



October 14, 2025

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

RE: File No. SR-NASDAQ-2025-072; Notice of Filing of Proposed Rule Change to Amend the Exchange's Rules to Enable the Trading of Securities on the Exchange in Tokenized Form

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association ("SIFMA")¹ respectfully submits this letter to the U.S. Securities and Exchange Commission (the "Commission") in response to the proposal ("Proposal") by The Nasdaq Stock Market LLC ("Nasdaq") to amend its rules to allow securities transactions executed on Nasdaq to clear and settle in tokenized form at The Depository Trust Company ("DTC").²

SIFMA commends Nasdaq for its Proposal, which describes a first step towards incorporating trading of tokenized securities on registered national securities exchanges. SIFMA has long supported responsible adoption of innovative technology to continually enhance the efficiency and effectiveness of the U.S. securities markets, which are the deepest and most liquid in the world. Specifically, we recognize the potential opportunities and benefits distributed ledger technologies ("DLT" or blockchain) offer to U.S. financial markets.³ Nasdaq's filing demonstrates that there are opportunities for DLT to play a role in today's securities markets within the existing regulatory structure, thereby protecting investors and maintaining market integrity.

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

² Release No. 34-103989 (Sept. 16, 2025), 90 FR 45426 (Sept. 22, 2025).

³ See, e.g., *Security Tokens: Current Regulatory and Operational Considerations for Broker-Dealers and a Look Towards the Future* (SIFMA-PWC Joint White Paper) (Nov. 2020).

We note that Nasdaq’s filing addresses the trading of securities, as defined in Section 3(a)(10) of the Securities Exchange Act of 1934. As such, SIFMA agrees with Nasdaq that,

*The existing regulatory structure mandated by Congress applies to tokenized securities, regardless of whether such securities have certain unique properties (like the ability to be settled on a blockchain), much like it did when the SEC allowed securities to be decimalized and electronified and when exchange traded funds and other novel securities were approved decades ago. As in those cases, no significant exemptions or parallel market structure constructs are needed for tokenized securities to trade alongside other securities.*⁴

Nasdaq’s Proposal is an example of adopting DLT in U.S. securities markets while prioritizing investor protection and market integrity. Deemphasizing these core principles will inhibit broader investor adoption and the long-term viability of utilizing DLT applications for the issuance, trading, clearing and other core functions that currently facilitate safe and efficient investor participation at a large scale in the U.S. securities markets.⁵

Furthermore, as Nasdaq noted in the Proposal, a separate, parallel regulatory regime for trading of tokenized stocks would not be in the best interest of investors or markets because it would lead to a bifurcated market and fragmented liquidity, which would erode the National Best Bid and Offer (“NBBO”), create isolated liquidity pools, and reduce market depth.⁶ Additionally, tokenized equities trading on blockchain platforms are typically not interoperable with other platforms or existing equity exchanges. These effects would make it harder to match buyers and sellers efficiently, increasing the costs of trading for investors.

Nasdaq, in its role as a listing market, also correctly identified potential risks to issuers and price discovery if the price of the tokenized equity—or multiple prices of different tokenized equities—does not accurately reflect the real-time price of the underlying asset, the actual stock. For example, there could be multiple prices for a stock in different forms on different markets, hindering issuers’ ability to understand stock price movements and even daily trading volume in their own shares. This type of divergence would harm issuers and confuse investors, as well as diminish the strength of U.S. capital markets.

⁴ 90 FR at 45428.

⁵ As SIFMA has noted elsewhere, issuing and trading tokenized securities outside the core protections of the federal securities laws and regulations also could increase investors’ exposure to fraud, manipulation, and undisclosed conflicts of interest.

⁶ 90 FR at 45428. See also, id. at 45430-31 (noting that its Proposal “will also avoid risks inherent in other tokenization approaches that would potentially fragment liquidity and isolate it to particular trading platforms and blockchain technologies that are not interoperable. In such scenarios, tokenized securities would not trade freely across markets as they do now or access better prices. Moreover, the markets could suffer to the extent that isolated liquidity no longer links to the national market system and contributes to the NBBO.”).

Nasdaq's Proposal appears to mitigate these risks. While Nasdaq's filing provides one method of trading tokenized securities, Nasdaq noted that other forms of tokenization and clearance and settlement are under discussion. Further, the use of a "flag" in Nasdaq's filing allows for equitable treatment under Nasdaq's trading rules while also opening opportunities to utilize DLT in the clearing and settlement process. The Proposal "will become effective once the requisite infrastructure and post-trade settlement services have been established by DTC, with any required regulatory approvals having been obtained."⁷ Therefore, SIFMA looks forward to reviewing more details about the technical and operational aspects of the Proposal when that information is available.

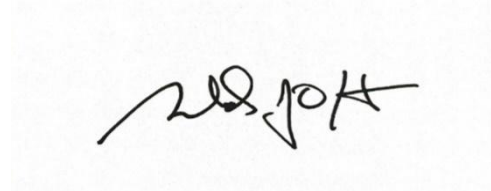
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SIFMA appreciates the opportunity to comment on Nasdaq's Proposal. If you have any questions or need any additional information, please contact Katie Kolchin at (212) 313-1239, Joseph Corcoran at (202) 962-7383, or Gerald O'Hara at (202) 962-7343.

Sincerely,



Katie Kolchin, CFA
Managing Director, Head of Equity &
Options Market Structure



Gerald O'Hara
Vice President & Assistant
General Counsel

⁷ 90 FR at 45430.