fairmint

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November 3, 2026

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

**Re: Transfer Agent Rules, Release No. 34-106246, File No. S7-2026-30**

Dear Ms. Countryman:

I write as Co-Founder and Chief Executive Officer of Fairmint Inc, and its subsidiary Fairmint TA LLC (formerly Fair FP LLC), a transfer agent registered with the Commission, SEC file no. 084-06901 (together, "Fairmint" or "we"). We thank the Commission and its staff for the proposal to modernize the transfer agent rules (the "Proposal") and support its choice to state requirements as outcomes any recordkeeping system must meet. Our thesis is simple: a master securityholder file kept on private servers, in the cloud or on a distributed ledger should be judged by the same tests, "regardless of the technology or platform utilized" (Release at 86).

**Who we are.** Fairmint TA LLC has been registered with the Commission as a transfer agent since December 15, 2023. It is built to keep issuer records on any electronic system, including distributed ledgers. Fairmint is an active participant and governing member of the Open Cap Table Coalition, which maintains the Open Cap Table Format (OCF), an open standard for capitalization records; Fairmint published the Open Cap Table Protocol (OCP), an open specification that extends OCF capabilities onchain. Fairmint developed OCP and has an interest in OCF and OCP. We speak only for Fairmint.

**Roadmap.** Part I addresses the register, Part II the agent's operations and the standards every agent should meet, and Part III what a modern register makes possible. Our comments apply equally to transfer agents for operating companies and for registered funds. Headings cite the rule and the Commission's numbered requests for comment ("Q"); suggested rule text is underlined.

## PART I. THE REGISTER

### 1. Apply one set of rules to every system, with no special regime for distributed ledgers (Rules 17ad-9(b) and 17ad-7(f); Q26, Q45, Q50, Q80–Q83, Q95)

Proposed Rule 17ad-9(b)* leaves "[t]he specific technology, systems, or files" of the master securityholder file to the transfer agent's discretion, provided it maintains exclusive control. The release explains that it "would permit a transfer agent to utilize a blockchain or other distributed ledger technology as its master securityholder file, or a component thereof, but it would not mandate it" (Release at 86). We agree, and ask the Commission to carry that principle through every rule.

An onchain master file should be treated exactly like a database on the agent's own servers or in the cloud, under the same tests: the controls and audit trail of Rule 17ad-7(f), production under Rule 17ad-7(g), independent access under Rule 17ad-7(h), exclusive control under Rule 17ad-9(b), and the posting and control book requirements of Rule 17ad-10. A ledger should need no extra showing. Ledger-specific conditions are unnecessary (Q50): key compromise on a ledger, like a privileged administrator in a

* We cite current rules in their Code of Federal Regulations form (e.g., Rule 17Ad-15) and proposed rules in the Release's form (e.g., Rule 17ad-9).

database, is a risk the general controls already reach. We support the technology-neutral definition of "electronic recordkeeping system" (Q95).

We also ask the Commission to confirm in the adopting release that a qualifying onchain record can itself be the master securityholder file, not merely a mirror of an off-ledger master (Q83), when it meets the same tests. The medium was never the point: a 1969 study for the American Stock Exchange already found that "[u]sing the paper certificate itself as the basic tool for the recording and transfer of ownership is archaic."[1]

**Suggested text: Rule 17ad-9(b) (addition at end)**
(b) Master securityholder file is the official list of individual securityholder accounts maintained by a registered transfer agent. … provided the transfer agent maintains at all times exclusive control over the master securityholder file. The requirements of this section and of §§ 240.17ad-6, 240.17ad-7 and 240.17ad-10 apply to a master securityholder file in the same manner whether it is maintained on systems operated by the transfer agent, on systems or storage mechanisms owned or operated by a third party, or on a blockchain or other distributed ledger.

*Neutral tests, however, depend on a clear definition of their central term.*

**2. Define "exclusive control" by function, reaching every path that can change the register (Rules 17ad-9(b) and (h), new Rule 17ad-9(p), 17ad-10(c) and (d); Q46, Q48, Q84, Q99)**

The release gives only the purpose of exclusive control: keeping the agent in "exclusive control over, and responsibility for, such a crucial record" (Release at 86). It should not require owning the infrastructure, which would exclude cloud hosting as much as any ledger; Rule 17ad-7(h)(1) itself contemplates records on third-party "servers or other storage mechanisms" (Release at 155; Q99).

We recommend the functional definition below, reaching every path to change, including administrative access, software upgrades, data migrations and recovery. A cloud database whose provider can alter records without authorization would fail; a ledger on which the agent holds these powers would pass, whoever operates the nodes. Ledger records outside the agent's control are data to reconcile, not the master file (Q84).

We support one accountable recordkeeping transfer agent under Rule 17ad-9(h) (Q46); co-transfer agents that keep the detailed records for one form of holding, under a written agreement with the issuer, of which that recordkeeping agent has notice, are addressed below and in § 12. Linked systems under one agent's control do not create a second recordkeeping agent (Q48).

Exclusive control is also not defeated when a co-transfer agent keeps part of the record. The release confirms that a recordkeeping transfer agent may use "a service company or co-transfer agent, or multiple linked files or systems, or a particular technology" while remaining responsible for the master file (Release at 93). Where a co-transfer agent records the transfer of a tokenized form of a security under a written agreement with the issuer, of which the recordkeeping transfer agent has notice, reports every debit and credit within one business day under Rule 17ad-10(c), and reconciles its records to the master file at least daily, it does not become a second recordkeeping transfer agent. Even where the agreement makes the co-transfer agent's records controlling for that form of holding until they are posted, those records should not by themselves defeat the recordkeeping agent's exclusive control. The co-transfer agent's control of its own sub-file, including any keys used to post token entries, is then exercised under that agreement, not against the recordkeeping agent's exclusive control.

One recordkeeping agent need not mean one servicing agent. A given issue means all securities of the issuer "intended to be fungible, such as all shares of stock of a given class" (Release at 91–92), so a tokenized form of the same class is the same issue, with the same single recordkeeping transfer agent. The release states that the rule "would not, however, prevent a recordkeeping transfer agent from utilizing a service company or co-transfer agent, or multiple linked files or systems" (Release at 93). We ask the Commission to put that statement in the rule text, and to state in Rule 17ad-9(b) that exclusive control means authority and responsibility, consistent with paragraph (p).

**Suggested text: Rule 17ad-9(h) (addition at end)**
(h) … There can be only one recordkeeping transfer agent for a given issue of securities. Nothing in this paragraph prevents a recordkeeping transfer agent from engaging one or more co-transfer agents or service companies to service an issue, including a tokenized form of the issue.

**Suggested text: Rule 17ad-9(b) (further addition at end)**
(b) … Exclusive control has the meaning given in paragraph (p) of this section.

**Suggested text: new Rule 17ad-9(p)**
(p) Exclusive control, as used in paragraph (b) of this section, means that the registered transfer agent has the sole authority and the operational ability, directly or through written arrangements it can enforce, including program code or permissions it controls, to: (1) record entries in the master securityholder file; (2) correct entries; (3) freeze positions or place stops on transfer; (4) reverse or cancel entries; and (5) produce a legible, true, complete, and current copy of the master securityholder file, such that no other person can make an entry except as authorized by the transfer agent. Exclusive control extends to every means by which entries can be made, altered, or removed, including administrative access, software upgrades, data migrations, and recovery procedures, and does not require that the transfer agent own or operate the systems on which the file is maintained. Shared infrastructure, distributed validation, authorized co-signatories, including the issuer, and replicated records do not, by themselves, negate exclusive control.

Rule 17ad-10(c) and (d) still assume a co-transfer agent "dispatch[es] or mail[s]" a record of debits and credits to the recordkeeping transfer agent, typically through a transfer journal. For uncertificated and tokenized positions, we propose that a real-time or same-day electronic feed of each debit and credit, received by the recordkeeping transfer agent in a documented format and retained by both agents under Rule 17ad-7, satisfy the transfer-journal and Rule 17ad-10(c) reporting requirements, and that inquiries under Rule 17ad-10(d) may be answered through the same channel.

### 3. Permit the master file, control book and transfer journal to be maintained as views of one authoritative history (Rules 17ad-6(a)(10), 17ad-9 and 17ad-10; Q81, Q88)

The master securityholder file, control book and transfer journal answer different questions, and each must keep its required content. That does not require three separately maintained databases. In response to Q88, we ask the Commission to confirm that each may be maintained as a separately identifiable view of one authoritative history of entries, provided each is complete, current within the applicable period, reproducible at any point in time, and producible on its own under Rule 17ad-7(g). The agent would preserve the schemas, calculation rules and versions needed to reproduce each view, with entries validated, as today, against charter authorizations, corporate actions, cash and nominee data. Three agreeing views can share the same error, so the agent should keep controls that catch errors agreement among views derived from the same source would not reveal.

*A register is most valuable when it starts early and is never rebuilt.*

### 4. Confirm that a registered transfer agent may keep the master file from an issuer's formation, and that an identifier assigned then satisfies "position detail" until it maps to a CUSIP (Rules 17ad-1 and 17ad-9; Q36, Q37, Q80–Q84)

An issuer's ownership history is often rebuilt at each stage from formation to listing, and data is lost at each handoff between private and public markets. We ask the Commission to confirm that a registered transfer agent serving an issuer that is not an Exchange Act registrant may apply the same recordkeeping standards, and that those records may carry into registration or listing without being re-created. We do not ask the Commission to require private companies to use a transfer agent; we ask only that doing so be possible and consistent.

The proposed "position detail" would include a unique identifier for securities "when such a unique identifier is available," such as a CUSIP or FIGI (Release at 78; Q36). Before listing, a CUSIP is often not yet assigned. We ask the Commission to confirm that a standardized identifier assigned at formation satisfies the requirement, provided the agent maps it to the CUSIP once one is assigned and preserves that mapping in the audit trail (Q37, Q80–Q84). For a class that already has a CUSIP, shares held in token form are part of the same issue and should carry the same identifier, with any token contract address recorded as additional position detail under Rule 17ad-9(a)(8) (Q36, Q47).

*A well-defined register, however, still needs an accountable operator held to a common standard.*

## PART II. HOW THE AGENT OPERATES

In 1969, the same study for the American Stock Exchange described transfer practice under a heading that could be written today: "Standard Transfer Procedures Lacking." It found that "[t]he submitter must know

each transfer agent's acceptance policies" and that the agents it visited "accomplished essentially identical functions, but each system varied considerably ranging from totally manual operations to the extensive use of computerized processes."[2] Its answer was not one mandated system. It recommended "transfer agent systems performance criteria incorporating the use of uniform, machine readable transfer instructions,"[3] and cautioned that "designs should be kept general enough to allow implementation by different sizes of brokerage firms and service bureaus."[4] As it put it, "[t]his is not to imply that all systems must be the same," but "the community cannot develop to its full potential until it begins to function efficiently as a total system."[5] The Proposal can finish that work.

**5. Adopt the one-business-day turnaround and common outcome standards for every transfer agent, met with any reliable technology (Rules 17ad-1(i), 17ad-2(a), 17ad-6 and 17ad-30; Q29, Q37, Q53, Q55)**

We support proposed Rule 17ad-2(a), which would require turnaround of routine items within "the shorter of one business day or the time period specified by Rule 15c6-1(a)" (Release at 106; Q55). The Commission's basis is sound: "the vast majority of transfer agents now regularly turn around and process routine items within one business day or less, even for certificated securities" (Release at 108). We support it on one condition: the standard should be met by results, and a transfer agent should be free to meet it with any reliable technology, with no additional showing for any medium. We also support a policies-and-procedures backstop (Q53).

*First*, items subject to a restriction on transfer are not routine under Rule 17ad-1(i)(2), and the Proposal would extend that paragraph to uncertificated securities (Release at 75). We ask the Commission to confirm that legend removals and other transfers requiring a Rule 17ad-31 determination remain non-routine, so the one-day clock runs only once the documentation required by Rule 17ad-31(d) is complete (see § 8). We also ask the Commission to confirm that an item is received when it enters a channel the agent designates to receive it, before validation or ledger commitment, so that a rejection by the agent's own systems remains subject to the written-notice and recordkeeping duties of proposed Rule 17ad-2(e). Where the agent's own transfer restrictions reject a transaction automatically at settlement, that duty should be met by an electronic notice delivered through the channel used to submit it and preserved in the audit trail. *Second*, we ask the Commission to state common, published outcome standards for reconciliation frequency and for the data formats of transfer instructions and position detail (Q29, Q37), without preferring any format. Built-in controls with independent testing remain the right model (§ 7).

**6. Rescind Rule 17ad-4 so that every registered transfer agent, for stock and for funds, meets one standard, scaled by size and complexity, with a reasonable transition (Rule 17ad-4; Q72–Q79)**

We strongly support rescission of Rule 17ad-4. The exemptions rested on the view that fund-share processing was "significantly different from" transferring stocks and bonds, and that "it would be desirable to study further the need for, and the nature of, minimum performance standards" (Release at 121). We agree with the Commission that "[a]fter nearly half a century of further experience, it is no longer necessary or appropriate to exempt transfer agents from the minimum performance standards and related recordkeeping provisions, regardless of the size of the transfer agent, the volume of securities it processes, or the nature of those securities" (Release at 122). Fund investors deserve the same assurance as shareholders. Even in 1969, the industry expected its planned depository system to reach "mutual funds, and other holders of securities."[6]

One standard need not mean identical procedures: documentation and testing, not obligations, should scale to size and complexity (Q76, Q79), with a transition period for agents that relied on the exemptions (Q78).

**7. Pair Rule 17ad-30 with written supervisory procedures, give credit for tested preventive controls, and scale both to the firm (Rules 17ad-30 and 17ad-12; Q19, Q20, Q23, Q108, Q112, Q123, Q124, Q126, Q131)**

We support proposed Rule 17ad-30. In response to Q123, Q126 and Q131, we note that the rule could draw on the broker-dealer model of FINRA Rule 3110: written supervisory procedures for each function; a designated, qualified responsible person, who could be the compliance officer contemplated in Q126; review and escalation of exceptions; and documented oversight of every vendor and network supporting a

transfer agent function, cloud and ledger alike. An agent may outsource execution but not accountability (Rule 17ad-7(h)(3)).

The rule could also credit tested preventive controls. An automated check need not be repeated by hand if the agent documents its scope, tests its design and operation, controls changes and privileged access, and keeps evidence for examiners. Tests should cover every production write path, not only the ordinary interface, and a failure must still allow controlled, lawful recovery, never an indefinite refusal to register a rightful transfer. A balance check can prevent an overissued position; it does not show that an issuance was authorized or that an exemption applied.

Obligations should be the same for every firm, with documentation, staffing and testing scaled to size and risk (Q124). The same approach should govern Rule 17ad-12: outcome-based risk management (Q108); risk-based independent assessment rather than one mandated attestation (Q112); service providers disclosed on Form TA-2 on the same footing, cloud or ledger (Q19, Q20); and no public disclosure of security-sensitive detail (Q23).

**Regulation S-P.** Rule 17ad-30 asks for policies reasonably designed to achieve compliance with the federal securities laws (Q125), and Rule 17ad-7(k) already retains the Regulation S-P safeguards, incident-response and service-provider records. We propose that the adopting release confirm that one integrated written program may satisfy Rule 17ad-30, Rule 17ad-12(a)(2) and Regulation S-P (17 CFR 248.30) together, cross-referenced rather than duplicated, and that service-provider oversight under Regulation S-P counts toward the vendor oversight in our proposed Rule 17ad-30(c).

**Independent assessments and continuity.** Rather than mandate one attestation (Q112), we propose a safe harbor: a current SOC 1 Type 2 or SOC 2 Type 2 report, or an equivalent independent examination, covering the transfer agent's recordkeeping and processing systems, available to Commission examination staff on request and not filed publicly, would be presumed to satisfy any independent-assessment expectation under Rule 17ad-12. An agent that relies on a provider's report should map that report's complementary user-entity controls to its own procedures. For Rule 17ad-12(c), we propose that the annual test record the scenario tested, the recovery time achieved against the agent's own target, and the remediation of gaps found, without the Commission prescribing fixed recovery times.

**Suggested text: new Rule 17ad-30(c)**

(c) The policies and procedures required by paragraph (a) of this section shall include written supervisory procedures that: (1) designate one or more qualified persons responsible for supervising each of the transfer agent's functions; (2) provide for the review, escalation, and documentation of exceptions; and (3) provide for due diligence on, and ongoing oversight of, any third party that performs or supports a transfer agent function, including any provider of electronic recordkeeping systems or storage or operator of a distributed ledger on which records are maintained. Such procedures shall be reasonably designed taking into account the size, complexity, and nature of the transfer agent's business.

### 8. Make Rule 17ad-31 workable: authorized persons, the transfer agent's own determination for any qualified firm, category approvals, and a good-faith reliance safe harbor (Rule 17ad-31; Q132, Q135–Q138, Q171)

We support the goal of proposed Rule 17ad-31. Because nearly every private-company issuance is unregistered (Q132), five changes matter.

*First*, paragraph (a)(1) refers only to "issuer employees." Non-employee officers, outside counsel and other agents may validly act for an issuer; we suggest "persons authorized to act on behalf of the issuer," with each person's authority recorded.

*Second*, the paragraph (c)(3) route, the transfer agent's own documented, management-approved determination, should be open to any transfer agent that meets paragraph (d), regardless of size (Q135). The release expects that larger agents "with experienced legal and compliance staff" may prefer it (Release at 206), but the proper gates are already in paragraph (d): competent analysis, documented facts and management approval.

*Third*, we ask the Commission to confirm that management may approve one written analysis for a defined category of recurring transactions, such as private issuances under one exemption or Rule 144 resales by non-affiliates after the holding period, with each transaction's facts verified, documented and escalated by

qualified staff. Paragraph (b) reaches "any unregistered securities transaction." We ask the Commission to confirm that, for tokenized shares, a transfer agent's reasonable basis may be established when shares are admitted to token form, so that later transfers are covered by that determination and require no new one.

*Fourth*, facts such as affiliate status or investor qualification are known to the issuer or holder, not the agent. An agent that followed paragraphs (c)(3) and (d) in good faith should not be found to lack a reasonable basis because a representation it reasonably relied on later proves false (Q137, Q138, Q171). Two cross-references in the proposed rule text (Release at 404) appear to be in error: paragraph (c)(2)(i) refers to "paragraph (c)(1)(iii)," which does not exist, and paragraph (d)(2) refers to "the determination under paragraph (c)(2)," apparently meaning paragraph (c)(3).

*Fifth, Rule 17ad-31 should apply to the security, not to its form. A restriction recorded on the master file should bind every tokenized form of the position, and a co-transfer agent should not record a token transfer that the master file would refuse; tokenizing a position, or moving it between its registered and tokenized forms without a change of owner, is not a removal of the legend. Where two agents service an issue, we propose that the agent that processes the transfer or legend removal make the paragraph (b) determination, and that the other be entitled to rely on it, and on the restriction data shared under their written agreement(s), under the safe harbor proposed below.*

**Suggested text: new Rule 17ad-31(e)**

(e) A registered transfer agent that has made a determination in accordance with paragraphs (c)(3) and (d) of this section shall be deemed to have had the reasonable basis required by paragraph (b) of this section notwithstanding that any document, certification, or representation upon which it reasonably relied in good faith is later shown to have been inaccurate, provided that, at the time of the determination, the transfer agent was not aware of circumstances indicating such inaccuracy and no red flags were present, that is, no circumstances indicating that the transaction may violate, or is part of a chain of transactions that may violate, Section 5(a) of the Securities Act of 1933, as described in paragraph (c) of this section.

### 9. Treat key possession as distinct from transfer authority, require tested recovery, and meet retention through the audit trail (Rules 17ad-9(a), 17ad-7(f), 17ad-12(c) and 17ad-17; Q37, Q41, Q44, Q105, Q110, Q116)

Possession of a key is not, by itself, authority to transfer; however, an instruction signed with a key the agent has bound to a verified holder is. A signature guarantee remains one way to support an instruction, but no federal rule requires one; a cryptographic signature proves control of a key, not a guarantee or an ability to pay a claim, so the agent remains responsible for the assurance it relies on. We ask the Commission to confirm that Rule 17Ad-15 does not require a signature guarantee and that verified-wallet signatures can authenticate instructions under Rule 17ad-12 within risk-based thresholds. The proposed definition of "presentor" in Rule 17ad-9(o) reaches only the registered securityholder, the entitlement holder and their authorized agents. We ask the Commission to confirm that a transfer executed by program code, such as a trading venue's smart contract, under an instruction or authorization signed by the registered holder is presentment by that holder, and that neither the code nor its operator thereby becomes the presentor or a holder of record (Q30, Q51). A lost or compromised key should not change who owns the security, and transfers by operation of law must remain possible without it. A wallet address, an email address or another digital identifier may identify a holder of a tokenized security (Release at 79; Q37, Q41), and may count as holder contact, if the agent links it within its own systems to the holder's verified name and identity, keeps that personal data off any shared ledger (Q44), and keeps a means of reaching the holder if the identifier stops working. Electronic contact should complement, not replace, a physical address search where an address is on file. For Forms TA-1 and TA-2, a wallet is not automatically a separate holder, and a validator or node operator is not automatically a transfer agent.

Rule 17ad-12(c) requires a tested business continuity plan, and Rule 17ad-7(f)(2)(i)(D) requires means to recover lost records. We ask the Commission to confirm that, where relevant, the plan must address and test lost or compromised credentials, court orders and other legal process, and the failure of a provider or network, including rebuilding the master file on another system (Q110).

On retention, we agree that integrity controls "should not include write-prohibitions that may be incompatible with ordinary transfer agent functions" and that an audit trail is the better tool (Release at

152). No technology-based exemption from Rule 17ad-10(f) is needed (Q105): corrections can be new entries, and the release confirms that records of "position detail" information deleted from the master securityholder file "could be maintained, for example, by onchain records" (Release at 171). For lost holders, only genuine holder activity should count, not unsolicited credits or automated network activity (Q116). A holder who signs a transaction, logs in to an agent-designated channel or answers an electronic notice has shown genuine activity, and we ask the Commission to coordinate with the states, for example through the National Association of Unclaimed Property Administrators (NAUPA), on how such activity is treated, so that a tokenized holder is neither escheated while active nor kept as active only because a network moved tokens. Finally, we ask the Commission to coordinate with its custody proposal, *Adviser and Regulated Fund Custody Rules; Crypto Custody Rules* (File No. S7-2026-35), so both rulemakings use consistent concepts of control, keys and authority.

*These rules do more than contain risk. They make possible what a paper register never could. As FINRA observed early on, technological innovations "operating in accordance with" the principles of investor protection and market integrity "have the potential to provide investors with greater access to services and enhanced experiences, offer firms increased operational efficiencies and enhanced risk management, and enable further transparency in the marketplace."*[7]

## PART III. WHAT A MODERN REGISTER MAKES POSSIBLE

### 10. Confirm that a token is the share only when recorded on the issuer's authority, and let an onchain ownership statement serve the holder (Rules 17ad-9(b) and (h); Form TA-2 Question 6(b); Q21, Q46)

For uncertificated securities, registration occurs when position detail is posted to the master securityholder file; "for uncertificated securities, prompt posting is turnaround" (Release at 167). A token is a share only when it is recorded on the issuer's authority by the recordkeeping transfer agent, or by a co-transfer agent that the issuer has appointed to record that form of holding. We support the Form TA-2 distinction between issuer-sponsored and third-party-sponsored tokenized securities, "as the risks to investors differ depending on the tokenization model" (Release at 64–65; Q21). We ask the Commission to confirm that tokenization of an existing class by a co-transfer agent the issuer appoints is issuer-sponsored for Question 6(b), and to extend Question 4(e) to issues for which the registrant keeps a subsidiary file on a distributed ledger, not only the master file, so that co-transfer agent models are reported. Third-party units referencing an issuer's securities should be reconciled 1:1 by their sponsor against positions held of record, and the register should prevail in any discrepancy.

The same logic serves holders. We ask the Commission to confirm that an electronic ownership statement, delivered onchain and tied to the holder's position on the master file, can serve as the statement of ownership a registered holder receives (Release at 23 n.66), and we support a path toward fully paperless registers, subject to each issuer's governing documents and applicable law (Release at 12 n.20).

Keeping the record is not custody. A recordkeeping transfer agent that maintains the master securityholder file on a distributed ledger, including holding keys or permissions used only to post, correct or reverse entries on that file, is keeping records. We ask the Commission to confirm that such keys do not by themselves place the securities in the agent's "possession, control, or custody" under proposed Rule 17ad-12(a)(1) (Release at 182; Q108). The agent's safeguarding duty then attaches to the integrity of the record, exactly as it would for a register kept on private servers or in the cloud. The holder's securities are no more in the agent's custody because the register is onchain than because it is in a cloud database.

### 11. Confirm that the master file may record pledges, liens and control agreements, with the holder's express consent (Rules 17ad-6(a)(9) and 17ad-12(a)(1); Q80–Q84)

Private-company shareholders often cannot borrow against what may be their most valuable asset, yet state law already supplies the mechanism: a lender obtains control when the issuer agrees to follow its instructions without the registered owner's further consent (UCC § 8-106(c)(2)), and a transfer agent has the issuer's obligations for the functions it performs (§ 8-407). The release does not address pledges, but proposed Rule 17ad-6(a)(9) already requires records of any "active (i.e., unreleased) stop order, notice of

adverse claim or any other restriction on transfer." We ask the Commission to confirm in the adopting release that:

1. a recordkeeping transfer agent may record a pledge, lien or control agreement on an uncertificated security as a restriction on transfer under Rule 17ad-6(a)(9);
2. it does so only with the registered holder's express, documented consent, consistent with UCC § 8-106(g);
3. a pledged position is not pledged again without new consent;
4. every release is recorded promptly and preserved in the audit trail;
5. unless the holder agrees otherwise, the registered holder continues to vote and receive notices and distributions, consistent with UCC § 8-207(a); and
6. recording a pledge or acting on a control agreement is recordkeeping, not custody, and does not by itself place the securities in the agent's "possession, control, or custody" under proposed Rule 17ad-12(a)(1) (Release at 182).

The request is technology-neutral. A security recorded electronically remains an Article 8 security, not a controllable electronic record (UCC § 12-102(a)(1)), so holding a key confers neither ownership nor control. When entries follow open, documented data standards, a recorded pledge reads the same way for the holder, the lender and any successor agent. We ask only that the federal rules accommodate what state law already permits.

**12. Let co-transfer agents service one issue across every venue under a single recordkeeping transfer agent, register a transfer once payment settles, and accept qualifying tokenized funds (Rules 17ad-9(h), 17ad-10(a), 17ad-12 and 17ad-31; Q28, Q46, Q47, Q102, Q104, Q113)**

Because posting to the master file is registration (Release at 167), a transfer agent can register a transfer made against payment once that payment settles elsewhere, so that delivery and payment occur together. The agent need not hold the funds to do so. We ask the Commission to confirm that such delivery-versus-payment registration is consistent with the prompt-posting standard of proposed Rule 17ad-10(a)(2) (Q102).

Where a transfer agent does act as paying agent, the Commission asks whether stablecoins and tokenized deposits can be funds and whether the segregated account could be a bank's custodial wallet (Q113). We ask the Commission to answer yes on a functional test, and to confirm that a registered transfer agent may itself be the paying agent for dividends, distributions, redemptions and settlement proceeds related to its transfer agent activities. A tokenized deposit or payment stablecoin should qualify when held through a bank custodial wallet and the arrangement provides legal segregation from the agent's own assets, no use for the agent's own obligations, identifiable claimants, prompt access and recovery, and credible redemption, liquidity and insolvency treatment. The asset's name establishes none of these; the arrangement must.

Proposed Rule 17ad-12(b) requires funds to be kept in a "for the benefit of" account separate from the agent's own accounts, but does not say whether one account may serve many issuers. We propose that the Commission confirm that a single omnibus FBO account, or omnibus custodial wallet, may hold funds for multiple issuers and holders, provided the agent keeps a sub-ledger identifying each beneficial claimant, reconciles it to the bank or wallet balance at least daily, and never nets one claimant's funds against another's.

The same issue may trade on a national securities exchange, including newer exchanges, on an alternative trading system, on a tokenized securities venue operating under the Commission's exemptive order for Tokenized Securities Venues (Release No. 34-106402, File No. 4-927, Sept. 17, 2026), and on a venue outside the United States. On Q104, we do not support more than one recordkeeping transfer agent for an issue. We ask the Commission instead to confirm that one recordkeeping agent may rely on co-transfer agents that keep the detailed records for a particular form of holding, such as tokenized positions, under a written agreement, if six conditions are met. First, the master file shows each holder's position by form, including the form recorded by a co-transfer agent, so it remains a list of individual securityholder accounts. Second, the parts are reconciled daily, in total and for each holder. Third, the overissuance controls of Rule

17ad-10 apply across all parts, not to each one alone. Fourth, prompt posting is met on each part, with each agent responsible for its own entries. Fifth, the written agreement specifies how entitlement is determined on a record date while co-transfer agent entries await posting. Sixth, the co-transfer agent provides its record of debits and credits within one business day under proposed Rule 17ad-10(c), measured, for transfers that complete on a non-business day, from the next business day, consistent with the proposed definition of receipt in Rule 17ad-1(g). These conditions are offered for co-transfer agents that keep the records of a separate form of holding, such as tokenized positions; they are not intended to change existing co-transfer agent arrangements.

We also ask the Commission to confirm that an issuer may designate the master file and a co-transfer agent's records together as its stock ledger under state law, such as Sections 219 and 224 of the Delaware General Corporation Law, without creating a second recordkeeping transfer agent, so long as one recordkeeping agent remains responsible for the master file and any difference between them, other than entries still within the period allowed by Rule 17ad-10(c), is resolved as a record difference under Rule 17ad-10, with the co-transfer agent's records controlling for that form of holding where the issuer so provides. For the same reason, proposed Rule 17ad-9(g)(3) would treat any inconsistency between the master file and "the history of transactions in the transfer journal" as a record difference. A co-transfer agent registers a transfer before the recordkeeping agent posts it, so read literally every such entry would be a record difference until posted, and aged differences would be reported under Rule 17ad-11. We ask the Commission to confirm that entries a co-transfer agent has provided, or is still within the period to provide, under Rule 17ad-10(c), and that the recordkeeping agent has not yet been required to post, are not record differences (Q25, Q51).

With those conditions met, we ask the Commission to confirm that (i) one authoritative master file may serve every venue; (ii) one reconciliation standard applies whether positions sit with a depository, an ATS operator, a tokenized securities venue or a foreign intermediary (Q46, Q47); (iii) when a holder moves a position between venues, the agent registers the move once it settles, as above; and (iv) serving several venues creates no venue-specific transfer agent duties.

In such a structure, one recordkeeping transfer agent keeps the master file, and a co-transfer agent services a tokenized form of the same issue. We ask the Commission to allocate obligations in that structure expressly. The recordkeeping transfer agent should remain responsible for the master file, the control book, overissuance controls under Rule 17ad-10 and the master-file obligations of Rule 17ad-17; the co-transfer agent should be responsible for turnaround of the items it receives under Rule 17ad-2, its own records under Rules 17ad-6 and 17ad-7, timely reporting and responses under Rule 17ad-10(c) and (d), and the Rule 17ad-31 determinations for transfers it processes. Each agent should meet Rules 17ad-12 and 17ad-30 for its own operations, and neither should be liable for the other's entries except where it fails its own reporting or reconciliation duty.

Rule 17ad-31(b) reaches requests to remove a restrictive legend on any security. We ask the Commission to clarify how a transfer agent should apply it to Regulation S distribution-compliance periods and offshore resales, and whether international frameworks should inform that approach (Q28). We also encourage coordination with clearing agencies so that an onchain register does not, by itself, prevent depository eligibility.

**13. Make the 15-day successor handoff a duty to deliver complete, current and usable records (Rule 17ad-7(i); Q101)**

We support proposed Rule 17ad-7(i) and its 15-calendar-day period. The release describes departing agents that withheld records pending termination fees (Release at 160–161); a fee dispute should not delay delivery (Q101).

The rule says when, not in what form. A successor can resume service only if records arrive complete and current as of cessation, with the audit trail and support for any restriction in effect, in a documented format usable without the predecessor's proprietary software. On a ledger, permissions should be reassigned and signing credentials rotated, not handed over. The 15 days are an outside deadline, not permission for avoidable downtime. Independent access under Rule 17ad-7(h) must also work when a provider refuses, is

terminated or fails; a blockchain explorer or a nominal observer seat does not by itself supply the complete, linked record. Publicly documented formats such as OCF, in which Fairmint has an interest as noted above, show this is practical; we ask the Commission to prefer no format.

**Suggested text: Rule 17ad-7(i) (additions underlined)**

(i) Within fifteen (15) calendar days of ceasing to perform transfer agent functions for an issue, a registered transfer agent must deliver, provide, or otherwise make available to the issuer or the issuer's designee all records required to be made and kept current under § 240.17ad-6(a)(1), (6), (9), (10) and (11), (b) and (c) related to that issue, <u>together with the audit trail required by paragraph (f)(2)(i)(C) of this section for such records and any documentation required by § 240.17ad-31(d) supporting a restriction then in effect. Such records shall be complete and current as of the date the transfer agent ceased to perform transfer agent functions, and shall be delivered in a documented, machine-readable electronic format, including the data definitions necessary to interpret them, that can be used without proprietary software of the transfer agent. Delivery may not be conditioned on payment of any disputed fee.</u> …

### 14. Confirm that no federal rule requires a medallion guarantee, consider letting transfer agents do the identity work once, and stage compliance where costs are unknown (Rules 17Ad-15, 17ad-12, 17ad-30; Q76, Q79, Q125)

**Medallion guarantees.** Holders of uncertificated and tokenized securities, especially outside the United States, often cannot obtain a medallion at all. As explained in § 9, no federal rule requires a signature guarantee, and we ask only for the confirmations requested there.

**Identity verification.** The Proposal does not address customer identification, and transfer agents are not themselves subject to customer identification program rules. Because the agent already must know who its registered holders are to keep the master file, we propose that the Commission recognize documented holder identity verification as an element of Rule 17ad-12 risk management, and consider, with FinCEN, whether registered transfer agents could become eligible for reliance, so that broker-dealers and other financial institutions could rely on identity verification they perform, so that a holder is verified once rather than at every intermediary.

**Cost and sequencing.** Where reliable cost figures are not yet available, sequencing limits the risk of misestimated costs. We propose that the Commission stage compliance, with the turnaround, recordkeeping and Rule 17ad-30 procedures first and attestation and new disclosure items later, and that it use data from Commission examination staff to confirm the estimates for small agents before later phases take effect (Q76, Q79).

### Conclusion

The lasting question is not which technology keeps the register, but who is accountable, which changes are lawful, and what happens when something fails. Rules that answer those questions, with one standard for every transfer agent, will protect investors whatever the technology.

### Requested Commission actions

1. Apply the same tests to every master file; confirm an onchain record can be the master (§ 1).
2. Define exclusive control by function in new Rule 17ad-9(p), and confirm that issuer co-signing does not break it; confirm that a co-transfer agent's records kept under a written agreement and reported under Rule 17ad-10(c) do not, by themselves, negate exclusive control; state in Rules 17ad-9(b) and (h) that one recordkeeping agent may engage co-transfer agents, including for a tokenized form, and keeps exclusive control by authority; accept a real-time or same-day electronic feed under Rule 17ad-10(c) and (d) (§ 2).
3. Permit required records to be views of one authoritative history (§ 3).
4. Confirm a registered agent may keep the master file from formation, and accept a formation-date identifier mapped to the CUSIP; confirm token-form shares of an existing class keep its CUSIP (§ 4).
5. Adopt one-business-day turnaround, met with any reliable technology; keep Rule 17ad-31 items non-routine; publish common outcome standards; define receipt at the agent's designated channel (§ 5).

6. Rescind Rule 17ad-4: one standard for stock and fund agents, scaled, with a transition period (§ 6).
7. Add scaled supervisory procedures to Rule 17ad-30 and give credit for tested preventive controls; accept SOC reports as a safe harbor and integrate Regulation S-P with Rule 17ad-30 (§ 7).
8. Revise Rule 17ad-31 for authorized persons, category approvals and good-faith reliance; apply restrictions to every tokenized form; let the processing agent decide and the other rely, and confirm an eligibility-level reasonable basis for tokenized transfers (§ 8).
9. Confirm key possession is not transfer authority; require tested recovery; confirm that Rule 17Ad-15 does not require a signature guarantee and that verified-wallet signatures can authenticate instructions under Rule 17ad-12 within risk-based thresholds; confirm a contract execution the holder signed is presentment by the holder (§ 9).
10. Confirm a token is a share only when recorded on the issuer's authority by the recordkeeping agent or a co-transfer agent the issuer has appointed; accept onchain ownership statements; treat issuer-appointed co-transfer agent tokenization as issuer-sponsored and extend Form TA-2 Question 4(e) to subsidiary files (§ 10).
11. Permit consented pledges on the master file, and confirm recording is not custody (§ 11).
12. Support one recordkeeping transfer agent per issue, served by any number of co-transfer agents across every venue, including tokenized securities venues, with the six conditions; confirm a state-law stock-ledger designation covering both records and that unposted co-transfer agent entries within the Rule 17ad-10(c) period are not record differences; confirm registration once payment settles; and clarify Regulation S; accept tokenized deposits and payment stablecoins on a functional test (Q113); allocate obligations between the recordkeeping and co-transfer agent; confirm one omnibus FBO account with daily sub-ledger reconciliation (§ 12).
13. Require a complete, current, documented 15-day handoff with the audit trail, with independent access that survives a provider's failure (§ 13).
14. Recognize transfer agent identity verification and consider, with FinCEN, whether registered transfer agents could become eligible for reliance; stage compliance (§ 14).

In 1969 the industry found "Standard Transfer Procedures Lacking." This proposal is the chance to close that gap.

Thank you for considering these comments. We would welcome the opportunity to meet with the staff of the Division of Trading and Markets to discuss them.

Respectfully submitted,

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## Notes

1. North American Rockwell Information Systems Co., *Securities Industry Overview Study* (Sept. 1969) (report to the American Stock Exchange) ("1969 Study"); see also Transfer Agent Regulations, Exchange Act Release No. 76743 (Dec. 22, 2015), 80 FR 81948, 81953. The quoted passage is at page 8.
2. 1969 Study at page 47.
3. 1969 Study at page 46.
4. 1969 Study at page 15.
5. 1969 Study at page 9.
6. 1969 Study at page 42.
7. FINRA, *Distributed Ledger Technology: Implications of Blockchain for the Securities Industry* 2 (Jan. 2017).