VERTALO, INC.

SEC-Registered Transfer Agent · CIK 0001793379

July 16, 2026

VIA ELECTRONIC SUBMISSION

Division of Trading and Markets
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: No-Action Letter Relating to The Depository Trust Company's Development of the DTCC Tokenization Services (Dec. 11, 2025); the Securities Transfer Association's Comment Letter of July 1, 2026; and Recommendations for a Coherent, Investor-Protective Framework for Tokenized Securities

Dear Members of the Staff:

Vertalo, Inc. ("Vertalo") submits this letter in connection with the Commission's ongoing development of a regulatory framework for tokenized securities, and specifically the December 11, 2025 no-action letter of the Division of Trading and Markets relating to The Depository Trust Company's ("DTC") tokenization services for DTC-custodied assets (the "No-Action Letter"). Vertalo is an SEC-registered transfer agent (CIK 0001793379) that has operated an integrated transfer agency and tokenization platform since 2018, serving more than 100 issuers and over 200,000 investors. We have tokenized real-world assets in production for eight years, and we write as an active participant in this market rather than as a critic of it. This letter is filed as the CEO of Vertalo and also the co-chair of the Securities Transfer Association's Tokenization Committee, but this does not claim to represent the views of an industry trade group, merely as a longtime builder of distributed ledger technology for regulated (and global) financial markets.

Vertalo and its founders have met with the SEC and FINRA, together and separately, many times since 2018 and this is a topic of great interest not only to Vertalo, but we believe to the larger financial services industry and its end clients: Investors.

In that spirit, we write in support of, and to build upon, the comment letter that the Securities Transfer Association submitted to the Commission on July 1, 2026 (the "STA Letter"). We share the STA's central view that the issuer-sponsored model should be the preferred foundation for tokenized securities, and that the Direct Registration System ("DRS") and the FAST program must be modernized before registered transfer agents can compete on fair terms. We take that analysis as our starting point and extend it in three ways. First, a workable framework has to account for the reality that third-party tokenized products already exist and are in demand. Second, the Commission's own January 2026 taxonomy suggests that DTC's tokenized entitlements belong in that third-party category rather than the issuer-sponsored one. Third, investor protection, and not the commercial interest of any single participant, should be the organizing principle for the entire tokenized-securities ecosystem.

I. The Issuer-Sponsored Model Is the Right Foundation, and It Exists Today.

The Commission's divisions confirmed in their January 28, 2026 statement that tokenized securities span a range of forms, from issuer-sponsored securities recorded on an authoritative securityholder file to third-party custodial and synthetic instruments that are unaffiliated with the issuer. The issuer-sponsored model is the one that preserves what the federal securities laws are built to protect. It keeps the issuer's ability, through its registered transfer agent, to know who holds its securities, to conduct corporate actions, and to communicate with its holders, and it keeps a single authoritative record of ownership.

The capacity to deliver issuer-sponsored tokenized securities is not theoretical. It is in production today. Vertalo and other registered transfer agents already maintain traditional book-entry and tokenized positions on one authoritative securityholder record, across multiple blockchains, with regulated issuance, transfer, and redemption controls. The issuer-sponsored alternative to a DTC-issued entitlement is available now. What it lacks is not capability, but a level competitive field in the market infrastructure that surrounds it, and that is the subject of Section IV.

II. A Workable Framework Cannot Ignore the Third-Party Products the Market Is Already Using.

While the issuer-sponsored model is the preferred model, the Commission cannot base a durable framework on that model alone. Custodial and synthetic tokenized products, often described as wrapped tokens, are being offered widely and are in real demand among investors. The January 2026 statement recognized as much when it set out a taxonomy that expressly includes third-party custodial tokenized securities, synthetic or linked tokens, and security-based swaps formatted as tokens. These products are a feature of the current market, not a hypothetical.

A framework that pretends these products do not exist, or that tries to regulate them out of existence through the threat of enforcement, would repeat the central error of the prior period. In that period, uncertainty and the fear of enforcement drove developers, users, and investors in distributed ledger technology offshore or into unregulated channels. That approach did not protect investors. It moved them beyond the reach of U.S. law and U.S. courts. The better course is to bring these products inside a clear framework, with disclosure obligations and transfer controls calibrated to their actual risks, so that the investors who already hold them gain the Commission's protection rather than lose it.

III. Under the Commission's Own Taxonomy, DTC's Tokenized Entitlements Appear to Be a Third-Party Product.

DTC's service tokenizes the security entitlement to a DTC-custodied asset. Registered ownership of the underlying security remains at all times in the name of Cede & Co., DTC's nominee. The resulting token is created by the depository, not by the issuer of the underlying security, and it is not recorded on the issuer's authoritative securityholder file. Measured against the January 2026 taxonomy, a DTC tokenized entitlement has the characteristics of a custodial, third-party tokenized product, and it may fall within that category rather than the issuer-sponsored one.

We make this observation not to disqualify DTC's offering, which has a legitimate place in a functioning market, but to ask for consistency. If the Commission intends to apply heightened conditions to third-party custodial and synthetic tokens, those same conditions should apply to DTC's tokenized entitlements. The Commission should not extend or expand relief to DTC on grounds that reduce to the incumbent's size or its position in the existing settlement system. Relief granted for reasons of incumbency, rather than for

reasons of investor protection, would impose a burden on competition without a corresponding benefit, contrary to Section 17A(b)(3)(I) of the Securities Exchange Act of 1934, which directs that the rules of a registered clearing agency not impose any burden on competition that is not necessary or appropriate.

IV. The DRS and FAST Bottleneck Should Be Remedied Before Further Relief Is Granted.

The reason a registered transfer agent cannot yet compete with a DTC-issued entitlement is structural. For an issuer-sponsored token to reach the authoritative record, a holder's shares must move from street-name custody at DTC to direct registration on the transfer agent's books. That conversion runs through DRS and the related FAST and DWAC processes, which DTC operates. Today those processes commonly take several days, provide little transparency, and offer no meaningful programmatic access. A DTC-issued entitlement needs none of this, so it enjoys frictionless movement while the issuer-authorized product does not.

Before the Staff grants DTC any extension of its pilot, any expansion of its asset scope or permitted use cases, or any successor or permanent relief, Vertalo asks that the Commission require demonstrable improvement to DRS and FAST in at least the following respects, available to registered transfer agents on neutral terms:

- **Timing.** Published service levels for DRS and DWAC movements that approach same-day processing, so that conversion between street name and direct registration is no longer a multi-day barrier to tokenization.
- **Transparency.** Real-time, auditable status for pending DRS and DWAC instructions, visible to the issuer's registered transfer agent and to the instructing broker.
- **Programmatic access.** Modern application-programming-interface access to DRS, FAST, and DWAC functions, so that registered transfer agents can build automated conversion into their workflows instead of relying on manual, message-based processing.
- **Neutral access terms.** FAST and limited-participant terms that do not impose cost or operational burdens on registered transfer agents beyond what a legitimate risk-management purpose requires, and that do not advantage DTC-issued entitlements over issuer-sponsored securities.
- **An end to unwarranted friction.** Prompt and transparent handling of deposits and withdrawals, without the discretionary chills, holds, and interruptions that have historically impeded the movement of shares between DTC and transfer-agent records.

V. Investor Protection Should Be the Organizing Principle, and These Issues Are Related.

We encourage the Commission to resist treating DTC's technical pilot, the growth of third-party wrapped tokens, and the position of registered transfer agents as separate matters. They are facets of one question, which is how securities ownership should be recorded and transferred on distributed ledgers in a way that protects investors. Seen in that light, the DRS bottleneck, the tokenization taxonomy, and the conditions placed on third-party products are all instruments of the same mandate. We ask the Commission to develop the framework as a whole, with investor protection as the measure of every part of it, rather than through a sequence of individual accommodations that, taken together, would tilt the market toward whichever participant secured relief first.

VI. A Longer-Term View: Distributed Ledger Technology as the Standard for Ownership Records.

Finally, we ask the Commission to look beyond the immediate questions. As distributed ledger technology is adopted across traditional finance, the Commission should begin to consider a longer-term policy in which recording securities ownership on a distributed ledger is treated not as one permissible method among several, but as the expected standard. An accurate, auditable, real-time record of who owns a security is itself a foundation of investor protection, and distributed ledgers are capable of providing that record with a fidelity that legacy, intermediated systems cannot match. Over time, we believe the surest path to investor protection will be to require, and not merely to permit, that securities ownership be recorded on distributed ledger infrastructure.

We recognize that this is a long-term matter that will require its own study and rulemaking, and we raise it now for a specific reason. The near-term decisions before the Staff, on DTC's pilot, on DRS modernization, and on the treatment of third-party products, should be made with this direction in view, so that the framework the Commission builds today becomes a step toward that standard rather than an obstacle to it.

CONCLUSION

Vertalo respectfully asks the Staff to take the following steps. First, preserve the issuer-sponsored model as the foundation of the framework, and remedy the DRS and FAST bottleneck as a precondition to any further or expanded relief for DTC. Second, bring third-party tokenized products inside a clear, investor-protective framework rather than driving them offshore or into the shadows. Third, apply the January 2026 taxonomy consistently, including to DTC's tokenized entitlements, and decline to grant relief that rests on incumbency rather than on investor protection. Fourth, develop the tokenized-securities framework as a related whole, organized around the Commission's investor-protection mandate. Fifth, begin to consider distributed ledger technology as the long-term standard for recording securities ownership. We would welcome the opportunity to provide the Staff with operational detail on any of these points, including the specific DRS and FAST improvements that would allow fair competition among the models the Commission has recognized.

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