VIA Electronic Submission

November 3, 2026

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Proposed Rule on Transfer Agent Rules [Release No. 34-106246; File No. S7-2026-30] (RIN 3235-AL55)

Dear Ms. Countryman:

The Crypto Council for Innovation ("CCI") appreciates the opportunity to provide feedback on the Securities and Exchange Commission's (the "Commission" or "SEC") proposed rule regarding transfer agents (the "Proposed Rule").[1]

By way of background, CCI is a global alliance of industry leaders within the digital assets industry committed to promoting the advantages of digital assets while showcasing their potential for transformation. CCI's members represent a wide array of businesses from across the digital asset ecosystem, united by a shared objective of advocating for the responsible global regulation of digital assets to unlock economic opportunities, enhance quality of life, promote financial inclusivity, safeguard national security, and counter illicit activities. CCI firmly believes that achieving these goals necessitates well-informed, evidence-driven policies achieved through collaborative participation with regulators in the United States and globally.

I. Introduction and Overview

CCI commends the Commission for its continued efforts to evaluate and modernize its existing rulebook in light of technological innovations and evolutions in financial markets.[2]

[1] Transfer Agent Rules, Release No. 34-106246; File No. S7-2026-30, 91 Fed. Reg. 56946 (proposed Sept. 4, 2026) (to be codified at 17 C.F.R. pts. 240 and 249b), https://www.federalregister.gov/documents/2026/09/04/2026-18190/transfer-agent-rules.

[2] *See, e.g.*, Regulation Crypto Assets, Securities Act Release No. 33-11434, Exchange Act Release No. 34-106150, File No. S7-2026-27, 91 Fed. Reg. 54,510 (proposed Aug. 21, 2026) (to be codified at 17 C.F.R. pts. 200, 201, 228, 230, 232, and 239) (proposing a tailored offering regime for certain investment contracts involving crypto assets); Electronic Delivery of Information Under the Federal Securities Laws, Securities Act Release No. 33-11430, Exchange Act Release No. 34-105921, Trust Indenture Act Release No. 39-2564, Investment Advisers Act Release

Transfer agents play an important role as securities issuers' agents in the clearance and settlement of securities transactions, including by maintaining the official record of ownership of an issuer's securities, facilitating the issuance, cancellation, and transfer of those securities, and facilitating payments and communications between issuers and registered securityholders.

Today, transfer agents play an increasingly central role in safeguarding investor records, issuing and supporting tokenized securities, and protecting investors from operational and cybersecurity risks.[3] Transfer agents are also increasingly relying on electronic recordkeeping, automated processing, and blockchain technology.[4] Despite these evolutions, the Commission's transfer agent rules have not been meaningfully updated since they were first adopted more than forty years ago, when nearly all securities were certificated and transfers were processed through manual, paper-based workflows.[5] CCI therefore commends the Proposed Rule's objective to "streamline and modernize the Commission's rules to reflect transfer agents' current processes and operations, including the use of electronic communications and blockchain technology in connection with securities offerings and the transfer of shares."[6]

Tokenization offers meaningful benefits for issuers, market participants, and investors, including faster and more transparent settlement, reduced reconciliation burdens, programmable compliance, and broader access to investment opportunities. Indeed, as the Proposed Rule explains, market participants are increasingly recognizing these benefits and "are actively seeking to bring blockchain-native, or 'onchain' transfer agents into the U.S. market, with some firms developing models for blockchain-based recordkeeping,

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No. IA-6980, Investment Company Act Release No. IC-36252, File No. S7-2026-25, 91 Fed. Reg. 45,884 (proposed July 21, 2026) (to be codified at 17 C.F.R. pts. 240, 270, and 303) (proposing to permit electronic delivery of covered information without first obtaining recipients' affirmative consent and to future-proof requirements in a technology-neutral manner); Adviser and Regulated Fund Custody Rules; Crypto Custody Rules, Investment Advisers Act Release No. IA-7023, Investment Company Act Release No. IC-36353, File No. S7-2026-35, 91 Fed. Reg. 63,870 (proposed Oct. 6, 2026) (to be codified at 17 C.F.R. pts. 270, 274, 275, and 279) (proposing to address custody of crypto assets and to modernize the custody rules to better address current industry practices).

[3] *See* Proposed Rule at 56948 (noting technological developments have placed transfer agents in an "increasingly central role in safeguarding investor records, issuing and supporting tokenized securities, and ensuring resiliency against operational and cybersecurity risks").

[4] Proposed Rule at 56948, 56975–76.

[5] Proposed Rule at 56947–48.

[6] Press Release, U.S. Sec. & Exch. Comm'n, SEC Proposes to Modernize Rules for Registered Transfer Agents (Sept. 1, 2026), https://www.sec.gov/newsroom/press-releases/2026-81-sec-proposes-modernize-rules-registered-transfer-agents. *See also* Paul S. Atkins, Chairman, U.S. Sec. & Exch., Comm'n, Remarks at the Solana Policy Institute Summit: Washington x Wall Street (Sept. 14, 2026), https://www.sec.gov/newsroom/speeches-statements/atkins-remarks-solana-policy-institute-091426 ("[T]ransfer agents are already evolving to accommodate a future increasingly built on tokenized shares.").

tokenized fund administration, and cross-chain interoperability that would require transfer agents to maintain issuer and securityholder records on distributed ledgers and deploy and administer smart-contract-driven processes."[7]

In light of these changes, CCI applauds the Proposed Rule's objective of future-proofing the transfer agent framework under the federal securities laws by adopting technology-neutral standards and definitions capable of accommodating innovation. For example, the Proposed Rule would expressly permit, but not require, a transfer agent to use a blockchain or other distributed ledger as its master securityholder file, or as a component thereof; expand the definition of "item" to capture transfer instructions transmitted through blockchains and other distributed ledger-based platforms; update "position detail" to include unique identifiers for tokenized securities and digital wallet addresses; confirm that records of deleted position detail may be maintained through onchain records; and require transfer agents to report on Form TA-2 the number of issues they service using distributed ledger technology, by tokenization model, as well as their use of tokenization agents and distributed ledger technology platforms. Together, these changes would explicitly recognize, for the first time in the Commission's transfer agent rules, that registered transfer agents may perform their core functions using blockchain technology. In this way, the Proposed Rule directly furthers the recommendations of the President's Working Group on Digital Asset Markets, which urged the SEC to "modernize transfer agent rules to clearly permit the use of blockchain technology by transfer agents."[8]

To ensure the final rule does not undermine the very innovation it seeks to accommodate, CCI offers recommendations and considerations to the Proposed Rule in Section II below. These recommendations include clarifying the scope of who is a transfer agent, narrowing the definition of "item," clarifying how transfer agents may maintain "exclusive control" over a master securityholder file maintained in part or whole on a public blockchain, adopting a principles-based approach to "position detail," aligning recordkeeping requirements with how distributed ledgers operate, recognizing whitelisting as a reasonable basis under proposed Rule 17ad-31, and confirming that payment stablecoins and tokenized deposits may constitute "funds" under Rule 17ad-12.

[7] Proposed Rule at 56947.
[8] President's Working Grp. on Dig. Asset Mkts., *Strengthening American Leadership in Digital Financial Technology* 56–57, 141 (2025), https://www.whitehouse.gov/wp-content/uploads/2025/07/Digital-Assets-Report-EO14178.pdf (hereinafter "PWG Report").

II. CCI Offers Recommendations

A. Clarifying Scope of "Transfer Agent"

The Securities Exchange Act of 1934 ("Exchange Act") defines a "transfer agent" as "any person who engages on behalf of an issuer of securities or on behalf of itself as an issuer of securities in (A) countersigning such securities upon issuance; (B) monitoring the issuance of such securities with a view to preventing unauthorized issuance, a function commonly performed by a person called a registrar; (C) registering the transfer of such securities; (D) exchanging or converting such securities; or (E) transferring record ownership of securities by bookkeeping entry without physical issuance of securities certificates."[9]

The Proposed Rule acknowledges the growing role of tokenization service providers in the transfer agent ecosystem, including by proposing to require registrants to identify "tokenization agents" and "distributed ledger technology platforms" as service providers that directly support the performance of transfer agent functions on Form TA-2, and to report tokenized issues serviced by tokenization model.[10] The Proposed Rule does not, however, draw a clear line between when a person needs to register as a transfer agent, and when a person is merely providing services supporting the performance of transfer agent functions.

CCI Recommendations

i. Clarity for Non-Issuer Third-Party Tokenizers

The Commission should make explicit in the final rule that a third-party tokenizer of tokenized securities does not become a transfer agent, co-transfer agent, or service provider to a transfer agent merely by issuing tokens referencing a security and tracking ownership of those tokens onchain, so long as it does not otherwise act as a transfer agent on behalf of the issuer of the underlying security. The Commission should further clarify that such activity, standing alone, does not require the third-party tokenizer to enter into a contractual or other arrangement with the issuer of the underlying security or its recordkeeping transfer agent. These clarifications would be consistent with the Exchange Act's statutory requirement that transfer agent functions be performed "on behalf of an issuer," and the Proposed Rule's treatment of tokenization agents as service providers distinct from registrants on Form TA-2. It would also align with the Commission staff's recognition that a security tokenized by a third-party may or may not represent an

[9] Securities Exchange Act of 1934, Section 3(a)(25) (15 U.S.C. § 78c(a)(25).
[10] Proposed Rule at 56964.

ownership interest in, or contractual obligation of, the issuer of the underlying security.[11] Absent the recommended clarification, third-party tokenizers tracking ownership of the tokens they issue could be swept into a registration and compliance regime designed for entities that maintain an issuer's official securityholder records. That uncertainty could deter third-party tokenizers from working with registered transfer agents, issuers, and other market participants out of concern that they may inadvertently get swept into registration requirements designed for transfer agents themselves. As a result, this would reduce competition and efficiency in the market for tokenized securities. Clear lines would also benefit investors and the Commission by ensuring that transfer agent obligations rest with the entity that actually maintains the authoritative record of ownership of the underlying security.

ii. Clarity for Software Developers

CCI also urges the Commission to clarify that publishing, deploying, or maintaining software code on one or more blockchains, including smart contracts that track ownership of tokenized securities, is not by itself sufficient to cause the developer or publisher to become a transfer agent subject to Commission registration. Smart contracts that record token balances operate as tools used by transfer agents, issuers, and other market participants. A person who writes or publishes that code should not, without more, be deemed to perform transfer agent functions on behalf of an issuer. Clarification on this point will give developers greater confidence that publishing code alone will not expose them to an enforcement action for failing to register as a transfer agent, helping keep developers and the tokenization infrastructure they build in the United States. As the President's Working Group observed, the share of open-source software developers in the United States dropped from 25% in 2021 to 18% in 2025, as many crypto firms turned their attention overseas due to regulatory uncertainty and regulation-by-enforcement.[12] Clear rules protecting software developers are therefore critical to onshoring talent and ensuring that onchain financial markets are built here in the U.S., consistent with this Administration's goal of "reversing the decline of blockchain development in the U.S."[13]

[11] Proposed Rule at 56964 fn. 110 (citing Statement on Tokenized Securities, Division of Corporation Finance, Division of Investment Management, Division of Trading and Markets (Jan. 28, 2026), https://www.sec.gov/newsroom/speeches-statements/corp-fin-statement-tokenized-securities-012826-statement-tokenized-securities (discussing tokenized securities tokenized by third parties and noting that "In addition to issuer-sponsored tokenized securities, third parties unaffiliated with an issuer of a security could tokenize the unaffiliated issuer's security.").
[12] *See* PWG Report at 24-25.
[13] *Id.*

B. Clarifying the Definition of "Item"

As the Proposed Rule explains, "item" is the basic unit to which the Commission's turnaround, processing, and related requirements apply, and "is an essential term used throughout the transfer agent rules[.]"[14] In practice, whatever qualifies as an "item" is something a registered transfer agent must receive, track, process within a regulatory deadline, report on, and keep records of. Under the Proposed Rule, for example, a transfer agent would be required to turn around all routine items within the shorter of one business day or the standard settlement cycle; provide written notice to the presentor of any rejected item; notify the Commission and its appropriate regulatory agency when it fails to meet the turnaround standards; and keep records of the items it receives and processes.[15]

Existing Rule 17ad-1(a)(1) defines "item" primarily by reference to (i) certificates presented for transfer or instructions to transfer securities registered in the presentor's name; (ii) lines on a deposit shipment control list or withdrawal shipment control list submitted by a registered clearing agency; or (iii) in the case of an outside registrar, each certificate to be countersigned.[16] Under the Proposed Rule, the Commission would add two additional subsections within the existing definition of item, including, as relevant here: "any other transfer instruction submitted to the transfer agent, or to an electronic system controlled, operated, ***or enabled*** by the transfer agent, to be accomplished without the physical issuance of certificates."[17]

The Commission explains that the phrase "an electronic system controlled, operated, or enabled by the transfer agent" is intended to "ensure that instructions transmitted by or through both existing technologies, such as blockchains and other distributed ledger-based platforms and new, as yet unforeseen technologies, are captured by the definition," so that the turnaround and processing requirements apply uniformly "regardless of the specific technology used to issue, transfer, or custody the securities."[18]

CCI Recommendations

CCI supports the Commission's objective of applying the turnaround and processing rules on a technology-neutral basis. However, the addition of the term "enabled" in the definition of item raises significant concerns. The Proposed Rule does not define "enabled," and it could be interpreted broadly enough such that a transfer agent could be deemed to have "enabled" instructions sent through third-party interfaces, wallets, decentralized

[14] Proposed Rule at 56966.
[15] *See* Proposed Rule at 56975-80.
[16] *Id.*
[17] Proposed Rule 17ad-1(a)(1).
[18] Proposed Rule at 56966.

applications, or smart contracts it does not control or operate. In such cases, a transfer agent may be unable to process instructions in a manner that would allow it to satisfy turnaround, rejection-notice, and related requirements for transfer instructions deemed to constitute "items" under the Proposed Rule. CCI appreciates the Commission already recognizing that the definition of "item" may raise concerns in the context of blockchain-based platforms, including by asking whether transfer agents should be required to provide written notification for "a rejected onchain transfer even though the transfer agent was not responsible for rejecting the item."[19]

To avoid imposing obligations on transfer agents for instructions submitted through systems they neither control nor operate, CCI urges the Commission to remove "or enabled" from the definition of "item." At a minimum, the Commission should clarify that a system is "enabled by the transfer agent" only where the transfer agent has designated or authorized the system as a channel through which presentors may submit transfer instructions. The Commission should further confirm that instructions submitted through third-party interfaces, smart contracts, or applications that the transfer agent has not so designated are not "items" unless and until they are received in a system the transfer agent controls or operates. This approach would preserve the Commission's objective of applying the turnaround and processing requirements uniformly across technologies, while tying a transfer agent's obligations to instructions it is actually in a position to process.

C. Master Securityholder File and Recordkeeping

Existing Rule 17ad-9(b) defines "master securityholder file" as "the official list of individual securityholder accounts." The Proposed Rule would amend the definition of "master securityholder file" in Rule 17ad-9(b) to, in relevant part, "further specify that the specific technology, systems, or files that compose the master securityholder file are within the transfer agent's discretion, *provided the transfer agent maintains at all times* ***exclusive control*** *over the master securityholder file.*"[20] As the Proposed Rule notes, "the master securityholder file is the authoritative record of who owns an issuer's securities," and "ensuring that it is consistently accurate and reliable is one of the core roles of a transfer agent and fundamental to the prompt and accurate clearance and settlement of securities transactions."[21]

The Proposed Rule does not define "exclusive control," though the Commission appears to recognize the tension this requirement may raise in the context of blockchain technology. Specifically, Question 84 asks how the Commission should address situations where

[19] Proposed Rule Question 61.
[20] Proposed Rule 17ad-9(b)(emphasis added).
[21] Proposed Rule at 56969.

records exist solely on a blockchain or distributed ledger that is not exclusively controlled by the transfer agent, and whether the Commission should establish specific requirements for ensuring the integrity, accessibility, and immutability of such records for compliance purposes.[22]

CCI Recommendations

CCI supports the Commission providing transfer agents discretion over the specific technology or system that composes a master securityholder file, and agrees that the recordkeeping transfer agent should retain authority over, and responsibility for, this critical record. However, without clarity regarding how "exclusive control" may be satisfied, this requirement could be read to foreclose the very use of blockchain technology that the amended definition is intended to permit.

By design, no single participant "controls" a public, decentralized network. Smart contracts may permit tokenized securities holders to initiate transfers that update the record automatically, and administrative keys are frequently held through multi-signature or multi-party computation arrangements designed to reduce single points of failure. Read literally, each of these common features could be viewed as inconsistent with "exclusive control," even where the transfer agent retains full authority over the record. Indeed, the concept of "exclusive control" has previously been a source of uncertainty in the digital asset context; for example, a 2019 joint statement by SEC and Financial Industry Regulatory Authority staff questioned whether a broker-dealer holding a private key could demonstrate "exclusive control" over digital asset securities. That statement contributed to uncertainty regarding broker-dealer custody of digital assets until staff withdrew the statement in May 2025.[23] The final rule should avoid importing similar uncertainty into the transfer agent framework.

To ensure the exclusive control standard does not inadvertently preclude transfer agents from utilizing blockchain technology, including public, permissionless blockchains, the final rule should explain how a transfer agent that maintains a master securityholder file in whole or in part on a blockchain or other distributed ledger may satisfy that standard. "Exclusive control" should turn on whether the transfer agent is ultimately responsible for the master securityholder file and ensures that the master securityholder file remains

[22] 17 C.F.R. § 240.17Ad-9(b).
[23] *See* Division of Trading and Markets, U.S. Sec. & Exch. Comm'n, and Office of General Counsel, Fin. Indus. Regul. Auth., Joint Staff Statement on Broker-Dealer Custody of Digital Asset Securities (July 8, 2019) (withdrawn May 15, 2025), https://www.sec.gov/newsroom/speeches-statements/joint-staff-statement-broker-dealer-custody-digital-asset-securities (stating that a broker-dealer's maintenance of a private key "may not be sufficient evidence by itself that the broker-dealer has exclusive control of the digital asset security").

secure and accurate and is promptly updated. The Commission should further confirm that a transfer agent does not lack exclusive control merely because the underlying distributed ledger network is public and permissionless, tokenized securities transfers are executed by smart contracts in accordance with rules the transfer agent has established, or administrative keys are held through multi-signature or multi-party computation arrangements. This approach would be consistent with the Proposed Rule's guiding principle of ensuring master securityholder files are securely maintained and updated, while still ensuring the exclusive control requirement is flexible and capable of accommodating blockchain technology and future technological developments.[24]

D. Amending "Position Detail" To Accommodate Permissionless Networks

Under existing Rule 17ad-9(h), a "recordkeeping transfer agent" is defined as "the registered transfer agent that maintains and updates the master securityholder file."[25] Under the Proposed Rule, a recordkeeping transfer agent must maintain "position detail" in the master securityholder file for each securityholder position. Position detail would include a description of the specific information that constitutes "registration," including "the securityholder's full name and any other relevant identifying, titling, or formatting information (e.g., a digital wallet address in the case of any tokenized security . . .) necessary to accurately identify the specific securityholder to the exclusion of other securityholders."[26]

The Commission is proposing to expand item four of "position detail" to include additional contact information beyond the securityholder's physical mailing address, to also capture information "sufficient to enable the transfer agent to effectively deliver securityholder communications, dividends and other payments, legal notices, and other communications, including at a minimum a physical mailing address."[27] CCI appreciates the Commission specifically requesting comment on whether a principles-based approach would be more appropriate,[28] as well as then-Commissioner Peirce's statement accompanying the Proposed Rule's release asking directly whether transfer agents "should continue to be required to collect names and physical addresses of securityholders or should the rule

[24] *See* Proposed Rule at 56970 (explaining the amended definition of master securityholder file "is designed to be flexible and capable of accommodating future technological developments" and also that the rule's guiding principle is to ensure that master securityholder files are securely maintained and updated as promptly as possible, regardless of the technology or platform utilized.").
[25] 17 C.F.R. § 240.17Ad-9(h); *see also* Proposed Rule at 56971.
[26] Proposed Rule at 56969.
[27] *Id.*
[28] Proposed Rule at 56968.

allow other identifiers, such as email and digital wallet addresses, to be collected instead?"[29]

CCI Recommendations

CCI appreciates the Commission's recognition that digital wallet addresses may serve as identifying and contact information for holders of tokenized securities.

CCI urges the Commission to recognize that a requirement that transfer agents maintain each registered securityholder's full name and physical mailing address presents a fundamental structural challenge for securities that are issued or traded on permissionless blockchain networks. On these networks, any person may hold and transfer an asset through a self-custodial wallet without an intermediary that collects identity information. A requirement that the master securityholder file associate every onchain position with a real-world name and physical address would effectively restrict securities subject to transfer agent rules from trading on permissionless networks, thereby confining tokenized securities to closed, permissioned environments.

Accordingly, CCI encourages the Commission to adopt the principles-based alternatives described in Questions 39[30] and 41[31] of the Proposed Rule. Specifically, the Commission should use a principles-based approach that would require only the identifying information reasonably necessary to accurately identify the specific securityholder to the exclusion of other securityholders, and only the contact information reasonably necessary to establish contact with the securityholder and deliver securityholder communications and distributions.

The Commission should also make clear that a blockchain wallet address may satisfy both requirements, including for distributions and communications delivered to that address, and that a full name and physical mailing address should not be a mandatory minimum where the securityholder holds its position through a blockchain wallet address. Consistent with CCI's comments on the Commission's proposed e-delivery framework, digital wallet addresses and other blockchain-based identifiers should be recognized as valid means of

[29] Hester M. Peirce, Commissioner, U.S. Sec. & Exch. Comm'n, Time to Transfer: Statement on Proposed Transfer Agent Rules (Sept. 1, 2026), https://www.sec.gov/newsroom/speeches-statements/peirce-transfer-agent-rules-090126-time-transfer-statement-proposed-transfer-agent-rules.

[30] Proposed Rule Question 39 ("Specifically, should Rule 17ad-9(a)(3) use a principles-based approach that would require only the information reasonably necessary to accurately identify the specific securityholders to the exclusion of other securityholders?").

[31] Proposed Rule Question 41 ("Should Rule 17ad-9(a)(4) be revised to use a principles-based approach that would require the collection of only the information reasonably necessary to establish contact with the securityholder?").

communication.[32] This approach would allow tokenized securities to benefit from the liquidity and interoperability of permissionless networks, rather than being limited to closed systems, while still ensuring that transfer agents can identify and communicate with each securityholder.

E. Aligning Recordkeeping Requirements With How Blockchain-Based Ledgers Operate

i. Accounting for Network Conditions Outside a Transfer Agent's Control

The Proposed Rule would require transfer agents to establish, maintain, and enforce written policies and procedures reasonably designed to turn around all routine items within the shorter of one business day or the settlement cycle under Rule 15c6-1(a), and would redefine "promptly" for purposes of posting to the master securityholder file under Rule 17ad-10(a) on the same basis.[33] The Commission has explained that, in determining whether such policies and procedures are reasonably designed, transfer agents would likely need to consider factors including their "technological capabilities, and evolving industry standards and practices."[34]

The Proposed Rule would also add a new category of "record difference" where position detail in the master securityholder file is inconsistent with the history of transactions in the transfer journal.[35] The Commission states that the term should encompass "any type of inaccuracy in the securityholder files, regardless of the cause or source of the inaccuracy."[36] A record difference that remains unresolved for more than 30 calendar days becomes an "aged record difference," and Rule 17ad-11 requires reports to issuers and the transfer agent's appropriate regulatory agency when aged record differences exceed specified thresholds.[37]

CCI Recommendations

Where a master securityholder file is maintained in whole or in part on a blockchain, the timing and finality of a transfer may depend on network conditions outside the transfer agent's control, including factors related to network congestion, chain reorganizations,

[32] Letter from CCI to Vanessa A. Countryman, Secretary, U.S. Sec. & Exch. Comm'n, re: Electronic Delivery of Information Under the Federal Securities Laws (File No. S7-2026-25) (Sept. 21, 2026).
[33] Proposed Rule at 56975, Proposed Rule 17ad-2(a); Proposed Rule at 56993, Proposed Rule 17ad-10(a); Proposed Rule at 56971, Proposed Rule 17ad-9(g)(3).
[34] Proposed Rule at 56975.
[35] Proposed Rule 17ad-9.
[36] Proposed Rule at 56971.
[37] *See* Rule 17ad-11(a)(2).

validator or sequencer outages, and transactions that fail at the protocol level. These conditions may temporarily delay processing or cause onchain and offchain components of the master securityholder file to diverge until the transaction reaches finality, without reflecting any deficiency in the transfer agent's processes. While the Proposed Rule's reasonably designed standard accounts for a transfer agent's technological capabilities, it does not expressly address network-driven delays.

CCI therefore encourages the Commission to provide in the final rule that delays attributable to network conditions outside the transfer agent's reasonable control are excluded from (i) the calculation of turnaround and prompt-posting performance under Proposed Rules 17ad-2(a) and 17ad-10(a), including for purposes of the turnaround failure notices required under Proposed Rules 17ad-2(c) and (d); and (ii) the identification and aging of record differences under Proposed Rules 17ad-9(g)(3) and 17ad-11. This exclusion should apply where the transfer agent documents the network condition and processes the item, or resolves the difference, promptly once the condition abates or the transaction reaches finality.

Absent this clarification, transfer agents using blockchain-based records could be deemed to have failed the turnaround standards, triggering failure notices to the Commission and their appropriate regulatory agency, or be required to report aged record differences to issuers and regulators, as a result of network events outside of their control. That risk could discourage transfer agents from utilizing blockchain-based recordkeeping altogether, notwithstanding the Proposed Rule's express recognition that a blockchain may serve as the master securityholder file, and could generate regulatory reports that obscure, rather than reveal, genuine processing failures. Excluding network conditions outside of the transfer agent's control would preserve the integrity of these requirements while ensuring they operate on a technology-neutral basis.

ii. Retention of Deleted Position Detail on Immutable Ledgers

Proposed Rule 17ad-10(f) would require every recordkeeping transfer agent to retain a record of all "position detail" deleted from the master securityholder file for six years from the date of deletion.[38] The Proposed Rule would rescind language tied to hard-copy records and "would not require a particular method for transfer agents to retain records of 'position detail' information deleted from the master securityholder file, meaning that such information could be maintained, for example, by onchain records."[39]

[38] *See* Proposed Rule at 56992 ("Existing Rule 17ad-10(f) requires every recordkeeping transfer agent to retain a record of all 'certificate detail' (or, as proposed, 'position detail') deleted from the master securityholder file for a period of six (6) years from the date of deletion.").
[39] *Id.*

CCI appreciates the Commission recognizing the unique nature of immutable ledgers and asking whether "transfer agents that maintain the master securityholder file exclusively on an immutable blockchain network be exempt from the record deletion and retention requirement set forth in Rule 17ad-10(f), given that records created on such networks cannot be 'deleted' in the traditional sense."[40]

CCI Recommendations

CCI supports the Commission making clear that onchain records may satisfy Rule 17ad-10(f). CCI encourages the Commission to further provide that a transfer agent that maintains the master securityholder file, or the relevant component, on an immutable blockchain is deemed to comply with Rule 17ad-10(f) with respect to position detail recorded on that ledger, provided the transfer agent can access, reconstruct, and produce that history to the Commission and its appropriate regulatory agency in a readable format for the required retention period under Rule 17ad-10(f).

As the Commission recognizes in Question 105, the purpose of Rule 17ad-10(f) is to ensure that a record of deleted position detail remains available to resolve record differences, but on an immutable ledger, position detail is never deleted in the traditional sense. The ledger itself preserves a complete and permanent history of every position change. Allowing transfer agents to rely on an immutable ledger would therefore avoid requiring transfer agents to duplicate records that are already permanently preserved, while ensuring regulators retain access to the information the rule is designed to protect.

F. Clarifying "Reasonable Basis" Under Proposed Rule 17ad-31(b)

Proposed Rule 17ad-31(b) would require transfer agents to refrain from facilitating any unregistered securities transaction unless the transfer agent has a reasonable basis to believe the transaction does not violate, or is not part of, a chain of transactions that would violate, Section 5(a) of the Securities Act of 1933 ("Securities Act").[41] Proposed Rule 17ad-31(c) would create a non-exclusive safe harbor under which a transfer agent may establish a reasonable basis by (i) obtaining and reviewing an opinion of independent counsel or (ii) making its own determination that the transaction may be conducted pursuant to a specific exemption, in each case provided the transfer agent is not aware of circumstances indicating a potential violation.[42]

[40] Proposed Rule at 56993 (Question 105).
[41] Proposed Rule 17ad-31(b); *See* Proposed Rule at 57000-01 ("This proposed provision would require transfer agents to ensure that they have a reasonable basis for believing that a transaction may proceed legally before facilitating it.").
[42] Proposed Rule 17ad-31(c).

CCI Recommendations

To accommodate existing market practice for tokenized private securities, the Commission should expand the safe harbor in Proposed Rule 17ad-31(c) to provide that a transfer agent has a reasonable basis for purposes of Proposed Rule 17ad-31(b) where the transfer is effected through a whitelisting mechanism that limits transfers to wallet addresses verified, pursuant to written policies and procedures, as belonging to persons eligible to purchase the security under the applicable exemption, and the transfer agent is not aware of circumstances indicating that the transaction may violate Section 5(a).

Many private funds rely on the so-called "Section 4(a)(1½) exemption" to effect secondary transfers of their interests, and transfers are typically limited to investors who meet applicable eligibility standards. As these interests have become tokenized, whitelisting has become an established market practice for ensuring secondary transfer eligibility. Under this practice, the token contract permits transfers only to wallet addresses that have been verified, before any transfer occurs, as belonging to eligible investors. Transfers to non-whitelisted addresses are blocked at the protocol level. This practice embeds compliance with transfer restrictions directly into the security's transfer mechanics. By contrast, the proposed safe harbor is built around transaction-specific opinions of counsel or documented, management-approved determinations. This model is impractical for tokenized securities that may transfer frequently and in near real time. Adopting a whitelisting safe harbor would protect existing market practices for tokenized private securities without diminishing the protections Proposed Rule 17ad-31 is designed to provide, because eligibility would be verified before any transfer can occur and transfers to ineligible persons would be blocked automatically. It would also advance the Commission's goal of allowing investors and issuers to benefit from the efficiencies of blockchain technology, including programmable compliance, without requiring its use.

CCI also encourages the Commission to confirm, for each of the safe harbors in Proposed Rule 17ad-31(c), that "awareness" of circumstances indicating a potential Section 5(a) violation means actual knowledge identified through the transfer agent's reasonably designed policies and procedures. Defining awareness as actual knowledge will help preserve the up-front certainty the safe harbors are meant to provide.

G. Payment Stablecoins and Tokenized Deposits as "Funds" (Question 113)

Existing Rule 17ad-12 requires transfer agents to safeguard *funds and securities* of which they have custody or possession in a manner reasonably free from theft, loss, destruction, or misuse. The Proposed Rule would reframe Rule 17ad-12 as a comprehensive

outcomes-based risk management rule.[43] More specifically, transfer agents would be required to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that all securities and funds in their possession, control, or custody are protected against theft, loss, misappropriation, and unauthorized access, and to identify, measure, monitor, and mitigate material custody, operational, cybersecurity, and other risks.[44] CCI appreciates the Commission asking whether stablecoins and tokenized deposits can be funds (in addition to cash) and whether the bank account could be a bank's custodial wallet.[45]

CCI Recommendations

In response to Question 113, CCI urges the Commission to provide that payment stablecoins and tokenized deposits may constitute "funds" for purposes of Rule 17ad-12, and that a bank account may be a bank's custodial wallet. Transfer agents increasingly receive and distribute dividends, interest, redemption proceeds, and subscription amounts in connection with tokenized securities. Expressly clarifying that payment stablecoins and tokenized deposits are "funds" would give transfer agents the legal certainty needed to use these instruments in practice. In turn, issuers and investors would further benefit from the efficiencies of atomic, onchain settlement, reducing settlement and counterparty risk. It would also give investors confidence that, where a transfer agent holds payment stablecoins or tokenized deposits on their behalf, those assets are subject to the same safeguarding, segregation, and risk management protections under Rule 17ad-12 as any other third-party funds held by the transfer agent.

Similarly, clarifying that a bank's custodial wallet may serve as the required "account" would allow payment stablecoins and tokenized deposits to be more seamlessly integrated into transfer agents' safeguarding frameworks. Because these instruments are held and transferred through digital wallets rather than traditional deposit accounts, a purely account-based standard would not map onto how they operate, and could require transfer agents to convert them into cash, forfeiting the efficiencies of onchain settlement.

In the case of payment stablecoins, the Guiding and Establishing National Innovation for U.S. Stablecoins ("GENIUS") Act requires permitted payment stablecoin issuers to remain subject to a comprehensive federal framework, including reserve, redemption, and

[43] Proposed Rule at 56996 ("Given the volume of assets handled by transfer agents and the dependence of issuers and investors on their uninterrupted operation, reframing Rule 17ad-12 as a comprehensive risk management rule is necessary and appropriate to promote the prompt and accurate clearance and settlement of securities transactions, the safeguarding of securities and funds, and to protect investors and the public interest.").
[44] Proposed Rule at 56995-96.
[45] Proposed Rule Question 113.

supervisory requirements. The Commission should ensure that the scope of eligible payment stablecoins under Rule 17ad-12 aligns with the GENIUS Act's definition of "payment stablecoin," so that investors benefit from the GENIUS Act's tailored protections. Similarly, tokenized deposits represent deposit liabilities of regulated depository institutions and should remain subject to the prudential framework applicable to those institutions and deposits.

III. Conclusion

CCI appreciates the Commission's efforts to modernize the transfer agent rules and supports the Proposed Rule's central objective of establishing a technology-neutral framework that accommodates blockchain-based recordkeeping and tokenized securities. The Commission should preserve this forward-looking foundation while adopting targeted clarifications that ensure the final rule works as intended in practice. Adopting the recommendations above would provide legal certainty for tokenizers and software developers, appropriately define the scope of transfer agents' processing obligations, clarify how transfer agents may utilize distributed ledger technology as part of maintaining a master securityholder file, accommodate the operational realities of blockchain networks and the securityholders who use them, protect existing market practices for tokenized private securities, and expand the utility of payment stablecoins and tokenized deposits in securities transactions, all while preserving investor protections. CCI welcomes the opportunity to engage further with the Commission and its staff on these recommendations.

Respectfully submitted,





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