



## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105047; File No. SR-NASDAQ-2025-072]

### **Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Order Approving a Proposed Rule Change, as Modified by Amendment No. 2, to Amend the Exchange’s Rules to Enable the Trading of Securities on the Exchange in Tokenized Form**

March 18, 2026.

#### **I. Introduction**

On September 8, 2025, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend the Exchange’s rules to enable the trading of securities on the Exchange in tokenized form. The proposed rule change was published for comment in the Federal Register on September 22, 2025.<sup>3</sup> On November 3, 2025, pursuant to Section 19(b)(2) of the Act,<sup>4</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.<sup>5</sup> On December 12, 2025, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act,<sup>6</sup> to determine whether to approve or disapprove the proposed rule change.<sup>7</sup> On December 29, 2025, the Exchange filed Amendment No. 1 to the

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 103989 (Sept. 16, 2025), 90 FR 45426. Comments received on the proposed rule change are available at: <https://www.sec.gov/comments/sr-nasdaq-2025-072/srnasdaq2025072.htm>.

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> See Securities Exchange Act Release No. 104173, 90 FR 51424 (Nov. 17, 2025). The Commission designated December 21, 2025, as the date by which the Commission shall approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change.

<sup>6</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>7</sup> See Securities Exchange Act Release No. 104384, 90 FR 58646 (Dec. 17, 2025).

proposed rule change, which replaced and superseded the original filing in its entirety. On January 20, 2026, the Exchange filed Amendment No. 2 to the proposed rule change, which replaced and superseded the original filing, as modified by Amendment No. 1, in its entirety. The proposed rule change, as modified by Amendment No. 2, was published for comment in the Federal Register on January 30, 2026.<sup>8</sup> This order approves the proposed rule change, as modified by Amendment No. 2

## **II. Description of the Proposal, as Modified by Amendment No. 2<sup>9</sup>**

The Exchange proposes amending its rules to enable the trading of securities on the Exchange in tokenized form during the pendency of a tokenization pilot program (“DTC Pilot”) operated by the Depository Trust Company (“DTC”) pursuant to the terms of a December 11, 2025 No-Action Letter.<sup>10</sup> Nasdaq market participants that are eligible to participate in the DTC Pilot (“DTC Eligible Participants”) would be able to trade tokenized versions of certain equity securities and exchange traded products on the Exchange that are eligible for tokenization as part of the DTC Pilot (“DTC Eligible Securities”).<sup>11</sup> According to Nasdaq, while they are actively assessing multiple methods of tokenization and trading of tokenized securities,<sup>12</sup> the proposed rule change describes and applies to one method by which DTC Eligible Securities can trade on Nasdaq, using DTC to clear and settle trades in token form, per order handling instructions that DTC Eligible Participants may select upon entering their orders for DTC Eligible Securities on Nasdaq.<sup>13</sup>

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<sup>8</sup> See Securities Exchange Act Release No. 104693 (Jan. 27, 2026), 91 FR 4138 (“Amendment No. 2”). Capitalized terms not defined in this order are defined in the Exchange’s rules.

<sup>9</sup> For a more complete description of the proposal see Amendment No. 2 supra note 8.

<sup>10</sup> See id. at 4138; see also No-Action Letter Request Related to The Depository Trust Company’s Development of the DTCC Tokenization Services from Jeffrey S. Mooney, Associate Director, Division of Trading and Markets, to Brian Steele, Managing Director, President, Clearing & Securities Services, DTCC, and Nadine Chakar, Managing Director, Global Head of DTCC Digital Assets, DTCC, dated December 11, 2025, including incoming letter from DTCC on behalf of DTC (“No-Action Letter”) at <https://www.sec.gov/files/tm/no-action/dtc-nal-121125.pdf>.

<sup>11</sup> See Amendment No. 2 supra note 8 at 4140.

<sup>12</sup> See id. at 4140 n.10.

<sup>13</sup> See id. at 4140.

First, Nasdaq proposes to amend its definition of a security in Equity 1, Section 1, to mean, in part, a “security” as that term is defined in Section 3(a)(10) of the Act that is either listed on the Exchange or traded on the Exchange pursuant to unlisted trading privileges.<sup>14</sup> Further, under the proposed rule, a security may be traded in the Nasdaq Market Center in either traditional form (i.e., digital representation of ownership and rights, but without utilizing blockchain technology) or, for the duration and under the terms of the DTC Pilot, in tokenized form (i.e., digital representation of ownership and rights that utilizes blockchain technology).<sup>15</sup> Under the proposed rule, a share of a tokenized DTC Eligible Security would be tradable in the Nasdaq Market Center together with, on the same order book as, and with the same execution priority as, its traditional counterpart, but only if the tokenized security is fungible with, shares the same CUSIP number with and trading symbol, and affords its shareholders the same rights and privileges as does a share of an equivalent class of the traditional security.<sup>16</sup> According to the Exchange, DTC Eligible Securities that would be eligible to trade on the Exchange would be limited to, for purposes of this proposal, (i) securities in the Russell 1000 Index at the time the service launches as well as any additions to the index thereafter and notwithstanding the subsequent removal of any securities from the index; and (ii) ETFs that track major indices, such as the S&P 500 index and Nasdaq-100 index.<sup>17</sup> Nasdaq would publish Equity Trader Alerts periodically to identify a current list of DTC Eligible Securities that may trade in tokenized form on the Exchange.<sup>18</sup>

Second, the Exchange proposes to amend its Order Entry Rule, at Equity 4, Rule 4756, to describe how a DTC Eligible Participant can communicate its desire to clear and settle a DTC

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<sup>14</sup> See Proposed Equity 1, Section 1(a)(2).

<sup>15</sup> See id.

<sup>16</sup> See id. and Amendment No. 2 supra note 8 at 4141-42.

<sup>17</sup> See Amendment No. 2 supra note 8 at 4143.

<sup>18</sup> See Proposed Rule Section 1(a)(2).

Eligible Security in tokenized form.<sup>19</sup> Under the proposed rule, a DTC Eligible Participant that wishes for its order in a DTC Eligible Security to clear and settle in tokenized form must notate its preference upon entry of the order in the System by selecting a flag that the Exchange designates for this purpose, in accordance with the Exchange's procedures.<sup>20</sup> When a DTC Eligible Participant enters an order for a DTC Eligible Security with the tokenization flag selected, the Exchange, as an agent or designee of such DTC Eligible Participant, would communicate the DTC Eligible Participant's tokenization preference to DTC on a post-trade basis.<sup>21</sup> The flag would indicate the DTC Eligible Participant's preference as to what form the security should take (i.e., token or traditional) and it also may include other information or instructions that DTC may require the DTC Eligible Participant to enter, in accordance with DTC's rules, policies, and procedures, and the terms of the No-Action Letter, to effectuate the flag, such as the DTC Eligible Participant's selection of a blockchain and a digital wallet address for a tokenized DTC Eligible Security.<sup>22</sup> DTC would then carry out the DTC Eligible Participant's tokenization preference as set forth in the flag, as well as any instructions attendant thereto to the extent that the flag or instruction is executable in accordance with DTC's rules, policies, and procedures, and the terms of the No Action Letter.<sup>23</sup>

As proposed, Nasdaq's systems would not determine whether a market participant is a DTC Eligible Participant or whether a security is a DTC Eligible Security at the time of order entry and selection of the tokenization flag.<sup>24</sup> Nasdaq also would not determine whether DTC is able to execute a tokenization order for other reasons, including because the DTC Eligible Participant wishes to mint the token to a blockchain that is not compatible with the DTC Pilot or

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<sup>19</sup> See Proposed Rule 4756(a)(5) and Amendment No. 2 supra note 8 at 4142.

<sup>20</sup> See id.

<sup>21</sup> See id.

<sup>22</sup> See id. The Exchange would issue an Equity Trader Alert prior to requiring a DTC Eligible Participant to enter any such information or instructions to the flag, other than its tokenization preference. See id.

<sup>23</sup> See id.

<sup>24</sup> See id.

deposit it into a wallet that is not registered with DTC.<sup>25</sup> Thus, if at the time of order entry, a market participant is not a DTC Eligible Participant, the security selected for tokenization is not a DTC Eligible Security, or there are other reasons why DTC cannot execute a tokenization preference or instruction, DTC would settle the executed order in traditional (non-tokenized) form, in accordance with DTC's rules, policies, and procedures.<sup>26</sup>

Third, Nasdaq proposes to amend its Book Processing Rule, at Equity 4, Rule 4757, to state that the mere fact that an order contains tokenized securities or indicates a preference to clear and settle DTC Eligible Securities in token form would not affect the priority in which the Exchange executes that order.<sup>27</sup>

Fourth and finally, the Exchange proposes to amend its Order Routing Rule, at Equity 4, Rule 4758, to state that when the Exchange routes orders in DTC Eligible Securities that DTC Eligible Participants have designated for clearing and settlement in token form, in accordance with the Exchange's order entry rules and procedures, the Exchange would communicate this tokenization instruction to DTC upon receiving an execution for an order that was routed to another trading venue.<sup>28</sup>

Nasdaq states that apart from the above, as far as Nasdaq's systems and matching engine are concerned, the Exchange's trading procedures and behavior would be the same regardless of whether a DTC Eligible Participant opts to trade tokenized or traditional shares of a DTC Eligible Security.<sup>29</sup> For example, according to Nasdaq, the following aspects of its trading system and procedures would not change when trading tokenized securities:

- All Exchange order types and attributes would be available for use by tokenized securities.

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<sup>25</sup> See id.

<sup>26</sup> See id.

<sup>27</sup> See id.

<sup>28</sup> See Proposed Rule 4758(a)(1)(A) and Amendment No. 2 supra note 8 at 4142.

<sup>29</sup> See Amendment No. 2 supra note 8 at 4142.

- All Exchange routing strategies would be available for orders in tokenized securities.
- Orders in tokenized securities may participate in all of the Exchange’s trading sessions as well as in its Opening and Closing Crosses, subject to generally applicable eligibility criteria.
- Participants may utilize their existing connectivity to enter orders in tokenized securities.
- The Exchange’s fee schedule would not vary based upon whether shares that Participants execute are tokenized or traditional in nature.
- Market data feeds would not differentiate between tokenized and traditional shares.
- The Exchange would comply with any Commission requirements to report tokenization data to the Consolidated Audit Trail.
- Market surveillance of tokenized and traditional securities would rely upon the same underlying data, which would continue to be accessible by Nasdaq and FINRA.
- Trades in tokenized securities handled by DTC would continue to settle on a T+1 basis.
- Nasdaq’s clearly erroneous and risk management measures would cover tokenized securities.
- Trading of tokenized securities would not be expected to alter the existing proxy distribution process.<sup>30</sup>

According to Nasdaq, its proposal would become effective once the requisite infrastructure and post-trade settlement services have been established by DTC.<sup>31</sup> Further,

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<sup>30</sup> See id. at 4142-43. According to DTC, a DTC Eligible Participant may need to issue a de-tokenization instruction or DTC may need to force convert the tokenization entitlement into a book-entry entitlement in order to receive a distribution or replacement security or to issue instructions in relation to the corporate action. In such situations, DTC would, to the extent feasible, provide the relevant participants with advance notice of the need to provide such instruction or DTC’s need to take such action. See No Action Letter supra note 10, attached incoming request at 10-11; see also Amendment No. 2 supra note 8 at 4143 n.23.

<sup>31</sup> See Amendment No. 2 supra note 8 at 4143.

Nasdaq would alert its Members in an Equity Trader Alert at least 30 calendar days before the Exchange begins trading DTC Eligible Securities in tokenized form on its market.<sup>32</sup>

### III. Discussion and Commission Findings

The Commission finds that the Exchange’s proposal, as modified by Amendment No. 2, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>33</sup> In particular, the Commission finds the proposed rule change, as modified by Amendment No. 2, is consistent with Section 6(b)(5) of the Act.<sup>34</sup> Section 6(b)(5) of the Act requires that the rules of a national securities exchange be designed, among other things, to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Commission received comment letters on Nasdaq’s proposed rule change, all of which were submitted prior to the filing of Amendment No. 2 and most of which were submitted prior to the No-Action Letter.<sup>35</sup> While some commenters commended Nasdaq on its proposal to accommodate and incorporate tokenization and generally agreed that tokenized securities should trade within the existing regulatory framework,<sup>36</sup> some of these commenters discussed the lack

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<sup>32</sup> See id.

<sup>33</sup> In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>34</sup> 15 U.S.C. 78f(b)(5).

<sup>35</sup> See letters from Brent Taylor, dated September 13, 2025 (“Taylor Letter”); Benjamin L. Schiffrin, Director of Securities Policy, Better Markets, Inc., dated October 14, 2025 (“Better Markets Letter”); Katie Kolchin, CFA, Managing Director, Head of Equity & Options Market Structure, and Gerald O’Hara, Vice President & Assistant General Counsel, SIFMA, dated October 14, 2025 (“SIFMA Letter”); Morrison C. Warren, James Audette, Elizabeth S. Boison, Christian Brockman, Chapman and Cutler LLP on behalf of The Digital Chamber, dated October 14, 2025 (“TDC Letter”); Peter Curley, Head of Global Regulatory Affairs, Ondo Finance Inc., dated October 14, 2025 (“Ondo Letter 1”); Patrick Sexton, EVP, General Counsel, and Corporate Secretary, Cboe Global Markets, Inc., dated November 26, 2025 (“Cboe Letter”); and Peter Curley, Head of Global Regulatory Affairs, Ondo Finance Inc., dated December 15, 2025 (“Ondo Letter 2”). In Ondo Letter 2, Ondo withdrew its original objection to Nasdaq’s proposal in Ondo Letter 1 in light of the information contained in the No-Action Letter. See Ondo Letter 2.

<sup>36</sup> See Cboe Letter at 1 and SIFMA Letter at 1-3; see also Taylor Letter (recommending, in part, the Commission consider a pilot tokenization sandbox with Nasdaq as an initial pilot).

of information available regarding the DTC proposed process for settling tokenized securities.<sup>37</sup> Commenters also raised competitive concerns and questioned how the Commission would ensure that the regulatory framework remains technologically neutral and does not inadvertently pick winners and losers,<sup>38</sup> and raised concerns regarding issuer choice.<sup>39</sup> Other commenters made recommendations outside the scope of the Nasdaq proposal.<sup>40</sup> Finally, one commenter objected to Nasdaq’s proposal as being unnecessary.<sup>41</sup> This commenter raised general concerns regarding tokenizing securities such as some provisions of securities laws being potentially inapplicable, the risk of prices diverging from the price of the traditional security, market surveillance concerns, and tokenized securities potentially not offering holders the same rights as shareholders in the underlying company.<sup>42</sup> The commenter agreed that “Nasdaq’s proposal is better than having tokenized securities that do not offer the same rights and privileges as traditional securities trade on unregulated crypto exchanges,” but questioned why having tokenized securities trading on Nasdaq was “necessary at all.”<sup>43</sup>

As described above, some commenters expressed concerns regarding the lack of detail as to how the DTC proposed process would affect tokenization in Nasdaq’s original filing before

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<sup>37</sup> See Cboe Letter at 1 (stating there is more to learn on the mechanics of the post-trade tokenization process envisioned by DTC), SIFMA Letter at 3 (stating that SIFMA looks forward to reviewing more details about the technical and operational aspects of the proposal when information regarding the DTC process is available), and TDC Letter at 2 and 6 (stating the lack of details regarding DTC’s requisite infrastructure and post-trade settlement services makes it difficult for stakeholders and regulators to fully assess the Nasdaq proposal’s impact on market structure, competition, and innovation).

<sup>38</sup> See TDC Letter at 1-3.

<sup>39</sup> See *id.* at 3 (stating that “issuer choice should be a central consideration that is thoughtfully and thoroughly examined before any final rules can be considered”); Taylor Letter (stating that tokenization experiments that proceed without issuer coordination risk fragmenting liquidity); and see also Better Markets Letter at 3 (stating that tokenized stocks may be issued by a third party and it is not clear with whom investors are investing).

<sup>40</sup> See Taylor Letter (recommending the Commission adopt the Swiss approach to tokenized securities); Cboe Letter at 1 (stating that it is worth considering whether any move toward tokenization should be an industry-wide initiative backed by Commission rulemaking and holistic regulatory review); TDC Letter at 11-12 (recommending in part regulatory sandboxes, pilot programs, conditional exemptive relief, and principles-based technology-neutral regulations).

<sup>41</sup> See Better Markets Letter at 1.

<sup>42</sup> See *id.* at 2-3.

<sup>43</sup> See *id.* at 5.

the issuance of the No-Action Letter.<sup>44</sup> However, the incoming letter from DTCC on behalf of DTC provides sufficient detail to address these concerns. Moreover, Nasdaq, in Amendment No. 2, provided more detail than the original filing regarding the tokenization process by, in part, (i) clarifying the information required from DTC Eligible Participants for DTC to effectuate a tokenization request,<sup>45</sup> (ii) tailoring its proposal to the DTC Pilot by clarifying that only DTC Eligible Participants can request to tokenize DTC Eligible Securities,<sup>46</sup> and (iii) providing more detail regarding tokenization and post-trade processing.<sup>47</sup> Accordingly, one commenter, who had previously raised concerns about the lack of public information regarding the DTC initiatives, concluded that “there is now sufficient information in the public domain to allow interested parties to comment intelligently on the Proposal and for the Commission to determine whether the proposed rule change by Nasdaq is consistent with the requirements of” the Act in light of the information contained in DTCC’s incoming letter.<sup>48</sup> This commenter withdrew its original objection to Nasdaq’s proposal.<sup>49</sup>

Further, while commenters expressed views regarding the Commission’s approach to securities tokenization, this order is limited to the Nasdaq proposal, which would allow securities to clear and settle in tokenized form pursuant to the DTC Pilot.<sup>50</sup> Nasdaq, in its response to commenters made clear “that its tokenization proposal is not exclusive but rather is one of

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<sup>44</sup> See also Letter from Brett M. Kitt, Vice President, Deputy General Counsel, Nasdaq, dated December 29, 2025, at 6 (stating that the No-Action Letter, DTC’s no-action request letter, and informational materials on DTC’s website should together suffice to address most questions and concerns) (“Nasdaq Response Letter”).

<sup>45</sup> See Proposed Rule 4756(a)(5).

<sup>46</sup> See Proposed Section 1(a)(2) and Proposed Rule 4756(a)(5).

<sup>47</sup> See Amendment No. 2 *supra* note 8 at 4143-44.

<sup>48</sup> See Ondo Letter 2 at 1.

<sup>49</sup> See *id.*

<sup>50</sup> Nasdaq has represented that the proposal is intended to offer “a means by which market participants can utilize the DTC pilot tokenization program when trading on the Exchange.” See Amendment No. 2 *supra* note 8 at 4144. Moreover, the “post-trade settlement services, including the eligibility of a member’s orders to be settled in tokenized form, will be determined by DTC’s policies and procedures and the No Action Letter.” See *id.*

multiple forms that currently exist or may come to exist.”<sup>51</sup> Further, Nasdaq has stated that other forms of tokenization and clearance and settlement are under discussion.<sup>52</sup> However, to the extent that Nasdaq plans to adopt any alternative to the DTC Pilot, it would file a proposed rule change with the Commission.<sup>53</sup>

While comments were expressed regarding the risks of tokenization, such as prices diverging between tokenized and traditional securities, holders of tokenized securities not receiving the same rights as shareholders in the underlying company, provisions of securities laws being potentially inapplicable, and market surveillance concerns,<sup>54</sup> these concerns have been addressed. Pursuant to the Nasdaq proposal, a tokenized share of a DTC Eligible Security must be fungible with, share the same CUSIP number and trading symbol with, and afford its shareholders the same rights and privileges as a share of an equivalent class of the traditional security for it to trade on Nasdaq.<sup>55</sup> Further, Nasdaq has represented that it would trade DTC Eligible Securities “within the confines of existing securities laws and rules”<sup>56</sup> and that its trading system and procedures, except as described above, would be the same regardless of whether a security is tokenized.<sup>57</sup> A tokenized share of a DTC Eligible Security and its traditional counterpart would trade on the same order book and with the same execution

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<sup>51</sup> See Nasdaq Response Letter supra note 44 at 1.

<sup>52</sup> See Amendment No. 2 supra note 8 at 4143 n.24.

<sup>53</sup> See id. at 4140 n.10 and 4143 n.24. In addition, this proposed rule change does not address whether and how Nasdaq may choose to trade non-fungible tokenized instruments in the future pursuant to a proposed rule change. See id. at 4142 n.20.

<sup>54</sup> See Better Markets Letter at 2-4. See also SIFMA Letter at 2 n.5 (stating that “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”) and TDC Letter at 9 (raising the question of how surveillance tools will be adapted for blockchain-based trading).

<sup>55</sup> See Proposed Section 1(a)(2), and Amendment No. 2, supra note 8 at 4141-42. A tokenized DTC Eligible Security would be deemed to provide the same rights and privileges as a traditional security if, among other things, it conveys an equity interest in an underlying company, a right to receive any dividends that the company issues to its shareholders, a right to exercise any voting rights that shareholders are due, and a right to receive a share of the residual assets of the company upon liquidation. See Amendment No. 2, supra note 8 at 4141. Further, as discussed above, Nasdaq has represented that it would submit a proposed rule change if it decides to trade non-fungible tokenized instruments in the future. See supra note 53.

<sup>56</sup> See Amendment No. 2 supra note 8 at 4141.

<sup>57</sup> See id. at 4142-43. Nasdaq has also represented that if Nasdaq develops functionality to allow it to check for eligibility to tokenize at order entry, it would submit a rule proposal to effectuate that functionality.

priority.<sup>58</sup> Moreover, market data feeds would not differentiate between tokenized and traditional shares and market surveillance of tokenized and traditional securities would rely upon the same underlying data, which would continue to be accessible by Nasdaq and FINRA.<sup>59</sup>

Based on the foregoing, the Commission therefore finds that the proposal, as modified by Amendment No. 2, is consistent with the Act and the requirements that the rules of an exchange be designed, among other things, to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

#### **IV. Conclusion**

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>60</sup> that the proposed rule change (SR-NASDAQ-2025-072), as modified by Amendment No. 2, be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>61</sup>

**Vanessa A. Countryman,**

*Secretary.*

[FR Doc. 2026-05563 Filed: 3/20/2026 8:45 am; Publication Date: 3/23/2026]

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<sup>58</sup> See Proposed Section 1(a)(2), and Amendment No. 2, supra note 8 at 4141.

<sup>59</sup> See Amendment No. 2 supra note 8 at 4143.

<sup>60</sup> 15 U.S.C. 78s(b)(2).

<sup>61</sup> 17 CFR 200.30-3(a)(12).