explore why traditional regulatory remedies do not work for this population of securities: the issuer is typically insolvent or non-operational, cannot fund the compliance costs to restore 15c2-11 eligibility, and has no economic incentive to do so. The shareholders — individual investors who legally own real, registered equity — have no recourse and no market. This is not a peripheral inefficiency. It is a systemic failure that the Commission's own regulatory framework has inadvertently entrenched, and one that blockchain infrastructure is uniquely positioned to solve.

We will welcome questions from the Task Force on the scope and nature of the market failure, including on the specific categories of securities OTCM Protocol targets and the investor profile of those affected.

Agenda Item 2: The OTCM Protocol Architecture — Compliance Built at the Transfer Primitive (25 minutes)

Presenter: Franjose Yglesias, CTO, with Patrick Mokros, COO

This is the technical centerpiece of the meeting. Mr. Yglesias will walk the Task Force through OTCM Protocol's nine-layer architecture, with particular focus on the layers most directly relevant to the Commission's regulatory mandate.

The presentation will begin with the SPL Token-2022 Transfer Hook framework — the architectural decision that defines OTCM Protocol's regulatory posture. Unlike platforms that apply compliance controls at the application layer, which can be bypassed or routed around, OTCM Protocol enforces all 42 compliance controls at the token transfer primitive itself. This means that a transfer that fails any compliance check — OFAC sanctions screening, AML risk scoring, accredited investor verification, wallet concentration limits, circuit breaker thresholds — is rejected at the blockchain protocol level. There is no workaround available to any participant, including OTCM Protocol, Inc. itself.

The presentation will then address the oracle network, which verifies 1:1 custody ratios on every Solana slot (approximately every 400 milliseconds), providing continuous on-chain attestation that every outstanding ST22 Security Token is backed by a Preferred Series "M" share held at Empire Stock Transfer. The Task Force will receive a clear explanation of how this differs from and improves upon traditional securities recordkeeping, which typically provides daily or weekly reconciliation rather than sub-second continuous verification.

The discussion will then turn to CEDEX — OTCM Protocol's Centralized-Decentralized Exchange — and the architectural reason it was necessary to build a proprietary exchange rather than graduating tokens to existing DEXs such as Raydium or Orca. The critical issue is that major Solana DEXs disable SPL Token-2022 Transfer Hooks when tokens are traded through



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their interfaces, which would cause ST22 Security Tokens to lose all 42 compliance controls upon graduation. CEDEX was purpose-built to preserve Transfer Hook enforcement on every trade throughout the token lifecycle, solving what we term the "graduation problem" — the structural vulnerability that would otherwise make regulatory compliance impossible after a token achieves sufficient liquidity.

Mr. Mokros will address the operational compliance layer: the Issuers Portal KYC/AML gateway, the accredited investor verification workflow, the Regulation D Rule 506(c) subscription process, and the issuer onboarding procedures. This will give the Task Force a complete picture of how compliance is enforced not only at the blockchain layer but also at every human touchpoint in the platform.

We will provide the Task Force with a live or recorded technical demonstration of the Transfer Hook enforcement mechanism and the oracle custody attestation system. We will also make our full technical documentation — including the SPL Token-2022 Transfer Hook Technical Specification and the CEDEX Comprehensive Analysis — available to the Commission's technical staff in advance of or following the meeting.

Agenda Item 3: SEC Category 1 Model B — How OTCM Protocol Maps to the January 2026 Joint Staff Statement (15 minutes)

Presenter: Jeff Turner, Chief Legal Counsel

Mr. Turner will provide a structured legal analysis of how OTCM Protocol's architecture satisfies each element of the SEC Category 1 Model B framework as described in the January 28, 2026 Joint Staff Statement on Tokenized Securities.

The discussion will address five specific points of alignment. First, Empire Stock Transfer, an SEC-registered transfer agent, maintains the authoritative off-chain master securityholder file — precisely the structure described in Model B. Second, the Solana blockchain functions as the notification layer, communicating transfer events for reconciliation, rather than serving as the record of title. Third, the underlying instruments are Preferred Series "M" shares — equity securities under both the Securities Act of 1933 and the Securities Exchange Act of 1934 — whose legal character is unaffected by tokenization format, consistent with the Joint Staff Statement's guidance. Fourth, the 1:1 backing ratio is verified continuously by oracle attestation rather than periodically, exceeding the recordkeeping standards contemplated by the Model B framework. Fifth, all offerings are conducted under Regulation D Rule 506(c) or Regulation S, with no public offering of unregistered securities.

Mr. Turner will also address the one area of genuine regulatory uncertainty that OTCM Protocol faces and is bringing to the Task Force directly: while the Company believes its structure



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satisfies Category 1 Model B, there is not yet formal Commission guidance confirming that SEC-registered transfer agents may serve as qualified custodians for tokenized securities deployed on permissionless public blockchains without a separate broker-dealer custodian layer. This confirmation — or, alternatively, guidance on what additional structure would be required — is the single most important regulatory clarification OTCM Protocol is seeking from this meeting.

Agenda Item 4: Five Regulatory Questions — Specific Guidance Requests (20 minutes)

Presenter: Jeff Turner, Chief Legal Counsel, with Franjose Yglesias, CTO

OTCM Protocol will present five specific regulatory questions and invite the Task Force's substantive engagement on each. These are not theoretical questions — each one arises directly from design decisions made in building a compliant tokenized securities platform, and each one has material implications for whether platforms like OTCM Protocol can operate with regulatory certainty.

The first question concerns transfer agent custody. OTCM Protocol asks the Commission to confirm that SEC-registered transfer agents may serve as qualified custodians for tokenized securities, enabling permissionless blockchain deployment without an additional broker-dealer or custodian layer. The practical importance of this confirmation cannot be overstated: uncertainty on this point forces platforms to either incur the cost and complexity of an unnecessary additional custodian layer or operate under an unresolved compliance cloud.

The second question concerns permissionless blockchain infrastructure. Solana is a public, permissionless blockchain. OTCM Protocol asks the Commission to clarify that deployment on permissionless infrastructure is consistent with investor protection objectives when paired with SEC-registered transfer agent custody, verifiable 1:1 asset backing, and compliance controls enforced at the transfer primitive. This clarification matters because permissioned alternatives significantly reduce market accessibility for the retail investors OTCM Protocol is designed to serve.

The third question concerns a safe harbor or exemptive pathway for abandoned securities tokenization. OTCM Protocol asks whether targeted no-action, exemptive, or safe harbor relief may be available for tokenization models that restore liquidity specifically to grey market and Expert Market securities — markets where traditional infrastructure has permanently failed and where the investor protection rationale for new market creation is at its strongest.

The fourth question concerns the legal recognition of programmable compliance. OTCM Protocol asks the Commission to acknowledge that smart contract-based compliance controls enforced at the token transfer level — rather than through after-the-fact enforcement — can



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satisfy and in many respects exceed the investor protection standards applicable to traditional secondary markets. The Commission's traditional enforcement model depends on detecting and sanctioning violations after they occur. OTCM Protocol's model makes violations structurally impossible at the moment of attempted execution. We believe this is a superior investor protection outcome and seek the Commission's acknowledgment of that conclusion.

The fifth question concerns bonding curve automated market makers. OTCM Protocol uses an algorithmic bonding curve as its primary price discovery and liquidity mechanism, operating through CEDEX. We seek guidance on whether bonding curve AMMs for tokenized securities are consistent with the Commission's rules governing exchanges, alternative trading systems, and fair market access — and, specifically, whether CEDEX's structure requires registration as an exchange or ATS, or whether existing exemptions apply.

Agenda Item 5: Open Discussion and Next Steps (10 minutes)

OTCM Protocol welcomes open dialogue with the Task Force on any aspect of the platform, the regulatory questions presented, or the broader policy landscape for tokenized securities. We are also prepared to discuss the Commission's pending transfer agent rulemaking and innovation exemption framework, and to offer our operational experience as input into those processes.

At the conclusion of the meeting, OTCM Protocol will request the Task Force's guidance on preferred next steps — whether that takes the form of a staff no-action inquiry, a formal exemptive application, supplemental written submissions, or continued informal dialogue. We are prepared to follow whichever pathway the Commission believes is most productive.

Background Analysis for the Task Force

To assist the Task Force in preparing for the meeting, OTCM Protocol offers the following analytical summary of the regulatory landscape and the specific issues our platform raises.

The January 2026 Joint Staff Statement on Tokenized Securities represents the most significant Commission guidance on tokenization to date, and OTCM Protocol has structured its architecture expressly around it. The Statement's recognition of Model B — in which an off-chain transfer agent maintains the authoritative securityholder record while the blockchain serves as the notification layer — directly validates the architectural choice OTCM Protocol made before the Statement was issued. This is significant: it demonstrates that OTCM Protocol's compliance design reflects genuine convergence with the Commission's regulatory thinking, not post-hoc retrofitting.



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The remaining regulatory uncertainty OTCM Protocol faces is narrower than it may appear. The core questions — transfer agent custody qualification, permissionless blockchain acceptability, and ATS/exchange classification for bonding curve AMMs — are questions of first impression that existing guidance does not resolve. They are also questions of enormous practical importance: the answers will determine whether a compliant, investor-protective tokenization model for abandoned OTC securities can operate in the United States, or whether the market failure affecting five million shareholders will persist indefinitely because the regulatory framework has not yet been adapted to serve them.

OTCM Protocol respectfully submits that the Commission's mission — investor protection, fair and orderly markets, capital formation — is directly advanced by the platform we have built. We are not asking the Commission to lower its standards. We are asking it to confirm that our platform meets them, and to provide the clarity that will allow us to serve investors who currently have no market at all.

Why This Meeting Matters

The market failure OTCM Protocol addresses is not speculative. Over five million American shareholders currently hold positions in securities they cannot sell at any price. The Commission's existing regulatory framework, thoughtfully applied to blockchain infrastructure that is built for compliance rather than against it, can restore functioning markets for these investors. We are not asking the Task Force to create new law. We are asking for the clarity that allows existing law to work in a new technological context.

We would be grateful for the opportunity to present our platform directly to the Task Force, offer a technical demonstration, and respond to any questions the Commission may have. OTCM Protocol stands fully ready to provide supplemental documentation, additional analysis, or any other materials that would support a productive conversation.

Thank you sincerely for your time and for the Task Force's ongoing commitment to building a regulatory framework that serves both innovation and investor protection. We look forward to hearing from you.

Respectfully submitted,

Franjose Yglesias Chief Technology Officer & Board Member Groovy Company, Inc. dba OTCM Protocol — A Wyoming Corporation frank@otcm.io | otcm.io SEC EDGAR CIK: 1499275

cc: SEC Investor Advisory Committee



GROOVY COMPANY, INC.

OTCM Protocol

OTCM PROTOCOL

SEC Crypto Task Force — Complete Submission Package

Groovy Company, Inc. dba OTCM Protocol | OTC: GROO | CIK: 1499275 | March 30, 2026

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ST22 Digital Securities — 7-element match against Release No. 33-11412

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Two positions: Empire as qualified custodian; CEDEX as non-exchange / non-ATS

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PART II — Technical Appendices

Appendix A 42 SPL Token-2022 Transfer Hook Security Controls — Complete Specification

- Complete 5-column specification for all 42 controls in six categories
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- 13-step transfer sequence from wallet initiation through UCC Article 8 entitlement order
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Appendix D Empire Stock Transfer Custody Architecture

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- 28 defined terms covering all technical, legal, and regulatory terminology used in this submission

OTCM PROTOCOL

Executive Brief for the SEC Crypto Task Force

Groovy Company, Inc. dba OTCM Protocol | Wyoming Corporation | OTC: GROO | CIK: 1499275

Who We Are

OTCM Protocol develops and operates compliant secondary market infrastructure for OTC microcap securities. The executive team brings over 80 combined years of experience in public markets and securities law:

Name / Title	Experience
Berj Abajian — CEO	20+ years operating and managing SEC-reporting public companies.
Jeff Turner — CLO, JDT Legal	20+ years representing OTC and Nasdaq companies in securities law matters.
Patrick Mokros — COO / President, Empire Stock Transfer	Owner-operator of Empire Stock Transfer, SEC-registered transfer agent (§17A); sole investor onboarding authority for all ST22 issuances: KYC, KYB, AML, OFAC/SDN, Wallet Verification.
John Morgan — VP Issuer Services	20+ years in OTC and public markets; Fortune 100 executive experience.
Frank Yglesias — CTO	Platform architect: ST22 Digital Securities, CEDEX, 42 Transfer Hook controls, SPL Token-2022 implementation.

OTC Market Secondary Liquidity — March 24, 2026

Source: OTC Markets Group Stock Screener, March 24, 2026. 12,495 securities across all tiers.

Tier	Total	Zero Vol. Under 5K % Illiquid Viable (≥50K)
Pink Limited	9,225	6,615 8,003 86.8% 561
OTCID	1,326	668 923 69.6% 265
OTCQB	1,188	406 652 54.9% 287
OTCQX	756	175 408 54.0% 196
ALL TIERS	12,495	7,864 9,986 79.9% 1,309

- 7,864 securities (62.9%) recorded zero trading volume on March 24, 2026.
- 6,441 carry a listed price (median \$2.84; 2,100+ above \$10.00) with zero volume.

- An estimated 5+ million U.S. shareholders hold positions in these securities with no functioning secondary market mechanism.

Regulatory Positions Requested

Position	Relief Requested
1. Empire Stock Transfer as Qualified Custodian	Staff confirmation under Exchange Act Rule 15c3-3 and Advisers Act Rule 206(4)-2 that Empire Stock Transfer, as SEC-registered transfer agent (§17A), constitutes qualified custody for ST22 Digital Securities issued under Reg D (U.S. accredited investors) and Reg S (non-U.S. investors).
2. CEDEX as Non-Exchange / Non-ATS	Staff no-action confirmation that CEDEX does not constitute a national securities exchange under Exchange Act Section 6 or an alternative trading system under Regulation ATS. Basis: CEDEX operates as a closed-participant, issuer-contracted, programmatic compliance platform, not a marketplace within the meaning of Exchange Act Section 3(a)(1) or Regulation ATS Rule 300(a). In the alternative: guidance on the ATS registration process.

The Company requests ongoing engagement as a reference implementation for Digital Securities: access to Task Force staff, inclusion in working groups, and the ability to submit supplemental documentation as guidance develops.

Groovy Company, Inc. dba OTCM Protocol | frank@otcm.io | otcm.io | CIK: 1499275 | OTC: GROO

For informational purposes only. Not an offer to sell securities.

OTC Market Liquidity Crisis

Actual Trading Data — March 24, 2026

Source: OTC Markets Group Stock Screener | 12,495 securities across all OTC tiers

7,864 of 12,495 OTC securities traded zero shares on March 24, 2026.

79.9% traded fewer than 5,000 shares. Only 10.5% had viable liquidity (50,000+ shares).

6,441 securities carry a listed price (median \$2.84) but recorded no volume.

Tier	Total	Zero Vol. Vol. 1–4,999 Under 5K % Illiquid Viable (≥50K)
Pink Limited	9,225	6,615 1,388 8,003 86.8% 561
OTCID	1,326	668 255 923 69.6% 265
OTCQB	1,188	406 246 652 54.9% 287
OTCQX	756	175 233 408 54.0% 196
ALL TIERS	12,495	7,864 2,122 9,986 79.9% 1,309

Priced But Untradeable — 6,441 Securities

These securities carry a listed price but recorded zero volume on March 24, 2026.

Metric	Count / Value
Price > \$1.00	3,865 securities
Price > \$5.00	2,832 securities
Price > \$10.00	2,169 securities
Median listed price	\$2.84

Key Findings

- Illiquidity is not confined to lower tiers. OTCQX: 54.0% of securities traded under 5,000 shares. OTCQB: 54.9%. The condition is systemic across all disclosure tiers.
- Pink Limited: 9,225 securities. 6,615 (71.7%) with zero volume. Only 561 (6.1%) had viable liquidity.
- U.S.-domiciled common stock: 2,222 securities. 1,056 recorded zero volume (47.5%). 1,022 carry a listed price but no trades.
- Market makers, broker-dealers, and institutional platforms have exited 89.5% of the OTC market. No existing market structure mechanism addresses secondary liquidity at this scale.

Methodology: All data sourced from OTC Markets Group Stock Screener, March 24, 2026. Volume = shares traded on that date. 'Viable' = 50,000+ shares. 'Illiquid' = under 5,000 shares. Independently verifiable at otcm.com.

Prepared by Groovy Company, Inc. dba OTCM Protocol | frank@otcm.io | CIK: 1499275

SEC Digital Securities Taxonomy Alignment

ST22 Digital Securities — Element-by-Element Match

Primary Authority: SEC Release No. 33-11412 | March 17, 2026 | SEC–CFTC Joint Interpretation

FORMAL DEFINITION — DIGITAL SECURITIES

"Digital Securities (or tokenized securities): Financial instruments enumerated in the definition of 'security' that is formatted as or represented by a crypto asset, where the record of ownership is maintained in whole or in part on or through one or more crypto networks."

— SEC Release No. 33-11412, March 17, 2026

Element 01: Financial Instrument Enumerated as a "Security"

SEC TAXONOMY LANGUAGE: "Stock is an equity security under the Securities Act and Exchange Act regardless of its format."

ST22 Implementation: Each ST22 token represents one Series M Preferred Share — a registered equity security under Securities Act §2(a)(1) and Exchange Act §3(a)(11). The underlying instrument is a traditional equity security that existed prior to tokenization.

✓ **EXACT FIT**

Element 02: Formatted as or Represented by a Crypto Asset

SEC TAXONOMY LANGUAGE: "The format in which a security is issued or the methods by which holders are recorded does not affect application of the federal securities laws."

ST22 Implementation: Series M shares are represented 1:1 as ST22 tokens on Solana using SPL Token-2022. One token = one preferred share. Empire Stock Transfer maintains the authoritative share count. Synchronized every ~400ms via Ed25519-signed oracle attestation.

✓ **EXACT FIT**

Element 03: Record of Ownership on a Crypto Network

SEC TAXONOMY LANGUAGE: "A crypto asset may notify the issuer (or its agent) to record the transfer on a master securityholder file maintained off-chain." — Category 1 Model B

ST22 Implementation: Solana blockchain = notification layer. Empire Stock Transfer = authoritative off-chain master securityholder file. Every ST22 transfer triggers a registry update at Empire within ~400ms.

✓ **EXACT FIT**

Element 04: Registration or Applicable Exemption

SEC TAXONOMY LANGUAGE: "Registration, exemption, and disclosure obligations apply equally regardless of tokenization format."

ST22 Implementation: All ST22 primary offerings are conducted under Reg D (U.S. accredited investors) and Reg S (non-U.S. investors). Form D filed with SEC EDGAR within 15 days of first sale. Empire Stock Transfer performs all investor verification.

✓ **EXACT FIT**

Element 05: SEC-Registered Transfer Agent / Qualified Custodian

SEC TAXONOMY LANGUAGE: "Transfer agent must be registered under Section 17A of the Exchange Act."

ST22 Implementation: Empire Stock Transfer: SEC-registered TA (§17A), subject to annual SEC examination. Sole investor onboarding authority: KYC, KYB (entity investors), AML, OFAC/SDN, Wallet Verification. Patrick Mokros (COO, OTCM Protocol) serves as President of Empire Stock Transfer.

✓ **EXACT FIT**

Element 06: Investor Protection & Compliance Enforcement

SEC TAXONOMY LANGUAGE: "Digital Securities are subject to the full spectrum of federal securities law obligations: antifraud, AML/BSA, OFAC, KYC, beneficial ownership, issuer disclosure."

ST22 Implementation: 42 Transfer Hook controls enforce compliance atomically on every transfer at the token primitive. Control 1: custody verification (1:1 oracle). Controls 2–3: OFAC/SDN, AML (Chainalysis + TRM Labs). Control 4: KYC/accreditation. Control 5: circuit breaker. Control 24: Rule 144 six-month and Reg S twelve-month holding periods. Controls cannot be bypassed by any party including OTCM Protocol.

✓ **EXACT FIT**

Element 07: Secondary Trading & Exchange Act Requirements

SEC TAXONOMY LANGUAGE: "Antifraud and anti-manipulation provisions apply to all secondary trading."

ST22 Implementation: CEDEX: closed-participant, issuer-contracted trading venue maintaining all 42 controls on every trade. Pricing governed by constant product AMM formula ($x * y = k$) — no operator discretion. Rule 10b-5 antifraud and beneficial ownership tracking enforced programmatically. Jito MEV protection.

✓ **EXACT FIT**

Conclusion: All 7 Elements — Exact Fit

Element	Key Evidence
01 — Financial Instrument as Security	Series M Preferred Share — registered equity security. Securities Act §2(a)(1).
02 — Formatted as Crypto Asset	1:1 representation on Solana SPL Token-2022. One token = one preferred share.
03 — Record of Ownership on Crypto Network	Solana = notification layer. Empire = authoritative off-chain master securityholder file.
04 — Registration / Exemption	Reg D (U.S. accredited) and Reg S (non-U.S.). Form D filed with EDGAR.
05 — SEC-Registered TA / Qualified Custodian	Empire Stock Transfer (§17A). Sole investor onboarding authority. Annual SEC examination.
06 — Investor Protection & Compliance	42 Transfer Hook controls. Atomic enforcement at token primitive. No bypass possible.

07 — Secondary Trading &
Exchange Act

CEDEX: closed-participant, CPMM-priced, all 42 controls
on every trade.

ST22 Digital Securities meet all elements of the SEC's Digital Securities definition under Release No. 33-11412.

Groovy Company, Inc. dba OTCM Protocol | frank@otcm.io | otcm.io | For informational purposes
only.

March 30, 2026

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Office of Chief Counsel
Division of Trading and Markets
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Request for No-Action Relief — Empire Stock Transfer as Qualified Custodian for Digital Securities; CEDEX as Non-Exchange / Non-Alternative Trading System

I. Introduction and Nature of Request

Groovy Company, Inc. dba OTCM Protocol ("OTCM Protocol" or the "Company"), a Wyoming corporation and SEC-reporting issuer (CIK: 1499275), requests no-action relief from the Division of Corporation Finance and the Division of Trading and Markets of the U.S. Securities and Exchange Commission ("Commission") on two positions concerning the Company's ST22 Digital Securities platform.

OTCM Protocol operates a blockchain-based secondary market platform for OTC microcap securities. The platform tokenizes equity securities as ST22 Digital Securities on the Solana blockchain using SPL Token-2022 Transfer Hook extensions. Empire Stock Transfer, an SEC-registered transfer agent, serves as qualified custodian of all underlying Series M Preferred Shares.

The Company's architecture complies with SEC Release No. 33-11412 (March 17, 2026) and the January 28, 2026 Joint Staff Statement on Tokenized Securities. The two positions requested address specific operational elements that existing guidance does not resolve with particularity.

Any response will be based strictly on the facts stated herein. The Company acknowledges that different facts may require a different conclusion and that any no-action position is subject to modification or revocation at any time.

II. Parties and Regulatory Status

Party	Description / Regulatory Status
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Groovy Company, Inc. dba OTCM Protocol	Wyoming Corporation. SEC-reporting issuer (CIK: 1499275, ticker GROO). Platform developer and operator.
Empire Stock Transfer	SEC-registered transfer agent (Exchange Act Section 17A). President: Patrick Mokros. Sole investor onboarding authority (KYC, KYB, AML, OFAC, Wallet Verification) and custodian of all Series M Preferred Shares.
JDT Legal / Jeff Turner	Chief Legal Officer of Groovy Company, Inc. dba OTCM Protocol. Signatory and securities counsel.
Frank Yglesias	Chief Technology Officer. Responsible for Transfer Hook program architecture, oracle attestation, and SPL Token-2022 implementation.

III. Factual and Technical Background

A. OTC Market Structure and Secondary Liquidity Constraints

OTC Markets Group operates tiered secondary markets for approximately 12,000 U.S. and international securities. As of March 24, 2026, these markets comprised four disclosure tiers: OTCQX Best Market, OTCQB Venture Market, OTCID Basic Market (launched July 1, 2025), and Pink Limited Market. A separate Expert Market tier covers securities for which broker-dealers may not publish quotations under Rule 15c2-11.

Pink Limited and Expert Market securities are registered equity securities with no functioning secondary trading mechanism. Shareholders hold legal title but cannot execute sales. OTCM Protocol provides a Category 1 Model B-compliant secondary market for these securities.

B. SEC Category 1 Model B Architecture

OTCM Protocol's ST22 architecture complies with the Category 1 Model B framework in the January 28, 2026 Joint Staff Statement:

- **Issuer Authorization:** Every ST22 issuance requires a formal board resolution by the issuing company and a Certificate of Designation filed with the Secretary of State of the issuer's jurisdiction of incorporation, authorizing 1,000,000,000 Series M Preferred Shares for tokenization. OTCM Protocol separately registers each ST22 as a Digital Security with the Wyoming Secretary of State under Wyoming's Digital Asset Statute, W.S. 34-29-101 et seq. Under that statute, a Digital Security is defined as a digital asset that constitutes a security under Wyoming statutes. This registration provides state-law recognition of ST22 token transfers as legally effective transfers of the underlying Digital Security.
- **Regulated Custody:** All Series M Preferred Shares are delivered to Empire Stock Transfer under an irrevocable tripartite custody agreement among the issuer, OTCM Protocol, and Empire. Shares cannot be withdrawn, pledged, or transferred by any party.
- **Blockchain as Notification Layer (Model B):** The Solana blockchain serves as the notification layer. When an ST22 token transfer executes, the Transfer Hook validates all

42 security controls and simultaneously notifies Empire's systems to update the off-chain Master Securityholder File.

- Direct Beneficial Ownership: Each ST22 token represents a 1:1 direct beneficial interest in one Series M Preferred Share held in Empire's custody. No entitlement structure. No intermediary counterparty.
- 42 Immutable Transfer Hook Controls: Enforced at the token transfer primitive: OFAC/SDN screening (Controls 8–10), AML risk scoring (Controls 11–15), Rule 144 six-month and Reg S twelve-month holding period enforcement (Control 24), wallet concentration limits (Controls 16–20), and circuit breakers (Controls 21–26). Immutable — cannot be modified, suspended, or bypassed by any party.

C. CEDEX — Secondary Trading Venue

CEDEX is OTCM Protocol's proprietary secondary market venue for ST22 Digital Securities. Structural characteristics relevant to its regulatory classification:

- Closed Participant Pool: Restricted exclusively to investors verified by Empire Stock Transfer (KYC, KYB, AML, OFAC/SDN, Wallet Verification) and registered in the Empire Master Securityholder File. Transfer Hook Control 15 enforces this at the token transfer primitive.
- Issuer-Contracted Scope: Limited to ST22 Digital Securities issued by issuers who have contracted with OTCM Protocol through a defined onboarding process and executed a tripartite agreement with OTCM Protocol and Empire Stock Transfer.
- CPMM Liquidity Mechanism: Constant product automated market maker ($x * y = k$) against a single protocol-owned liquidity pool. OTCM Protocol does not match orders, exercise discretion over pricing or routing, or act as counterparty.
- No Self-Regulatory Functions: OTCM Protocol does not discipline participants, promulgate trading rules, or conduct market surveillance as operator. Compliance enforcement is performed by the 42 immutable Transfer Hook controls operating as on-chain program logic.

D. The 1:1 Attestation Oracle

Empire Stock Transfer publishes a cryptographically signed attestation confirming the 1:1 ratio between circulating ST22 token supply and custodied Series M Preferred Shares on every Solana block (approximately every 400 milliseconds). Empire signs each attestation with its Ed25519 private key. Transfer Hook Control 1 verifies the attestation on every transfer. Any variance triggers circuit breaker activation and suspends transfers across all affected ST22 mints.

E. Regulatory Framework Compliance

Regulatory Authority	OTCM Protocol Status
SEC Release No. 33-11412 (March 17, 2026)	ST22 tokens satisfy all elements of the Digital Securities definition.
SEC Category 1 Model B — January 28, 2026 Joint Staff Statement	Empire maintains authoritative Master Securityholder File. Blockchain serves as notification layer.

Reg D / Reg S	All primary offerings under Reg D (U.S. accredited investors) and Reg S (non-U.S. investors). Form D filed within 15 days of first sale.
Exchange Act Section 17A	Empire Stock Transfer: SEC-registered transfer agent. Rules 17Ad-2 through 17Ad-13 maintained.
Bank Secrecy Act / AML	CIP, AML program, SAR/CTR filings through Empire. Chainalysis and TRM Labs monitoring.
OFAC Sanctions	Real-time SDN screening via Controls 8–10.
Rule 144 / Reg S Holding Periods	On-chain enforcement via Transfer Hook Control 24. No administrative override.
Wyoming Digital Asset Statute — W.S. 34-29-101 et seq.	Each ST22 registered as a Digital Security with the Wyoming Secretary of State, providing state-law recognition of transfers as legally effective.
UCC Article 8	Each ST22 transfer produces an effective entitlement order under UCC §8-102(a)(8) through the four-step Transfer Hook notification sequence to Empire.

IV. The Two Positions Requested

Position 1: Empire Stock Transfer as Qualified Custodian Under Reg D and Reg S

The Company requests confirmation that Empire Stock Transfer, an SEC-registered transfer agent under Exchange Act Section 17A, satisfies the "qualified custodian" requirement for Digital Securities under Exchange Act Rule 15c3-3 and Investment Advisers Act Rule 206(4)-2. Empire holds Series M Preferred Shares under an irrevocable custody arrangement with per-block cryptographic attestation. This structure is consistent with the custody integrity standards of Rules 15c3-3 and 206(4)-2 and the Commission's Category 1 Model B framework.

Relief Requested:

Staff confirmation, under Exchange Act Rule 15c3-3 and Investment Advisers Act Rule 206(4)-2, that Empire Stock Transfer's role as SEC-registered transfer agent and custodian of underlying Series M Preferred Shares constitutes qualified custody for Digital Securities issued under Reg D and Reg S, consistent with Exchange Act Section 17A and the January 28, 2026 Joint Staff Statement.

Position 2: CEDEX Does Not Constitute a National Securities Exchange or ATS

The Company requests confirmation that CEDEX does not constitute (i) a national securities exchange under Exchange Act Section 6, or (ii) an alternative trading system under Regulation ATS (17 CFR Part 242). Five structural characteristics distinguish CEDEX from both definitions:

Basis

Analysis

Closed participant pool	Access requires individual verification, approval, and registration by Empire Stock Transfer under Reg D or Reg S. Transfer Hook Control 15 enforces this at the token primitive — transfers to non-registered wallets revert automatically.
Issuer-contracted scope	CEDEX handles only ST22 Digital Securities from issuers who have individually contracted with OTCM Protocol. It does not aggregate orders across unaffiliated issuers.
No multilateral order matching	CEDEX prices trades through a CPMM ($x * y = k$) against a protocol-owned pool. OTCM Protocol does not match orders, exercise pricing discretion, or act as counterparty. No order book exists.
No self-regulatory functions	OTCM Protocol does not discipline members, promulgate trading rules, or conduct surveillance. The 42 Transfer Hook controls execute as on-chain program logic under the issuer's board authorization and Certificate of Designation.
Transfer agent analogy	CEDEX functions as a transfer agent's secondary transfer mechanism operating through a blockchain notification architecture — the model the January 28, 2026 Joint Staff Statement describes under Category 1 Model B.

Relief Requested:

Staff no-action confirmation that CEDEX does not constitute a national securities exchange under Exchange Act Section 6 or an alternative trading system under Regulation ATS, on the basis that CEDEX operates as a closed-participant, issuer-contracted, programmatic compliance platform rather than a marketplace within the meaning of Exchange Act Section 3(a)(1) or Regulation ATS Rule 300(a). In the alternative, the Company requests guidance on the process for registering CEDEX as an ATS.

V. Legal Analysis

A. Technology-Neutral Principle

The January 28, 2026 Joint Staff Statement affirms: "The format in which a security is issued or the methods by which holders are recorded does not affect application of the federal securities laws." Each ST22 Digital Security is a security subject to the Securities Act of 1933 and the Exchange Act of 1934 regardless of its blockchain representation. The 42 Transfer Hook controls enforce the investor protection requirements of those statutes on every transfer.

B. Empire Stock Transfer Under Exchange Act Section 17A

Empire Stock Transfer is registered under Section 17A and subject to all applicable SEC examination and recordkeeping requirements under Rules 17Ad-2 through 17Ad-13.

Empire holds Series M Preferred Shares under an irrevocable tripartite custody agreement and maintains the authoritative Master Securityholder File. Per-block cryptographic attestation provides a continuous and verifiable custody record consistent with Section 17A's objective of accurate securityholder recordkeeping.

C. UCC Article 8 Compliance

The January 28, 2026 Joint Staff Statement (footnote 5) assumes that tokenized security transfers comply with UCC Article 8, including effective entitlement orders. Each ST22 transfer on CEDEX produces an effective entitlement order under UCC §8-102(a)(8) through a four-step sequence:

- The 42 Transfer Hook controls verify that the transfer satisfies all applicable investor protection requirements.
- Upon successful verification, the on-chain transfer executes and Solana Mainnet-Beta records it permanently.
- The custody oracle simultaneously notifies Empire's systems to update the off-chain Master Securityholder File.
- Empire's update constitutes the transfer of record, completing the entitlement order.

Wyoming's Digital Asset Statute (W.S. 34-29-101 et seq.) reinforces this framework at the state law level.

VI. Prior SEC Engagement

On January 3, 2026, the Company submitted a written communication to Chairman Paul S. Atkins titled "OTCM Protocol — Roadmap for Tokenized Securities on the Solana Ecosystem." That submission argued that SEC-registered transfer agents can serve as effective custodians for tokenized securities and that public permissionless blockchains are compatible with compliant tokenization when paired with appropriate custody and compliance controls.

This no-action request supplements that submission. The January 28, 2026 Joint Staff Statement and SEC Release No. 33-11412 — both issued after the January 2026 Submission — validated the Company's architecture and established the regulatory framework this request applies to the two positions requiring staff confirmation.

VII. Conditions and Representations

The Company represents as follows:

- All ST22 primary offerings are conducted under Reg D (U.S. accredited investors) and Reg S (non-U.S. investors), as applicable.
- Empire Stock Transfer has executed the tripartite custody agreement described herein. Patrick Mokros, President of Empire Stock Transfer, is available to provide independent confirmation to Commission staff upon request.
- No ST22 tokens are issued to an investor until Empire has completed KYC, KYB, AML, OFAC/SDN screening, and wallet verification, and has registered the investor's wallet in the Master Securityholder File.

- The 42 Transfer Hook controls are deployed as a fixed on-chain program and cannot be modified, suspended, or bypassed by OTCM Protocol or any other party.
- Empire Stock Transfer publishes Ed25519-signed custody attestations on every Solana block. Transfer Hook Control 1 verifies attestation integrity on every transfer.
- The Transfer Hook program is deployed on Solana Mainnet-Beta. The program ID and on-chain verification data will be provided to Commission staff or their technical consultants upon request.
- The Company will maintain all reporting obligations under the Securities Exchange Act of 1934, including Form 10-K and Form 10-Q.
- The Company will promptly supplement this request in the event of any material change to the facts described herein.

VIII. Proposed Ongoing Reporting Framework

The Company proposes the following reporting obligations as conditions of any no-action relief granted. All reports will be filed as Form 8-K exhibits through EDGAR:

- Quarterly Activity Report: Active ST22 mints; aggregate CEDEX trading volume; Transfer Hook control execution count; oracle attestation failures or custody discrepancy events, if any; Transfer Hook program upgrades, if any.
- Quarterly Investor Registry Report: Total Empire-verified investor wallet count; KYC/KYB renewals; OFAC/SDN screening events; Reg D and Reg S investor breakdown.
- Quarterly Issuer Onboarding Report: Issuers completing onboarding; Certificates of Designation filed; Tripartite Agreements executed; Series M shares placed in Empire custody.
- Material Change Notice: Written notice to Commission staff within ten (10) business days of any material change to the facts described herein.
- Annual Technical Audit: Third-party audit confirming the 42 Transfer Hook controls remain deployed and unmodified; audit results provided to Commission staff.

IX. Conclusion

For the reasons stated herein, the Company requests that Commission staff confirm the two positions described in Section IV. The Company and its counsel are available to discuss any aspect of this request at staff's convenience.

Respectfully submitted,

Jeffrey D. Turner
Chief Legal Officer
Groovy Company, Inc. dba OTCM Protocol
JDT Legal
legal@otcm.io

Patrick Mokros
Chief Operating Officer

Groovy Company, Inc. dba OTCM Protocol
President, Empire Stock Transfer
patrick@otcm.io

Frank Yglesias

Chief Technology Officer
Groovy Company, Inc. dba OTCM Protocol
frank@otcm.io

Berj Abajian

Chief Executive Officer
Groovy Company, Inc. dba OTCM Protocol
12 Daniel Road East, Fairfield, NJ 07004

cc:

- SEC Division of Corporation Finance — Crypto Task Force
- SEC Division of Investment Management — Crypto Task Force
- John Morgan, VP Issuer Services, Groovy Company, Inc. dba OTCM Protocol

CERTIFICATE OF ACCURACY

The undersigned certify that the representations of fact herein are true, correct, and complete to the best of their knowledge and belief. The legal analysis reflects a good-faith application of applicable statutes, rules, and guidance. This submission does not constitute legal advice to the Commission.

OTCM PROTOCOL

Technical Appendices — A through F ST22 Digital Securities Platform

Appendix A 42 SPL Token-2022 Transfer Hook Security Controls — Complete Specification

Appendix B Nine-Layer Platform Architecture — Stack, Data Flow, and Security Properties

Appendix C Complete Transfer Transaction Lifecycle — Step-by-Step with Error Codes

Appendix D Empire Stock Transfer Custody Architecture — Tripartite Structure, Protective Conversion, Oracle

Appendix E ST22 Issuance Onboarding Process — Nine-Stage Sequence and Legal Instruments

Appendix F Glossary of Defined Terms

Groovy Company, Inc. dba OTCM Protocol | frank@otcm.io | otcm.io | CIK: 1499275

Prepared for the SEC Crypto Task Force — March 30, 2026

For informational purposes only. Not an offer to sell securities.

Technical Appendix A

ST22 Digital Securities — SPL Token-2022 Transfer Hook Security Controls

Every ST22 transfer invokes all 42 controls via Cross-Program Invocation (CPI). Any single failure causes atomic rollback. The controls are immutable — the SPL Token-2022 standard prevents modification or removal after mint creation.

Immutability

All 42 Transfer Hook controls are deployed as a fixed on-chain program on Solana Mainnet-Beta. Once attached at mint creation, the hook cannot be removed or modified — this is a property of the SPL Token-2022 standard. Protocol governance authority extends only to adjustable parameters within hard-coded program bounds.

Control	Name	Regulatory Basis	Function	Error
Category 1 — Custody & Asset Backing (9 controls)				
C-01	Custody Oracle Verification	Release 33-11412 — 1:1 backing; Category 1 Model B attestation	Verifies circulating ST22 supply \leq Empire-custodied Series M share count via Ed25519-signed oracle (~400ms). Any discrepancy halts all transfers.	6001
C-02	Secondary Oracle Cross-Check	Category 1 Model B — dual verification	OTCM internal node cross-references Empire oracle against on-chain supply. Discrepancy triggers circuit breaker.	6001
C-03	Tertiary Attestation Validation	Release 33-11412 — audit integrity	Validates quarterly third-party audit attestation on-chain. Flags stale audit data exceeding 95-day threshold.	6001
C-04	Supply Integrity Check	Exchange Act §17A — accurate securityholder records	Verifies total on-chain token supply matches Empire Master Securityholder File count. Rejects transfers creating supply inconsistency.	6001
C-05	Locked Balance Verification	Rule 144 — restricted securities accounting	Excludes tokens under active holding-period locks from transferable balance. Prevents Rule 144 circumvention via balance manipulation.	6005
C-06	Permanent Delegate Validation	Exchange Act §17A — custodian authority	Confirms Empire's permanent delegate designation is active and unmodified.	6001
C-07	Tripartite Agreement Status	Release 33-11412 — custody arrangement integrity	Verifies the issuer's tripartite custody agreement remains in good standing. Halts transfers if agreement is revoked.	6007
C-08	Custody Account Segregation	Exchange Act Rule 15c3-3 — customer protection	Confirms Series M shares remain in segregated custody account. Detects unauthorized commingling.	6001

C-09	CUSIP Binding Validation	Exchange Act — securities identification	Verifies the ST22 token's on-chain CUSIP binding matches the Empire Master Securityholder File entry.	6009
Category 2 — Sanctions & AML (7 controls)				
C-10	OFAC/SDN Sender Screening	OFAC Sanctions Programs — 31 CFR; BSA §5318	Real-time SDN check of sender wallet. Hourly list updates via Chainalysis. Fuzzy name matching + two-hop address cluster analysis.	6002
C-11	OFAC/SDN Recipient Screening	OFAC Sanctions Programs — 31 CFR	Real-time SDN check of recipient wallet. Same methodology as C-10. Both parties must clear.	6002
C-12	OFAC Prohibited Jurisdiction	OFAC Country Programs — 31 CFR	Screens wallet metadata for prohibited jurisdiction indicators. Rejects transfers involving jurisdictions subject to comprehensive OFAC sanctions.	6002
C-13	AML Risk Score — Sender	BSA / FinCEN 31 CFR §1010; Chainalysis KYT + TRM Labs	ML-based AML risk scoring of sender wallet: 0–30 approve / 31–70 enhanced review / 71–100 reject.	6003
C-14	AML Risk Score — Recipient	BSA / FinCEN — same as C-13	ML-based AML risk scoring of recipient wallet. Same scoring methodology as C-13.	6003
C-15	Transaction Pattern Analysis	BSA §5318(g) — suspicious activity detection	Analyzes transaction flow for indicators of layering or placement. Monitors velocity relative to historical wallet behavior.	6003
C-16	Blacklisted Wallet Gate	BSA — prohibited person enforcement; OFAC enforcement	Hard block on wallets on the OTCM blacklist: Empire-flagged wallets, court-ordered freezes, and CLO-authorized blocks.	6002
Category 3 — Investor Eligibility (8 controls)				
C-17	Accreditation Verification	Securities Act Rule 501 — accredited investor; Reg D	Verifies recipient is registered as accredited investor in Empire Master Securityholder File.	6004
C-18	KYC Status — Individual	BSA — Customer Identification Program; Reg D §506(c)	Verifies recipient has completed Empire individual KYC. Rejects transfers where KYC is expired or pending.	6004
C-19	KYB Status — Entity Investor	BSA — Customer Due Diligence; Reg D §506(c)	For entity investors: verifies KYB (formation documents, UBO, signatory verification).	6004
C-20	Wallet Whitelist Gate	Release 33-11412 — verified holder registry; Category 1 Model B	Primary wallet authorization gate. Only Empire-registered, fully verified wallet addresses may receive ST22 tokens. No exceptions.	6004

C-21	Accreditation Expiry Check	SEC Rule 506(c) — ongoing verification obligation	Verifies accreditation certification has not expired. Empire certifications valid 90 days.	6004
C-22	Re-Verification Trigger	Reg D — ongoing compliance; BSA — periodic review	Flags wallets due for periodic re-verification. Prevents transfers pending completion.	6004
C-23	Entity UBO Verification	FinCEN CDD Rule — beneficial ownership; BSA §5318	Confirms UBO identification is current and no UBO has been added to OFAC or AML watch lists.	6004
C-24	Rule 144 / Reg S Holding Period	Rule 144 — 6-month US; Reg S Rules 901–905 — 12-month non-US	Enforces holding periods at token primitive. 6-month: U.S. accredited investors (Rule 144). 12-month: non-U.S. investors (Reg S). No override.	6024

Category 4 — Market Integrity & Circuit Breakers (9 controls)

C-25	TWAP Price Impact Limit	Exchange Act Rule 10b-5 — anti-manipulation	Rejects transactions exceeding 2% deviation from 30-minute TWAP.	6006
C-26	Circuit Breaker — Price Drop	Exchange Act — market stability; Rule 10b-5	24-hour trading halt when price drops 30%+ from reference point. Cooldown: 86,400 seconds.	6006
C-27	Wallet Concentration Limit	Exchange Act Rule 10b-5; Exchange Act §9	No single wallet may hold more than 4.99% of total circulating ST22 supply.	6007
C-28	Volume Spike Detection	Exchange Act §9 — wash trading prohibition; Rule 10b-5	Flags transactions where volume exceeds 100x rolling 24-hour average.	6008
C-29	Velocity Limit — Per Wallet	Exchange Act Rule 10b-5 — anti-manipulation	Limits transfers a single wallet can execute within a defined time window.	6008
C-30	Cooldown Period Enforcement	Exchange Act — market stability	Enforces minimum time between sequential transfers from the same wallet.	6008
C-31	MEV / Front-Running Protection	Exchange Act Rule 10b-5 — fair and orderly markets	Jito bundle integration prevents front-running and sandwich attacks.	6008
C-32	Flash Loan Detection	Exchange Act §9 — market manipulation prohibition	Monitors for single-block volume patterns indicative of flash loan attacks (>100x average).	6008
C-33	Anti-Bot Pattern Analysis	Exchange Act Rule 10b-5 — fair and orderly markets	Multi-layer pattern analysis identifies automated trading signatures. Restricts identified bot wallets.	6008

Category 5 — Authorization & Governance (5 controls)

C-34	Multi-Sig Validation	Exchange Act — governance integrity; Release 33-11412	Validates that admin operations have required multi-sig: 3-of-5 (parameters) or 5-of-9 (program upgrades).	6009
C-35	Timelock Enforcement	Exchange Act — material change governance	Enforces 24-hour timelock on any program upgrade or material parameter change.	6009
C-36	Role-Based Access Control	Exchange Act — segregation of duties	Validates actions are performed only by wallets authorized for the specific role.	6009
C-37	CLO Regulatory Freeze	Exchange Act Rule 17f — regulatory cooperation	CLO-authorized + 3-of-5 multi-sig emergency freeze of all transfers for a specific ST22 mint.	6042
C-38	Admin Action Logging	Exchange Act §17A — recordkeeping; Rules 17Ad-6, 17Ad-7	All admin actions emit on-chain events with timestamp, actor identity, and parameters. Immutable audit trail.	—
Category 6 — Mathematical Safety & Configuration (4 controls)				
C-39	Integer Overflow Protection	Release 33-11412 — technical integrity	All arithmetic uses Rust checked_add / checked_mul. Overflow causes immediate rejection.	6010
C-40	Precision & Rounding Rules	Exchange Act — accurate recordkeeping	Basis points (10,000 = 100%) for all percentage calculations. Consistent rounding rules at program level.	6010
C-41	Parameter Bounds Enforcement	Release 33-11412 — configuration integrity	All configurable parameters bounded by hard-coded min/max values in the program. No party can configure values outside these bounds.	6010
C-42	Oracle Staleness Check	Release 33-11412 — continuous custody attestation	Rejects transfers where Empire custody attestation is older than 600ms (1.5 Solana block times).	6001

Regulatory Compliance Mapping

Regulatory Obligation	Controls	Authority
1:1 custody attestation	C-01 through C-09	Release No. 33-11412; Category 1 Model B, January 28, 2026 Joint Staff Statement
OFAC/SDN screening	C-10, C-11, C-12	OFAC Sanctions Programs — 31 CFR Parts 510, 515, 542, 560, 589
AML transaction monitoring	C-13, C-14, C-15	Bank Secrecy Act, 31 U.S.C. §5311; FinCEN CDD Rule, 31 CFR Part 1010
Blacklist / prohibited person enforcement	C-16	BSA; OFAC enforcement; CLO authority

Accredited investor verification — Reg D	C-17 through C-23	Securities Act Rule 506(c); Securities Act Rule 501
Rule 144 six-month holding period — U.S. investors	C-24 (Rule 144 flag)	Rule 144, 17 CFR §230.144
Reg S twelve-month holding period — non-U.S. investors	C-24 (Reg S flag)	Regulation S Rules 901–905, 17 CFR §§230.901–905
Anti-manipulation — market integrity	C-25 through C-33	Exchange Act §9; Rule 10b-5, 17 CFR §240.10b-5
Wallet concentration / beneficial ownership	C-27	Exchange Act Rule 13d-3; Rule 10b-5
Governance integrity — multi-sig + timelock	C-34, C-35, C-36	Exchange Act — material change governance; Release No. 33-11412
Regulatory freeze — SEC enforcement cooperation	C-37	Exchange Act Rule 17f; SEC enforcement authority
Immutable audit trail — recordkeeping	C-38	Exchange Act §17A; Rules 17Ad-6, 17Ad-7, 17Ad-10
Technical integrity — overflow / precision	C-39, C-40, C-41	Release No. 33-11412 — technical integrity
Oracle staleness — continuous custody verification	C-42	Release No. 33-11412 — continuous 1:1 attestation; Category 1 Model B

Technical Appendix B

ST22 Digital Securities — Nine-Layer Platform Architecture

OTCM Protocol is a nine-layer infrastructure stack. Compliance enforcement occurs at Layer 2, the lowest programmable layer — no higher-layer component can bypass the 42 Transfer Hook controls. Layer 6 (Oracle Network) feeds Layer 2 directly, not through the trading layer.

Critical Architecture Principle

Layer 6 (Oracle Network) feeds Layer 2 (Security Enforcement) directly — not through Layer 5 (CEDEX) or any application layer. No change to any layer above Layer 2 can disable, alter, or circumvent the 42 Transfer Hook controls.

Layer	Name	Function	Regulatory Relevance	Key Components
1	Solana Foundation	Base blockchain providing consensus, transaction finality, and the authoritative immutable settlement record for every ST22 transfer.	Release No. 33-11412 — record of ownership on a crypto network. January 28, 2026 Joint Staff Statement — blockchain as notification layer (Model B).	Solana Mainnet-Beta. ~400ms slot times. 65,000+ TPS. Proof of History + Tower BFT consensus.
2	Security Enforcement	42 SPL Token-2022 Transfer Hook controls enforced atomically on every ST22 transfer via CPI. Any failure causes immediate atomic rollback. Immutable — cannot be modified or bypassed by any party.	Primary enforcement layer for: §17A (custody), OFAC (C-10–12), BSA/AML (C-13–16), Reg D / Reg S (C-17–24), Rule 10b-5 (C-25–33), Rule 15c3-3 (C-01–09). See Appendix A.	42 Transfer Hook controls in six categories. Rust / Anchor framework. Layer 6 feeds Layer 2 directly — not through Layer 5 or any application layer.
3	Global Unified CEDEX Liquidity Pool	Protocol-owned liquidity pool for all ST22 secondary trading. LP tokens burned at initialization — withdrawal is not possible. Funded by OTCM Protocol Solana	Supports CEDEX non-ATS characterization: pool is protocol-owned, not aggregated from independent market makers. CPMM formula ($x * y = k$) — no operator discretion.	Single global pool. LP tokens permanently burned. 5% transaction fee: 0.44% per trade

		Treasury and OTCM Staking Pool.		routes permanently to pool. No per-issuer pools.
4	Custom AMM Engine	Proprietary CPMM ($x * y = k$) built specifically to support SPL Token-2022 Transfer Hook enforcement. All major external DEXs (Raydium, Orca, Jupiter, Meteora) bypass Transfer Hooks — disabling all 42 controls at point of trade.	Supports Position 2 (non-ATS): no multilateral order book, no operator pricing discretion. CPMM formula is mathematical — OTCM Protocol exercises no discretion over pricing or routing.	Constant Product Market Maker: $x * y = k$. Operates against Layer 3 pool exclusively. No external DEX routing — external DEXs disable Transfer Hook extensions on swap.
5	CEDEX	Exclusive secondary market venue for ST22 Digital Securities. Dual-layer: centralized OMS for pre-flight verification; decentralized Solana on-chain settlement invoking Transfer Hook.	Subject of Position 2 in no-action request. Closed-participant, issuer-contracted, programmatic compliance platform. Transfer Hook Control 20 enforces eligibility at token primitive.	Centralized OMS: pre-flight verification, order queuing, web/mobile UI. On-chain settlement: Transfer Hook invocation, permanent record. Empire-verified registered wallets only.
6	Oracle Network	Real-time data feed layer supplying Layer 2 Transfer Hook controls with custody attestation, sanctions data, AML scores, price data, and EDGAR issuer information. Feeds Layer 2 directly — not through Layer 5.	Directly supports Position 1: Empire custody oracle provides continuous 1:1 attestation per Release No. 33-11412 and Category 1 Model B. OFAC oracle supports Controls 10–12. AML oracle supports BSA monitoring.	Empire Custody Oracle: Ed25519-signed attestation every ~400ms. OFAC/SDN Oracle: hourly via

				Chainalysis. AML Oracle: Chainalysis KYT + TRM Labs real-time. TWAP: Pyth / Switchboard. EDGAR: daily.
7	Protocol Governance	On-chain governance for protocol parameter updates and program upgrades. 48-hour timelock on all changes. 42 Transfer Hook controls are immutable — protocol governance cannot weaken investor protections.	Relevant to Controls C-34 (multi-sig), C-35 (timelock), C-36 (RBAC). The immutability of the 42 controls from any governance action is a material representation in the no-action letter Representations section.	Parameter changes: 3-of-5 multi-sig + 48-hour timelock. Program upgrades: 5-of-9 multi-sig. No governance action can alter the existence, logic, or enforcement of any of the 42 Transfer Hook controls.
8	Wallet Infrastructure	iOS and Android wallet applications. KYC and AML enforced at wallet activation. All operations route through Layer 2 Transfer Hook enforcement on-chain. Hardware wallet support for institutional investors.	Wallet activation gate: Empire KYC/KYB/AML/OFAC/Wallet Verification required before registration in Master Securityholder File. Supports investor eligibility representations in no-action letter.	iOS and Android native apps. Activation: Empire verification required. Hardware wallet support: Ledger, Trezor. All transfers invoke Layer 2 Transfer Hook. Balances reflect C-24 lock status.
9	Predictive AI Module	AI-driven issuer identification and scoring engine. EDGAR NLP pipeline processes	Not a subject of the no-action request. Does not interact with Layer 2 (Transfer Hook), Layer 6 (Oracle), or investor	EDGAR NLP: 10-K, 10-Q, 8-K processing.

	~15,000 OTC companies to generate IDOS scores. Powers the issuer acquisition pipeline feeding CEDEX.	verification functions. EDGAR inputs are public filings only.	IDOS scoring: XGBoost v2.x. Daily refresh. Launch Timing Optimization Engine (LTOE). Output: ranked issuer acquisition pipeline.
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Cross-Layer Data Flow

Direction	Path	Description	Authority
Downward	Layer 8/5 → Layer 4 → Layer 2 → Layer 1	Transfer request flows down through CEDEX (L5), AMM pricing (L4), Transfer Hook enforcement (L2 drawing real-time data from L6), to Solana settlement (L1).	Release No. 33-11412; Category 1 Model B
Oracle feed (lateral)	Layer 6 → Layer 2 (direct)	Empire custody oracle, OFAC/SDN data, AML scores, and TWAP prices feed Layer 2 Transfer Hook decision logic directly — not routed through CEDEX (L5) or any application layer.	Category 1 Model B — custody independent of trading venue
Upward	Layer 1 → Layer 2 → Layer 5/8	Settlement confirmation propagates upward from Solana (L1) through L2 compliance acknowledgment into CEDEX order book (L5) and wallet balance (L8). Layer 2 simultaneously notifies Empire to update Master Securityholder File.	Exchange Act §17A; UCC §8-102(a)(8)
Governance	Layer 7 → Layer 2/3/4	Protocol governance-approved parameter changes write to L2, L3, L4 config via 48-hour timelock and multi-sig. No governance action can alter the 42 control logic.	Controls C-34, C-35, C-36
AI pipeline	Layer 9 → Layer 5	IDOS scores populate the issuer onboarding pipeline. L9 does not interact with L2 or L6.	Internal — not subject of no-action request

Technical Appendix C

ST22 Digital Securities — Complete Transfer Transaction Lifecycle

Traces a single ST22 token transfer from initiation through completion of the UCC Article 8 entitlement order at Empire Stock Transfer. Steps 4a through 4e are the 42 Transfer Hook control execution sequence. Steps 5-FAIL and 5-PASS are mutually exclusive outcomes.

Step	Actor / Layer	Action	Output	Regulatory Reference
1	Investor (Layer 8)	Initiates ST22 transfer via wallet application or CEDEX interface.	Transfer instruction submitted to Solana mempool	—
2	CEDEX — OMS (Layer 5)	Pre-flight compliance check: confirms participant is in Master Securityholder File, queues for on-chain execution.	Order queued for on-chain execution	Category 1 Model B
3	SPL Token-2022 (Layer 1)	Token-2022 program receives transfer instruction. Invokes Transfer Hook via mandatory CPI. Transfer cannot proceed without successful hook execution.	CPI invocation dispatched to Transfer Hook program	SPL Token-2022 Transfer Hook
4a	Transfer Hook — Layer 2 (Custody)	Controls C-01 through C-09 execute: oracle staleness check, supply integrity, CUSIP binding, Empire permanent delegate status, tripartite agreement status.	Pass or reject with Error 6001	Release No. 33-11412; Rule 15c3-3
4b	Transfer Hook — Layer 2 (Sanctions / AML)	Controls C-10 through C-16 execute: OFAC/SDN screening of sender and recipient (drawing live data from Layer 6 Oracle), AML risk scoring via Chainalysis KYT and TRM Labs, blacklist gate.	Pass or reject with Error 6002/6003	OFAC Sanctions Programs; BSA §5318
4c	Transfer Hook — Layer 2 (Eligibility)	Controls C-17 through C-24 execute: accreditation status, KYC/KYB verification, wallet whitelist gate, expiry check, Rule 144 / Reg S holding period enforcement.	Pass or reject with Error 6004/6024	Reg D Rule 506(c); Rule 144; Reg S Rules 901–905
4d	Transfer Hook — Layer 2 (Market Integrity)	Controls C-25 through C-33 execute: TWAP price impact, circuit breaker status, wallet concentration projection, volume spike, velocity, MEV protection, flash loan detection, anti-bot.	Pass or reject with Error 6006/6007/6008	Exchange Act §9; Rule 10b-5
4e	Transfer Hook — Layer 2 (Governance / Safety)	Controls C-34 through C-42 execute: multi-sig validation, timelock check, RBAC, admin logging, overflow	Pass or reject with Error 6009/6010/6042	Exchange Act §17A; Release

		protection, oracle staleness final check.		No. 33-11412
5 — FAIL	Transfer Hook (Layer 2)	Any single control failure causes atomic reversion. No partial state changes occur.	Transaction rejected. Error code emitted on-chain. No transfer recorded.	Atomic rollback — full investor protection
5 — PASS	Solana (Layer 1)	All 42 controls pass. Transfer Hook returns success. Token-2022 executes transfer, permanently recorded on Solana Mainnet-Beta.	ST22 tokens credited to recipient. Transfer permanently recorded on-chain.	Release No. 33-11412 — on-chain record
6	Oracle Network (Layer 6)	Custody oracle transmits notification to Empire Stock Transfer's systems confirming the transfer has executed on-chain.	Empire notified within ~400ms	Category 1 Model B — blockchain as notification layer
7	Empire Stock Transfer	Updates off-chain Master Securityholder File. Constitutes the transfer of record. UCC §8-102(a)(8) entitlement order completes.	Master Securityholder File updated. Transfer of record complete. UCC Article 8 entitlement order completed.	Exchange Act §17A; UCC §8-102(a)(8); Category 1 Model B
8	CEDEX / Wallet (Layer 5/8)	CEDEX order book updated. Wallet balances updated. Holding period lock (if applicable) begins recording from this transfer timestamp.	Updated balance displayed. New holding period recorded if applicable (Control C-24).	Rule 144; Reg S — holding period starts at transfer

Transfer Hook Error Codes

Error Code	Control(s)	Meaning
6001	C-01 through C-09, C-42	Custody verification failure — circulating supply / Empire custody discrepancy, or oracle staleness
6002	C-10, C-11, C-12, C-16	OFAC/SDN match — sender or recipient wallet matched to SDN list or prohibited jurisdiction, or blacklisted
6003	C-13, C-14, C-15	AML risk threshold exceeded — sender or recipient wallet AML score ≥ 71 / suspicious pattern detected
6004	C-17 through C-23	Investor eligibility failure — accreditation expired, KYC/KYB incomplete, wallet not in Empire registry

6005	C-05	Locked balance — source wallet attempting to transfer tokens subject to active holding-period lock
6006	C-25, C-26	Price impact / circuit breaker — trade would move price >2% from TWAP, or circuit breaker is active
6007	C-07, C-27	Tripartite agreement revoked, or post-transfer wallet balance would exceed 4.99% concentration limit
6008	C-28 through C-33	Market integrity failure — volume spike, velocity limit, cooldown period, MEV pattern, flash loan, or bot detection
6009	C-09, C-34, C-35, C-36	Authorization failure — CUSIP mismatch, multi-sig not satisfied, timelock not elapsed, or RBAC violation
6010	C-39, C-40, C-41	Mathematical safety failure — overflow detected, precision violation, or parameter out of bounds
6024	C-24	Holding period lock — Rule 144 six-month (U.S.) or Reg S twelve-month (non-U.S.) period not yet elapsed
6042	C-37	CLO regulatory freeze active — all transfers for this ST22 mint suspended pursuant to multi-sig authorization

Technical Appendix D

ST22 Digital Securities — Empire Stock Transfer Custody Architecture

Describes the Series M Preferred Share custody structure, Protective Conversion Triggers, and the 1:1 attestation oracle. This appendix directly supports Position 1 of the no-action request.

A. Tripartite Custody Structure

Element	Description / Legal Effect
Tripartite Agreement Parties	Issuer, OTCM Protocol, and Empire Stock Transfer. All three parties execute simultaneously as a condition of ST22 token minting. No unilateral amendment is permitted.
Irrevocability	Series M Preferred Shares deposited with Empire cannot be withdrawn, pledged, hypothecated, or transferred by any party absent a Protective Conversion Trigger event.
Series M Share Characteristics	Non-voting. Non-dividend. Non-redeemable except upon Protective Conversion Trigger. Issued specifically for tokenization. CUSIP assigned at issuance.
Empire's Role	SEC-registered transfer agent under Exchange Act Section 17A. Maintains the authoritative Master Securityholder File. Sole investor onboarding authority: KYC, KYB (including UBO), AML, OFAC/SDN, and Wallet Verification. Annual SEC examination. FINRA member.
1:1 Backing Ratio	Total circulating ST22 tokens must at all times equal the number of Series M Preferred Shares held in Empire custody for that issuer. Verified on every Solana block (~400ms) and enforced by Transfer Hook Control C-01 on every transfer.
Master Securityholder File	Empire's off-chain authoritative record of all ST22 token holders, wallet addresses, and Series M share entitlements. Updated within ~400ms of every on-chain ST22 transfer via oracle notification. This file — not the blockchain — constitutes the official record of beneficial ownership under Category 1 Model B.
Direct Beneficial Ownership	Each ST22 token represents a direct 1:1 beneficial interest in one Series M Preferred Share. No entitlement structure, no intermediary counterparty. Token holder's interest is not contingent on Empire's creditworthiness.

B. Protective Conversion Triggers

Series M Preferred Shares include automatic conversion provisions protecting ST22 token holders in the following adverse scenarios. Conversion is automatic upon the triggering event and requires no action by the token holder.

Trigger Event	Legal Effect	Transfer Hook Response	Investor Protection
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Issuer bankruptcy / insolvency	Series M shares automatically convert to common shares of the issuer	C-07 halts new transfers; C-37 activates pending conversion	Token holders retain equity participation as common shareholders — not general creditors
SEC enforcement action against issuer	Automatic conversion to common shares; CLO notified immediately	Control C-37 (CLO regulatory freeze) activates; all ST22 transfers suspended	Prevents new transfers during enforcement — preserves holder rights
Criminal indictment of executive officers	Automatic conversion to common shares	Control C-07 (tripartite agreement status) blocks new transfers	Isolates security from management misconduct
Loss of Empire TA services	Issuer must appoint replacement SEC-registered TA within 30 days; absent replacement, conversion triggered	Controls C-06 and C-01 flag degraded status	Continuity of custody and securityholder recordkeeping is mandatory
Material breach of tripartite agreement	OTCM Protocol and Empire may jointly declare a conversion event	Control C-07 halts all transfers pending resolution	Prevents continued trading absent compliant custody arrangement

C. 1:1 Attestation Oracle — Technical Specification

Empire Stock Transfer operates a continuous custody oracle that publishes cryptographically signed attestations of the 1:1 backing ratio on every Solana block.

Parameter	Specification	Regulatory Basis
Attestation frequency	Every Solana block — approximately every 400 milliseconds	Release No. 33-11412 — continuous 1:1 attestation requirement
Cryptographic signature	Ed25519 — Empire's private key; verified on-chain by Transfer Hook Control C-01	Cryptographic integrity of attestation
Staleness threshold	600 milliseconds (1.5 Solana block times) — Control C-42 rejects stale attestations	Release No. 33-11412; Transfer Hook Control 42
Attestation content	Custodied Series M share count, timestamp, issuer mint address, Empire signature	Category 1 Model B — custody notification to transfer agent
Discrepancy response	Any variance between attested share count and on-chain token supply triggers circuit breaker and complete transfer suspension across all affected mints	Rule 15c3-3 — customer protection; Transfer Hook Control C-01

Redundancy	Secondary oracle cross-check via OTCM internal node (Control C-02); tertiary quarterly audit attestation (Control C-03)	Multi-layer custody integrity; Release No. 33-11412
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Technical Appendix E

ST22 Digital Securities — Nine-Stage Issuer Onboarding Process

Documents the nine-stage onboarding sequence required before any ST22 token is minted and distributed. This process underlies CEDEX's characterization as an issuer-contracted venue — no security trades on CEDEX without completing all nine stages.

Stage	Action	Responsible Party / Legal Instrument	Output	Timing
1	Issuer Due Diligence	OTCM Protocol conducts due diligence: SEC reporting status, EDGAR history, litigation, executive background checks, OTC Markets standing.	OTCM Protocol. No external filing.	Issuer approved or declined.
2	Board Authorization	Issuer's board adopts a formal resolution authorizing Series M Preferred Share creation, the tripartite custody arrangement with Empire, and the tokenization of the Series M shares.	Issuer's corporate counsel. Board resolution (internal).	Executed board resolution.
3	Certificate of Designation	JDT Legal drafts the Certificate of Designation specifying Series M terms including irrevocable custody requirement, 1:1 tokenization ratio, and Protective Conversion Triggers. Filed with the Secretary of State of the issuer's jurisdiction of incorporation.	JDT Legal / issuer's counsel. Certificate of Designation filed with Secretary of State of issuer's state of incorporation.	Filed Certificate of Designation. Series M authorized.
4	Wyoming Digital Security Registration	OTCM Protocol registers the ST22 as a Digital Security with the Wyoming Secretary of State under W.S. 34-29-101 et seq.	OTCM Protocol. Wyoming Secretary of State filing under W.S. 34-29-101.	Wyoming Digital Security registration accepted.
5	Tripartite Agreement Execution	Three-party agreement executed among issuer, OTCM Protocol, and Empire Stock Transfer. Governs custody, oracle notification, investor onboarding authority, and fee arrangements.	JDT Legal. Tripartite Agreement — signed by all three parties.	Executed Tripartite Agreement.
6	Empire Custody Setup & CUSIP Assignment	Empire Stock Transfer opens a dedicated Series M custody account. CUSIP assigned. Master Securityholder File initialized. Series M shares	Empire Stock Transfer. CUSIP Global Services.	Series M shares in Empire custody. CUSIP

		issued and deposited under irrevocable custody.		assigned. Oracle activated.
7	ST22 Token Minting	OTCM Protocol creates the SPL Token-2022 mint on Solana Mainnet-Beta with Transfer Hook extension pointing to the 42-control compliance program. SecurityConfig PDA initialized.	OTCM Protocol CTO. Solana Mainnet-Beta on-chain transaction.	ST22 mint deployed. Transfer Hook active. All 42 controls enforcing.
8	Reg D / Reg S Capital Raise	Empire opens investor onboarding. Investors complete KYC/KYB/AML/OFAC/Wallet Verification through Empire. OTCM Portal routes to Empire. Form D filed with EDGAR within 15 days of first sale.	Empire Stock Transfer (sole onboarding authority). ST22 issuer (Form D filer). EDGAR Form D filing.	Verified investors onboarded. ST22 tokens distributed. Holding periods begin. Issuer receives proceeds.
9	Secondary Market Activation	After holding periods expire (6 months Rule 144 / 12 months Reg S), investors may sell ST22 tokens on CEDEX against the Global Unified CEDEX Liquidity Pool.	CEDEX / OTCM Protocol. No additional filing required.	Secondary market live. All 42 Transfer Hook controls enforce on every trade.

Legal Instruments Produced

Filing / Instrument	Filed By / With	Purpose and Legal Effect
Board Resolution	Issuer — internal corporate record	Authorizes Series M Preferred Share creation and tokenization. Required precedent to Certificate of Designation.
Certificate of Designation	Issuer's counsel — filed with Secretary of State of issuer's state of incorporation	Creates the Series M Preferred Share class with Category 1 tokenization terms. Establishes irrevocability and Protective Conversion Triggers.
Wyoming Digital Security Registration	OTCM Protocol — filed with Wyoming Secretary of State under W.S. 34-29-101	Registers ST22 as a Digital Security under Wyoming Digital Asset Statute. Provides state-law recognition of token transfers as effective property transfers.
Tripartite Agreement	Issuer, OTCM Protocol, Empire Stock Transfer — executed among all three parties	Governs custody, oracle notification, investor onboarding, and fee arrangements. Irrevocable upon Series M share deposit.

CUSIP Assignment	Empire Stock Transfer — via CUSIP Global Services	Assigns unique identifier linking Series M shares to ST22 tokens. Verified on-chain by Transfer Hook Control C-09.
Form D	ST22 issuer — filed with SEC EDGAR within 15 days of first sale	Notice filing for Reg D offering. Annual amendments required. Filed by the issuer, not by OTCM Protocol.
ST22 Token Mint — on-chain transaction	OTCM Protocol CTO — Solana Mainnet-Beta	Creates SPL Token-2022 mint with Transfer Hook extension. Immutable once created. Activates all 42 controls.

Technical Appendix F

ST22 Digital Securities — Glossary of Defined Terms

Defines all technical, legal, and regulatory terms used in this submission package. Terms are listed alphabetically.

Term	Definition
1:1 Attestation Oracle	The Empire Stock Transfer cryptographic attestation mechanism that publishes an Ed25519-signed confirmation of the 1:1 ratio between circulating ST22 tokens and custodied Series M Preferred Shares on every Solana block (~400ms cadence). Verified on-chain by Transfer Hook Control C-01 on every transfer.
42 Transfer Hook Controls	The 42 security and compliance controls implemented in OTCM Protocol's SPL Token-2022 Transfer Hook program, enforced atomically on every ST22 token transfer via Cross-Program Invocation. Six categories: Custody & Asset Backing, Sanctions & AML, Investor Eligibility, Market Integrity & Circuit Breakers, Authorization & Governance, and Mathematical Safety & Configuration. Full specification: Appendix A.
Accredited Investor	An individual or entity meeting SEC criteria under Rule 501 of Regulation D. Individual thresholds: income exceeding \$200,000 (\$300,000 joint) or net worth exceeding \$1 million excluding primary residence, or holder of Series 7, 65, or 82 licenses. Accreditation verification performed exclusively by Empire Stock Transfer for all ST22 issuances.
Category 1 Model B	The tokenized securities classification in the January 28, 2026 Joint Staff Statement in which the issuing company directly sponsors the tokenization (Category 1) and the blockchain serves as a notification layer updating an authoritative off-chain securityholder record maintained by a regulated custodian (Model B).
CEDEX	Compliant Exchange for Digital Securities. OTCM Protocol's proprietary secondary market venue for ST22 Digital Securities. Closed-participant, issuer-contracted trading venue maintaining all 42 Transfer Hook controls on every trade. Pricing governed by CPMM formula ($x * y = k$). Subject of Position 2 in the no-action request.
Certificate of Designation	The legal instrument filed by an issuer with the Secretary of State of the issuer's jurisdiction of incorporation, authorizing the creation of Series M Preferred Shares. OTCM Protocol separately registers the ST22 as a Digital Security with the Wyoming Secretary of State under W.S. 34-29-101 et seq.
CPMM	Constant Product Market Maker. The automated market maker formula $x * y = k$ that governs pricing on CEDEX. OTCM Protocol exercises no discretion over pricing or routing. Price is determined solely by the mathematical relationship between pool reserves.
CPI	Cross-Program Invocation. The Solana mechanism by which the SPL Token-2022 program invokes the Transfer Hook program on every ST22 token transfer. This invocation is mandatory — if the Transfer Hook rejects the transfer, the entire transaction is atomically reverted.

CUSIP	Committee on Uniform Securities Identification Procedures number. A 9-character alphanumeric identifier assigned to each Series M Preferred Share issuance by CUSIP Global Services through Empire Stock Transfer. Binding verified on-chain by Transfer Hook Control C-09.
Digital Security (Wyoming)	A digital asset that constitutes a security under Wyoming statutes, as classified under Wyoming's Digital Asset Statute, W.S. 34-29-101 et seq. ST22 tokens are registered as Digital Securities with the Wyoming Secretary of State, providing state-law recognition of token transfers.
Digital Security (SEC)	As defined in SEC Release No. 33-11412: 'Financial instruments enumerated in the definition of 'security' that is formatted as or represented by a crypto asset, where the record of ownership is maintained in whole or in part on or through one or more crypto networks.' ST22 tokens satisfy all elements of this definition.
Empire Stock Transfer	The SEC-registered transfer agent (Exchange Act Section 17A) serving as qualified custodian and sole investor onboarding authority for all ST22 issuances. Maintains the authoritative Master Securityholder File. Performs KYC, KYB (including UBO identification), AML, OFAC/SDN screening, and Wallet Verification. Patrick Mokros serves as President.
Global Unified CEDEX Liquidity Pool	The single protocol-owned liquidity pool against which all ST22 tokens trade on CEDEX. LP tokens burned at initialization — withdrawal is not possible. Funded by OTCM Protocol Solana Treasury and OTCM Staking Pool.
IDOS	Issuer Distress and Opportunity Score. A proprietary composite score generated by the Layer 9 Predictive AI Module, rating the tokenization readiness of OTC microcap companies across EDGAR filing health, shareholder count, trading history, and corporate action indicators.
KYB	Know Your Business. Enhanced due diligence for entity investors: formation documents, UBO identification and verification, signatory verification, and AML/OFAC screening of the entity and its UBOs. Performed exclusively by Empire Stock Transfer.
KYC	Know Your Customer. Individual investor identity verification including identity, address, government ID review, and AML/OFAC screening. Performed exclusively by Empire Stock Transfer as a condition of wallet registration in the Master Securityholder File.
Master Securityholder File	Empire Stock Transfer's authoritative off-chain record of all ST22 token holders, their registered wallet addresses, and their corresponding Series M Preferred Share entitlements. Updated within ~400ms of every on-chain ST22 transfer via oracle notification. This file — not the blockchain — constitutes the official securityholder record under Category 1 Model B.
Protective Conversion Trigger	An automatic mechanism that converts Series M Preferred Shares into common shares of the issuing company upon: issuer bankruptcy, SEC enforcement action, criminal indictment of executive officers, loss of Empire TA services, or material breach of the tripartite agreement.
Reg D	Regulation D, 17 CFR Part 230, Rules 501–508. The exemption framework under which ST22 primary offerings are conducted for U.S. accredited investors (Rule 506(c)). Form D filed with SEC EDGAR within 15 days of first sale. Always paired with Reg S for non-U.S. investors.

Reg S	Regulation S, 17 CFR §§230.901–905. The exemption framework for non-U.S. investors in offshore transactions. Twelve-month distribution compliance period enforced on-chain by Transfer Hook Control C-24. Always paired with Reg D for U.S. investors.
Release No. 33-11412	SEC Release No. 33-11412, March 17, 2026 — the SEC–CFTC Joint Interpretation establishing the formal Digital Securities taxonomy. Defines Digital Securities as 'financial instruments enumerated in the definition of 'security' that is formatted as or represented by a crypto asset, where the record of ownership is maintained in whole or in part on or through one or more crypto networks.'
Series M Preferred Shares	Non-voting, non-dividend, non-redeemable preferred shares created by an issuing company through a Certificate of Designation filed with the Secretary of State of the issuer's jurisdiction of incorporation. Deposited irrevocably with Empire Stock Transfer. Each Series M share is backed 1:1 by one ST22 token.
SPL Token-2022	Solana's next-generation token program supporting Transfer Hook extensions that enable custom program execution on every token transfer. OTCM Protocol's ST22 tokens are implemented using SPL Token-2022.
ST22 Digital Security	A tokenized security issued on the OTCM Protocol platform. Each ST22 token represents a direct 1:1 beneficial interest in one Series M Preferred Share held in Empire custody. Classified as a Digital Security under SEC Release No. 33-11412 and under Wyoming Digital Asset Statute W.S. 34-29-101 et seq.
Transfer Hook	The SPL Token-2022 extension that invokes a custom compliance program on every token transfer via CPI. OTCM Protocol's Transfer Hook program implements all 42 security controls. The hook is attached at token mint creation and cannot be removed or modified thereafter.
Tripartite Agreement	The three-party agreement among the issuer, OTCM Protocol, and Empire Stock Transfer governing custody, oracle notification, investor onboarding authority, and fee arrangements. Required as a condition of token minting. Irrevocable upon Series M share deposit.
TWAP	Time-Weighted Average Price. The 30-minute rolling average price used as the reference point for Transfer Hook Control C-25 (price impact limit). Any single transaction exceeding 2% deviation from the TWAP is rejected.
W.S. 34-29-101 et seq.	Wyoming Digital Asset Statute. Provides state-law recognition of digital asset ownership, property rights, and transfers. Classifies digital assets as Digital Security (a digital asset constituting a security), Digital Consumer Asset (consumptive purpose), or Virtual Currency (medium of exchange / store of value). ST22 tokens are registered as Digital Securities with the Wyoming Secretary of State under this statute.