November 27, 2026

The Honorable Angela D. Alsobrooks
The Honorable Mark R. Warner
The Honorable Ruben Gallego
The Honorable Catherine Cortez Masto
United States Senate
Washington, DC 20510

Re: Your letter on the SEC's Innovation Exemption for tokenized securities

Dear Senators Alsobrooks, Warner, Gallego, and Cortez Masto:

Your November 13 letter to Chairman Atkins starts from the right principle: "a tokenized security is a security."

I agree. And I'd add the corollary that decides almost everything else: a tokenized share is only as real as its entry on the issuer's register.

I run Fairmint. Our subsidiary Fairmint TA LLC (SEC file no. 084-06901) is an SEC-registered transfer agent. A transfer agent keeps the official record of who owns a company's shares, onchain or offchain. Another Fairmint subsidiary, Fairmint TSV, gave public notice on November 23 that it intends to operate a venue under the very Exemption you question.[1] So I read your letter from both sides of the table: the register and the venue. My conclusion: the safeguards you are asking for belong on the register.

The sentence that matters

Your letter warns that "a tokenized equity purchased by a verified individual could be transferred to an unverified wallet, including one held by a foreign person or illicit actor, beyond the reach of the U.S. regulatory perimeter."

For a token that lives outside the issuer's register, that is exactly the risk. But it is a design choice, not a law of physics.

Who is responsible (Question 3)

You ask "which regulated entity is responsible for it" once a token reaches an unverified or offshore wallet.

For an issuer-sponsored share, the answer has existed for decades: the transfer agent. Appointed by the issuer. Registered with the SEC. Accountable for the accuracy of the record. When the token is the record, the responsible entity is never in doubt, wherever the token travels.

The unverified wallet (Questions 1 and 2)

You note that the Exemption "does not require transfer restrictions in smart contracts at the token level."

When the token is the share, that requirement is already met. On an issuer-sponsored register built this way, a restriction on the share is a restriction on the token: once it is recorded on a holder's

[1] Fairmint TSV is a proposed venue under the SEC's temporary Innovation Exemption. It is not registered with or approved by the SEC and has not begun operating.

position, no movement from that position can be recorded. A share can be recorded only in the name of a verified holder, and a transfer can settle only between verified holders. An unverified wallet is not somewhere the share can land: the ledger refuses the move.

On illicit finance, the order matters: identity is verified before a share can be recorded in the holder's name, not after it has moved.

Permission at the venue is the door. A restriction on the share adds the lock.

Trace, freeze, recover (Question 3)

On such a register, every transfer is an entry and every holder of record is identified. Tracing is a lookup.

You ask whether tokenized stock should be "capable of being frozen or recovered." Yes, with the limits written down.

No Fairmint entity holds keys to holders' wallets or can move holders' tokens for its own account. Tokens are minted directly to the holder's own wallet. The transfer agent's authority is limited to recording entries on the issuer's register, on the issuer's authority: mint on conversion, burn on exit, freeze or reverse where a restriction, stop or legal process requires.

Freezing is the stop-transfer role transfer agents have always played. A reversal is a corrected register entry, made only on the issuer's authority or under legal process. Replacing a holder's lost or compromised position works the same way transfer agents have long replaced lost certificates. Each is recorded onchain, with a full audit trail open to regulators. Compliance by intermediation can become compliance by design.

Accountability without custody. That is the balance.

What the holder owns (Questions 9, 10, and 11)

You ask: "What does the holder of a tokenized equity legally own?"

Where the onchain entry is the official record, the holder owns the share: their name on the issuer's register. Where an issuer keeps its master file offchain, as in our first deployment, Fairmint TA keeps the onchain record as co-transfer agent, and each holder's entry is part of the issuer's records.

Not a claim on a share sitting in someone else's account. Not a token that tracks a price.

That one design choice also answers your questions on backing and custody. Nothing sits behind the token and no custodian holds an underlying share, because the token is the holder's entry on the register. And no third-party tokenizer's insolvency can stand between the holder and the company.

Issuer consent (Questions 5 and 7)

Issuer-sponsored means affirmative consent by construction. The company appoints its transfer agent and chooses to put its register onchain. No third party tokenizes its shares, so there is no 30-day objection window to police, and nothing is inferred from silence.

Where I would push

You ask that any changes go through a transparent rulemaking process. One is already underway. The SEC's transfer agent proposal (File No. S7-2026-30) is a notice-and-comment rulemaking,

and the first comprehensive overhaul of rules the Commission began adopting in 1977. It is the natural home for three conditions any tokenized NMS stock could be required to meet:

1. Recorded on the issuer's register by an SEC-registered transfer agent or co-transfer agent.

2. Restrictions carried by the share itself: once a restriction is recorded on a holder's position, no movement from that position can be recorded.

3. A freeze and reversal capability for legal process, held by a regulated record-keeper with defined limits. Not by a venue, ours included. Not by a developer.

These three answer much of your list without inventing a new agency.

A word on the November 24 letter

Senators Van Hollen, Warren, Smith, and Reed have since asked the Chairman to withdraw the Exemption, warning of "a shadow stock market outside longstanding regulatory protections."

A shadow market hides who owns what. A register built this way does the opposite. For fifty years, most U.S. shares have sat in street name, off the issuer's register. A company can get the names of non-objecting owners by asking brokers for a NOBO list, and owners who object (the OBOs) are never identified to it. Here, every holder of record is identified, every transfer is recorded, and an SEC-registered transfer agent answers for every entry. In our model, the venue matches orders. Only a transfer agent mints, burns or freezes a share.

Withdrawal of the Exemption won't stop tokenization. It will only decide where it happens, and who keeps the record. Keep the experiment running, and write the safeguards into the rules.

You write that "long-term success relies on investors and issuers trusting that this new regulatory regime upholds the safeguards that make the U.S.'s capital markets the envy of the world."

Trust needs an address. The perimeter is not the venue. It is the register.

My team and I would welcome the chance to brief your staff.

Sincerely,

Joris Delanoue

Joris Delanoue
Co-founder and Chief Executive Officer
Fairmint, Inc.

cc: The Honorable Paul S. Atkins, Chairman, U.S. Securities and Exchange Commission
The Honorable Chris Van Hollen, United States Senator
The Honorable Elizabeth Warren, Ranking Member, Committee on Banking, Housing, and Urban Affairs
The Honorable Tina Smith, United States Senator
The Honorable Jack Reed, United States Senator