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Statement on Tokenized Securities

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On January 28, 2026, the staff of the Division of Corporation Finance, the Division of Investment Management, and the Division of Trading and Markets of the US Securities and Exchange Commission (collectively, the SEC staff) issued a joint statement addressing the application of the federal securities laws to "tokenized securities" (the statement). The statement reflects the views of SEC Staff across the principal divisions responsible for securities disclosure, investment products, and market structure, but does not represent an action of the Securities and Exchange Commission (SEC) itself.

The statement is intended to provide clarity to issuers, intermediaries and market participants considering the use of blockchains to represent, record or transfer securities. The statement characterizes tokenization as a technological method of recordkeeping and transfer, rather than a legal innovation that alters the status or regulatory treatment of securities under the federal securities laws.

Key takeaways

- **Tokenized securities remain "securities."** The SEC staff emphasize that the determination of whether an instrument is a "security" under the Securities Act of 1933 (as amended, the Securities Act) and the Securities Exchange Act of 1934 (as amended, the Exchange Act) depends on the economic substance and legal rights associated with the instrument, not the technology used to represent ownership. A security does not cease to be a security solely because it is tokenized or recorded on a blockchain. This directly tracks Commissioner Hester Peirce's July 2025 statement that tokenized securities are still securities.
- **Existing registration and regulatory requirements apply.** Offers and sales of tokenized securities must be registered under the Securities Act unless an exemption is available. Market participants involved in the trading, custody, clearance or settlement of tokenized securities remain subject to applicable broker-dealer, exchange, clearing agency, transfer agent and antifraud requirements under the federal securities laws.
- **No new safe harbor or alternative regime.** The statement does not establish any new exemptions, safe harbors or modified compliance frameworks for tokenized securities and does not alter existing statutory or regulatory obligations. Although SEC Chair Paul Atkins has hinted at a possible forthcoming "innovation exemption," the statement does not provide such relief.

Tokenization models identified by SEC staff

The statement identifies two principal categories of tokenized securities structures:

Issuer-sponsored tokenized securities

- In this model, the issuer of a security (or its transfer agent) incorporates distributed ledger technology (DLT) into its official securities ownership records, either directly or indirectly.
- Transfers of the token correspond directly to changes in ownership on the issuer's books and records.
- The blockchain may function as part of the issuer's master securityholder file, typically supplemented by off-chain information necessary to satisfy identity, compliance and recordkeeping requirements.

Third-party-sponsored tokenized securities

- In this model, a third party unaffiliated with the issuer creates a crypto-asset that references an existing security.
- The statement identifies two common variations:
    - **Custodial tokenized securities**, in which the token represents a security entitlement or custodial interest in an

underlying security held by an intermediary.

- **Synthetic tokenized securities**, which may take the form of linked securities or security-based swaps issued by third parties. A linked security provides synthetic economic exposure to a referenced security or related events, but is not an obligation of, and confers no rights against, the issuer of the referenced security. A security-based swap is a derivative instrument that provides similar exposure through contractual payment obligations tied to a single security, a narrow-based security index or specified issuer-related events.

Regulatory and risk considerations

Substance governs classification and treatment

Whether a tokenized security constitutes the same class of securities as its traditional counterpart depends on whether the rights, preferences and characteristics are substantially similar. Tokenization alone does not create a new class of securities.

Additional risks in third-party models

The SEC staff caution that third-party models may expose investors to additional counterparty, operational and insolvency risks. In such structures, token holders may have rights only against the intermediary, rather than against the underlying issuer.

Potential derivatives implications

Depending on their structure, certain tokenized instruments may meet the definition of a “security-based swap” or other regulated derivative under the Exchange Act, triggering additional regulatory requirements.

Why it matters

The statement provides meaningful guidance to market participants by confirming that tokenized securities are embedded within existing securities law frameworks. For issuers and intermediaries, this clarity reduces some uncertainty regarding regulatory classification while underscoring that tokenization does not provide a mechanism to avoid registration, disclosure, custody or market-structure obligations. The distinction between issuer-sponsored models and third-party models is particularly significant for assessing investor rights, regulatory exposure and risk allocation.

The big picture

The statement is consistent with the SEC’s broader approach to digital assets and financial innovation: technological modernization is permissible, but it must operate within existing statutory and regulatory boundaries. The SEC staff treats tokenization as an evolution of securities infrastructure rather than a transformation of securities law. For market participants, the message is clear that on-chain securities markets must be designed to comply with established investor protection, disclosure and market-structure principles, rather than circumvent them.

Law clerk Greg Marcus also contributed to this alert.

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