VERTALO, INC.
SEC-Registered Transfer Agent · CIK 0001793379

September 25, 2026

VIA ELECTRONIC SUBMISSION (rule-comments@sec.gov)

Office of the Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: File No. 4-927; Release No. 34-106402; Order Granting Temporary Conditional Exemptive Relief for Tokenized Securities Venues and Certain Liquidity Providers for Tokenized NMS Stock, and Request for Comment

Dear Chairman Atkins, Commissioners, and Members of the Staff:

Vertalo, Inc. ("Vertalo") submits this letter in response to the Commission's request for comment on the Innovation Exemption (the "Order"). It is Vertalo's third letter to the Commission on tokenized securities this year. The first, on July 16, 2026, went to the Division of Trading and Markets on the DTC tokenization no-action letter. The second, on September 6, 2026, was a comment on the proposed transfer agent rules, File No. S7-2026-30. The Order should be read alongside both.

Vertalo supports the Order. This comment is about what it leaves out. The Order specifies the venue with care and says almost nothing about the record layer underneath it. That layer is where the conditions are actually met. Every provision this letter relies on is quoted in Appendix A, so a reader can check each point against the Order's own words without leaving this document.

Contents

I. Who Is Writing
II. What the Order Leaves Unspecified
III. Automation Belongs in the Record Now
IV. The Registered Transfer Agent Is the Party the Order Describes Without Naming
V. Third-Party Tokenization and the Reconciliation Behind the Rights Claim
VI. Issuer Notice and Objection
VII. A Working Model
VIII. Extending the Framework Beyond NMS Stock
IX. Conclusion
Appendix A. Release 34-106402: the provisions this letter relies on
    A.1 Section II.C, Public Notice
    A.2 Section II.D, Issuer Notice and Notice of Issuer Objection
    A.3 Section II.E, Rights of the Holders
    A.4 Section II.F, Symbol and Volume Limits

A.5 Section II.G, Transaction Transparency
A.6 Section II.H, Stoppage of Trading
A.7 Section II.I, Significant Operational Event
A.8 Section II.L, Books and Records
A.9 Section III, Notice Items i, j and aa
A.10 Footnote 31, Responsibility for Service Providers
A.11 Section IV.A, Covered Firm Conditions
A.12 Section VI, Request for Comment, Question 4
A.13 Section V, Duration

I. Who Is Writing

Vertalo is an SEC-registered transfer agent and tokenization platform.

- The undersigned co-chairs the Securities Transfer Association's Tokenization Committee. This letter speaks for Vertalo alone.
- Vertalo's issuers are private and exempt-offering issuers. It does not tokenize NMS stock and is not a prospective TSV.
- It writes as an operator of the record layer the Order depends on, and as a firm whose issuers would benefit if the framework were extended beyond NMS stock on the right conditions.

II. What the Order Leaves Unspecified

The Order is precise about the venue. It defines a TSV, tells it what it may trade and against what, tells it to be a U.S. person, and gives it a list of conditions and a thirty item Notice. Read those conditions in sequence and a different picture emerges. Each one leaves a record somebody has to keep:

- **Section II.D** is a dated delivery and a thirty-day clock (A.2).
- **Section II.E** is a verification that the token carries the same rights and privileges as the class, with dividends and proxy materials passed through (A.3).
- **Section II.F** is a daily calculation against consolidated tape volume, aggregated across affiliates, with a pause ledger and a three-month penalty box (A.4).
- **Section II.G** is a public data feed refreshed every ten minutes (A.5).
- **Section II.H** is a halt mirrored from the listing exchange (A.6).
- **Section II.L** is an enumerated set of records, retained for three years past the sunset, available to the staff on demand in two formats (A.8).
- **Section III** is a disclosure document, republished within five business days of a listed event or of finding a material error in it, twenty calendar days before a material change, and within thirty days of a quarter end for a non-material change, with every prior version preserved (A.1).

Some of it is conduct, such as stopping trading when the listing exchange halts. All of it leaves a record, and nearly all of it requires several parties to act in a set order against a clock. Take one Tokenized NMS Stock from the tokenizer's decision to wrap it through the first dividend:

- Someone drafts the Issuer Notice and sends it to the address on the cover of the issuer's last 10-K, and someone records when it was received, because the thirty days run from receipt.
- Someone confirms the shares behind the token are held, in what capacity, and that the count matches.
- Someone obtains prior-month average daily volume from the SIP for the denominator and computes the numerator across every affiliated venue.
- Someone watches the listing exchange for a halt and stops the pool.
- Someone publishes the trade feed within ten minutes and the Notice revision within five days.
- When the issuer pays a dividend, someone has to know who held the token at the record date, get the cash to them, and get the proxy to them at no cost to the issuer.

The Order says the TSV is responsible for all of it, and footnote 31 says that responsibility survives delegation:

> If a third-party service provider performs permissioning services, such as verification-related services, for example, at the direction of or on behalf of the TSV, the TSV, not such third-party service provider, would be responsible for ensuring that the TSV services comply with the conditions of the TSV Exemption.

Release 34-106402, footnote 31 (A.10)

Who performs the work, in what system, and how the parties coordinate, the Order does not say.

Vertalo is not alone in reading the Order this way. In a comment on this file dated September 19, 2026, Gabriel Shapiro writes that the Order "makes the pool transparent and leaves the token opaque," and observes that it "does not mention transfer agents at all." This letter cites his comment for that diagnosis. Section IV answers his proposal on what a transfer agent should publish. Section VIII supports his request that the framework reach securities tokenized by their own issuers. On his other proposals this letter takes no position.

Vertalo has watched what happens when the record and the token drift apart. Its platform exists because it learned that lesson on its own stock in 2018.

The conditions in the Order are the right protection against that failure. They hold only if the work behind them is done in a system built for it. Left unspecified, that work will run on spreadsheets, email and the memory of whoever set it up, or it will move onto a private chain where the questions are easier and the transparency the Order requires is gone.

III. Automation Belongs in the Record Now

The Order already contemplates service providers doing this work, and already requires the records to be available to the staff in electronic form:

> Service Providers: Identify any entities, other than the TSV, that support the services or functionalities of the TSV and describe their roles and responsibilities with respect to the TSV. These include, among others, service providers that perform services related to permissioning subscribers, identifying and mitigating cyber risk, monitoring trading activity, displaying trading interest, recordkeeping, and clearance and settlement.

Release 34-106402, Section III, Item aa (A.9)

> A TSV must preserve all such books and records while the TSV Exemption is effective and for a period of three years after the end of the TSV Exemption, maintain such books and records in the United States, and make promptly available all books and records of the TSV to the Commission staff in both a human-readable format and a reasonably usable electronic format upon request.

Release 34-106402, Section II.L (A.8)

The workload described in Section II is repetitive, rule-bound, deadline-driven and high in volume, and it runs across several parties who each hold a piece of the record. Software agents operating over an authoritative record do that kind of work well. People do it badly. That is why Vertalo built a Model Context Protocol server over its platform.

The server exposes the register and the compliance functions around it as tools an AI agent can operate, organized by the role of the party using them. Routine, in-policy operations can then run automatically within guardrails, while people set those guardrails, handle the exceptions and keep full access to the record.

Vertalo's comment on File No. S7-2026-30 asked the Commission to put the artificial intelligence question into that rulemaking's record now, before the market builds around it. The request is repeated here with more urgency: the Order is effective today, and the first TSVs will have to solve this problem before any rulemaking concludes. Three things would help:

1. The Commission or the staff should confirm that a TSV may satisfy the conditions in Sections II.D through II.L through automated systems operated by a service provider identified under Item III.aa, with the TSV remaining responsible, and that entries generated by such systems satisfy Section II.L provided each carries an audit trail naming the actor, human or automated, and the authorization it acted under.
2. The Notice should ask the TSV to describe which of its compliance functions are automated, which are performed by a service provider, and where a person intervenes. Participants and the staff could then see the plumbing instead of inferring it.
3. The staff's frequently asked questions, which the Order anticipates, should address automation directly. Otherwise each TSV asks the same question privately and receives an answer nobody else can rely on.

IV. The Registered Transfer Agent Is the Party the Order Describes Without Naming

The record-dependent conditions that turn on who owns the shares, the rights condition above all, are functions the Commission already regulates under Section 17A and the transfer agent rules. The rights condition is the clearest example:

> A TSV must verify that the Tokenized NMS Stock made available for trading on the TSV provides holders the same rights and privileges as does traditional NMS stock of an equivalent class. A Tokenized NMS Stock would be deemed to provide the same rights and privileges as does traditional NMS stock if, among other things, it conveys the same interest in the company that holders of the underlying NMS stock have, a right to receive the same dividends that the company issues to holders of the underlying NMS stock, a right to exercise the same voting rights that holders of the underlying NMS stock may exercise, and a right to receive the same share of the residual assets of the company upon liquidation as holders of the underlying NMS stock receive.

Release 34-106402, Section II.E (A.3)

The proposed rules in File No. S7-2026-30 go further and would let the master securityholder file itself live on a distributed ledger under the transfer agent's exclusive control.

Read together, the two dockets point at a single arrangement: a Tokenized NMS Stock issued from the issuer's own register by its transfer agent, on a public ledger, with the venue trading it and the transfer agent keeping the record. The register stays the master securityholder file and the ledger carries the token, so the reconciliation is between two entries one registrant keeps. Dividends and proxies reach the holder because the holder is a registered holder.

The Order is a bridge, and two members of the Commission have said where it leads. Chairman Atkins, on the day it issued:

> Critically, this interim measure must be followed by durable rulemaking to ensure that onchain markets remain a viable pathway as our capital markets continue to evolve.

Chairman Paul S. Atkins, Statement on the Innovation Exemption: A Bridge Toward Durable Rulemaking, September 17, 2026

Commissioner Peirce, speaking for herself on September 23, 2026, described the destination:

> The goal is a final ruleset governing the intermediaries and venues that facilitate the trading of tokenized securities in ways not envisioned by the existing regulatory framework.

Commissioner Hester M. Peirce, Looking for Change in Haystacks: Remarks before SIFMA's Digital Assets Conference, September 23, 2026

A rule about the intermediaries and the venues should also name who keeps the record behind the token. Every condition in Section II rests on that record, and a final ruleset that governs the venue while leaving the record unnamed would carry the gap in the Order forward.

Two things should be made explicit in that rulemaking, and sooner if the Commission modifies the Order or makes it permanent:

- A Tokenized NMS Stock issued by or on behalf of the issuer from its shareholder register, by a registered transfer agent, satisfies Section II.E by its structure, and the Commission should say this is the model it expects to endure.
- A TSV that keeps its Section II.L records with a registered transfer agent, one that consents to examination of those records on the same terms as the TSV, and produces them promptly in the human-readable and electronic formats Section II.L requires, has satisfied the accessibility requirement.

That adds no obligation. It gives the staff an examination counterparty whose books they already know.

Mr. Shapiro proposes that a transfer agent keeping a tokenized register publish its policies, systems and controls. Vertalo supports half of that, for every transfer agent, itself included. The terms that decide a holder's position should be public:

- when a transfer of the token counts as an effective instruction to the transfer agent;
- every ground on which the transfer agent may decline, delay or reverse a registration, or freeze, force-transfer, burn or reissue a token;
- who decides, and how fast;

- the holder's recourse;
- which record prevails when the ledger and the register diverge.

Security-sensitive control detail is different: the custody of the keys that carry administrative powers, and the internals of the systems. That belongs with the Commission staff, and with the venue on request. It is already examinable. The annual study of internal accounting controls under Rule 17Ad-13 reaches it, Mr. Shapiro himself points to that study, and the proposed rules in File No. S7-2026-30 would require written policies and procedures. Publishing it would tell an attacker where to look and tell a holder nothing a holder can use.

V. Third-Party Tokenization and the Reconciliation Behind the Rights Claim

For stock tokenized by a party unaffiliated with the issuer, the rights claim in Section II.E depends on an arrangement the holder cannot see. The Notice asks the venue to describe how it verified the claim:

> Tokenization: Describe the steps (e.g., audits, certifications, attestations) the TSV has taken to verify that the Tokenized NMS Stock provides holders the same rights and privileges as does traditional NMS stock of an equivalent class.

Release 34-106402, Section III, Item i (A.9)

Item III.i should ask for more:

- the custodian or nominee holding the underlying shares, and the capacity in which they are held;
- the frequency and method of reconciling token supply to shares held;
- the identity of the party performing and attesting to that reconciliation.
- who is holder of record for the underlying shares while tokens sit in the AMM Liquidity Pool, and how votes, dividends and issuer communications reach the persons who hold the economic interest.

The last of these is open in the Order. Vertalo proposes no answer here. It asks that each venue state its own, so that a holder and the staff can read it.

The Covered Firm Exemption sharpens the point:

> Proprietary Accounts. A Covered Firm must provide liquidity through a TSV, engage in such trading activity solely for its own account, and must not hold or custody customer assets.

Release 34-106402, Section IV.A (A.11)

Where the shares behind a third-party token are held for the token's holders, a Covered Firm cannot be the one holding them. The Notice should say who holds them, and who performs the verification the venue relies on.

VI. Issuer Notice and Objection

The objection right is the most important issuer protection in the Order. It turns on receipt:

> Before making available for trading a Tokenized NMS Stock that is tokenized by a third party unaffiliated with the issuer of the underlying NMS stock, a TSV must provide written notice to

> the issuer of the underlying NMS stock ("Issuer Notice"). Trading of a Tokenized NMS Stock on the TSV may not commence until at least 30 calendar days from the date when the issuer receives the Issuer Notice.

Release 34-106402, Section II.D (A.2)

> Issuer Notice must be sent to the physical or email address for the issuer's principal executive offices listed on the cover page of the issuer's Exchange Act reports.

Release 34-106402, footnote 63 (A.2)

Corporate headquarters mail is not built to start a legal clock. The transfer agent is the issuer's agent for exactly this kind of communication, and a registrant with recordkeeping obligations produces a dated, examinable record of receipt. Three changes would make the objection right work as intended:

- Permit delivery of the Issuer Notice to the issuer's registered transfer agent of record as an alternative to the address on the cover page.
- Adopt a standard machine-readable form for the Issuer Notice and the Notice of Issuer Objection, and a single public register of objections. An issuer that objects to one venue has objected to the practice and should not have to serve every venue that files.
- Confirm that an issuer may lodge a standing objection in advance, effective against all TSVs, so that an issuer which does not want to be tokenized by strangers need not monitor the market to preserve that choice.

One clarification would settle a question the Order leaves to inference. Item h of the Notice asks whether the stock is tokenized "by or on behalf of the issuers" or by third parties unaffiliated with them, and the Chairman's statement of September 17, 2026 uses the same words, "tokenized by, or on behalf of, the issuer of the underlying NMS stock." Stock tokenized by the issuer's own transfer agent of record, on the issuer's instruction, is tokenized on behalf of the issuer. The Commission should confirm it, with two consequences:

- Section II.D's Issuer Notice and objection, and Section II.E's condition that proxy materials reach holders at no cost to the issuer or the shareholders, are both keyed to a third party unaffiliated with the issuer. Neither applies to stock the issuer had tokenized itself.
- Item h should name the issuer instruction or authorization the venue relies on.

The same distinction now carries three vocabularies. Item h says "by or on behalf of the issuers." The Divisions' Statement on Tokenized Securities of January 28, 2026, which the Order cites, speaks of issuer-sponsored tokenized securities and, for third parties, of custodial and synthetic tokenized securities. Proposed Form TA-2 Question 6(b) in File No. S7-2026-30 asks a transfer agent to count the tokenized issues it keeps as issuer-sponsored or third-party-sponsored. One vocabulary across the three would spare every filer a reconciliation of its own. The Securities Transfer Association asked, in its letter of July 1, 2026, that any framework distinguish issuer-sponsored from third-party tokens; this letter speaks for Vertalo alone.

VII. A Working Model

The Order describes an arrangement, so Vertalo built the arrangement. At innovation.vertalo.com it maintains a working model, on sample data, of a listed company's stock tokenized by an unaffiliated third party and traded on a TSV. Six seats read one record:

- **The transfer agent** keeps the register.
- **The issuer** receives notice and decides whether to object.
- **The tokenizer** reconciles its supply to the shares it holds.
- **The venue** computes its limits and publishes its feed.
- **The holder** receives dividends and proxy materials through the token.
- **An examiner** reads every Section II.L record and takes it away in human-readable and electronic form.

The Section II.L records and the Section III disclosures are generated from the register as events occur. The model runs on sample data. Vertalo's Model Context Protocol server exposes register operations to agents on Vertalo's sandbox, including write tools. Vertalo would be glad to walk the Divisions of Trading and Markets and Examinations through the model.

VIII. Extending the Framework Beyond NMS Stock

The Order asks:

> Should the TSV Exemption be modified to permit a TSV to trade securities other than Tokenized NMS Stock? Which types of securities should TSVs be limited to trading under the TSV Exemption?

Release 34-106402, Section VI, Question 4 (A.12)

It should, and the register is what makes it safe. The securities that most need a lawful on-chain secondary market have no consolidated tape at all: Regulation A, Regulation D and Regulation Crowdfunding securities, and the equity of smaller reporting companies that trades, when it trades, over the counter.

The Order's volume caps and halt conditions protect a liquid primary market from dislocation. Where there is no primary market that concern does not arise. What does arise is register integrity, enforcement of transfer restrictions, and the issuer's knowledge of and consent to a market in its own securities. Each of those is a transfer agent function.

Vertalo also supports Mr. Shapiro's request that the framework reach securities tokenized by or on behalf of their own issuer, including issuers that are not NMS issuers. That support rests on the first condition below: the register is kept by the issuer itself or by a registered transfer agent acting for it. His model is an issuer-kept ledger, and Vertalo's comment on File No. S7-2026-30 says an issuer keeping its own ledger sits inside the statutory definition and outside the registration requirement (Exchange Act Sections 3(a)(25) and 17A(c)(1)), which is settled and correct. Where the issuer, or a registered transfer agent acting for it, issues the token from the register it keeps, the rights question is answered by the register, and there is no third party's holding to reconcile against. Vertalo keeps records for issuers of that kind and has an interest in this point. His comment numbers it Request 4; it answers the Commission's Question 4.

A second tier of eligible securities could be admitted on conditions along these lines:

- Tokenized by or on behalf of the issuer, from a register kept by the issuer itself or by a registered transfer agent acting for it, with third-party wrapping excluded for this tier.
- Every transfer restriction that applies to the security enforced on chain by the transfer agent, with the TSV's permissioning deferring to that enforcement.

- Affirmative written issuer consent to trading on the TSV, revocable on notice, in place of the objection right.
- The same-rights condition of Section II.E, unchanged.
- Volume limits expressed as a percentage of shares outstanding, computed and published by the transfer agent, since there is no tape to measure against.
- The transparency and books and records conditions of Sections II.G and II.L, unchanged, with the transfer agent eligible to serve as the records provider under Section IV above.

One more confirmation would remove duplicated work, in either tier. Section II.L(c) requires a TSV to keep records of the methods it uses to verify or screen its participants and their wallet addresses (A.8). Where a security's transfer restrictions are enforced on the token by the issuer's registered transfer agent, that transfer agent already keeps the record of which wallets are eligible to hold it. The Commission should confirm that a TSV may meet its verification by relying on that record: a yes or a no that a wallet is eligible under the security's restrictions, with no second collection of the holder's personal information, and with the TSV remaining responsible under footnote 31. Commissioner Peirce put the question on September 23:

> And finally, if we do need a particular piece of information, does more than one firm need to collect it?
>
> Commissioner Hester M. Peirce, Looking for Change in Haystacks, September 23, 2026

A register kept on a distributed ledger by a registered transfer agent, with each authorized share represented by a token whose transfer is governed by contract, also makes it very hard to create, move or sell shares that do not exist. Vertalo made that argument in its July 16, 2026 letter. The affirmative investor-protection case for register-based tokenization deserves more weight than it has had.

IX. Conclusion

The Order got the venue right. The record underneath it now needs the Commission's attention:

- Name the function the conditions describe.
- Recognize the registrant that already performs it.
- Put automation into the record before the market builds around it.
- Confirm that stock tokenized by the issuer's own transfer agent on its instruction is tokenized on behalf of the issuer, and use one vocabulary for that distinction.
- Extend the framework to the securities that need it most, on the condition that the register is kept by the issuer or by a registered transfer agent acting for it.
- Let a venue rely on the eligibility the issuer's registered transfer agent already enforces on the token, with the venue remaining responsible.

Vertalo would welcome the opportunity to discuss any of this with the Commission or the staff, and to demonstrate the working model.

Respectfully submitted,

Dave Hendricks
Founder & Chief Executive Officer
Vertalo, Inc.
Dave.Hendricks@Vertalo.com

cc:
Jamie Selway, Director, Division of Trading and Markets
The Honorable Paul S. Atkins, Chairman
The Honorable Hester M. Peirce, Commissioner
The Honorable Mark T. Uyeda, Commissioner

Appendix A. Release 34-106402: the provisions this letter relies on

The passages below are quoted verbatim from Securities Exchange Act Release No. 34-106402 (September 17, 2026), File No. 4-927, as published by the Commission. Footnote reference numerals are omitted from the running text; where a footnote is itself relied on, it is quoted in full. The section letters and item letters are the Order's own. Nothing here is paraphrased. List markers inside a quoted passage are normalized to the form (a), (b) where the release prints a., b.

A.1 Section II.C, Public Notice

> To qualify for the TSV Exemption, at least 30 calendar days before operating, a TSV must publish a copy of a notice ("Notice") prominently on its publicly available website that includes the information described below. Such Notice must be written in plain English and presented in a clear, concise, and understandable manner. Within one business day of the publication of the Notice, the TSV must provide the Commission written notice at tradingandmarkets@sec.gov that it intends to operate pursuant to the TSV Exemption, including the means for contacting the TSV (e.g., an email address and phone number) and the location of the Notice (e.g., website URL). Such Notice will help inform market participants and the Commission about when the TSV begins to operate.
>
> A TSV must, in the same form and location as the initial Notice, publish a revised Notice: (1) within five business days to disclose that it has commenced or ceased making any Tokenized NMS Stock available for trading, paused or resumed trading in connection with the volume thresholds under the TSV Exemption, or received a timely Notice of Issuer Objection; (2) 20 calendar days in advance of any material change to the operations of the TSV or to the disclosures in the Notice; (3) no later than 30 calendar days following the end of any calendar quarter to describe any non-material change to the operations of the TSV or to the disclosures in the Notice; and (4) within five business days of the discovery of any materially inaccurate or incomplete information in the Notice, including in any previous revisions to the Notice.
>
> Pursuant to the TSV Exemption, a TSV must provide the Commission written notice within one business day of publishing any revised Notice on its website. The TSV must maintain all versions of its Notice on its website.

Release 34-106402 at 19 to 21

A.2 Section II.D, Issuer Notice and Notice of Issuer Objection

> Before making available for trading a Tokenized NMS Stock that is tokenized by a third party unaffiliated with the issuer of the underlying NMS stock, a TSV must provide written notice to the issuer of the underlying NMS stock ("Issuer Notice"). Trading of a Tokenized NMS Stock on the TSV may not commence until at least 30 calendar days from the date when the issuer receives the Issuer Notice.
>
> If the issuer provides, on or prior to the 30th calendar day following receipt of the Issuer Notice, written notice to the TSV that it objects to a Tokenized NMS Stock that was tokenized by a third party unaffiliated with the issuer being made available for trading on the TSV ("Notice of Issuer Objection"), the TSV cannot make such Tokenized NMS Stock available for trading on the TSV. Within five business days, the TSV must amend the public Notice to inform the public that it has received the Notice of Issuer Objection.
>
> An issuer's ability to object to the trading of a Tokenized NMS Stock that was tokenized by a third party unaffiliated with the issuer on a TSV will enable the issuer of the underlying NMS stock to consider the balance of potential benefits and risks accompanying trading of its Tokenized NMS Stock on a TSV. For example, an issuer of the underlying NMS stock may be concerned about the risk of maintaining its shareholder register related to onchain transfers or the potential price dislocation or adverse effects on the price of the underlying NMS stock,

> particularly given that prices disseminated by an AMM Liquidity Pool are most likely based only on the ratio of the quantities of assets in that liquidity pool.
>
> A TSV operating under the TSV Exemption that fails to provide Issuer Notice, or makes available for trading the Tokenized NMS Stock of an issuer that has delivered a Notice of Issuer Objection to the TSV in the manner set forth above, would not meet the conditions of the TSV Exemption with respect to trading such Tokenized NMS Stock.

Release 34-106402 at 21 to 22

> Footnote 63: Issuer Notice must be sent to the physical or email address for the issuer's principal executive offices listed on the cover page of the issuer's Exchange Act reports. Issuer Notice must include the TSV's current and accurate contact information for the issuer to provide any notice of its objection.
>
> Footnote 64: A TSV can obtain confirmation of whether and when an issuer received an Issuer Notice by, for example, requesting a return receipt/proof of delivery or a receipt notification depending on whether the Issuer Notice was sent to the issuer's physical or email address.

Release 34-106402 at 21, notes 63 and 64

A.3 Section II.E, No Primary Issuance and Rights of the Holders of the Tokenized NMS Stock Traded

> All offers and sales of Tokenized NMS Stock under the TSV Exemption must be registered under the Securities Act or conducted pursuant to an exemption from the registration requirements of the Securities Act. No primary issuance or initial offerings of securities are permitted on a TSV under the TSV Exemption.
>
> A TSV must verify that the Tokenized NMS Stock made available for trading on the TSV provides holders the same rights and privileges as does traditional NMS stock of an equivalent class. A Tokenized NMS Stock would be deemed to provide the same rights and privileges as does traditional NMS stock if, among other things, it conveys the same interest in the company that holders of the underlying NMS stock have, a right to receive the same dividends that the company issues to holders of the underlying NMS stock, a right to exercise the same voting rights that holders of the underlying NMS stock may exercise, and a right to receive the same share of the residual assets of the company upon liquidation as holders of the underlying NMS stock receive. For example, regardless of the mechanism used to pass through any voting rights of the underlying NMS stock, a TSV can only make available for trading an NMS stock tokenized by a third party that is unaffiliated with the issuer of the underlying NMS stock if the third party distributes or otherwise makes available to holders of the Tokenized NMS Stock any related proxy materials or other issuer communications at no cost to the issuer or the shareholders.

Release 34-106402 at 22

A.4 Section II.F, Limitations on Number of Symbols and Volume of Tokenized NMS Stock Traded

> Tokenized NMS Stock traded on a TSV under the TSV Exemption is subject to limitations on the number of symbols and volume traded. Tokenized NMS Stock is divided into two tiers: Tier 1 ("Tier 1 Tokenized NMS Stock") and Tier 2 ("Tier 2 Tokenized NMS Stock"). Tier 1 and Tier 2 Tokenized NMS Stock comprise the NMS stocks in Tier 1 and Tier 2, respectively, of the National Market System Plan to Address Extraordinary Market Volatility ("Limit Up-Limit Down Plan" or "LULD Plan").
>
> Tier 1 Tokenized NMS Stock traded on a TSV under the TSV Exemption cannot exceed 75 symbols traded and 0.25 percent of the average daily share volume during the prior month in

> the relevant NMS stock as reported by an effective transaction reporting plan. Tier 2 Tokenized NMS Stock traded on a TSV under the TSV Exemption cannot exceed 250 symbols traded and 2.5 percent of the average daily share volume during the prior month in the relevant NMS stock as reported by an effective transaction reporting plan. The percentage of the average daily share volume during the prior month for a given security shall be calculated using the average daily share volume of a given Tokenized NMS Stock traded on the TSV as the numerator, and the average daily share volume of the NMS stock (as reported by an effective transaction reporting plan) as the denominator. When calculating volume for purposes of compliance with the TSV Exemption, a TSV must aggregate its trading volume with that of its affiliated TSVs for a given Tokenized NMS Stock. Similarly, when calculating the number of symbols traded for purposes of compliance with the TSV Exemption, the TSV must aggregate its number of symbols traded with the number of symbols traded by its affiliated TSVs. This is intended to help avoid a situation in which businesses are structured into multiple TSVs to avoid triggering the volume and symbol limitations.
>
> The first time a TSV exceeds a volume threshold in a Tokenized NMS Stock, it will not be required to take any action, other than to ensure that it does not exceed the volume thresholds going forward.
>
> After the first time a TSV exceeds the volume threshold in a given Tokenized NMS Stock, each time the TSV subsequently exceeds the volume threshold in the applicable Tokenized NMS Stock, the TSV must immediately pause trading in such Tokenized NMS Stock for three months. The TSV may resume trading in the same Tokenized NMS Stock three months from the date the TSV exceeded the volume threshold. During such pause, a TSV may continue to trade Tokenized NMS Stocks that have not exceeded the thresholds. Upon approaching a volume threshold but before triggering the threshold, a TSV may choose to pause trading in a Tokenized NMS Stock to avoid triggering the volume threshold.

Release 34-106402 at 23 to 27

A.5 Section II.G, Transaction Transparency

> A TSV must make U.S. dollar-denominated data concerning transactions freely and publicly available in a machine-readable format for all transactions within the past thirty (30) days. The transaction data must be updated within ten (10) minutes of the occurrence of any transaction and include, at minimum, the following: (i) the symbols for each Tokenized NMS Stock and paired asset (non-security crypto asset, tokenized money market fund, or Tokenized NMS Stock), (ii) the transaction price, (iii) the transaction size, (iv) the transaction time at the AMM Liquidity Pool, and (v) the transaction direction. In addition, the TSV must provide information pertaining to the AMM Liquidity Pool and its smart contract address, daily asset pair share volume, and end-of-day size of the AMM Liquidity Pool per asset pair.
>
> A TSV must make such transaction data publicly available to market participants at the same time and on the same terms.

Release 34-106402 at 28 to 29

A.6 Section II.H, Stoppage of Trading

> A TSV must stop trading in a Tokenized NMS Stock concurrently with any stoppage of trading in the underlying NMS stock on the primary listing exchange, which includes a halt or a suspension. Stoppages in trading in a Tokenized NMS Stock occur for various reasons, such as, among others, a trading halt in the underlying NMS stock in the event a market-wide circuit breaker is triggered or pending dissemination of material news or a trading suspension of the underlying NMS stock by the SEC, the SRO, or associated with delisting proceedings.

> Following any stoppage of trading in a Tokenized NMS Stock, a TSV must immediately notify its TSV Participants of the stoppage through any regular means of communication with its TSV Participants (e.g., website, software application, or interface).

Release 34-106402 at 30

A.7 Section II.I, Significant Operational Event

> To mitigate adverse effects of any such events, a TSV must immediately notify its TSV Participants, and promptly notify the Commission, of an event that has a significant impact on the operation of the TSV or on its participants ("significant operational event").
>
> A TSV must remedy any known significant operational events as soon as reasonably practicable and notify its TSV Participants of the remediation.

Release 34-106402 at 30 to 31

A.8 Section II.L, Books and Records

> A TSV must make and keep current trading records as well as any information related to compliance with the conditions of the TSV Exemption, including: (a) Information regarding trading interest in Tokenized NMS Stock, including date and time of receipt, size, and price (denominated in U.S. dollars); (b) Information about transactions, including date and time of execution, size, non-security crypto assets or tokenized money market funds traded in pairs with a Tokenized NMS Stock, cancellations, modifications, and price (denominated in U.S. dollars); (c) Information regarding the methods used to verify or screen TSV Participants and verify the wallet addresses associated with each TSV Participant used to access the TSV; (d) Fees, rebates, and discounts, and any material sources of compensation to the TSV related to activities on the TSV; (e) For any stoppage of trading by the TSV, the Tokenized NMS Stock that stopped trading, reasons for the stoppage, the start time and end time of the stoppage, and the reasons for resuming trading; (f) The average daily share trading volume of each Tokenized NMS Stock traded on the TSV; (g) Events that impact the operation of the TSV or the TSV Participants, such as system intrusions and system disruptions; and (h) All notices submitted to the public, Commission, issuers, and TSV Participants in connection with the TSV Exemption (e.g., public Notice, Issuer Notice, notice of pausing trading in a Tokenized NMS Stock in connection with a volume threshold, notice of a stoppage of trading in a Tokenized NMS Stock, notice of a significant operational event).
>
> A TSV must preserve all such books and records while the TSV Exemption is effective and for a period of three years after the end of the TSV Exemption, maintain such books and records in the United States, and make promptly available all books and records of the TSV to the Commission staff in both a human-readable format and a reasonably usable electronic format upon request. A TSV must consent to examinations of its books and records by the Commission staff at any time, including for ongoing compliance with the conditions of the TSV Exemption. Under the TSV Exemption, records from a distributed ledger would satisfy such books and records requirements if they can be readily accessed by the Commission in a human-readable format and a reasonably usable electronic format.

Release 34-106402 at 33 to 34

A.9 Section III, Notice Items i, j and aa

> i. Tokenization: Describe the steps (e.g., audits, certifications, attestations) the TSV has taken to verify that the Tokenized NMS Stock provides holders the same rights and privileges as does traditional NMS stock of an equivalent class.
>
> j. Notice of Issuer Objection: Identify any issuer of an NMS stock underlying a Tokenized NMS Stock that has provided a timely Notice of Issuer Objection to trading the Tokenized NMS Stock.

> aa. Service Providers: Identify any entities, other than the TSV, that support the services or functionalities of the TSV and describe their roles and responsibilities with respect to the TSV. These include, among others, service providers that perform services related to permissioning subscribers, identifying and mitigating cyber risk, monitoring trading activity, displaying trading interest, recordkeeping, and clearance and settlement.

Release 34-106402 at 38 and 45

A.10 Footnote 31, Responsibility for Service Providers

> If a third-party service provider performs permissioning services, such as verification-related services, for example, at the direction of or on behalf of the TSV, the TSV, not such third-party service provider, would be responsible for ensuring that the TSV services comply with the conditions of the TSV Exemption.

Release 34-106402 at 10, note 31

A.11 Section IV.A, Conditions for the Covered Firm Exemption

> TSV Provided AMM Liquidity Pool. For purposes of compliance with the Covered Firm Exemption, a Covered Firm's securities activities must be limited to activities related to the trading of Tokenized NMS Stock in an AMM Liquidity Pool operating pursuant to the TSV Exemption.
>
> Proprietary Accounts. A Covered Firm must provide liquidity through a TSV, engage in such trading activity solely for its own account, and must not hold or custody customer assets.

Release 34-106402 at 54 to 55

A.12 Section VI, Solicitation of Comments, Question 4

> 4. Should the TSV Exemption be modified to permit a TSV to trade securities other than Tokenized NMS Stock? Which types of securities should TSVs be limited to trading under the TSV Exemption? Should the non-security crypto assets or tokenized money market funds that are permitted to trade in pairs with Tokenized NMS Stock on a TSV be limited to certain types of non-security crypto assets or tokenized money market funds?

Release 34-106402 at 57

A.13 Section V, Duration for the Exemptions

> The exemptions are effective from September 17, 2026, until September 17, 2031. The Commission may modify the length or any other aspect of the exemptions pursuant to its authority under section 36 of the Exchange Act if it determines that such modification is necessary or appropriate in the public interest and consistent with the protection of investors.

Release 34-106402 at 56