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VIA ELECTRONIC SUBMISSION
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Crypto Task Force
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-0213

Re: Comment Letter – Tokenization, Secondary Trading, and Structured Disclosure Compliance Frameworks

To the Members of the Crypto Task Force:

On behalf of GUARDD, I would like to thank the Commission and the Crypto Task Force for the opportunity to provide feedback on the important topics raised during the May 12, 2025 Tokenization Roundtable. We appreciate the leadership of Chair Atkins, Commissioner Peirce, and Commissioner Crenshaw in convening this dialogue and their thoughtful remarks exploring the future of tokenized securities and the regulatory infrastructure necessary to support innovation, compliance, and investor protection.

GUARDD is a technology platform that facilitates lawful secondary trading of exempt, unregistered, and unrestricted securities—including tokenized assets—by supporting issuer disclosures, state blue sky compliance, and broker-dealer readiness under existing frameworks. We serve issuers across Regulation A, Regulation Crowdfunding, and emerging digital asset markets, providing a structured disclosure model that enables cost-effective compliance with both federal and state obligations.

As policymakers consider how best to evolve regulatory treatment for tokenized securities, we respectfully submit this comment to: (1) highlight structural frictions in secondary trading for tokenized and exempt securities, (2) explain how GUARDD addresses these challenges within the current regulatory landscape, and (3) offer recommendations that support innovation while maintaining transparency and investor protections.

The Market Reality: Tokenization Without Infrastructure

The recent roundtable demonstrated a growing consensus that tokenization of traditional financial assets—whether in the form of digital representations or native blockchain

issuance—requires not only legal clarity, but also practical infrastructure. As Commissioner Hester Peirce noted in her remarks, "Tokenizing traditional assets and putting them on crypto networks makes them smarter... Crypto networks... serve as a portal to the networks of applications supported by these new internet-based protocols."[1] However, she rightly observed that tokenization cannot reach its full potential without legal certainty and clear operational standards.

Commissioner Caroline Crenshaw echoed this sentiment in asking: "What exactly are we trying to build?"[2] She questioned whether rebuilding core market functions like settlement and clearing on public blockchains would ultimately benefit investors, particularly when existing market structures already provide risk-mitigating features like netting, liquidity buffering, and compliance windows. Her caution reinforces the importance of distinguishing between technological experimentation and wholesale systemic transformation.

Chairman Paul Atkins framed the conversation with a compelling analogy: the migration of securities from "off-chain" to "on-chain" systems resembles the shift from analog audio formats to digital files—unlocking innovation and interoperability. [3] But as he acknowledged, this migration requires modernization of rules and processes that were not designed for blockchain-based issuance or trading.

Despite these challenges, the Commission is clearly signaling its intent to move toward a more rational, disclosure-based compliance model for digital assets. That transition must include a path for lawful, transparent, and scalable secondary trading of exempt securities, including those issued via Reg A, Reg CF, or tokenized equity frameworks. It is here that GUARDD can play a central role.

The Friction of Secondary Trading

One of the most persistent and underappreciated challenges facing tokenized securities is the inability to trade freely in secondary markets due to the continued application of state-level blue sky laws. While securities issued under Regulation A Tier 2 are granted state law preemption for primary offerings, secondary trading of these same securities is still subject to a patchwork of manual exemption regimes that vary state-by-state. The result is a fragmented and opaque system that places unnecessary burdens on issuers, investors, broker-dealers, and trading platforms.

This problem is not limited to Reg A issuers. Securities offered under Regulation Crowdfunding become freely transferable after a one-year holding period, but they too

[1] Commissioner Hester M. Peirce, *Getting Smart – Tokenization and the Creation of Networks for Smart Assets*, SEC Crypto Task Force Roundtable, May 12, 2025.
[2] Commissioner Caroline A. Crenshaw, *Tokenization: Our Field of Dreams?*, SEC Crypto Task Force Roundtable, May 12, 2025.
[3] Chairman Paul S. Atkins, *Keynote Address at the Crypto Task Force Roundtable on Tokenization*, May 12, 2025.

are subject to state laws for resale, despite being exempt from registration. In practice, issuers and platforms often discover these barriers only after the fact—when trading activity is delayed, denied, or deemed non-compliant.

As noted in the March 2025 comment letter from CrowdCheck Law LLP, the outdated nature of the manual exemption process—designed for printed directories like the Mergent or OTC Markets manuals—makes it ill-suited for modern issuers operating in digital and tokenized formats. CrowdCheck writes:

> "Those issuers face a surprise when finding out that secondary trading—which is one of the key reasons to utilize tokenized securities or crypto assets—is not available without complying with state laws for secondary trading, which are often based on the outdated 'manual' exemption."[4]

This friction also contradicts the goals of Regulation A, which was designed to facilitate capital formation and provide exit opportunities for investors. As Commissioner Peirce asked at the roundtable:

> "Would Tier 2 of Reg A be a more viable avenue for raising capital if secondary trading enjoyed state law preemption?"[5]

Until that question is resolved at the federal level, platforms like GUARDD offer a critical solution. GUARDD modernizes compliance by digitizing the manual exemption process, aggregating and publishing structured issuer disclosures, and maintaining up-to-date records of reporting activity. Our system is built specifically to support lawful resale activity through Alternative Trading Systems (ATSs) and broker-dealers operating under Rule 15c2-11.

Even in a future where preemption is granted, secondary market participants will still require current, standardized, and publicly available issuer information to comply with SEC and FINRA obligations. GUARDD addresses that need today.

GUARDD's Role and Real-World Impact

GUARDD was created to meet a pressing and unresolved market need: to facilitate lawful secondary trading of securities that are exempt from registration but not exempt from the realities of regulatory compliance. As issuers seek to raise capital through Regulation A, Regulation Crowdfunding, or tokenized offerings, they face a significant barrier to resale liquidity—namely, the inability to satisfy the disclosure requirements necessary for broker-dealers and ATSs to engage in quoting and trading.

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[4] CrowdCheck Law LLP, *Comment Letter to the SEC Crypto Task Force*, March 19, 2025.

[5] Commissioner Hester M. Peirce, *Tokenization Roundtable Opening Remarks*, May 12, 2025.

Our platform is built to solve this. GUARDD enables issuers to publish structured, machine-readable disclosures that satisfy both federal requirements (such as Rule 15c2-11) and state-level manual exemption regimes. These disclosures include key information on the issuer's financials, management, business activities, capitalization, outstanding securities, and—crucially in the context of tokenization—real-time token data and usage frameworks.

We currently support disclosures for:

- Regulation A Tier 2 issuers,
- Regulation Crowdfunding issuers (post one-year holding period),
- Companies with tokenized equity or crypto asset securities that are exempt, unrestricted, and freely tradable,
- Issuers seeking listing or quoting on registered ATSs.

In addition, GUARDD supports specific fields relevant to token offerings, including:

- Smart contract address and blockchain metadata,
- Token functionality and use case disclosures,
- Token holder metrics and market listing status,
- Conversion rights or pegged equity mapping, where applicable.

By providing a structured and standardized disclosure process, GUARDD reduces the friction for issuers, empowers intermediaries to meet their compliance obligations, and improves transparency for investors. We believe this infrastructure is essential not only for the orderly development of digital markets, but also for restoring trust in exempt offerings amid rising regulatory scrutiny.

In the absence of federal preemption, GUARDD serves as the bridge between innovation and legality. In a future where preemption is granted, GUARDD becomes the backbone of tokenized market integrity.

Policy Recommendations

To align regulatory progress with the practical needs of issuers, investors, and intermediaries in tokenized and exempt securities markets, we respectfully submit the following recommendations:

1. **Recognize modern disclosure platforms under state manual exemption regimes.**
   State securities regulators should be encouraged to accept digital, structured disclosures from platforms like GUARDD as satisfying the requirements of the "manual exemption," replacing reliance on outdated paper-based publishers.
2. **Permit broker-dealers and ATSs to rely on structured digital disclosures under Rule 15c2-11.**

The SEC should clarify that platforms like GUARDD, which aggregate and publish comprehensive issuer disclosures, can be relied upon by broker-dealers seeking to initiate or resume quoting under Rule 15c2-11.

3. **Support pilot programs that streamline secondary market onboarding for Reg A and Reg CF issuers.**
   ATSs and broker-dealers should be allowed to participate in structured pilot programs that leverage GUARDD data to onboard compliant issuers for trading, especially those with tokenized securities.
4. **Extend federal preemption to secondary trading of securities from issuers current in Reg A reporting.**
   The Commission should consider granting secondary trading preemption to Reg A Tier 2 issuers that remain current in their ongoing reporting obligations, particularly when such reporting is conducted via structured platforms like GUARDD.
5. **Clarify how tokenized securities fit within existing regulatory categories.**
   As noted by several Commissioners, confusion remains around when and how tokenized assets become or cease to be securities. The Commission should issue updated guidance or a concept release addressing tokenization definitions, treatment under GAAP, and classification under the Exchange Act.

The SEC's renewed focus on tokenization, secondary trading, and the compliance needs of exempt issuers reflects a promising evolution in regulatory thinking. At GUARDD, we strongly support efforts to modernize the legal and operational frameworks governing these markets.

We believe that technology-neutral solutions, grounded in transparency and investor protection, can reduce compliance burdens while increasing access to capital and enhancing secondary market liquidity. GUARDD was designed to help realize this vision. We stand ready to serve as a resource to the Commission, to issuers navigating these complex issues, and to the platforms and intermediaries seeking lawful ways to support digital asset innovation.

We thank the Crypto Task Force for its leadership and for the opportunity to contribute to this conversation. We welcome further engagement and would be pleased to participate in future roundtables, provide technical demonstrations, or assist with data collection and analysis that could support policy development.

Sincerely,

Sherwood Neiss, CEO