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The SEC Innovation Exemption

*Operational consequences of the SEC's
tokenised securities order, who they fall on
and why it reaches Australia.*

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Who Is BlockchainAPAC?

BlockchainAPAC is an independent strategic advisory business focused on digital assets, tokenisation and the future of financial infrastructure.

It advises financial institutions, technology businesses, governments and market participants navigating regulatory change, institutional adoption and market development.

Its work combines policy and market intelligence, strategic analysis, institutional access and practical implementation support. The firm maps emerging opportunities, identifies regulatory and commercial dependencies and helps organisations determine where and how to participate.

BlockchainAPAC connects Australian institutions with developments across Asia, Europe, the United Kingdom and the United States. Its value lies in combining deep market knowledge, trusted senior relationships and an unusually clear view of how policy, infrastructure and commercial strategy interact.

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CHIEF EXECUTIVE OFFICER

Steve Vallas

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Steve Vallas is one of the leading voices on digital assets in Australia and the Asia-Pacific.

He works across policy, regulation, institutional strategy and market infrastructure, translating complex developments into clear commercial and strategic choices.

His domain expertise is recognised globally and he is regularly invited to speak, moderate and lead senior conversations across international markets. His relationships extend across governments, regulators, financial institutions and technology providers.

Steve connects institutions, ideas and decision-makers to identify what is changing, what remains unresolved and what must happen next.

CHIEF OPERATING OFFICER

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Richelle Cox leads the operational delivery of BlockchainAPAC's advisory work and strategic programmes. She converts complex ideas into disciplined execution, coordinating research, communications, stakeholder engagement and programme delivery.

Her work brings together the people, priorities and processes needed to move from strategic intent to practical outcomes. She is central to the organisation's ability to convene senior participants and manage trusted relationships across policy, regulation and financial services.

Richelle combines strategic judgement with close attention to detail, delivering work that requires precision, discretion and an understanding of the relationships that underpin it.

The SEC Innovation Exemption

On 17 September 2026 the United States Securities and Exchange Commission (SEC) issued a temporary conditional order permitting certain venues to trade tokenised equities without registering as exchanges and permitting certain liquidity providers to operate without registering as dealers.

This paper is about what that does to and for businesses.

The order is effective immediately, provides temporary relief for a five-year period and is accompanied by a request for public comment while the Commission considers more permanent rulemaking.

The SEC's tokenised securities order lowers the legal cost of operating a venue while making access to issuers and committed liquidity more important. That single shift moves the basis of competition away from registration capacity and towards issuer trust, access to liquidity, operating efficiency and the quality of a firm's response.

It is a companion to *The National Dialogue Synthesis Report*, published on 7 September 2026, which examined the coordination problem, the convening difficulty, the interoperability gap and the absence of interdisciplinary, cross-border understanding that sits between a regulatory decision and its implementation. That report set out why moving is hard. This one sets out what has just moved. A regulatory change of this kind does not arrive as a legal event. It arrives as a business reconfiguration problem and reconfiguration runs directly into the coordination constraints the earlier report mapped.

The Synthesis Report also recorded, as at August 2026, that equities, pre-IPO equity and private market investments were largely absent from Australian discussion while sitting at the centre of consequential market-structure developments in the United States and that Australia risked becoming a consumer of market structures it had no role in shaping. Recommendation 07 of that report was to examine the excluded markets deliberately. This paper is the first installment of that examination.

It is written to surface rather than to settle. The analysis identifies forces, dependencies and plausible outcomes.

It does not deliver a verdict on any individual business, because the outcome for any individual business depends on what sits upstream and downstream of it and on the incentives acting on it. That contingency is not a limitation of the analysis. It is the finding.

01 What The Order Does

The exemption grants relief from two definitions.

A qualifying venue, which the order calls a tokenised securities venue or TSV, is not treated as an exchange. A qualifying liquidity provider is not treated as a dealer.

That is the whole of the grant. Everything else is condition and the conditions are where the commercial consequences sit.

Four features that deserve emphasis:

1

The first is that entry is notice-based rather than approval-based. Anyone who believes they meet the definition may begin, subject to the waiting period and the continuing conditions. The order lowers the legal barrier to entry relative to exchange registration. The venue must keep its public notice current, publish material changes in advance and report to the SEC on a continuing basis. That is a standing obligation of the kind registration usually brings with it.

2

The second is that the volume caps are not flat. They use the Limit Up-Limit Down Plan's tier classification, with different limits for each tier. The caps are doing more than restricting size. In our reading, they also constrain the risks of testing automated market maker trading in securities with different liquidity characteristics.

3

The third is the hybrid the order constructs and it is easy to misread as a contradiction. The settlement substrate must be public and permissionless. The market-access layer must be permissioned. The venue sets who may trade, the asset universe is bounded by issuer objection and the liquidity pool is supplied by qualifying providers. Public auditability is required. Unrestricted participation is not. That combination, rather than either half of it, is the design.

4

The fourth is the position the order gives the issuer, which does the most commercial work and receives the least attention. It runs in two directions and is addressed in its own section below.

The Conditions And Their Commercial Consequences

CONDITION	REQUIREMENT	EXCLUSIONS	OUR ASSESSMENT
Publication and notice	A specified notice published prominently on the venue's public website at least 30 calendar days before operating, then written notice to the SEC within one business day of publishing; no approval process	Nothing directly; the relief is conditional and forfeitable	A lower legal barrier to entry, which is an invitation to new entrants read alone
Access and sanctions	The TSV must be a US person, comply with OFAC sanctions programmes and set standards governing who may trade	Non-US venues in their own name; unrestricted participation	The market-access layer is permissioned even though the ledger is not and exclusion from it sits at the venue's discretion
Issuer objection right	Where an unaffiliated third party tokenises a stock, the TSV must notify the issuer and wait 30 calendar days from receipt. A timely objection prevents trading on that TSV under the exemption.	Trading on the notified TSV over a timely issuer objection	Issuers can exclude venues they distrust, producing a whitelist by omission that favours recognised names
Asset integrity	Verification that the token carries the same rights and privileges as the traditional share, including ownership, dividends, voting and liquidation rights	Synthetic and derivative exposure; SPV wrappers	The compliant model is endorsed and the synthetic model is left carrying its existing obligations
Technology	Smart contracts deployed on public, permissionless, auditable distributed ledgers	Private and permissioned ledgers, for this route	Public auditability is the compliance feature for this exemption; confidentiality-first architectures are ineligible for it
Liquidity	Automated market maker pools supplied with tokenised stock by liquidity providers using proprietary capital	Nothing by location; the United States person requirement sits on the venue, not on the providers	A venue must attract capitalised, compliant liquidity providers; it need not fund the pool itself and that capital need not be American
Throttle	Limits on trading symbols and volume, with different thresholds based on limit up, limit down tier classification	Scale, for the duration of the pilot	The caps constrain competitive scale and in our reading, limit the risks of experimentation with AMM trading
Market integrity	Halt trading whenever the underlying stock is halted on its primary listing exchange; no financing offered; anti-fraud and anti-manipulation rules apply	Venues operating independently of primary-market circuit breakers	The tokenised market is tethered to the listed one for the pilot
Transparency and records	Publication of US dollar-denominated transaction data including price, size, time and pool address; books and records; technology safeguards	Nothing directly	Institutional operating discipline is required in practice, whatever the registration status

Taken together, the design is a controlled pilot. The stated purpose is to observe who uses the exemption and how, before the SEC makes any further regulatory determination. Five years, a comment process, symbol limits and volume caps are the instruments of a regulator that wants a small, legible field it can observe.

The question this paper asks is who ends up inside that field and what happens to everyone else.

MARKET-ACCESS LAYER	Permissioned. The venue sets who may trade.
SETTLEMENT SUBSTRATE	Public and permissionless. Auditable.

02 The Objection Right And The Sorting Of The Field

The mechanism is not affirmative consent. It is an issuer objection right.

Before offering stock tokenised by an unaffiliated third party, a venue must notify the issuer and wait 30 calendar days from the issuer's receipt of notice. A timely objection prevents trading of that stock on the notified venue under the exemption. Silence allows trading to proceed, subject to the other conditions. Commercially, however, the effect resembles consent, because issuers can exclude the venues they do not trust and let the rest through. This paper uses the shorthand "veto" for that right, with the mechanics stated here in mind.



On the second route, where a company tokenises its own stock or has it done on its behalf, the objection right is irrelevant. The venue and issuer notice periods may overlap. Trading remains subject to all other conditions.

While legally applicable to all venues equally, the veto effectively acts as a scale filter.

Mechanically, the veto does not discriminate between venues. It hands a decision to the issuer and it applies identically whether the venue is a global exchange or a startup. What it prevents is trading on a notified venue under the exemption over a timely issuer objection. The condition responds directly to a legitimate complaint, that a company with stock on issue should retain some say in where and how that stock is traded.

But a condition that is neutral on its face need not be neutral in its exercise.

An issuer deciding whether to object is making a commercial and reputational judgement about a counterparty. It will weigh brand risk, operational reliability, distribution reach and the likelihood of an orderly market in its own stock. Each of those considerations favours the recognised name over the unknown one. The rule treats all venues equally. The discretion it creates is unlikely to be exercised equally.

The mechanism alone does not establish that smaller venues will be vetoed. Silence is the default and an issuer must act to exclude. What it establishes is that an issuer can exclude at no cost and that the venues most likely to attract an objection are those an issuer has least reason to trust.

The veto therefore operates as a scale filter without being drafted as one.

The Second Door

The paper has so far described one route, in which a venue tokenises a company's stock and the company may object. The order contains a second. A company may tokenise its own stock, or have it done on its behalf.

On that route the objection right is irrelevant, because the party who would exercise it is the party initiating.

That does not weaken the argument. It generalises it. In both routes the issuer decides. On one it holds a veto, on the other it holds the initiative. The finding is not that the objection right sorts the field. It is that the order gives the issuer an unusually direct role as gatekeeper of its own stock, which is a position that changes the conventional relationship between a listed company and the venues on which its shares trade. A company lists on one exchange and its shares trade wherever market structure sends them, with or without its blessing. For the tokenised layer, that changes.



Two consequences follow.

The first is that for a willing issuer the commercial relationship inverts. The venue is no longer seeking a permission it can obtain through silence. It is competing for a mandate, on distribution, investor reach and operational credibility. That is a pitch rather than a product decision and it rewards the same firms for different reasons.

The second cuts against the sort described below. The mandate route is the one path by which a sub-scale venue survives, because it requires a single issuer relationship rather than broad issuer trust. A venue that cannot clear the general quality bar may still clear one company's.

A caution is attached to both. The issuers most likely to move first are those whose shareholder base already favours it. That is a self-selecting population and the early evidence drawn from it will describe the enthusiasts rather than the market.

Exclusivity And Fragmentation

A reasonable objection is that issuers might use the veto to grant effective exclusivity, objecting to every venue but one and creating contracted asset moats.

In our view exclusivity is unlikely to be the dominant model if issuers primarily optimise for liquidity and distribution. Selective exclusivity remains plausible where brand control, revenue-sharing or investor-relations considerations carry greater weight. An issuer optimising for the tradability of its own stock does not voluntarily fragment its own market and the objection mechanism makes exclusivity administratively heavy, since the issuer must object to each venue individually. Selective or commercially conditioned exclusivity remains plausible for some issuers, for revenue-sharing, brand-control or investor-relations reasons and should not be ruled out.

What follows for most issuers is constrained proliferation rather than open access.

An issuer applies the same counterparty logic to every venue that notifies it, objects to those below its quality bar and lets the rest proceed. Because most issuers apply broadly similar logic, the same small group clears across most major names. Non-objection becomes a de facto whitelist and the venues converge on a recognisable set.

There is a tension inside that outcome that deserves stating. Issuers avoid exclusivity because fragmentation of their own market reduces tradability. But permitting several separate venues can itself fragment liquidity across pools. Whether it does depends on whether tokens and liquidity can move between venues and that is an interoperability question, not a regulatory one.

The condition that decides whether constrained proliferation produces a liquid market or a fragmented one is the same condition the Synthesis Report identified as the binding constraint on the domestic market.

Two Conditions, Two Different Filters

The veto does not act in isolation. Combining it with the liquidity requirements filters market participants along two distinct dimensions.

The dealer relief is for liquidity providers supplying tokenised stock to a pool using proprietary capital. Those providers are separate entities from the venue. A venue does not need its own balance sheet to operate a pool. It needs to attract capitalised, compliant liquidity providers who are willing to commit proprietary capital to its pool rather than another's. That is a trust and network requirement rather than a capital requirement, but it favours the same firms. Providers commit capital to venues with issuer relationships, credible operations and expected flow.

So the exemption does two things at once. It lowers the cost of operating a venue by removing exchange registration, which is a levelling force and it raises the importance of filling that venue with permitted assets and committed liquidity, which is a concentrating force.

The practical effect is that the decisive competitive variable moves.

It shifts away from the licensing burden that scale historically paid for and towards issuer trust combined with the ability to attract liquidity and operate efficiently.



The Competitive Three-Tier Sort

On the assessment of this paper our working hypothesis is that the field may sort into three groups.

1 Small and emerging venues are the most exposed. They are the venues an issuer has least reason to trust and the venues a liquidity provider has least reason to commit capital to. Neither gate is closed to them by the rule. Both are harder for them to pass.

2 Traditional financial institutions clear both gates comfortably but carry a structural cost disadvantage. Their scale has historically been justified in part by a compliance moat and the exemption erodes exactly that moat for the duration of the pilot. They are licensed, capable and expensive.

The group best positioned may be the one in between:

3 Crypto-native operators that have reached scale. They are large enough and sufficiently well connected to avoid objection and attract liquidity and they were built digital-first, with thinner cost bases than institutions carrying legacy settlement and distribution infrastructure.

That is a proposition to be tested rather than a prediction. Three counterarguments deserve to be stated, because each is serious and one of them is already being answered in the market.

Counterargument One: Incumbents Are Not Static

The leanness advantage of crypto-native operators is real but may be temporary.

A traditional institution can acquire or partner its way to a tokenisation venue faster than a crypto-native firm can acquire an incumbent's issuer relationships, balance sheet and regulatory standing. The asymmetry of need favours the institution as buyer. It is the party that is behind and buying is faster than building.

One plausible consequence is consolidation in both directions, with traditional acquisition of crypto-native capability as the more common transaction and the reverse as the secondary case. Either way the destination is similar. A smaller number of larger hybrid businesses combining institutional standing with digital-native operating models. The five-year term is approximately the runway available before that convergence is advanced, if it proceeds.

Counterargument Two: Reputation And What The Evidence Does And Does Not Show

The second objection is that issuer trust may not transfer to crypto-native venues. An issuer might prefer an exchange-affiliated or bank-backed venue to a crypto exchange carrying reputational history from earlier market cycles, regardless of scale.

This is a position many will hold and it was a reasonable one until recently. The evidence has and is moving against it, with two distinctions that should be preserved.

On **1 September 2026**, the London Stock Exchange Group announced UK tokenised equity structures and separately, a partnership with Payward, the parent company of Kraken, under which the 100 largest London-listed companies are to be issued as xStocks, with trading on LSE 24 planned for 2027, subject to regulatory approval. The rights-preserving UK structure and the xStocks product are distinct and nothing here should be read as equating xStocks with the instrument eligible under the SEC's order.

What that evidence shows is institutional acceptance of a crypto-native operator by two of the world's principal exchanges, including an equity position and shared compliance infrastructure. What it does not show is that individual issuers will decline to object to a given crypto-native venue under this order.

On **10 September 2026**, Nasdaq announced that Nasdaq Ventures would invest US\$100 million in Payward, reported at a US\$21 billion valuation, extending a tokenised-equities partnership first struck in March 2026, with a launch expected in the second quarter of 2027. The expanded relationship includes the development of market infrastructure and surveillance technology to support the programme, reported as extending Nasdaq's surveillance capability across Kraken's venues.

Exchange confidence and issuer acceptance are related but distinct decisions. The connection is indirect but real. Nasdaq's programme is built on issuer-sponsored tokens, so issuers who participate arrive through Nasdaq's channel with Payward as distribution, which is issuer acceptance by a different route.

The reputational barrier is not being argued away. It is being dismantled commercially, because the commercial incentive to dismantle it is pronounced on both sides. This cuts one further way. Mainstream credibility of this kind is acquired through partnerships available only to firms already at sufficient scale to strike them. A small on-chain venue cannot obtain a comparable arrangement, so the rebuttal to the reputational objection is simultaneously another constraint on the smaller player.

Both announcements concern 2027 launches and remain subject to regulatory approval. They are announced and in build, not live.

Counterargument Three: Specialisation Supported By Shared Infrastructure

The third counterargument is the one that tests the three-tier sort most directly and it is built from this paper's own evidence.

Suppose the capabilities that favour scale can be purchased. A small venue procures issuer-facing services from a transfer agent that already services tokenised holdings. It attracts independent liquidity providers rather than funding a pool itself, which is exactly what the dealer relief contemplates. It procures market surveillance from an established provider, which is precisely the service Nasdaq is now supplying to Kraken. On that reading, scale advantages concentrate in the infrastructure providers, transfer agents, surveillance vendors and liquidity providers, while venue entry remains comparatively open.

That outcome would still be a concentration, but a different one. It would resemble the structure of internet commerce more than the structure of exchanges. Many storefronts on a small number of shared platforms. It would also mean the businesses to watch are the infrastructure providers rather than the venues, which is consistent with the re-bundling argument made later in this paper.

The shared infrastructure model is being commercialised rather than theorised.

This paper does not choose between the two readings. The evidence to date, the Computershare and Equiniti moves and the Nasdaq surveillance arrangement among them, is consistent with both. Which one prevails will depend on whether issuers extend non-objection to venues whose capabilities are rented rather than owned.

03 Who The Exemption Leaves Out

ASSET DEFINITION

Synthetic And Derivative Providers

The order covers only tokens conferring the same rights as the underlying share. Synthetic exposure, contracts for difference and derivative wrappers fall outside it.

A synthetic equity token in the United States sits exactly where it sat the day before, carrying the full registration and dealer obligations that the order has just lifted for the compliant model. It is not newly unlawful. It is newly disadvantaged and it has been publicly identified as the structure the regulator chose not to endorse.

Pre-IPO and private-market products are the most exposed corner. The prominent private-company tokens are not stocks. They are wrapped exposure to special purpose vehicles holding private company shares and in the best-known cases the underlying companies neither authorised nor consented to the offering.

On the facts described here, such products do not appear to fit within the exemption, because they fail both the same-rights condition and the objection mechanism, which presupposes a listed National Market System (NMS) stock.

Outside the United States the position is different but not favourable. The major third-party programmes already exclude US persons by design, so an order that never reached them changes nothing legally. What changes is the framing. Once a compliant onshore path exists, the offshore synthetic is reframed as the workaround rather than the frontier.

The synthetic product retains a genuine market in jurisdictions with no regulated route to the same exposure, but its future becomes a function of geographic coverage rather than product merit. As compliant pathways expand, synthetics concentrate where investor protection is weakest, turning a product strategy into a regulatory coverage bet.

The critical point is that the exemption does not prohibit synthetics. It declines to relieve them.

ASSET CLASS

Tokenised Funds

The order is scoped to NMS stock. Mutual funds and private funds that are not NMS stocks fall outside it. Exchange-traded products require separate analysis because an exchange-listed ETF may itself constitute an NMS stock.

That distinction still leaves a large segment of retail and institutional asset management outside the exemption. A fund manager seeking to tokenise interests in a fund that is not an NMS stock cannot use this route, even where the fund itself holds NMS stocks that would separately be eligible for tokenisation.

The practical result is a structural split. Tokenised single-stock equities gain a conditional exemption, while many tokenised fund structures remain subject to their existing regulatory framework. For managers who viewed fund tokenisation as the priority commercial use case, the order therefore provides materially narrower relief than it does for eligible listed equities.

Eligibility turns on the legal character of the security being tokenised, not simply the assets to which it provides exposure.

TECHNOLOGY ARCHITECTURE

Permissioned-Chain Enterprise Tokenisers

The order requires smart contracts to be deployed on public, permissionless, auditable ledgers, excluding permissioned architectures built primarily for transaction privacy. While this reflects a choice to treat public auditability as the compliance feature for this specific exemption rather than a general regulatory rejection of permissioned rails, it puts bank-led consortia at an immediate eligibility disadvantage for tokenised NMS equities.

The disadvantage is commercial rather than regulatory. An institution already inside the perimeter does not need this relief and can tokenise under its existing licences. What it faces is a competitor conducting comparable activity without the registration burden, for five years.

GEOGRAPHY

Non-United States Operators

The SEC requires a TSV to be a US person. Foreign exchange operators, foreign market venues and offshore platforms trading US equities cannot operate a TSV in their own name, even if their technical architecture and regulatory standing in their home jurisdiction meet or exceed the order's standards.

For foreign market operators that do not qualify as US persons, this creates a structural choice. Establish a qualifying US entity with the attendant governance and operating obligations, or partner with an existing US person operating the TSV.

This is the exclusion of most direct relevance to an Asia-Pacific readership. Offshore platforms that do not qualify as US persons gain no direct route to operate a TSV under this order in their existing form. Foreign firms may nevertheless participate as technology providers, liquidity providers or distribution partners, subject to the venue's access standards and the requirements applicable to their activities.

There is a further point that matters more for a supplier than an operator. A venue sets its own access standards and its decisions to deny or limit access are not subject to SEC review under this framework. A regional firm supplying liquidity into a US pool therefore depends on the operator's continuing willingness to admit it. That is the difference between participating in this market and depending on it and for firms outside the United States it is the second question to ask after whether they can be in the market at all.

MARKET STRUCTURE

Open Decentralised Infrastructure

A permissioned automated market maker operating within volume caps, under an issuer objection right and a notice regime, is the antithesis of open, composable decentralised finance. The technology of that world has been adopted. Its operating philosophy has been excluded.

That exclusion nevertheless creates an opportunity. The obvious reading is geographic arbitrage. Decentralised protocols are borderless and can serve whichever markets have not yet built a compliant pathway. That window is real but migratory and it narrows as jurisdictions build their own frameworks.

The more consequential reading rests on the boundary of the exemption. A timely issuer objection excludes the relevant stock from the notified venue, while private-company shares, pre-IPO instruments and products that fail the same-rights test fall outside the eligible asset universe. An objection to one venue does not exclude the stock from every other venue. Even so, the framework leaves demand for exposures that a particular TSV, or this route altogether, cannot serve. Other regulated routes may exist for some of that inventory. Permissionless infrastructure offers another means of constructing exposure, with the legal risk still attached to the instrument and the activities around it.

The exemption therefore leaves a shadow inventory outside its boundaries and the risk of serving it attaches to the product rather than the rail. Commissioner Peirce's accompanying statement is reported as making clear that the exemption does not apply to decentralised finance and that fully decentralised systems do not inherently raise securities concerns, with the SEC open to other models. The protocol itself may sit outside the perimeter. The synthetic instrument built on it and the intermediaries who originate and distribute it, do not.

The broader observation is worth stating plainly. The technologies and incentive structures now being absorbed into regulated finance, automated market making among them, were developed at the permissionless edge by participants the established system dismissed. The direction of travel is from the periphery to the centre. Institutions that disregard the excluded edge are disregarding the pipeline of their own future infrastructure.

04 The Intermediation Layer

The medium-term consequences fall on businesses whose economic function is to sit between parties and charge for it. In conventional market structure that function is unbundled across several specialists. The model this exemption enables absorbs several of them at once.

The temptation is to describe this as disintermediation. That framing is wrong and resisting it is the analytical work.

Clearing And Settlement

Settlement is the risk in plain sight and the question that governs it is whether atomic settlement removes risk or relocates it.

The naive account should be stated in order to be set aside.

United States equities already settle on a T+1 cycle. Settlement is not a multi-day reconciliation exercise waiting to be automated and the interval between trade and settlement is not the principal thing the clearing architecture exists to bridge. What central clearing delivers is netting, funding efficiency, default management and legal finality.

An atomic settlement model must therefore be assessed against the funding efficiency it gives up, not merely against the delay it removes. Atomic exchange of asset and cash is also not the same as immediate gross settlement. The design question is where on that spectrum a tokenised venue sits.

The complication for incumbents is that regulators in most jurisdictions have historically treated clearing and settlement as a separate regulated function and the architecture of central counterparties, margin and settlement guarantees is built around the interval and the netting it enables.

A model that compresses the interval and disperses the functions does not only pressure the firms. It unsettles a regulatory category. That is why this is being determined in real time and why it is untidy.

The re-architecting required of incumbent clearing and settlement businesses is more substantial than that required of transfer agents, because the function is larger, the netting benefit is real and the surrounding regulatory scaffolding is less settled. Where the new locus of risk lands, an intermediary of some kind will be needed to manage it. The advantage accrues to whoever is positioned there.

Transfer Agents

The transfer agent maintains the register of who owns what. A tokenised share on a public, auditable ledger maintains a substantial part of that record itself.

This group has moved earlier and more visibly than any other affected by the order and in two opposite ways.

Computershare, one of the world's largest transfer agents, announced on 29 April 2026 an agreement with Securitize allowing its US-listed clients to issue equity in tokenised form as Issuer-Sponsored Tokens, held alongside existing shares within the issuer's capital and serviced by Computershare as transfer agent. This is the incumbent absorbing the on-chain record into the register it already keeps, adaptation from within.

The temptation here is to conclude that transfer agents are the most easily replaced, on the grounds that their role is narrow and the technology reproduces it. The Computershare model is the reason to resist that conclusion. The register has not been replaced by the chain. The chain has been made part of the register. Replacing a record-keeping technology is not the same as replacing the responsibilities an institution carries for that record.

Equiniti, a global transfer agent that reports serving close to 3,000 issuers and 20 million shareholders, agreed on 5 May 2026 to be acquired by Bullish, a NYSE-listed digital asset exchange operator, in a transaction valued at US\$4.2 billion, with the stated purpose of creating the transfer agent for tokenised securities. Closing is expected in January 2027 and remains subject to regulatory approvals. That is the incumbent's function being bought by a digital-native operator, absorption from outside.

The outcome is not binary. A function that is partly absorbed, partly retained and partly redefined is the normal case. Some activities become simpler under the new architecture. Others become necessary precisely because the technology creates requirements that did not previously exist.

Hybrid models, dual-running arrangements and modernised versions of existing service stacks are all plausible endpoints and which one obtains depends on the specific business and its position in the chain.

The Automated Market Maker

We posit that most participants in traditional financial services, including many actively engaged with digital assets, have not turned their attention to how automated market makers work, where they perform well and where they fail. That is a material gap, because the exemption places this mechanism at the centre of a regulated United States equity venue.

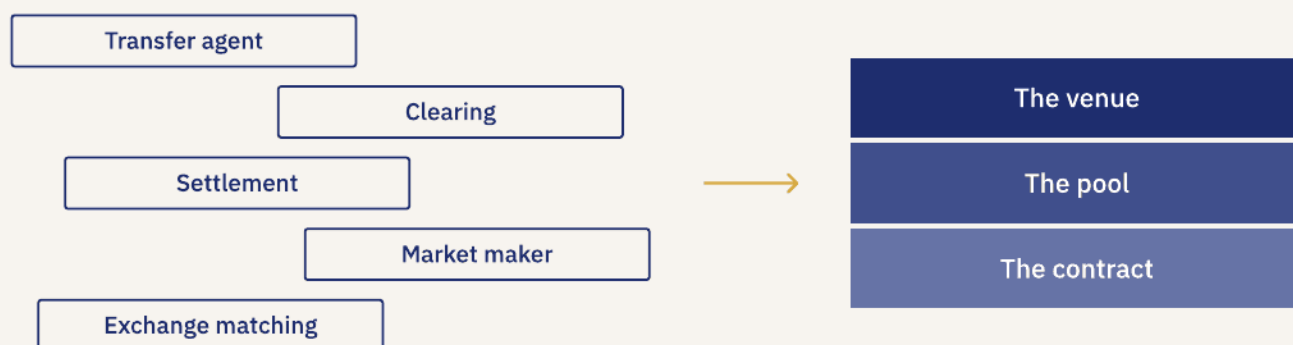
An automated market maker is structurally different rather than uniformly superior. It provides continuous, automated liquidity without a counterparty on the other side of every trade, which suits always-on markets. It performs less well at price discovery in thin or volatile conditions, where order books retain advantages. Traders bear slippage against the pool and liquidity providers bear impermanent loss, the divergence between the value of assets left in the pool and the value of simply holding them.

The defensible proposition is narrower. The strengths of the automated market maker map closely onto the conditions this exemption creates. The symbol limits and volume caps based on Limit Up-Limit Down tier classification constrain the scale of experimentation. In our reading, they also limit the market's exposure while the performance and risks of these mechanisms are tested.

The strategic consequence follows directly. Because the utility of this mechanism was established in decentralised markets, the design and risk-management expertise sits upstream in the permissionless world. Traditional finance is downstream of it. The capability most required by institutions entering this market is the capability they are least equipped to build internally, which points towards acquisition, partnership and rapid recruitment.

Re-Bundling, Not Disintermediation

The pattern across all three is consistent. Intermediation is not being removed, it is being re-bundled.



The conventional model distributes these functions across many specialised firms, each taking a clip. The tokenised model collapses several of them into the venue, the pool and the contract. The businesses under pressure are therefore not intermediaries as a class, but unbundled specialists whose single function is absorbed into an integrated stack.

The surface presents as disintermediation. Underneath it is re-intermediation and concentration, with the integrated operator, or the shared infrastructure provider described in counterargument three, performing in one stack what previously supported several separate businesses.

05 The Exchange And The Dials That Protect It

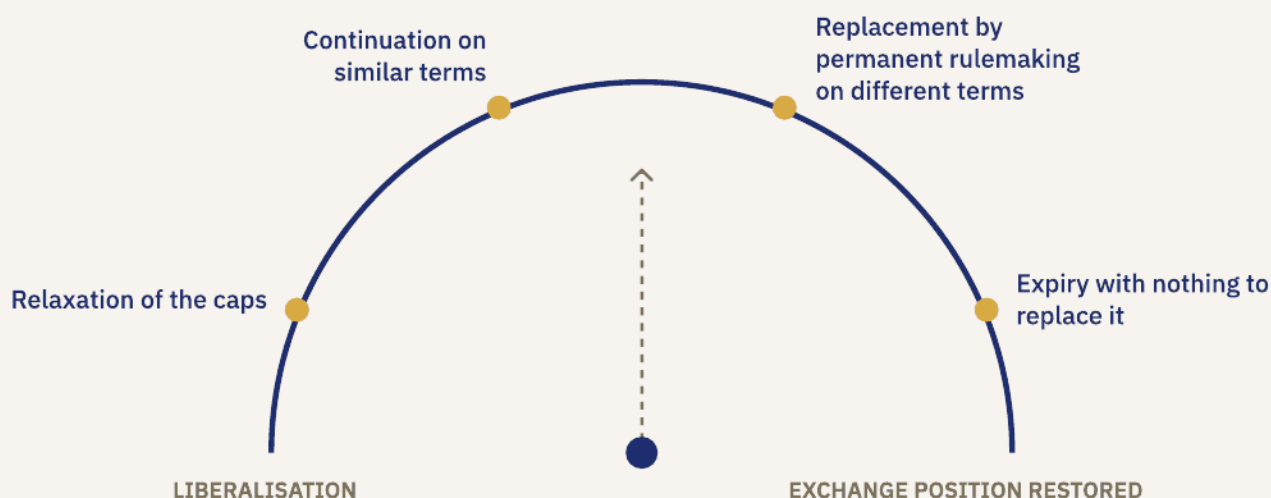
The conventional reading is that tokenisation eventually displaces the traditional exchange. This paper declines that verdict, for the same reason it declines the others.

The exchange's exposure is not a fact. It is a function of variables that can be named but not resolved.

What can be stated precisely is the mechanism. The exchange's core franchise, listing and matching, is protected today by the instruments that could threaten it later. The volume caps limit how much activity can migrate. The five-year term limits how long the relief lasts. The halt condition tethers the new venue's circuit breakers to the incumbent exchange's own.

For the duration of the pilot, the tokenised market is bounded by and dependent on, the listed one.

What happens at the end of five years is not settled by the order. The SEC describes a temporary experiment intended to inform subsequent decisions. That is consistent with at least four outcomes:



The hand on the dials is not the exchange's.

Relaxing the caps would permit greater scale. Permanent rulemaking could widen or narrow the opportunity, depending on its terms. Expiry without replacement would close this particular route, but would not undo the commercial positions already built around tokenisation. The order establishes urgency to prepare. It does not establish a timetable for the exchange's exposure.

The exchange is therefore the one incumbent whose risk is explicitly gated by the regulator's own dials, in either direction.

The evidence forbids a straightforward decline narrative for a second reason, because exchanges are not behaving as passive subjects of that uncertainty.

The Nasdaq investment in a crypto-native operator, including the extension of its surveillance technology to that operator's venues, is an incumbent pre-empting its own disruption by becoming the platform or the partner for it. Similarly, the London Stock Exchange Group's move to tokenise its own largest listings represents an exchange taking control of the tokenisation pipeline rather than ceding it to alternative venues.

These moves suggest that exchanges may retain their central role not by defending the legacy market structure, but by absorbing the tokenised market into their existing surveillance, clearing and issuer-relationship networks.

Read as a commercial posture, those moves are a purchase of optionality. An exchange that invests in tokenised infrastructure and distribution can build a position in the new market while retaining its existing franchise. If the relief expands, it has a route into the opportunity. If the relief narrows or expires, it still holds capabilities and relationships that may support other models. The incumbent is positioning across outcomes before the regulator settles which one will prevail.

The most established participant in the system is the one whose future is least legible from within its own field.

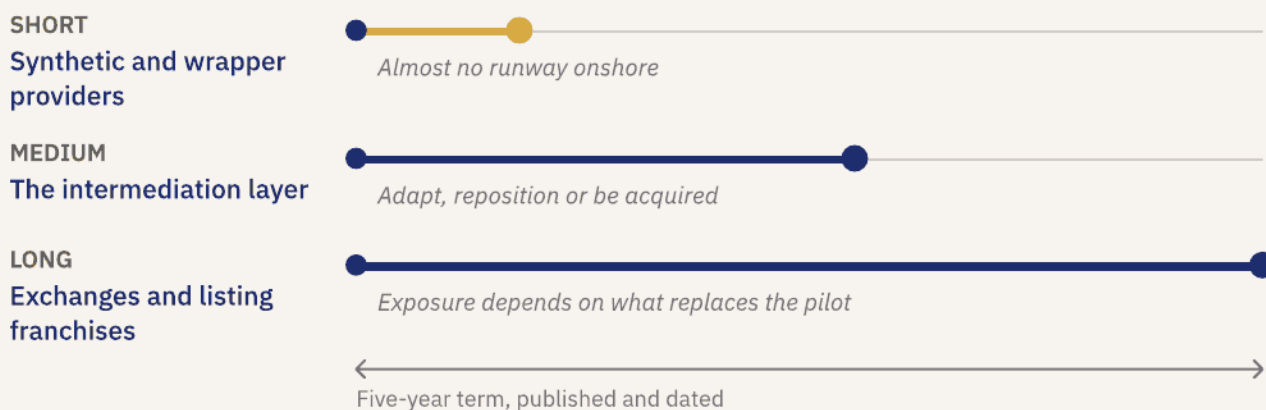
The long-term exchange story is therefore at a fork rather than a decline. The exchange that engages with the pilot may migrate into the new structure and shape it. The exchange that treats the caps as durable protection is exposed if they lift. Identical rule, different outcomes, separated by the quality of the response.

The exchange's long-term position cannot be assessed from inside the exchange domain at all. It depends on the automated market maker, because that mechanism substitutes for matching. It depends on settlement, because the netting and finality the exchange sits above are the functions in question. It depends on the regulatory domain, because the dials are regulatory and it depends on the coordination domain examined in the prior report, because an exchange re-architecting across borders encounters every interoperability constraint mapped there.

06 Three Timers, Not One

Whether by design or by consequence, the SEC has published a clock. Five years, with the direction of travel deliberately left open, functions as a signalling device as much as a grant of relief.

For any affected business the transition is no longer hypothetical and the period for preparation is finite, visible and dated. For anyone who had not accepted that the clock was running, it is now on the wall. There is no impending crisis in the short term. There is a clear instruction that consideration should already be under way and that businesses which have not started should start.



But the clock does not run at one speed. It runs at three and each affected group is racing a different length of track.

The Nasdaq and London Stock Exchange arrangements and the Computershare and Equiniti responses demonstrate that some incumbents have not merely read the clock but are already several moves into their response, while other institutions in materially identical positions have not begun.

The more consequential observation concerns dispersion rather than category.

That variance is where competitive advantage is being created, with one caution the Synthesis Report makes unavoidable. Its principal finding was first-mover disadvantage, adoption costs are front-loaded and benefits accrue at scale. Starting early produces learning, relationships and position. It can also commit capital to the wrong architecture before the direction is settled.

The determining variable is therefore not simply when a business started but how it engaged. Whether it built optionality across outcomes or bet on one.

Two exchanges facing the same rule, two transfer agents facing the same technology, two market makers facing the same liquidity regime will end in different positions and the difference will lie more in the quality of that engagement than in which category they occupy.

In the United States, that awareness has been activated. It is not uniform, but enough firms across enough categories have engaged for the response to be visible in the transactions now being announced.

The lesson for every other market is direct.

07 What This Paper Does Not Address

This paper is deliberately confined to operational and commercial consequences. Two adjacent bodies of analysis are named here and left unopened.

The First Is Regulatory

Granting an exemption is one act. Dealing with its upstream and downstream implementation is a separate and larger problem and it does not stop at the border of the market that granted it. When the largest market in the world changes its rules in order to advance innovation as a central tenet of its mandate, every other supervisor inherits a set of questions it did not ask for.

The relocation of settlement risk identified above becomes a live regulatory question in jurisdictions that have taken no decision at all.

The manner of the change sharpens that point. The order was issued two days after the Senate failed to invoke cloture on the motion to proceed with the CLARITY Act, market-structure legislation addressing federal rules for digital assets including tokenised securities. The SEC has used its existing exemptive authority to define a boundary that Congress did not. Other supervisors are responding not to a legislative settlement but to an administrative instrument that its own authors describe as a way station to final rulemaking.

The loop closes on the originating regulator as well. A conditional order of this kind invites consideration of what the conditions do to the perimeter, to competition, to the treatment of foreign participants and to the durability of the categories the relief suspends.

Many of those questions have been considered. Many have not.

The Second Is Coordination

The subject of *The National Dialogue Synthesis Report*. That report set out why the implementation of any such change is constrained less by technology or regulation than by coordination and commercial incentives and why first-mover disadvantage, interoperability gaps and the absence of cross-border, interdisciplinary understanding repeatedly stall progress that every participant claims to want.

Those two bodies of work and this one are not separable in practice. A regulatory decision produces an operational consequence, the operational consequence requires a business reconfiguration and the reconfiguration requires coordination across institutions and borders that presently lacks a venue.

08 Hope And Pause

Three groups have direct carriage of what happens next and the same analysis should give each of them both.

GROUP ONE

Existing Exchanges

Those responsible for existing exchange outcomes should take the pause. Their protection is a set of dials and the hand on the dials is not theirs. The hope is that the instruments of pre-emption are available now and are demonstrably being used.

GROUP TWO

Conventional challengers

Those seeking to disrupt exchanges through conventional technology development should take the hope. The exemption lowers the registration barrier that scale historically paid for and rewards operating efficiency. The pause is that the crypto-native operators are already inside the establishment, through precisely the partnerships that confer institutional trust and that the capabilities a challenger needs may increasingly be rented from the incumbents it is challenging.

GROUP THREE

Crypto-native builders

Those building from crypto-native first principles should take both equally. The mechanism may be superior, but it must still avoid objection, attract liquidity, satisfy the same-rights test and survive enforcement. Being right on first principles is not the same as winning. The difference lies in domains that first-principles conviction tends to discount.

Final Note:

The exemption's consequences span asset definition, technology architecture, geography, liquidity mechanics, intermediation economics, regulatory sequencing and cross-border coordination. A business is affected by all of them and can usually see one. For Australia, the order changes nothing yet determines much. No Australian firm is bound by it, but every firm touching United States equities will encounter its consequences through someone else's architecture. The choice is not whether to participate, but whether to accept terms set elsewhere or help shape them. Firms that have not recognised this choice are making it now. The SEC's clock is running in Australia too.

No reader of this paper should finish it feeling that their position is settled. That is the intended effect.

Appendix Status, Evidence And Sources

Point In Time Assessment

This is a point-in-time assessment as at 1 October 2026, written while the comment process remains open. Several determinative matters are live. Some observations may be overtaken quickly. It is intended to inform industry and government discussion, not to provide a settled account. Corrections and disagreement will be more useful than passive agreement.

The description of the order's conditions draws on SEC Release No. 34-106402, the accompanying SEC statements and contemporaneous reporting. The commercial consequences identified here are the authors' assessment. The order should be consulted directly for any purpose that depends on the precise formulation of a condition.

Evidence Classifications

The conventions used in *The National Dialogue Synthesis Report* apply here.

Public primary evidence. The order and its accompanying SEC materials, regulatory publications, exchange and company announcements and regulatory filings. These can be independently examined and are listed below.

Report assessment. Interpretations and propositions reached by the authors after considering the public evidence. These are identified as assessments, judgements or propositions of this paper and should not be attributed to any participant, institution or regulator. The fourth column of the conditions table is assessment.

Treatment of disagreement. Where a material counterposition exists, it is recorded rather than collapsed. The three-tier sort is stated with three counterarguments intact, one of which the paper does not resolve.

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No Legal, Regulatory Or Investment Advice

This paper is provided for general information and policy discussion. It does not constitute legal, regulatory, accounting, tax, financial, investment or other professional advice. It does not recommend that any person acquire, dispose of, issue, hold or use any digital asset, tokenised instrument, trading venue or related product.

Readers should obtain independent professional advice and consult current primary sources before making decisions in relation to tokenised securities, trading venue structures, licensing or regulatory obligations.

Accuracy, Errors And Reliance

BlockchainAPAC has used reasonable endeavours to ensure the information in this paper is accurate as at 1 October 2026. The order is recent and its implementation detail, guidance and market response remain to be developed. The paper may contain errors, omissions or inaccuracies and may be overtaken by subsequent developments.

Readers must make their own enquiries and independently verify any information material to their circumstances. Except to the extent required by law, BlockchainAPAC and the authors make no representation or warranty as to the accuracy, completeness or suitability of this paper and disclaim liability for any loss arising from reliance upon it.



What this order has done is start a clock,
in public, with the dials visible.

What it has not done is tell anybody
where they stand.
