

The Distributed Ledger

Blockchain, Digital Assets and Smart Contracts

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SEC Proposes Modernization of Transfer Agent Rules, With Significant Implications for Tokenized Securities

Executive Summary

- **What's new:** The SEC proposed a broad modernization of the rules governing registered transfer agents, including blockchain use in the master securityholder file.
- **Why it matters:** The proposal expressly contemplates blockchain serving as the official ownership record for a securities issue, while subjecting that infrastructure to transfer agent controls and new tokenized securities reporting.
- **What to do next:** Market participants should consider assessing existing and planned structures against the proposal and commenting on unresolved questions. Comments are due November 3, 2026.

On September 1, 2026, the Securities and Exchange Commission (SEC) proposed a substantial modernization of transfer agent rules, which largely have not been substantively updated since first adopted in the late 1970s and early 1980s. At that time, most investors held securities in certificated, or paper, form. Transfer agents maintain securities ownership records and process issuances and transfers.

The proposal would modernize processing and record-keeping, add risk management and compliance requirements, revise forms and rescind exemptions. It would not determine whether a crypto asset is a security or when a tokenized security requires a registered transfer agent, nor would it resolve requirements under state corporate law, the Uniform Commercial Code or other federal securities laws.

Blockchain Technology Could Constitute the Master Securityholder File

Under the proposal, a blockchain could serve as all or part of the master securityholder file — the official list of individual securityholder accounts — and multiple linked files or systems would be permissible. Technology would be within the transfer agent's discretion, provided it maintains “at all times exclusive control” over the file. The proposal explains that “a blockchain or other distributed ledger technology” could serve as the file or a component of it.

Proposed Rule 17ad-9(h) would provide that “[t]here can be only one recordkeeping transfer agent for a given issue of securities,” although co-transfer agents could continue to perform other functions. Tokenized structures therefore should identify which record is authoritative, which transfer agent controls that record and how updates, discrepancies, forks and recovery events will be handled.

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Blockchain Systems Would Be Subject to Transfer Agent Controls and New Tokenized Securities Reporting

Using blockchain as the master securityholder file or a component would not displace the proposal's electronic record-keeping requirements. Registered transfer agents would need controls designed to preserve the integrity, accessibility, reproducibility, redundancy and continuity of records. Those controls would need to support audit trails, recovery, and immediate production in "human-readable" and "reasonably usable" electronic formats. Additionally, most records would need to be retained for at least six years.

If a third party maintains records, the registered transfer agent generally would need independent access without third-party intervention or a legally binding agreement filed with the SEC and, if different, its appropriate regulatory agency. For blockchain records, viewing the records could constitute independent access if the transfer agent can permit regulatory examination and promptly furnish copies. The SEC also asks how retention requirements for deleted position detail should apply when the master securityholder file is maintained exclusively on an immutable blockchain.

The proposal also would apply processing and overissuance requirements to certificated and uncertificated securities. Position detail generally would need to be posted after an issuance, purchase, transfer or redemption within the shorter of one business day or the applicable period under Rule 15c6-1(a).

Separately, tokenized transfer workflows would also need to account for proposed rule Rule 17ad-31. A registered transfer agent would be required to maintain a current list of issuer employees authorized to provide instructions concerning restrictive legends and to have a reasonable basis to believe that an unregistered transaction "does not violate, or is not part of a chain of transactions that would violate" Securities Act Section 5(a). Smart contract restrictions and wallet whitelisting would not satisfy either of the proposed rule's specified safe-harbor methods and might not, standing alone, establish the required reasonable basis.

The proposal would also introduce three Form TA-2 reporting requirements particularly relevant to tokenized securities:

- First, proposed Form TA-2 would require registered transfer agents to report the number of issues for which they maintained the master securityholder file using "distributed ledger technology, in whole or in part."
- Second, transfer agents would identify service providers directly supporting transfer agent functions, including "Tokenization Agent(s)" and "Distributed Ledger Technology Platform(s)."

- Third, they would report tokenized issues by security type and "Issuer-Sponsored" or "Third Party-Sponsored" model. Service provider names would not be made public on EDGAR.

The proposed reporting categories correspond to the two tokenization models discussed in a January 2026 SEC staff statement, but the proposed form and instructions do not define those categories. The staff statement is not a rule, regulation, guidance or statement of the Commission and has no legal force or effect. Accordingly, market participants may wish to seek greater clarity regarding structures that do not fit neatly within either reporting category.

Wallet Addresses Would Supplement Registered Securityholder Information

The proposal recognizes the evolving nature of investor identification and communications, including the role of blockchain wallets in each. It proposes replacing the term "certificate detail," which signified the use of a paper certificate, with technology-neutral "position detail." Proposed Rule 17ad-9(a) would require, among other things, "an applicable unique identifier for the security"; the registered securityholder's full name and other information necessary to identify that securityholder to the exclusion of others; and contact information, including a physical mailing address.

The proposal identifies a wallet address as information that may be used both to identify and to contact a holder. Currently the proposal does not allow a wallet address to replace the holder's full name or minimum physical mailing address. However, the SEC asks the public to comment on whether a wallet address should be permitted as the primary identifier for tokenized securities and whether the physical address requirement should be omitted. This approach is consistent with the current administration's focus on evaluating technology's role in how parties transact. The proposal also recognizes that wallet addresses may play a bigger role in the future. Tokenized structures should distinguish registered securityholders on the master securityholder file from beneficial owners holding through intermediaries.

Takeaways

The proposal is a meaningful step toward integrating tokenized securities into conventional U.S. securities infrastructure. Its central message is that the official ownership record must remain legally attributable, controlled, complete, correctable and examinable. Market participants should consider the following:

- **Determine the authoritative record and control model.** Identify the master securityholder file, the record-keeping transfer agent and the parties authorized to update the record.
- **Build compliance into tokenization workflows.** Evaluate record-keeping, regulator access, transfer reviews, cybersecurity and business continuity across blockchain and related systems.

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- **Review service provider arrangements and reporting.** Determine whether agreements provide the necessary access and cooperation and assess how tokenized issues, tokenization models and service providers would be reported.
- **Comment on unresolved questions.** The SEC specifically seeks input concerning wallet addresses, immutable records, stablecoins, tokenized deposits and the proposed tokenization categories.

Although the SEC's posture toward crypto products and activities has been more favorable under the current administration, that posture does not eliminate the need for careful securities law analysis. A prudent approach for industry participants would be to continually evaluate whether their activities implicate the securities laws, and structure and operate their products in ways that mitigate securities risks that may arise now or in the future.