

MEMORANDUM

To: Crypto Task Force Meeting Log
From: Crypto Task Force Staff
Re: Meeting with Representatives of Ohanae Inc. and Ohanae Securities LLC

On May 16, 2025, Crypto Task Force Staff met with representatives from Ohanae Inc. and Ohanae Securities LLC.

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





Request for Meeting with Crypto Task Force

Subject: Tokenized Securities Trading Platform



Attendee #1

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Attendee #2

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Attendee #3

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Attendee #4

Janice Chan
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Our Request:

In alignment with Commissioner Mark T. Uyeda's recent remarks encouraging "exemptive relief frameworks that promote responsible innovation," Ohanae Inc. respectfully requests a virtual meeting with the SEC Crypto Task Force to deliver a live demonstration of our fully developed blockchain platform for tokenized securities trading.

Rather than requesting theoretical guidance, our objective is to provide a practical, real-world example of a system purpose-built to comply with U.S. securities regulations, covering areas such as custody, capital formation, secondary market execution, tokenized securities, and covered stablecoin (cash equivalent) compliance.

Agenda:

- Live demonstration of tokenized issuance and secondary trading on the Ohanae platform
- Walkthrough of quote-based pricing and principal execution using a compliant hybrid Automated Market Maker (AMM) model
- Private Key Protection and Custody

Website: <https://www.ohanae.com/>



Additional Information:

RE: Ohanae Tokenized Securities Market Structure

On April 21, 2025, Ohanae Inc. submitted a formal request for engagement with the SEC's Crypto Task Force to present its non-Reg NMS OTC market structure for tokenized securities. The submission outlines an end-to-end platform operated by Ohanae Securities LLC [with a pending Special Purpose Broker-Dealer (SPBD) application], designed to comply with U.S. securities laws while leveraging blockchain technology to enhance efficiency, reduce settlement risk, and support compliant capital formation.

The proposal aligns with the SEC's recent policy direction—particularly Acting Chairman Mark Uyeda's April 11 remarks supporting time-limited exemptive frameworks that foster innovation while upholding investor protections.

A supporting attachment, *Tokenization of Securities: Simplifying the Future of Trading*, outlines Ohanae's solution across six key dimensions:

1. Structural inefficiencies in today's OTC markets
2. Blockchain-driven simplification of securities trading
3. Benefits of tokenization for issuers and investors
4. A compliant hybrid settlement model integrating digital and traditional finance
5. Future applications for MMF, ETF, and RWA
6. Custody and use of covered stablecoins, including Ohanae Coin (OUSD)

The Ohanae platform runs on a permissioned blockchain with embedded compliance, atomic settlement, and identity-based custody. Its integrated stablecoin, OUSD, is fully fiat-backed in a Special Reserve Account (SRA) and used solely for payments within the system. Ohanae Securities serves as the principal liquidity provider under a dealer model, with the option for future participation by third-party broker-dealers.

Ohanae requests staff engagement to explore interpretive clarity on key issues such as SPBD custody of covered stablecoins as cash equivalents under Rule 15c3-3. The company's goal is to offer a compliant, secure, and scalable market infrastructure that advances regulatory objectives while embracing innovation.



Formal Request for Engagement on Tokenized Securities Market Structure

April 21st, 2025

To: Commissioner Hester Peirce, Chair, Crypto Task Force

Cc: Raymond Lombardo, Assistant Director, Division of Trading and Markets

James Verdone, CEO Ohanae Securities LLC

Dear Commissioner Peirce and Members of the Staff,

Further to our letter dated April 14th, 2025, we respectfully request a meeting with the Crypto Task Force and relevant divisions to review our approach to a non-Reg NMS OTC market structure designed for the compliant issuance, custody, and trading of tokenized securities.

Our platform, operated by Ohanae Securities LLC (SPBD application pending), is designed to comply with existing U.S. securities laws while leveraging blockchain technology to reduce settlement risk, increase efficiency, and support capital formation for both private and public issuers. The model is intentionally simple: there is no matching engine, no exchange functionality, and no disintermediation of regulated financial intermediaries. We believe this approach enables innovation within the current regulatory framework and does not require additional exemptive relief.

We seek constructive engagement to affirm that this framework is consistent with SEC guidance—particularly as it relates to Special Purpose Broker-Dealers, digital asset custody representing cash in a special reserve account under a carrying broker-dealer, and the trading of tokenized securities. This request is also responsive to prior feedback from the Crypto Task Force, which encouraged engaging with relevant divisions for interpretive clarity and, where appropriate, consideration of no-action relief.

We are encouraged by **Acting Chairman Mark Uyeda's April 11th, 2025 remarks supporting exemptive frameworks that foster innovation while maintaining investor protection**. We believe our initiative aligns with that vision and would benefit from direct dialogue with Commission staff.



To assist your review, we have attached a summary document titled “*Tokenization of Securities: The Future of Trading Made Simple.*” It outlines our operational model, compliance architecture, and rationale for using a permissioned blockchain to support tokenized securities, covered stablecoins, and atomic settlement. The market structure is designed to operate fully within the boundaries of a non-Reg NMS OTC market.

We would welcome the opportunity to present a virtual demonstration of the Ohanae platform via Zoom, and we invite participation from staff in the Divisions of Trading and Markets, Investment Management, Corporation Finance, and any other relevant offices.

Thank you for your continued leadership in supporting responsible innovation in the U.S. capital markets.

Sincerely,

Greg Hauw

Founder & CEO, Ohanae Inc.

Email: greg@ohanae.com | Tel: (650) 488-7311

Attachment:

Tokenization of Securities: Simplifying the Future of Trading.

Tokenization of Securities: Simplifying the Future of Trading

Executive Summary

Tokenization is reshaping the structure of capital markets. This paper presents Ohanae's approach to building a compliant, streamlined environment for trading digital securities. In light of recent SEC statements, including April 11th, 2025, remarks from Commissioner Mark Uyeda supporting flexible regulatory frameworks, Ohanae is positioned to lead in this evolving space.

This report highlights six core areas:

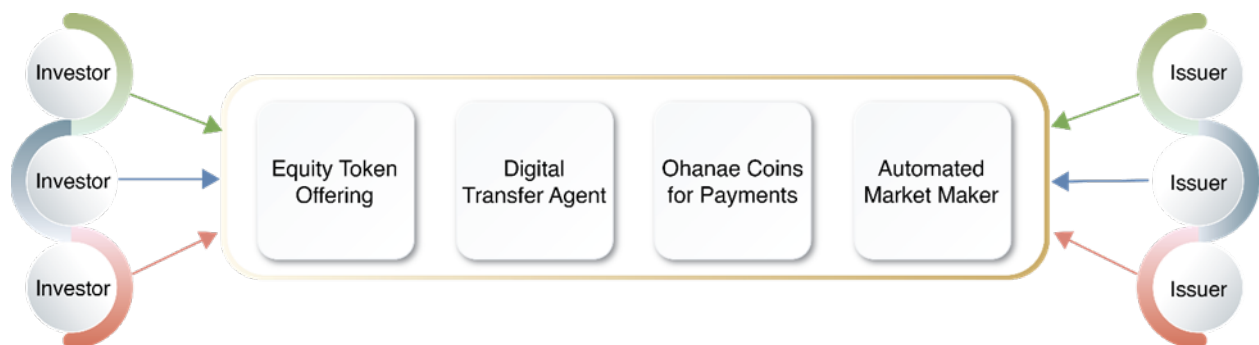
1. Challenges in the current OTC market.
2. How Ohanae simplifies trading using blockchain.
3. Advantages of tokenization via the Ohanae platform.
4. A compliant hybrid settlement model.
5. A forward-looking framework supporting tokenized MMF, ETF, and RWA.
6. Footnote: Custody of OUSD as a Cash Equivalent in a Special Reserve Account.

A New Approach to the OTC Market

Market Inefficiencies

Over 12,000 securities trade in OTC markets, which are often burdened by high costs, slow settlements, and opaque pricing. Investors face unnecessary risk, and issuers encounter barriers to efficient capital formation.

The Ohanae Solution



Non-Reg NMS OTC Market Structure

Ohanae eliminates many of these inefficiencies with a Web3-enabled infrastructure that offers:

- Instant settlement through atomic execution.
- Transparent pricing without traditional intermediaries.
- Liquidity via Ohanae Coin (OUSD), a USD-pegged covered stablecoin for payment.
- Accessible capital formation through compliant tokenized offerings.

Simplifying OTC Trading

Ohanae integrates regulatory compliance and user trust into every step of the trading process:

- **Equity Token Offerings (ETOs):** Issuers raise capital through digital equity offerings under Regulation A and D.
- **Ohanae Coin (OUSD):** A covered stablecoin used for settlement and cash-equivalent custody.
- **KYC/AML Controls:** All users are verified through the Ohanae Customer Identification Program (CIP).
- **Atomic Settlement:** Trades execute and settle simultaneously, reducing counterparty risk and enabling 24x7 availability.

A Purpose-Built Blockchain

The Ohanae blockchain is permissioned, designed for financial regulation, and optimized for performance (with 3-second block time).

Key Features:

- **No Gas Fees:** Fast, cost-effective transactions.
- **Embedded Compliance:** Only verified users and smart contracts interact with the ledger.
- **Identity-Based Custody:** Users do not manage private keys; access is controlled via Ohanae ID.
- **Limited Asset Transferability:** Digital securities and OUSD cannot leave the ecosystem, preventing external transfer risks.
- **Auditability:** Centrally managed validator nodes enable monitoring and record integrity.
- **High Availability:** Infrastructure is optimized for performance and resilience.

The Power of Tokenization

Tokenization turns traditional securities into programmable, blockchain-based assets.

Advantages:

- **Built-In Compliance:** Eligibility restrictions are coded directly into smart contracts.
- **Transparent Ownership:** Immutable records simplify reconciliation and reduce errors.
- **Cost Efficiency:** Reduces issuance and operational overhead for issuers and investors.

A Compliant Hybrid Settlement Model

Ohanae Securities LLC operates under a principal dealer model using automated market-making (AMM) logic. Trades occur directly between investors and Ohanae Securities, without external matching engines or third-party order books.

Core Components:

- **Principal Trading:** Ohanae Securities provides liquidity using its own balance sheet.
- **Crypto Asset Custody:** As a pending SPBD, Ohanae Securities will custody digital securities and OUSD.
- **OUSD Backing:** Fully backed by fiat in a Special Reserve Account (SRA).
- **Yield Retention:** OUSD retains yield internally, improving financial strength without creating investor profit expectations.
- **No ATS Requirement:** The trading structure avoids triggering Alternative Trading System (ATS) status.

Over time, Ohanae aims to expand liquidity provision to other broker-dealers, maintaining a quote-driven structure while enabling market depth.

SEC Support for Covered Stablecoins

On April 4th, 2025, the SEC issued a statement clarifying its view on fiat-backed stablecoins. It affirmed that certain “Covered Stablecoins” — those designed to maintain a stable value relative to the U.S. dollar and fully backed by low-risk, liquid reserve assets — are not considered securities under the Securities Act of 1933 or the Securities Exchange Act of 1934. These stablecoins are recognized as crypto assets, intended for use in commerce such as making payments or storing value.

Importantly, the SEC did **not** address whether Covered Stablecoins are eligible for custody by Special Purpose Broker-Dealers (SPBDs), leaving that question open for further regulatory clarification.

The SEC also stated that Covered Stablecoins may be yield-bearing — as long as the yield does not create a reasonable expectation of profits for the holders. This clarification supports the design of Ohanae Coin (OUSD):

- **OUSD is yield-retaining:** The yield is not distributed to holders but retained in a Special Reserve Account to enhance reserve backing.
- **Holders do not expect profits:** Instead, users benefit from fee-free transactions and enhanced liquidity.
- **OUSD is confined to the Ohanae blockchain:** It cannot circulate externally, mitigating systemic risk.
- **Ohanae Securities will custody OUSD**:** In alignment with SPBD custody principles, Ohanae Securities will implement internal, identity-based, non-rehypothecated custody. While the April 4th SEC statement did not address SPBD custody directly, its recognition of Covered Stablecoins as non-securities — when used for payment or value storage — aligns with Ohanae’s compliant approach and supports continued dialogue with regulators on this topic.

Identity-Based Custody and Recovery

With Ohanae ID, digital asset ownership is tied to verified identities rather than self-managed keys.

Custody and Recovery:

- **Exclusive Private Key Control:** Ohanae Securities safeguards user keys, mitigating risks of loss or theft.
- **User Recovery Options:** Passphrase-based access recovery is available. In exceptional circumstances, such as legal proceedings, Ohanae may assist under strict protocols.

This model mirrors the security of a bank safe deposit box—offering protection and recoverability without user responsibility for cryptographic keys.

Looking Ahead: A New Market Structure

The Ohanae platform is designed to evolve. Beyond equity tokens and OUSD, the architecture supports the future tokenization of:

- Money Market Funds (MMF)
- Exchange-Traded Funds (ETF)
- Real-World Assets (RWA)

By enabling direct participation by investors and simplifying secondary market access for S-1 issuers, Ohanae offers a modern alternative to legacy market infrastructure.

Conclusion

Ohanae combines regulatory compliance, Web3 technology, and purpose-built infrastructure to modernize how capital is raised and traded. With instant settlement, integrated compliance, and secure custody, the Ohanae platform makes trading digital asset securities simple, secure, and scalable.

About Ohanae

Ohanae, the proposed Web3-powered non-Reg NMS OTC Market platform, is operated by Ohanae Securities LLC, a wholly owned subsidiary of Ohanae, Inc., a Delaware corporation based in New York. Ohanae Securities LLC serves as the broker-dealer entity responsible for facilitating primary offerings and secondary trading on the platform. Its Special Purpose Broker-Dealer (SPBD) designation is pending FINRA approval, which will allow it to custody tokenized securities and cash equivalents in the form of equity tokens and covered stablecoins. Ohanae, Inc. will oversee the technology and operational framework of the platform, with an eye toward leveraging Web3 to improve market efficiency. As an SEC-registered digital transfer agent, Ohanae, Inc. offers to provide critical record-keeping functions for tokenized securities via a secure blockchain infrastructure.

Footnote:

**** Statement on Custody of Ohanae Coin (OUSD) as a Cash Equivalent in a Special Reserve Account**

If a carrying broker-dealer is permitted under Rule 15c3-3 to custody customer cash in a Special Reserve Account (SRA), provided it maintains adequate net capital under Rule 15c3-1, then custody of Ohanae Coin (OUSD)—a digital representation of U.S. dollars held in the same SRA—should be evaluated on a consistent basis.

OUSD is a **covered stablecoin**, fully backed 1:1 by fiat held at a qualified U.S. bank. It does not function as a speculative crypto asset. Instead, it operates as a tokenized cash equivalent confined to a permissioned, SEC-aligned environment. The economic position of the customer remains materially the same whether the value is represented in traditional fiat or in tokenized form.

Given its design features—full reserve backing, non-rehypothecation, limited transferability, and identity-based access controls—OUSD aligns with the principles of customer protection under Rule 15c3-3. **The form of representation (digital or traditional) should not alter its treatment where the underlying asset is held with the same protections and disclosures.**

This interpretation supports the use of OUSD as a compliant settlement asset within modern digital market infrastructure.

“Covered stablecoin” refers to a fiat-backed crypto asset that meets the criteria outlined in the SEC’s April 4, 2025 statement, including full reserve backing, segregation of assets, and use solely for payment or settlement purposes. See [SEC Statement on Stablecoin](#) (April 4, 2025).