

Via Electronic Mail

Mr. Jamie Selway
Director
Division of Trading and Markets
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Re: Ondo Finance – No-Action Request – Broker-Dealer Support of Customers’ Use of a Public Blockchain for Recordkeeping of Tokenized Security Entitlements

Dear Mr. Selway:

Ondo Finance Inc. (“Ondo”) is a financial technology company focused on tokenizing real-world assets (“RWAs”). We endorse the growth of tokenization—the representation of financial assets on distributed ledgers—as an important new market feature that policymakers, regulators, market participants, and the Securities and Exchange Commission (“SEC” or “Commission”) should support. In our December 2025 submission to Chairman Atkins and the Commission’s Crypto Task Force (the “Roadmap”)¹, we described several models through which securities markets may move onchain and noted our intention to focus many of our future U.S. efforts on products linked to securities held through The Depository Trust Company (“DTC”).

This letter concerns the first pilot project of that kind. Specifically, through our SEC-registered transfer agent subsidiary, Oasis Pro TA, LLC (“Oasis Pro TA”), and together with Alpaca Securities LLC (“Alpaca”) and BitGo Bank & Trust, National Association (“BitGo”), Ondo proposes to tokenize the security entitlements in U.S. listed equities and exchange-traded funds (“ETFs”) held through DTC, when those securities serve as collateral for Ondo Global Markets (“OGM”) products. OGM products are separate tokenized note products currently offered and sold outside the United States to non-U.S. investors. Accordingly, the proposal in this letter does not concern issuance of the OGM products themselves. Rather, it concerns the use of a public, permissionless blockchain to record and administer security entitlements in the underlying collateral assets supporting those OGM products.

More specifically, in the proposed structure:

1. OGM products would continue to exist as tokenized notes issued by Ondo Global Markets (BVI) Limited (“OGM Limited” or the “Issuer”);
2. The underlying U.S. listed equities and ETFs would continue to be held through the established indirect holding system at DTC through Alpaca;
3. Alpaca would credit OGM Limited with security entitlements in those underlying securities in the ordinary manner; and

¹ <https://www.sec.gov/files/ctf-written-input-ondo-finance-120425.pdf>

4. When instructed by OGM Limited, Oasis Pro TA would create tokens representing those security entitlements using Ethereum Mainnet, with the resulting tokens held in a designated wallet at BitGo and reflected separately in Alpaca's control-account records.

The SEC recently granted no-action relief for DTC to develop a broadly equivalent centralized model to tokenize securities positions of DTC participants in connection with its services as a central securities depository ("CSD"),² and which is expected to support trading on national securities exchanges such as Nasdaq.³ Ondo supports initiatives of that kind. At the same time, the timing and practical availability of DTC's proposed service remain uncertain, and we do not believe that a centralized service must be the only way to introduce tokenized securities safely and efficiently in the U.S. This letter accordingly requests confirmation that Staff would not recommend enforcement action if Ondo, Alpaca, Oasis Pro TA, and BitGo proceed with the more targeted, DTC participant-driven model described below.

For clarity, this proposal involves three distinct layers that should be kept separate:

1. **The offshore layer:** OGM products, which are tokenized notes issued by OGM Limited.
2. **The collateral layer:** Underlying U.S. listed equities / ETFs that support those notes.
3. **The recordkeeping and control layer:** The method by which Alpaca supports the reconciliation of OGM Limited's security entitlements in that collateral with the records of the Issuer's tokenization agent, including the proposed use of token records on Ethereum Mainnet.

Keeping these layers distinct is important because this proposal seeks clarification only with respect to the third layer, while preserving the existing legal and operational framework for the second layer and leaving the first layer unchanged.

Among other things, and as described in more detail below:

- Tokenized securities products have been present in U.S. markets since at least 2016, so there are ample precedents in the market for Ondo and others to reference when developing proposals consistent with SEC expectations, and for FINRA and the SEC to draw upon in supervising those activities.
- In our initial proposed pilot, the securities to be tokenized are not the OGM products themselves, but rather OGM Limited's security entitlements in the underlying collateral securities already held through DTC and credited by Alpaca.
- Oasis Pro TA would act as designated tokenization agent for OGM Limited and would mint tokens corresponding to OGM Limited's security entitlements in that collateral.
- Those tokens corresponding to the security entitlements held in the control account for OGM Limited at Alpaca would be held on Ethereum Mainnet in a designated digital

² <https://www.sec.gov/files/tm/no-action/dtc-nal-121125.pdf>

³ https://listingcenter.nasdaq.com/assets/rulebook/nasdaq/filings/SR-NASDAQ-2025-072_Notice.pdf

wallet at BitGo, subject to control arrangements designed to preserve the existing collateral and investor-protection framework applicable to OGM products.

- Alpaca’s off-chain records for the relevant control account would remain Alpaca’s official books and records for purposes of recording OGM Limited’s security entitlements in the underlying securities.
- Adding an option for OGM Limited to use tokenized security entitlements in this way would simplify the operational processes associated with the OGM suite of products, improve collateral monitoring, and enable more efficient processing of mint and burn actions associated with creation and redemption of OGM products.
- The proposal also preserves Alpaca’s official, off-chain books and records, preserves the existing Article 8 and DTC control framework applicable to the Underlying Securities, and introduces blockchain functionality only in the targeted manner described above for recordkeeping, reconciliation, collateral monitoring, and operational efficiency.
- In the specific circumstances of OGM Limited and the OGM products, the additional transparency of the blockchain records for the underlying collateral positions is also a positive benefit in allowing for ready verification of the presence and adequacy of the securities positions held as collateral by the security agent.
- Absent objections by the SEC or FINRA, Oasis Pro TA, Alpaca, and BitGo are prepared to commence this program in the second quarter of 2026. Alpaca and Oasis Pro TA would also be willing to provide written notice to Staff at the time of launch.

We recognize, however, that a broker-dealer’s use of its recordkeeping systems to support its customers’ use of a public, permissionless blockchain, even in the very controlled manner proposed, may be considered to be novel. Accordingly, we are writing to request that the SEC staff in the Division of Trading and Markets (“Staff”) confirm that it would not recommend enforcement action be taken if Ondo, Alpaca, Oasis Pro TA, and BitGo proceed with the tokenization proposal in the manner and under the circumstances described in more detail below. Should you require additional information or wish to discuss this request further, we are available at your convenience.

We originally submitted this request letter to your offices confidentially on December 18, 2025. This letter replaces and amends that earlier letter in its entirety, to better reflect conversations with SEC staff and other developments since that time.

We appreciate your consideration of this matter and look forward to your response. Yours sincerely,

Signed by:

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Mark Janoff General Counsel

I. Ondo Profile

Ondo's mission is to make institutional-grade financial products, such as U.S. government securities, money market funds, and U.S. listed stocks and ETFs, and related services more accessible to a broader audience on blockchains. Ondo's approach spans both intermediated structures for tokenized real-world assets ("RWAs") and decentralized finance structures. From our perspective, adopting blockchain technology and distributed ledger technology ("DLT") solutions in financial markets isn't about replacing the traditional financial system, it's about combining the strengths of that system with the additional capabilities of digital native systems, and solutions that produce meaningful improvements and a stronger, more robust financial system overall.

Ondo's business consists of three main lines of business that together allow Ondo to engage in a range of activities related to the tokenization of RWAs.

- **Software development.** We develop software that supports both centralized tokenization platforms and decentralized protocols to improve the utility and distribution of tokenized RWAs.
 - Ondo Chain – A Layer 1 proof-of-stake blockchain being developed to enable tokenized RWAs to be used at scale.
 - Ondo Token Bridge – Blockchain tool that allows tokenized RWAs to be natively bridged between blockchains, including Ethereum, Solana, Arbitrum, and Mantle.
 - Oasis Pro Tokenization – A tokenization platform that enables market participants to convert RWAs into digital representations of those assets.
 - Flux Finance Protocol – The first decentralized lending protocol supporting high-quality permissioned tokenized securities as collateral, e.g., Ondo's OUSG token.
 - Ondo Nexus. Provides a 24/7 redemption mechanism for tokenized Treasuries from various issuers, converting them to stablecoins like USDC.
- **Creating new tokenized assets.** We support the creation of tokenized securities on public blockchains.
 - Ondo Short-Term U.S. Government Treasuries ("OUSG"): A first of its kind tokenized private fund of onchain, institutional government securities and money market funds ("MMFs") such as Blackrock's BUIDL, and MMFs of Fidelity, Franklin Templeton, Wisdom Tree and others.
 - U.S. Dollar Yield Token ("USDY"): The first tokenized note secured by short-term U.S. Treasuries and bank deposits, providing yield to non-U.S. investors.
 - Ondo Global Markets ("OGM"): The largest platform tokenizing publicly traded securities, currently offering tokenized notes secured by over 260 U.S. stocks and ETFs to non-U.S. investors.
- **Supporting markets for tokenized assets.** We support the buying, selling, trading, and custody of tokenized securities by investors.
 - Oasis Pro Markets ("Oasis Pro") – An SEC registered broker-dealer and operator of an alternative trading system ("ATS") for trading of tokenized securities.

- Oasis Pro TA, LLC (“Oasis Pro TA”) – An SEC registered transfer agent authorized to maintain on and off-chain master securityholder file records of registered owners.
- Ondo Capital Management LLC – SEC registered investment adviser. Adviser to our Ondo Short-Term U.S. Treasury fund, OUSG.

II. Ondo Global Markets Products

The issuer of OGM products is OGM Limited, a British Virgin Islands special purpose vehicle. OGM products (hereinafter “OGM Products”) are tracker certificates in the form of tokenized notes. Each OGM product is secured by the relevant U.S. listed equity security or ETF serving as the reference asset and collateral for that note. There are currently over 260 OGM products available, and those products are offered only outside the U.S. to non-U.S. investors pursuant to the exemption from registration available under Regulation S (17 CFR 230.901 - 230.905). The denomination of the OGM Products is U.S. Dollars (“USD”), and the base currency referred to by the Underlying is USD.

OGM products are issued by the Issuer on Ethereum Mainnet and on other blockchain networks that Ondo Finance Inc., as designated tokenizer of the products, may select. The OGM Products are engineered to mirror the price movements of the relevant underlying ETF shares or listed security shares (the “Underlying Securities”) that serve as the reference assets for the tokenized note. The fundamental investment goal of the OGM products is to replicate the return performance of the Underlying Securities, net of relevant fees and expenses. Accordingly, an investor in an OGM product holds a tokenized note issued by OGM Limited, while the corresponding Underlying Securities are acquired and held separately as collateral for that note.

OGM products can be transferred freely to other investors only via wallets and the relevant distributed ledgers for those products. OGM products are collateralized by the Underlying Securities (“Collateral”) and any additional collateral (“Additional Collateral”) necessary to fulfill the payment obligations of the Issuer under the fiscal agency agreement and security arrangements governing the OGM products. The intended investors are non-U.S. investors with sufficient resources, knowledge, and investment horizon to evaluate and bear the risks of the products.

OGM products are structured to protect the interests of token purchasers. When a non-U.S. investor buys an OGM product, the Issuer uses the proceeds, minus the costs, to finance the purchase of the Underlying Securities. A security agent, Ankura Trust Company, LLC (“Ankura Trust”), holds a first priority security interest in the Underlying Securities and any Additional Collateral for the benefit of investors in OGM products. Alpaca acts as custodian for the Underlying Securities, and Alpaca and BitGo act as fiat account providers for cash balances held for the benefit of investors in OGM products. BitGo also acts as custodian for stablecoins held for the benefit of investors in OGM products. Alpaca is an SEC registered and Financial Industry Regulatory Authority (“FINRA”) member broker-dealer licensed to act as a carrying broker-dealer, and BitGo is an OCC-chartered national trust bank.

The U.S. dollar value of the Collateral and Additional Collateral at any point in time must total at least 100.5% of the value of the OGM products outstanding, calculated as specified in the governing documents. The Security Agent, acting for the benefit of investors in the OGM

products, has a primary claim to the Underlying Securities, cash balances, and stablecoins allocated as collateral to each product. OGM products are neither insured nor guaranteed by any government, regulator, or agency and are not covered by any deposit protection scheme or other insurance.

III. Proposal to Tokenize the Issuer's Security Entitlements in Underlying Securities

In the current OGM structure, the Underlying Securities that serve as reference assets and collateral for OGM products are held through the established indirect holding system at DTC. Alpaca, as broker-dealer and securities intermediary under Article 8 of the Uniform Commercial Code ("UCC"), maintains an account in the name of the Issuer to which it credits security entitlements in those Underlying Securities.

The proposal described in this letter would not change that foundational legal structure. Instead, it would introduce a tokenized method for recording and administering the Issuer's security entitlements in those Underlying Securities. In other words, the position that Alpaca currently records in conventional book-entry form for the Issuer would, when designated by the Issuer for tokenization, also be represented by tokens on Ethereum Mainnet. Those tokens would represent the Issuer's security entitlement to the relevant Underlying Securities and would be used to support recordkeeping, reconciliation, collateral monitoring, and operational processes associated with the creation and redemption of OGM products.

This distinction is important. The proposed new security entitlement tokens are not the OGM products themselves, and they are not newly issued securities of the issuers of the Underlying Securities. Rather, they are blockchain-based representations of the Issuer's existing security entitlements in Underlying Securities already held through DTC and credited by Alpaca to the Issuer's account.

We believe this proposal would provide several important benefits. It would simplify the operational and supervisory processes Ondo maintains to ensure OGM systems are operating as intended; provide additional capabilities for the Security Agent to monitor the status and value of collateral securing OGM products; and increase the utility of OGM products for customers managing their portfolios onchain by allowing purchase and sale instructions, and the equivalent mint and burn actions relating to collateral administration, to be processed more efficiently.

The following steps describe the proposed issuance and tokenization process chronologically, starting from issuance of an OGM product and then turning to the tokenization of the Issuer's corresponding security entitlements in the Underlying Securities:

- (1) Cash proceeds from investors confirmed to be non-U.S. persons outside the United States (pursuant to know-your-customer compliance practices) who initially purchase OGM Products would be used by the Issuer to purchase the relevant Underlying Securities that serve as Collateral for the OGM Products.
- (2) Once the Issuer's position in the Underlying Securities through its account at Alpaca is established through DTC's ordinary settlement practices, and upon acceptance by Alpaca of a tokenization instruction from the Issuer, the Issuer's book-entry position

in the Underlying Securities would be transferred from the cash or margin account in the name of the Issuer at Alpaca to a control account in the name of the Issuer with Alpaca.

- (3) Oasis Pro TA, as tokenization agent and using its established tokenization framework, would then mint and deliver to the Issuer's designated digital wallet on Ethereum Mainnet tokens representing the Issuer's security entitlement to the Underlying Securities ("Tokens"). The Tokens would be created using the same ERC-20 token standard used for the OGM Products, with minimal extensions to support regulatory compliance and strong composability.
- The smart contracts would use battle-tested OpenZeppelin primitives, including ERC-20, Upgradeable Beacon Proxy pattern, and Role-Based Access Control (RBAC).
 - The Token smart contracts also would implement native transfer hooks to enable address screening on every transaction for regulatory compliance or other distribution control purposes. For example, for each transfer, the from, to, and msg.sender addresses would be screened against the Issuer's internal lists as well as the Chainalysis sanctions oracle, to prevent sanctioned or unauthorized persons from interacting with the Tokens. This mechanism also enables Tokens to be frozen in place when required.
 - For operational control, the Tokens would use a hierarchical RBAC model. The root account can grant and revoke roles that enable a limited and explicit set of administrative actions, including:
 - Freezing or restricting Token transfers by updating the blocklist or allowlist state;
 - Seizing and burning Tokens using the designated burner role;
 - Effectively reversing Token transfers by seizing and re-minting tokens; and
 - Authorizing new addresses to interact with Tokens by updating the allowlist.
 - To enable long-term safety and flexibility, the Token smart contracts would be upgradeable via an OpenZeppelin Upgradeable Beacon Proxy. This capability would allow the participants to respond to future regulatory changes, security issues, or clearly defined product requirements without deploying entirely new smart contracts or performing onerous token migrations, while maintaining strict controls over when and how upgrades can occur.
 - To support multi-chain distribution, should that be desired in the future, Ondo has also worked with leading bridging providers to enable cross-chain deployment of the Tokens through a novel multi-token bridge built on the LayerZero OFT standard. This design allows Tokens to be represented across multiple chains while preserving a consistent supply, compliance, and control model.

- (4) To avoid any “double spend” of the Underlying Securities credited by Alpaca to the control account in the name of the Issuer, the Underlying Securities credited to the control account would not be transferrable from it until the Tokens corresponding to the Issuer’s security entitlement to the Underlying Securities are burned. By virtue of that process, the Issuer will have converted a book-entry entitlement in the Underlying Securities (i.e., a security entitlement recorded via a credit to the Issuer’s Account with Alpaca) into a tokenized security entitlement (i.e., a security entitlement recorded using Tokens on DLT and held in the Issuer’s designated digital wallet).
- (5) Alpaca’s off-chain records for the control account would track the Tokens, and, for purposes of recording the Issuer’s security entitlement to the Underlying Securities, the control account records would be Alpaca’s official books and records.
- (6) As is the case currently for stablecoin balances held by the Issuer, the Issuer’s account maintained at BitGo, as custodian, including its designated digital wallet on Ethereum Mainnet, would be subject to a control agreement pursuant to which the Security Agent, for the benefit of Participants, has rights to obtain control of the private key materials necessary for it to repossess the digital assets held as collateral in that wallet. These established practices are governed by agreements under which the relevant BitGo accounts constitute Article 8 “securities accounts” under the Uniform Commercial Code. Such treatment would be extended to cover the custody of the tokens representing security entitlements in the Underlying Securities in an equivalent manner.
- (7) Though held in a designated digital wallet on Ethereum Mainnet, the Underlying Securities are not expected to be actively traded while held as Collateral for OGM Products. As investors trade OGM Products onchain, Ankura Trust, working with BitGo and Alpaca as custodians, would periodically confirm the presence and value of the Underlying Securities positions (whether held as a security entitlement in the Issuer’s Account with Alpaca or as a tokenized security entitlement in a designated digital wallet at BitGo) and other Collateral to ensure compliance with the fiscal agency agreement and the security arrangements.
- (8) Alpaca would also support the processes established by OGM Limited and its agents Oasis Pro TA, BitGo and Ankura, to track and reconcile the tokenized positions in the Underlying Securities held by BitGo against the securities positions held by Alpaca in the control account for OGM Limited as those balances changed as a result of the creation and redemption process for the OGM Products. The Ethereum Mainnet on which the Tokens would be created is the live production environment for the Ethereum network. The Ethereum Mainnet runs on open source software that is freely available. All state changes to add new blocks to the blockchain are immutable and publicly verifiable and are recorded to the chain using a proof-of-stake consensus mechanism. Information recorded onchain may be publicly viewed through a variety of tools, such as Etherscan, which is a searchable website that allows users to view the on-chain data.
- (9) Notably, a tokenization instruction from the Issuer would not change the legal framework governing the Issuer’s holdings of the Underlying Securities when held in

tokenized form. The Issuer would (unless and until Tokens are transferred) remain the entitlement holder with a security entitlement to the Underlying Securities subject to the full suite of Article 8's provisions and protections - through the account arrangements with Alpaca and BitGo. In the case of Alpaca, the only difference is that Alpaca would hold the intermediate security entitlements in a control account rather than a margin account while the Tokens are outstanding.

- (10) When investors sell quantities of OGM Products sufficient to require redemption of the notes and a resulting sale of Underlying Securities, the process described above would be reversed, with the tokenized form of Underlying Securities being burned, the designated book-entry position in the Underlying Securities released from the control account with Alpaca and sold into the market for cash.

We believe this proposal is a conservative application of blockchain technology in the context of broker-dealer recordkeeping because it does not seek to displace DTC, alter the legal status of the Underlying Securities, or change the legal character of OGM products. Instead, it introduces a controlled tokenized representation of the Issuer's existing security entitlements in Underlying Securities already held through the U.S. indirect holding system. The relevant safeguards include the following:

- Alpaca is an SEC-registered and FINRA-member broker-dealer, so the SEC and FINRA will have visibility into its records and operational practices. Those practices are not affected by this proposal.
- Oasis Pro TA, as designated tokenization agent, is an SEC-registered transfer agent subject to Commission oversight and will act pursuant to an agreement with the Issuer and Alpaca that includes standard language granting Alpaca, and by extension FINRA, audit and inspection rights to the tokenization processes conducted by Oasis Pro TA.
- The Tokens representing security entitlements in the Underlying Securities would not themselves be actively traded while serving as collateral support infrastructure for OGM products. Adjustments to those positions would be limited to actions taken as a result of the creation and redemption processes rather than ongoing active trading of the Tokens representing security entitlements themselves.
- Ankura Trust will play an additional oversight role in ensuring the integrity of the onchain records of securities positions due to its obligations under the fiscal agency agreement and security arrangements to monitor the presence and adequacy of the securities held as collateral.

IV. Discussion of Relevant Exchange Act and FINRA Rules

Section 17(a)(1) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), together with applicable Commission regulations, require broker-dealers to make and keep records and furnish copies thereof to the SEC.⁴ In turn, Exchange Act Rules 17a-3 and 17a-4 specify certain minimum required records that broker-dealers must make and keep for specified

periods as part of their securities business.⁵ In particular, Exchange Act Rule 17a-3(a)(5) requires the broker-dealer to maintain a record or ledger reflecting each security that is carried

⁴ 15 U.S.C. § 78q(a)(1).

⁵ 17 C.F.R. § 240.17a-3, 17a-4.

for the account of a customer.⁶ Exchange Act Rule 17a-4 also imposes requirements as to the format in which such records must be maintained and says that the records must be furnished promptly to a Commission representative upon request.⁷ In this regard, Rule 17a-4(f) provides that a broker-dealer's electronic recordkeeping system, including with respect to records of customer securities, must "preserve the records exclusively in a non-rewritable, non-erasable format", also known as write once, read many ("WORM") format.⁸

In addition to these record keeping requirements, broker-dealers are also required under Exchange Act Rule 15c3-3(b)(1) to promptly obtain and thereafter maintain the physical possession or control of all fully-paid securities and excess margin securities that are carried for the account of a customer.⁹ The term "customer" is defined broadly to mean most customers of the broker-dealer other than another broker-dealer, municipal securities dealer, or a government securities broker or dealer.¹⁰ Control of fully paid or excess margin securities of a "customer" that are carried by the broker-dealer is deemed to exist when such securities are held in a manner that complies with subparagraph (c) of Rule 15c3-3.¹¹ This provision identifies a number of so called "good control" locations, including a clearing corporation for the central handling of securities that meets the requirements of the "hypothecation rules", Rules 8c-1 and 15c2-1¹² under the Exchange Act.¹³ Today, DTC is the predominant good control location for broker-dealers under this provision as the only CSD in the U.S.

As an SEC registered broker-dealer that is also a regulated member of FINRA, Alpaca is also required to establish and maintain systems to supervise their activities in connection with their securities businesses. Specifically, FINRA Rule 3110 requires members to, among other things, supervise the activities of each associated person that is reasonably designed to achieve compliance with securities laws and regulations and to have written procedures to supervise the types of business in which the broker-dealer engages. These supervisory responsibilities of the broker-dealer also extend to any vendors that it may be used to carry out its business activities.¹⁴ Similarly, Oasis Pro TA is an SEC registered transfer agent with direct responsibilities to the SEC under rules including Exchange Act Rule 17Ad, and will undertake additional contractual commitments granting Alpaca, and by extension FINRA, audit and inspection rights to the tokenization processes conducted by Oasis Pro TA.

⁶ 17 C.F.R. § 240.17a-3(a)(5)(i)(requiring "a securities record or ledger reflecting separately for each . . . [s]ecurity, other than a security-based swap, as of the clearance dates all 'long' or 'short' positions (including securities in safekeeping and securities that are the subjects of repurchase or reverse repurchase agreements) carried by

such member, broker or dealer for its account or for the account of its customers or partners, or others . . .")⁷ 17 C.F.R. § 240.17a-4(f), (j).

⁸ 17 C.F.R. § 240.17a-4(f). The rule was also updated in 2022 to permit an alternative time-stamped audit trail alternative that meets certain conditions.

⁹ 17 C.F.R. § 240.15c3-3(b)(1).

¹⁰ 17 C.F.R. § 240.15c3-3(a)(1). ¹¹ 17 C.F.R. § 240.15c3-3(c).

¹² 17 C.F.R. § 240.8c-1, 15c2-1. ¹³

17 C.F.R. § 240.15c3-3(c).

¹⁴ See FINRA Regulatory Notice 21-29 (August 31, 2021); FINRA Notice to Members 05-48 (July 22, 2005).

V. Analysis of Relevant Exchange Act and FINRA Rules

As described above, Alpaca's off-chain records for the control account would be Alpaca's official books and records for purposes of recording the Issuer's security entitlements to the Underlying Securities. The tokenization proposal would involve use by a broker-dealer, Alpaca, of blockchain records on the Ethereum Mainnet for the limited purpose of supporting its customer, OGM Limited, in creating a system to track tokens representing security entitlements that reflect long positions in Underlying Securities and that are credited on Alpaca's records to that same customer OGM Limited. The additional element compared to current operations is that the non-blockchain records of security entitlements maintained by Alpaca would have Tokens representing those positions held in a wallet for the Issuer on Ethereum Mainnet. In turn, OGM Limited would continue to use those Underlying Securities as reference assets to collateralize the OGM Products that are secured notes. The proposed tokenized recordkeeping of security entitlements to the Underlying Securities therefore would only be done for the limited purpose of helping the relevant parties to track the long positions of OGM Limited. All other records required to be maintained by Alpaca under Exchange Act Rules 17a-3 and 17a-4 would continue to be maintained using non-blockchain records as is the case today.

The tokenization proposal is also consistent with the broker-dealer control requirements under Exchange Act Rule 15c3-3 for customer fully-paid and excess margin securities. All of the Underlying Securities are securities that will be held through the indirect holding system in the U.S. which has been established and is administered through DTC. In this way, the registered owner of the Underlying Securities on the records of each issuer of securities is Cede & Co., as nominee for DTC. In turn, DTC is an SEC registered clearing agency, and therefore a securities intermediary under Article 8 of the Uniform Commercial Code ("UCC"), that credits security entitlements to the accounts of its participants. The DTC participant that will be the entitlement holder to the Underlying Securities will be Alpaca. Because Alpaca will hold the Underlying Securities through its DTC account, all fully paid or excess margin securities held for its customer OGM Limited will be held at a good control location consistent with Exchange Act Rule 15c3-3(c)(1) described above. In turn, because Alpaca is an SEC registered broker-dealer and is also a securities intermediary under UCC Article 8, Alpaca will credit security entitlements in the Underlying Securities to the account maintained for OGM Limited. As described above, Alpaca will simply utilize the Ethereum Mainnet rather than a non-blockchain records system to track and reconcile the long positions held by OGM Limited in the Underlying Securities with the intermediate security entitlements in those Underlying Securities held in the Issuer's control account.

Alpaca and Oasis Pro TA would also implement their supervisory systems and procedures in connection with the tokenization proposal in a manner consistent with FINRA Rule 3110.

Specifically, Alpaca would supervise Oasis Pro TA as a vendor engaged in assisting Alpaca in its securities business. And Oasis Pro TA would use supervisory systems and procedures necessary to oversee the tokenization functions it would perform. As the SEC and FINRA continue to provide greater clarity on the application of the federal securities laws to crypto asset securities in the future, through publications such as the recent Statement on the Custody of Crypto Asset Securities by Broker-Dealers by the Division of Trading and Markets,⁴ Alpaca and Oasis Pro TA expect to periodically review their choice of Ethereum Mainnet and other operating practices relating to the Tokens to ensure they maintain and enforce policies and procedures reasonably designed to assess the distributed ledger technology and the associated network where transfers of ownership of Tokens are recorded for compliance with all applicable SEC and FINRA requirements.

VI. Policy Considerations

For the reasons described above, we believe the proposal described in this letter is a conservative and targeted use of blockchain technology in broker-dealer recordkeeping. It does not ask the Commission or Staff to recognize blockchain-based records as replacing the U.S. indirect holding system, nor does it seek relief for the active public trading of tokenized security entitlements in the Underlying Securities. Instead, it seeks confirmation that Staff would not recommend enforcement action where a broker-dealer and transfer agent use Ethereum Mainnet, in the limited manner described above, to help the relevant parties track the Issuer's security entitlements in collateral assets that support the separately issued OGM tokenized note products.

A. Use of Ethereum Mainnet

The proposal for which Ondo, Alpaca, and Oasis Pro TA request no-action relief would use Ethereum Mainnet, a public, permissionless blockchain,⁵ to support the tokenized recordkeeping and administration of the Issuer's security entitlements in Underlying Securities held through DTC. The dollar value of cryptoassets circulating on public permissionless blockchains has grown rapidly in the recent past and such blockchains are becoming increasingly integrated with the mainstream financial system.⁶ Financial institutions and regulators also have become increasingly comfortable that such systems can be relied upon at scale in use cases including stablecoins, tokenized bank deposits, and tokenized securities,⁷ and supervisory practices based on that assumption⁸ are rapidly being developed and deployed around the world.

Ondo's proposed use of Ethereum Mainnet in this instance is limited and controlled. It would not confer general public control over the disposition of the relevant securities positions, and it would operate within a framework in which Alpaca, Oasis Pro TA, BitGo, and Ankura Trust retain

⁴ <https://www.sec.gov/newsroom/speeches-statements/trading-markets-121725-statement-custody-crypto-asset-securities-broker-dealers>

⁵ European Commission Directorate-General for Financial Stability, Financial Services and Capital Markets Union, [Enhancing Financial Services with Permissionless Blockchains](#) (2024).

⁶ C. Watsky, et al., [Tokenized Assets on Public Blockchains: How Transparent is the Blockchain?](#) FEDS Notes (2024).

⁷ European Securities and Markets Authority, [Report on the Functioning and Review of the DLT Pilot Regime - Pursuant to Article 14 of Regulation \(EU\) 2022/858](#) (2025).

⁸ I. Aldasoro, et al., [An Approach to Anti-Money Laundering Compliance for Cryptoassets](#), BIS Bulletin 111 (2025).

defined operational and legal responsibilities with respect to the collateral supporting OGM products. We believe use of Ethereum Mainnet is appropriate here for several reasons.

First, OGM products have initially been deployed on Ethereum and Ethereum-compatible Layer 1 and Layer 2 blockchains, so adding an option for customers such as OGM Limited to take delivery of security entitlements through broker-dealer records maintained in tokenized form on Ethereum would simplify operational processes associated with the OGM suite of products and help improve the user experience and economic benefits realized by customers holding OGM products.

Second, many of the theoretical risks of using a public, permissionless system are also closely controlled because of the structure of the OGM Products - in particular the security arrangements which apply now to securities underlying OGM Products and which would continue to apply to those securities when in tokenized form on Ethereum.

- In the version of the tokenization model for which we are seeking no-action confirmation, the securities being tokenized would be those already underlying OGM tokenized securities products and transactions would be strictly confined to ones among an SEC registered broker-dealer and transfer agent (Alpaca and Oasis Pro TA), and trust companies (BitGo and Ankura Trust).
- While the Ethereum Mainnet blockchain will be used to achieve the efficiency gains and other benefits of a common record keeping system described above, among other things, at no time will parties other than Alpaca, Oasis Pro TA, BitGo, or Ankura Trust exercise control over the process for defining the securities positions that will be reflected on the Ethereum Mainnet blockchain and the related beneficial ownership rights in those securities.
- Instead the more generally accessible public, permissionless features of Ethereum Mainnet relevant to the securities positions owned by OGM Limited would be ones relatively administrative in nature, particularly the validation of transaction records proposed to be reflected on the blockchain, rather than ones that directly benefit the economic interests of members of that broader Ethereum community by conveying interests in tokenized securities themselves.

And third, Ondo and other financial technology companies and financial institutions, including our subsidiary Oasis Pro TA, are experienced and capable of delivering tokenized securities to our customers in the form of tokenized security entitlements held in onchain wallets controlled by those customers. Tokenized securities products have been present in U.S. markets since at least 2016, so there are ample precedents in the market for Ondo and others to reference when developing our proposals consistent with SEC expectations, and for FINRA and the SEC to draw upon in supervising those activities.

B. Investor Protection

Public, permissionless blockchain systems are also consistent with what we believe should be the SEC's policy interests in supporting investors' rights to own and control securities positions for which they have paid without undue restrictions. In this proposal, the use of Ethereum

Mainnet would help ensure fair access to securities held through DTC for individual investors, asset managers, and new technology platforms that wish to buy, sell, and hold securities in tokenized forms without unnecessary reliance on financial intermediaries. At the same time, the proposal preserves the existing good-control framework, Article 8 protections, and collateral arrangements applicable to the relevant securities and products.

C. Customer-Driven Innovation

We also believe this proposal illustrates the value of customer-driven innovation in securities tokenization. The proposal is narrower than a full-scale redesign of U.S. market structure and more targeted than a platform-wide mandate. It responds instead to a specific operational need arising from an existing tokenized note platform by permitting the collateral layer supporting that platform to be represented and administered in tokenized form, while preserving the existing legal and supervisory framework applicable to the relevant broker-dealer, transfer agent, custodian, and security agent.

In these respects, our tokenization proposal shares certain characteristics of the voluntary securities tokenization proposal recently proposed by DTC and covered by a Staff no-action letter while differing in others.

- Like the preliminary version of the DTC's recently proposed tokenization services, the tokenization model for which Ondo, Alpaca, and Oasis Pro TA are requesting no-action relief would be wholly voluntary, and governed by contractual agreements among the relevant parties, rather than by specific Commission rules, guidance, or interpretations, or by rules of a self-regulatory organization that have been subject to public notice and comment. Targeted Staff relief from relevant SEC requirements applicable to tokenization projects of this kind may be appropriately considered to be in the public interest, and consistent with the safeguarding of securities and funds, when such relief supports the ability of market participants to innovate and develop new products and services involving novel and decentralized systems in a timely manner in response to market participant feedback, technological changes, and learned experience.
- Unlike the preliminary version of the DTC's recently proposed tokenization services, however, the tokenization model for which Ondo, Alpaca, and Oasis Pro TA are requesting no-action relief also includes a number of relevant different features, which effectively may increase the range of tokenization options available in the market:
 - **Chain standards.** In our case, Ondo, OGM Limited, Alpaca, Oasis Pro TA, and BitGo prefer to use a public, permissionless blockchain - Ethereum Mainnet - to maintain the relevant records of tokenized securities holdings and transactions in those securities. It is not clear at this time whether DTC will support the use of Ethereum and other public, permissionless blockchains during the development stage of its tokenization program or at all.
 - **Wallet standards.** Similarly, the choice of which wallet standards will be acceptable to Ondo, OGM Limited, Alpaca, Oasis Pro TA, and BitGo in the conduct of our tokenization project will be driven by their individual and collective

operational and commercial requirements, and in light of applicable regulatory requirements as discussed above. The wallet standards chosen to be

acceptable by the parties in our program may differ from those found to be acceptable by DTC in the administration of its tokenization program during the development stage or at all.

- **Token standards.** The OGM Products utilize a variation of the ERC-20 token standard tailored for securities, as described in more detail above. Oasis Pro TA will use this standard to mint the security Tokens. This practice is generally equivalent to the approach described by DTC in its request for no-action relief, particularly with respect to our incorporation of “compliance aware” features, including controls that prevent Tokens from being transferred to restricted wallet addresses and allow Tokens transactions to be reversed in defined circumstances. However, despite these points of equivalence, the specific token standards also may differ in numerous other respects, including the parties included or excluded from the distribution controls for the two tokens and specific features added to meet the needs of the parties when holding the Tokens as Collateral for OGM Products, such as integration with third-party infrastructure like Chainlink oracles for price feeds.

Conclusion

For the foregoing reasons, we respectfully request confirmation that Staff will not recommend enforcement action if Ondo, Alpaca, Oasis Pro TA, and BitGo proceed in the manner and under the circumstances described herein. Should you require additional information or wish to discuss this request further, we are available at your convenience. We appreciate your consideration of this matter and look forward to your response.