United States Senate

WASHINGTON, DC 20510

November 24, 2026

The Honorable Paul Atkins, Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Chairman Atkins:

We write to urge you to withdraw the Securities and Exchange Commission's September 17, 2026 order granting exemptions from federal securities laws to Tokenized Securities Venues (TSVs) and certain liquidity providers.[1] The order would allow TSV platforms to operate a shadow stock market outside longstanding regulatory protections designed to ensure fair and transparent markets, – which would harm both investors in tokenized securities and also investors in the underlying stock – impose new burdens on publicly traded companies seeking to protect their shareholders, and create unnecessary risks of illicit financial activity. While technological innovation can strengthen our capital markets, it should not come at the expense of investor protection, market integrity, or national security.

We are particularly troubled by the order's sweeping exemption of TSVs from fundamental registration requirements. First, the order exempts TSVs from the statutory definition of an exchange and certain participating liquidity providers from the statutory definition of a dealer. In doing so, the order removes the robust registration requirements that mandate affirmative approval by the SEC before a platform opens for trading. This sweeping exemption thereby limits regulatory oversight and would authorize shadow equities markets based on a simple notice and disclosure regime, without any prior review or approval by the SEC. A parallel stock market with fewer protections and more risks is a bad deal for investors, traders, and public companies.

Second, the exemption expressly permits these platforms to operate without complying with Regulation NMS.[2] That means TSVs are not required to display their best prices to traders and are not required to report trades to the rest of the market in real time. These protections are foundational to the fairness and efficiency of our equity markets, because they help ensure that investors receive competitive prices and that trading activity contributes to a transparent national market system. Indeed, traders will not know if they are even getting a fair deal on TSVs.

Third, the order also exempts TSVs from critical fair access regulations that protect retail investors.[3] In fact, the order expressly acknowledges that unfair and unreasonably discriminatory denials or limitations of access by TSVs would *not* be subject to SEC review. And without any

[1] *Order Granting Temporary Conditional Exemptive Relief from the Definition of "Exchange" and "Dealer" Under the Securities Exchange Act of 1934*, Exchange Act Release No. 34-106402, File No. 4-927 (Sept. 17, 2026).
[2] 17 C.F.R. § 242.600-614.

requirements to join a self-regulatory organization, the government will have limited ability to conduct meaningful market surveillance to protect against manipulative activity like insider trading or pump-and-dump schemes. This exemption would also allow for conflicts of interest between TSVs and their affiliates that could give them an unfair leg up on other TSV participants. Taken together, the exemptions applicable to TSVs are likely to create an alternative securities market that subjects investors to sizeable risks without the longstanding guardrails of the existing regulatory apparatus.

In addition, due to the exemption from these core requirements, we are concerned that the order will lead to harmful fragmentation of our capital markets. For example, the order would permit TSVs to execute trades using automated market makers that generally establish prices without directly considering quotations available elsewhere in the market. This creates the potential for trading in tokenized securities to become disconnected from the broader market, which could harm investors in both tokenized securities and also in the underlying stock – for which a parallel market may create serious price discovery issues. As concerned stakeholders have pointed out, fragmenting our securities markets by creating a lightly regulated alternative marketplace for tokenized securities unnecessarily risks dividing liquidity into isolated pools and expanding opportunities for corrosive regulatory arbitrage.[4] Accordingly, this order attacks the national orientation and deep liquidity that undergird the strength of America's capital markets.

Moreover, the order places an unreasonable burden on publicly traded companies by allowing unaffiliated third parties to tokenize their securities and make them available for trading unless the issuer affirmatively objects. Given the risks of tokenized securitization, it is unsurprising that many prominent companies are affirmatively objecting to tokenization requests.[5] However, under the order, an issuer has just 30 calendar days after receiving notice from a TSV to submit a written objection. This effectively establishes an opt-out regime in which companies must continuously monitor tokenization activity and respond to potentially numerous requests from different platforms to prevent unauthorized trading of tokenized versions of their shares, which prominent stakeholders have described as unduly burdensome.[6] Numerous major companies

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[3] These regulations include Regulation ATS Rule 301(b)(5) (17 C.F.R. § 242.301(b)(5)) and Regulation NMS Rule 610 (17 C.F.R. § 242.610).

[4] Better Markets Letter to the SEC, "Re: Order Granting Temporary Conditional Exemptive Relief, Pursuant to Section 36(a)(1) of the Securities Exchange Act of 1934, from the Definition of "Exchange" in Section 3(a)(1) of the Exchange Act for the Use of Certain Distributed Ledger Trading Venues for Tokenized NMS Stocks and from the Definition of "Dealer" in Section 3(a)(5) of the Exchange Act for Certain Liquidity Providers for Tokenized NMS Stocks" (Oct. 22, 2026). https://bettermarkets.org/wp-content/uploads/2026/10/Better-Markets-Comment-Letter-SEC-Innovation-Exemption.pdf

[5] Hannah Lang, "Wells Fargo, Intuit latest companies to object to their shares being tokenized, document shows," Reuters (Oct. 23, 2026). https://www.reuters.com/legal/government/wells-fargo-intuit-others-object-their-shares-being-tokenized-regulatory-2026-10-23/

[6] SIFMA Letter to the SEC, "Re: Order Granting Temporary Conditional Exemptive Relief, Pursuant to Section 36(a)(1) of the Securities Exchange Act of 1934, from the Definition of "Exchange" in Section 3(a)(1) of the Exchange Act for the Use of Certain Distributed Ledger Trading Venues for Tokenized NMS Stocks and from the Definition of "Dealer" in Section 3(a)(5) of the Exchange Act for Certain Liquidity Providers for Tokenized NMS Stocks" (Oct. 19, 2026). https://www.sifma.org/wp-content/uploads/2026/10/SIFMA-Innovation-Exemption-Initial-

have voiced opposition to this regime, because there is no blanket opt-out and tokenization may harm the liquidity and price volatility of the companies' underlying shares.[7] And if an issuer provides consent but then wants to withdraw permission in response to market events, there does not appear to be any mechanism for them to do so. Public companies should not be forced to devote substantial legal, compliance, and administrative resources to policing tokenization arrangements they never requested or authorized in the first place.

Finally, we are concerned that the order could weaken the Bank Secrecy Act. In the stock market, traders access exchanges through securities broker-dealers and other intermediaries that must meet strict anti-money laundering rules administered by the SEC. But traders would be permitted to access TSVs without reliance on these intermediaries, creating a risk that sanctioned individuals or criminals could exploit these markets to launder or hide proceeds of crime. Moreover, certain TSV liquidity providers would be exempt from dealer registration requirements and therefore likely not covered by the Bank Secrecy Act and FinCEN's implementing regulations.[8] Although the order requires TSVs to comply with applicable sanctions law and disclose their participant-screening procedures, these conditions are not equivalent to the comprehensive anti-money-laundering compliance program that covers activity on traditional securities exchanges. In addition, while the order requires TSVs to consent to books and records examinations by the SEC, such examinations appear limited to determining compliance with the conditions of the exemption, rather than surveilling for misconduct or violations of the law. Given these limitations, the order will undermine meaningful and effective enforcement. Accordingly, we are concerned that inadequate transaction monitoring and the movement of assets between tokenized securities markets and broader crypto networks could create opportunities for money laundering and other illicit activity.

Despite the drastic changes to American equity markets contemplated by the order, the SEC issued the order without providing public notice and an opportunity to comment as required by the Administrative Procedures Act (APA). The SEC claims authority under Section 36 of the Securities Exchange Act to issue exemptive orders without promulgating an APA-compliant rule. However, the sweeping exemption here functions as a broadly applicable rule by completely redesigning the regulatory framework and therefore must, by law, go through the APA's notice and comment process.[9] The order's theoretical five-year sunset does not absolve it from the requirements of the APA, and it appears the SEC's intent is to enmesh tokenization into our financial system as quickly as possible so that it becomes difficult or impossible to unwind.

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[7] Vicky Ge Huang, "From Verizon to UnitedHealth, Corporate America is Balking at 'Tokenized' Stocks," THE WALL STREET JOURNAL (Oct. 16, 2026). https://www.wsj.com/finance/stocks/from-verizon-to-unitedhealth-corporate-america-is-balking-at-tokenized-stocks-6dbbeada?msockid=29035cb62fdc62783f584ac42ed4635e

[8] *See* 31 C.F.R. § 1023.200(b) (limiting the application of anti-money laundering regulations to brokers or dealers which are registered or required to be registered with the SEC under the Securities Exchange Act of 1934).

[9] For example, the Commission promulgated Rule 6c-11, an exemptive order with broad and prospective application, pursuant to proper notice and comment. *See* U.S. Sec. & Exch. Comm'n, *Exchange-Traded Funds*, 84 Fed. Reg. 57, 162 (Oct. 24, 2019).

Indeed, while purportedly temporary, the Commission may extend the five-year sunset period at anytime, and the order itself directs the Commission to permanently adopt it at the end of the five-year period. The immediate impacts of the order profoundly reorder our securities markets as we know them, regardless of any purported sunset. Moreover, as Commissioner Uyeda himself has acknowledged, taking "rulemaking shortcuts" that dispense with public comment periods reduces the efficacy of SEC regulation and diminishes the Commission's ability to adequately address policy risks and concerns.[10] We agree. Issuing this order without proper notice and comment is inconsistent with the APA, exceeds the SEC's statutory authority under Section 36, and blindly subjects our financial system to significant danger.

The SEC has a responsibility to facilitate innovation while protecting investors and preserving the integrity of our capital markets. As has been well-established, tokenized securities do not have "magical abilities" – they are "still securities."[11] And as the President's Working Group on Digital Asset Markets itself noted, Americans using digital assets for financial services "face risks similar to those arising from traditional financial products and services."[12] The order's purported five-year duration does not justify exposing investors, issuers, and the financial system to these risks without due consideration of their potential impacts. For the foregoing reasons, we urge you to withdraw the order, or at minimum, pursue any changes to the regulatory treatment of tokenized securities through a transparent rulemaking process that fully considers the consequences for investors, public companies, and financial crime prevention.

Thank you for your attention to this important matter.

Sincerely,

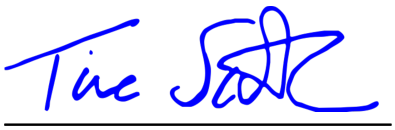
Chris Van Hollen
United States Senator

Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs

[10] Mark T. Uyeda, *Remarks to the Investment Company Institute's 2025 Investment Management Conference*, U.S. Sec. & Exch. Comm'n (Mar. 17, 2025). https://www.sec.gov/newsroom/speeches-statements/uyeda-ici-031725
[11] Hester M. Peirce, *Enchanting, but Not Magical: A Statement on the Tokenization of Securities*, U.S. Sec. & Exch. Comm'n (July 9, 2025). https://www.sec.gov/newsroom/speeches-statements/peirce-statement-tokenized-securities-070925
[12] President's Working Grp. on Digit. Asset Mkts., *Strengthening American Leadership in Digital Financial Technology* 38 (July 30, 2025). https://www.whitehouse.gov/wp-content/uploads/2025/07/Digital-Assets-Report-EO14178.pdf

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