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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No. \* SR 2025 - \* 072

Amendment No. (req. for Amendments \*) 2

Filing by The Nasdaq Stock Market LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

|                                       |  |  |   |   |   |
|---------------------------------------|--|--|---|---|---|
| Initial *<br><input type="checkbox"/> | Amendment *<br><input checked="" type="checkbox"/> | Withdrawal<br><input type="checkbox"/> | Section 19(b)(2) *<br><input checked="" type="checkbox"/> | Section 19(b)(3)(A) *<br><input type="checkbox"/> | Section 19(b)(3)(B) *<br><input type="checkbox"/> |
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| Pilot<br><input type="checkbox"/> | Extension of Time Period for Commission Action *<br><input type="checkbox"/> | Date Expires *<br><input type="text"/> |
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Rule

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| <input type="checkbox"/> 19b-4(f)(1) | <input type="checkbox"/> 19b-4(f)(4) |
| <input type="checkbox"/> 19b-4(f)(2) | <input type="checkbox"/> 19b-4(f)(5) |
| <input type="checkbox"/> 19b-4(f)(3) | <input type="checkbox"/> 19b-4(f)(6) |

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| Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010<br>Section 806(e)(1) *<br><input type="checkbox"/> | Section 806(e)(2) *<br><input type="checkbox"/> |
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| Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934<br>Section 3C(b)(2) *<br><input type="checkbox"/> |
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| Exhibit 2 Sent As Paper Document<br><input type="checkbox"/> |
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| Exhibit 3 Sent As Paper Document<br><input type="checkbox"/> |
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**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

[Redacted description area]

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

|              |            |             |                      |
|--------------|------------|-------------|----------------------|
| First Name * | [Redacted] | Last Name * | [Redacted]           |
| Title *      | [Redacted] |             |                      |
| E-mail *     | [Redacted] |             |                      |
| Telephone *  | [Redacted] | Fax         | <input type="text"/> |

**Signature**

Pursuant to the requirements of the Securities Exchange of 1934, The Nasdaq Stock Market LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date

(Title \*)

By

(Name \*)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

**Form 19b-4 Information \***

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[SR-NASDAQ-2025-072 A-2 19b-4.doc](#)

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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[SR-NASDAQ-2025-072 A-2 Exhibit 1.](#)

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2- Notices, Written Comments, Transcripts, Other Communications**

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

**Exhibit 4 - Marked Copies**

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[SR-NASDAQ-2025-072 A-2 Exhibit 4.d](#)

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”), 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> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend the Exchange’s rules to enable the trading of securities on the Exchange in tokenized form during the pendency of a pilot program to be operated by the Depository Trust Company (“DTC”) pursuant to the terms of a December 11, 2025 Commission No-Action Letter.<sup>3</sup> Specifically, proposed rules Equity 1, Section 1 and Equity 4, Rules 4756, 4757, and 4758 will clarify how Nasdaq trades tokenized securities under this pilot program. This Amendment No. 2 supersedes the original filing, as amended by Amendment No. 1, in its entirety.<sup>4</sup>

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is set forth below. Proposed new language is underlined; deleted text is in brackets.

\* \* \* \* \*

**THE NASDAQ STOCK MARKET LLC RULES**

\* \* \* \* \*

**Equity Rules**

**EQUITY 1 EQUITY DEFINITIONS**

**Section 1 Equity Definitions**

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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> No-Action Letter Request Related to The Depository Trust Company’s Development of the DTCC Tokenization Services, dated December 11, 2025, at <https://www.sec.gov/files/tm/no-action/dtc-nal-121125.pdf> (the “No-Action Letter” or the “Letter”).

<sup>4</sup> See Securities Exchange Act Release No. 34- 103989 (September 16, 2025), 90 FR 45426 (September 22, 2025) (SR-NASDAQ-2025-072), as amended on December 29, 2025.

(a) When used in the Equity Rules, unless the context otherwise requires:

(1) No change.

(2) **“Security”** Unless the context requires otherwise, the term “security” shall mean a “security,” as that term is defined in section 3(a)(10) of the Securities Exchange Act of 1934, as amended, that is either listed on the Exchange or traded on the Exchange pursuant to unlisted trading privileges. A security may be traded in the Nasdaq Market Center in either traditional form (a digital representation of ownership and rights, but without utilizing distributed ledger (“blockchain” technology)) or, for the duration and under the terms of a pilot program operated by the Depository Trust Company (“DTC”), in tokenized form (a digital representation of ownership and rights which utilizes blockchain technology). Under the terms of a Securities and Exchange Commission No-Action Letter issued to DTC, dated December 11, 2025, only a subset of securities traded on Nasdaq will be eligible for trading in tokenized form (“DTC Eligible Securities”). Nasdaq will publish Equity Trader Alerts periodically to identify for DTC Eligible Participants (as that term is defined in Equity 4, Rule 4756(a)(5)) a current list of those DTC Eligible Securities that may trade in tokenized form on the Exchange. A share of a tokenized DTC Eligible Security shall 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.

\* \* \* \* \*

## EQUITY 4 EQUITY TRADING RULES

\* \* \* \* \*

### 4756. Entry and Display of Quotes and Orders

(a) **Entry of Orders**—Participants can enter orders into the System, subject to the following requirements and conditions:

(1) – (4) No change.

(5) A market participant that is eligible to participate in the Depository Trust Company’s (“DTC’s”) three-year tokenization pilot program, pursuant to its terms and those of the Securities and Exchange Commission No-Action Letter, dated December 11, 2025 (the “No-Action Letter”) (each such market participant, a “DTC Eligible Participant”), and which wishes for its order in a DTC Eligible Security (as that term is defined in Equity 1, Section 1(a)(2)) to clear and settle in tokenized form as part of the DTC tokenization pilot program shall 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. The flag will indicate the DTC Eligible Participant’s preference as to what form the security will 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 (the Exchange will 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). 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, will communicate the DTC Eligible Participant's flag, and any associated information or instructions to DTC. DTC will then carry out the DTC Eligible Participant's tokenization preference, as set forth in the flag, as well as any instructions attendant thereto (as discussed herein) 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. Nasdaq's systems will 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. Nasdaq also will 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 tokenization program or to a digital wallet that is not registered with DTC. 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, then the order will remain in traditional (non-tokenized) form, in accordance with DTC's rules, policies, and procedures. It is the sole responsibility of market participants to determine for themselves whether they are DTC Eligible Participants, if the securities subject to an order are DTC Eligible Securities, if the blockchains and wallets to which they wish to mint tokens are compatible with DTC's pilot tokenization program, or whether the

tokenization instruction is otherwise consistent with the terms of that program and the No Action Letter.

(b) **Entry of Quotes**—Nasdaq Market Makers and Nasdaq ECNs can enter Quotes into the System from 4:00 a.m. to 8:00 p.m. Eastern Time. Quotes will be processed as Attributable Orders, with such time-in-force designation as the Nasdaq Market Maker or Nasdaq ECN may assign. Entry of Quotes will be subject to the requirements and conditions set forth in section (a) above.

\* \* \* \* \*

#### **4757. Book Processing**

(a) Orders on the Nasdaq Book shall be presented for execution against incoming Orders in the order set forth below:

(1) – (4) No change.

(5) The mere fact that an order contains tokenized securities or indicates a preference of a DTC Eligible Participant to clear and settle DTC Eligible Securities in token form shall not affect the priority in which the Exchange executes that order.

\* \* \* \* \*

#### **4758. Order Routing**

##### **(a) Order Routing Process**

(1) The Order Routing Process shall be available to Participants during System Hours, unless otherwise noted in these rules, and shall route orders as described below. All routing of orders shall comply with Rule 611 of Regulation NMS under the Exchange Act.

(A) The System provides a variety of routing options. Routing options may be combined with all available Order Types and Times-in-Force, with the exception of Order Types and Times-in-Force whose terms are inconsistent with the terms of a particular routing option. When the Exchange routes an order for a DTC Eligible Security that a DTC Eligible Participant has designated for clearing and settlement in token form, in accordance with Rule 4756(a)(5), the Exchange will communicate this tokenization instruction to DTC upon receiving an execution for an order that was routed to another trading venue. The System will consider the quotations only of accessible markets. The term "**System routing table**" refers to the proprietary process for determining the specific trading venues to which the System routes Orders and the Order in which it routes them. Nasdaq reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The System routing options are:

\* \* \* \* \*

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors (the "Board") on July 30, 2025. No other action is necessary for the filing of the rule change. Questions and comments on the proposed rule change may be directed to:





3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

The purpose of the proposed rule change is to establish clearly that Nasdaq’s member firms and investors that are eligible to participate in the DTC tokenization pilot program (“DTC Eligible Participants”) may trade tokenized versions of those equity securities and exchange traded products (“ETPs”) on the Exchange that are eligible for tokenization as part of the DTC tokenization pilot program (“DTC Eligible Securities”), pursuant to the terms of the No Action Letter. The filing describes and applies to one method by which DTC Eligible Securities can trade on Nasdaq within the current national market system, 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>5</sup>

**Background**

Over time, U.S. equity markets have thrived while absorbing successive waves of technological innovations. Nasdaq ushered in the first wave in the 1970s. Before that time, shares of equity securities existed only in paper form as stock certificates, and stocks were quoted, traded, and physically transferred among buyers and sellers through manual processes. Nasdaq—originally an acronym which stood for the National Association of Securities Dealers Automated Quotations—revolutionized the markets by quoting and trading equity securities electronically (digitally) and in an automated fashion. Subsequent waves of technological innovation followed that were no less revolutionary. Advances in computing technologies led to

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<sup>5</sup> Nasdaq is actively assessing multiple methods of tokenization and trading of tokenized securities. If the Exchange plans to adopt any particular alternative to the DTC approach, then to the extent necessary, it will file rule proposals with the Commission before doing so.

the rise of sophisticated algorithmic trading strategies, high-volume proprietary trading firms, and electronic market making. Meanwhile, advances in telecommunications enabled trade execution times to shrink from hours to microseconds, and for the dissemination of market data to shift from daily distributions of basic prices lists to lightning fast and efficient disseminations of rich and actionable market insights using modern data transfer infrastructure, cloud computing, and other technical innovations.

Securities tokenization is another new technology with potential applications for the securities markets. Put simply, tokenization enables aspects of securities transactions (which again, already are digital) to be recorded on a blockchain—a digital ledger that is encrypted, distributed among its users, and maintained, validated, and secured collectively by its users to ensure its integrity and security and to resist tampering. Today, by contrast, the securities markets employ various distinct and independent parties to perform these tasks, including trade matching, transferring, clearing, settlement, and custody services. These independent parties are highly regulated and trusted to protect investors. Today’s system works extraordinarily well, it is already highly efficient and reliable, and it operates at little or no commission cost to retail investors.

Although tokenization technology presents novel capabilities by which to record evidence of securities ownership and transactions, the trading of tokenized securities can, and it must, occur largely as Congress prescribed when it enacted and subsequently amended the Act. That is, Nasdaq believes such trading must occur in regulated markets, namely national securities exchanges, alternative trading systems, and at FINRA regulated broker-dealers. Nasdaq also believes that it must occur within the context of an interconnected national market system, rather than in siloed trading venues where investors would have no consolidated sense of best market-

wide prices and no assured access to such prices. Furthermore, in Nasdaq's view, such trading should occur in markets that feature independent and regulated intermediaries to manage the links in the securities transaction chain safely, soundly, and in a disinterested manner.<sup>6</sup>

The existing regulatory structure mandated by Congress applies to tokenized securities, regardless of whether such securities have certain unique properties (like the ability to be settled on a blockchain), much like it did when the SEC allowed securities to be decimalized and electronified and when exchange traded funds and other novel securities were approved decades ago. As in those cases, no significant exemptions or parallel market structure constructs are needed for tokenized securities to trade alongside other securities. As Commissioner Peirce stated recently, “[t]okenized securities are still securities” and “market participants must consider—and adhere to—the federal securities laws when transacting in these instruments.”<sup>7</sup> It is within this context that Nasdaq offers its proposal to trade tokenized securities.

The Exchange believes the markets can use tokenization while continuing to provide the benefits and protections of the national market system. Wholesale exemptions from the national market system and related protections are neither necessary to achieve the goal of accommodating tokenization, nor are they in investors' best interests. To the contrary, they would harm investors and the markets since investors would lose access to portions of the market if platforms were not required to connect to the national market system or report trades. This

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<sup>6</sup> Section 11A of the Act states that “[t]he linking of all markets for qualified securities ... will foster efficiency, enhance competition, increase the information available to brokers, dealers, and investors, facilitate the offsetting of investors' orders, and contribute to best execution of such orders” such that Congress directed the Commission to “use its authority under this chapter to facilitate the establishment of a national market system for securities (which may include subsystems for particular types of securities with unique trading characteristics) in accordance with the findings and to carry out the objectives set forth in paragraph (1) of this subsection.” 15 U.S.C. 78K-1(a).

<sup>7</sup> Commissioner Hester M. Peirce, “Enchanting, but Not Magical: A Statement on the Tokenization of Securities,” available at <https://www.sec.gov/newsroom/speeches-statements/peirce-statement-tokenized-securities-070925>.

would erode the National Best Bid and Offer (“NBBO”), a long-standing concern of many, including the SEC, increase fragmentation with liquidity pools not accessible to investors outside these platforms, and result in greater price dislocation.<sup>8</sup> Thus, the markets, the issuers, and investors would be blind to activity occurring on these platforms, which would hinder issuer’s ability to understand stock price movements and even daily trading volume. It would also impact questions of best execution and investor protection.<sup>9</sup> Additionally, issuers would have no understanding of the total shares traded in any given day in their company’s stock, further diminishing the strength of the public markets.<sup>10</sup>

Finally, we note that in Europe, trading of tokenized stocks is occurring in a manner that raises investor concerns. A few trading platforms are purporting to offer investors access to tokenized U.S. “equities,” but they are not providing investors with actual shares in U.S. companies. Instead (and likely contrary to the understanding of unsophisticated investors), they are providing investors with digitally tradable rights to traditional digital shares that the

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<sup>8</sup> Indeed, a recent news report validates these concerns as to tokens tracking two widely-held stocks—Apple and Amazon. These tokens experienced extreme price dislocations from the prices of their underlying stocks—a result that creates opportunities for retail investor exploitation as well as insider trading and manipulation. See Alexander Osipovich and Vicky Ge Huang, “Want to Trade Amazon on Crypto Exchange? The Price Might Be Off by 300%,” Wall Street Journal, July 15, 2025, available at <https://www.wsj.com/finance/stocks/tokenized-stocks-prices-crypto-exchanges-856ea114>.

<sup>9</sup> That lack of transparency is the current reality in Europe, which EU regulators are currently attempting to address with the creation of a consolidated tape. They view the US as a best-in-class example of providing a complete picture for issuers and investors of the trading activity and related price discovery in any given day, and they are now seeking to replicate our model. It would be detrimental to the underpinnings of our national market system to abandon that core aspect of our markets.

<sup>10</sup> As an operator of a primary listing exchange, Nasdaq is also concerned by the impact of tokenization on securities issuers. In Europe, trading of tokenized stocks is occurring in a manner that raises numerous concerns. For example, we understand that some digital asset trading platforms are offering shares of U.S. equities to European investors without the prior knowledge or consent of the issuers of those securities. When issuers list securities on national securities exchanges, they do so with the expectation that those securities will trade in a certain form and on certain markets. Nasdaq believes that tokenizing securities should not occur in a manner that deprives issuers of their ability to determine where and how their shares trade. Nasdaq is limited in its ability to afford issuers a choice as to whether their shares are or become tokenized by other markets. Nevertheless, we encourage the Commission to consider the issue as it develops a new regulatory regime for tokenized securities.

platforms themselves purchase and hold in their own accounts. These digital rights do not comprise the full extent of the rights to which owners of traditional digital shares are entitled, including voting rights and the rights to corporate assets upon liquidation; instead, they merely convey economic rights associated with shares—the right to realize appreciation and depreciation in the value of the shares.<sup>11</sup> Thus, a purchaser of these tokenized rights receives less value for their money than do purchasers of traditional digital securities.<sup>12</sup>

Although trading tokenized securities outside of the national market system would pose significant risks to the markets and investors, such risks need not occur. Nasdaq submits, as evidenced by this proposal, that only minor changes to existing rules and practice are necessary to accommodate the trading of tokenized securities and that granting broad exemptions would be unwarranted.<sup>13</sup>

### **Nasdaq’s Flexible Approach**

To tackle the challenge of trading tokenized equities, Nasdaq offers a simple and safe proposal that accommodates an approach to tokenization that DTC is pursuing in a tokenization pilot program, which the SEC approved in its No Action Letter. This approach leverages existing structures and players and rules, rather than experimenting with radical new models that

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<sup>11</sup> See “Kraken Launches xStocks for 24/5 Trading of 60 US Stocks,” AInvest, June 30, 2025, available at <https://www.ainvest.com/news/kraken-launches-xstocks-24-5-trading-60-stocks-2506/>.

<sup>12</sup> As the Commission ponders whether to permit similarly structured products to be offered in the United States, Nasdaq encourages the Commission consider whether such products should be marketable as “equities,” “shares,” or “stock” or whether instead they should be labeled more accurately as derivative instruments or depository rights to avoid investor confusion.

<sup>13</sup> Nasdaq has previously noted the limitations inherent in the Commission’s exemptive authority. See J. Zecca, “Digital Assets Sandbox,” dated June 6, 2025, at 6-7, available at <https://www.sec.gov/files/digital-assets-sandbox-comment-060625.pdf>.

are untested in the context of listed securities and potentially detrimental to investors,' issuers,' and the markets' best interests.<sup>14</sup>

As noted above, Nasdaq proposes to trade DTC Eligible Securities within the confines of existing securities laws and rules. In Nasdaq's proposal to trade tokenized securities, Nasdaq believes that all existing Commission and Nasdaq rules that currently apply to trading non-tokenized securities on the Nasdaq Stock Market will continue to apply, without modification, except as follows.

### **Order Entry and Processing**

First, the Exchange proposes to amend its definition of a security, at Equity 1, Section 1, to announce that DTC Eligible Participants may trade DTC Eligible securities in token form on the Exchange during the duration of, and pursuant to the terms of the DTC tokenization pilot program, as authorized by the No-Action Letter. The proposed rule change also clarifies that the term "tokenized" in this instance refers to digital representations of paper securities that utilize digital ledger or blockchain technology, as opposed to "traditional" securities, which are also digital representations of paper securities, but do not utilize blockchain technology. The proposal describes how the Exchange will trade DTC Eligible Securities in token form, noting that as long as DTC Eligible Securities are fungible with, have the same CUSIP number and trading symbol as, and afford their holders the same rights and privileges as do traditional securities of an equivalent class, then the Exchange will trade DTC Eligible Securities in token form together with traditional securities on the same Order Book and according to the same execution priority rules. A tokenized DTC Eligible Security would be deemed to provide the

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<sup>14</sup> See J. Zecca, "What's in a Name? A Stock by Any Other Name ..." Nasdaq Inc.'s Response to "There Must Be Some Way Out of Here," April 25, 2025, at 19-21, available at <https://www.sec.gov/files/ctf-written-input-nasdaq-042525.pdf> (discussing the risks of trading digital assets in Vertically Integrated and Direct-to-retail digital asset markets).

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. The Exchange will not treat tokenized instruments to be equivalent to their traditional counterparts if they do not convey such rights or share the same CUSIP and trading symbol, but instead the Exchange will treat these instruments as distinct (e.g., derivative securities or ADRs).<sup>15</sup> The proposed amended rule text is as follows, with proposed changes underlined:

(2) **“Security”** Unless the context requires otherwise, the term “security” shall mean a “security,” as that term is defined in section 3(a) (10) of the Securities Exchange Act of 1934, as amended, that is either listed on the Exchange or traded on the Exchange pursuant to unlisted trading privileges. A security may be traded in the Nasdaq Market Center in either traditional form (a digital representation of ownership and rights, but without utilizing distributed ledger (“blockchain” technology)) or, for the duration and under the terms of a pilot program operated by the Depository Trust Company (“DTC”), in tokenized form (a digital representation of ownership and rights which utilizes blockchain technology). Under the terms of a Securities and Exchange Commission No-Action Letter issued to DTC, dated December 11, 2025, only a subset of securities traded on Nasdaq will be eligible for trading in tokenized form (“DTC Eligible Securities”). Nasdaq will publish Equity Trader Alerts periodically to identify for DTC Eligible Participants (as that term is defined in Equity 4, Rule 4756(a)(5)) a current list of those DTC Eligible Securities that may trade in tokenized form on the Exchange. A share of a

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<sup>15</sup> This rule proposal does not address whether and how Nasdaq may choose to trade these non-fungible tokenized instruments in the future pursuant to a proposed Rule change.

tokenized DTC Eligible Security shall 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.

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 Eligible Security in tokenized form. The proposed amended Rule states that 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. When a DTC Eligible Participant enters an order for a DTC Eligible Security with the tokenization flag selected, the Exchange will communicate the DTC Eligible Participant's tokenization preference to DTC (on a post-trade basis). The flag will indicate the DTC Eligible Participant's preference as to what form the security will 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 (the Exchange will 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). DTC will then carry out the DTC Eligible Participant's tokenization preference, as set forth in the flag, as well as any instructions attendant

thereto (as discussed herein) 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.

Nasdaq's systems will not determine whether a 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. Nasdaq also will 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 tokenization program or deposit it into a wallet that is not registered with DTC.<sup>16</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 flag or instruction, DTC will settle the executed order in traditional (non-tokenized) form, in accordance with DTC's rules, policies, and procedures. It is the sole responsibility of market participants to determine for themselves whether they are DTC Eligible Participants, if the securities subject to an order are DTC Eligible Securities, if the blockchains to which they wish to mint tokens are compatible with DTC's pilot tokenization program, or whether the tokenization instruction is otherwise consistent with the terms of that program and the No Action Letter. That said, Nasdaq intends to develop functionality that would allow for it to check for eligibility at order entry, and

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<sup>16</sup> According to the No-Action Letter, any DTC participant would be permitted—at the DTC participant's election—to participate in the DTC pilot tokenization services with an exception (i.e., participants for which DTC has U.S. tax withholding or reporting obligations, or a Treasury International Capital reporting obligation). As of October 31, 2025, DTC states that it has U.S. tax withholding and reporting obligations, or a TIC reporting obligation, for approximately 11 percent of its participants. Once DTC resolves outstanding tax and TIC compliance questions, it envisions offering the services to these participants as well. See n.3, supra.

Additionally, the No-Action Letter states that DTC will not execute a tokenization instruction if a DTC Eligible Participant cannot pass DTC's risk management and compliance controls. See id. If a transaction would result in a participant breaching its Net Debit Cap, then the control would not allow that transaction to process until it could do so without breaching the cap. See id.

it will submit a rule proposal to effectuate that functionality at the appropriate time. Third, Nasdaq proposes to amend its Book Processing Rule, at Equity 4, Rule 4757, to clarify that the mere fact that an order contains tokenized securities or indicates a preference to clear and settle securities in token form will not affect the priority in which the Exchange executes that order.

Fourth and finally, the Exchange proposes to amend its Order Routing Rule, at Equity 4, Rule 4758, to note 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, then the Exchange will communicate this tokenization instruction to DTC upon receiving an execution for an order that was routed to another trading venue.

Apart from the above, as far as Nasdaq's systems and matching engine are concerned, the Exchange's trading procedures and behavior will be the same regardless of whether a DTC Eligible Participant opts to trade tokenized or traditional shares of a DTC Eligible Security.<sup>17</sup> Among other things, the following aspects of Nasdaq's trading system and procedures will not change when trading tokenized securities:

- All Exchange order types and attributes will be available for use by tokenized securities.
- All Exchange routing strategies will 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.

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<sup>17</sup> Nasdaq's pricing structure and rates will not vary depending upon whether a transaction involves a share of a tokenized stock.

- Participants may utilize their existing connectivity to enter orders in tokenized securities.
- The Exchange's fee schedule will not vary based upon whether shares that Participants execute are tokenized or traditional in nature.
- Market data feeds will not differentiate between tokenized and traditional shares.
- The Exchange will comply with any Commission requirements to report tokenization data to the Consolidated Audit Trail.
- Market surveillance of tokenized and traditional securities will rely upon the same underlying data, which will continue to be accessible by Nasdaq and FINRA.
- Trades in tokenized securities handled by DTC will continue to settle on a T+1 basis.
- Nasdaq's clearly erroneous and risk management measures will cover tokenized securities.
- Trading of tokenized securities under this proposal is not expected to alter the existing proxy distribution process.<sup>18</sup>

A key benefit of Nasdaq's proposal is that it will readily allow for trading in tokenized DTC Eligible Securities to occur within the context of the national market system. The Exchange's proposal will allow for tokenized DTC Eligible Securities to trade on its market in a transparent manner, without degrading the NBBO, without further fragmenting the national market system, without causing price dislocations or facilitating market manipulation, and without undermining the investor protections that existing securities law provide.

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<sup>18</sup> According to DTC, a DTC Eligible Participant may need to issue a de-tokenization instruction or DTC may need to force conversion of the Tokenized 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 n.3, supra.

### **Tokenization and Post-Trade Processing**

This proposal to offer trading in tokenized securities will become effective once the requisite infrastructure and post-trade settlement services have been established by DTC. Nasdaq understands that DTC is working to develop the necessary infrastructure, services, and procedures to facilitate such tokenization and the related post-trade settlement infrastructure and services.<sup>19</sup> On December 11, 2025, the Commission issued a No-Action Letter that enables DTC to begin providing services that support the Exchange's proposal as soon as this development is complete.<sup>20</sup>

The details of DTC's planned service for settling traditional securities in token form and tokenized securities in traditional form are set forth in the No-Action Letter, a letter from DTC to the Commission requesting no-action relief, attached thereto, and on DTC's website.<sup>21</sup> Nasdaq refers readers to those documents for a fulsome description of the DTC pilot tokenization program.

By way of summary, Nasdaq understands that the DTC pilot tokenization program will operate as follows, in conjunction with Nasdaq. First, to be eligible to trade tokenized securities on Nasdaq, and for DTC to settle traditional securities in tokenized form or vice versa, one must be a DTC Eligible Participant. A DTC Eligible Participant must register with the DTC and obtain or more wallet addresses on a DTC approved blockchain. DTC also indicates that its ability to execute tokenization and de-tokenization instructions will be limited by both the

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<sup>19</sup> Multiple other forms of tokenization and clearance and settlement are under discussion. The proposed rule change is specific to the process that Nasdaq understands DTC is developing. However, Nasdaq will explore additional solutions as they develop, with the objective of accommodating as much tokenization technology as possible as efficiently as possible. To the extent that Nasdaq elects to pursue any alternatives to this Proposal, it will do so pursuant to a separate filing.

<sup>20</sup> See n.3, *supra*.

<sup>21</sup> See *id.*; see also <https://www.dtcc.com/digital-assets/tokenization#Tokenization>.

blockchains to which its tokenization service connects as well as the universe of securities that will be eligible for its services. According to DTC, only blockchains that meet DTC's standards for such things as transaction reversal and resiliency, will be supported by its service. DTC represents that it expects that its tokenization service will support multiple blockchains, and it expects to publish its blockchain standards, and its list of supported blockchains, in the coming months.

According to DTC, securities that are DTC Eligible Securities – meaning that they are eligible for tokenization and de-tokenization as part of the DTC tokenization pilot program, will be limited to the following, 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. These categories of DTC Eligible Securities will be the only tokenized equities that are available to trade on Nasdaq under this proposal.

If a DTC Eligible Participant wants to settle a DTC Eligible Security in token form, then the DTC Eligible Participant will submit an order handling instruction to the Exchange upon order entry. The DTC Eligible Participant will do so by selecting a flag designated by the Exchange for this purpose. The Exchange will then convey it to DTC for execution on a post-trade basis. Nasdaq understands that the DTC process is expected to include transfer of the Participant's designated book-entry position from the Participant's DTC account to a DTC control account and then conversion to a corresponding position in token form that DTC would mint and deliver to the Participant's DTC-registered digital wallet on a blockchain, which DTC

would track and reconcile against the control account.<sup>22</sup> We also note that insofar as a DTC Eligible Participant's trades are settled on a net basis, and the DTC Eligible Participant's net position in a DTC Eligible Security is less than what the DTC Eligible Participant specified in its tokenization instruction, then DTC will adjust the instruction to tokenize the DTC Eligible Security to the extent of the net position.

DTC states that it will provide tokenization services on a pilot basis, as described above, for a period of three years after launch, after which time DTC will sunset the service.<sup>23</sup> Thus, Nasdaq will revisit this rule proposal when it knows what, if anything, will replace the service after it sunsets.

Nasdaq will 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.

#### **Illustrative Example of Trading Tokenized Invesco QQQ on the Exchange**

The following illustrates how Nasdaq will trade tokenized securities on its system. For purposes of this illustration, the Exchange uses the example of the Invesco QQQ Trust<sup>SM</sup> ETP (the "QQQ ETF" or "QQQ"), the shares of which its sponsor, Invesco Capital Management LLC ("Invesco"), intends to offer in tokenized form.<sup>24</sup>

An Exchange member that is properly registered with DTC and eligible to participate in the DTC tokenization pilot program wishes to place a displayed limit order in a tokenized share of QQQ on behalf of an investor. The Exchange member would provide instructions to that

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<sup>22</sup> Nasdaq understands that the DTC process may be available in the second half of 2026. See DTCC, No Action Letter and DTC Tokenization Service FAQ, at 2, available at <https://www.dtcc.com/-/media/Files/Downloads/digital-assets/dtc-tokenization-service-faq.pdf>.

<sup>23</sup> See *id.*, at 1.

<sup>24</sup> Although Nasdaq discusses herein the trading of the Invesco QQQ ETF on the Exchange, this rule proposal would allow Nasdaq to trade other tokenized versions of securities. We anticipate that Invesco will file separately with the Commission to obtain any permission or exemptive relief necessary to have tokenized QQQ shares traded on the Exchange.

effect when it enters the order into Nasdaq's system, as it otherwise would do. The Exchange would then process that order consistent with how it processes all orders in QQQ shares in terms of order entry protocols, order handling, priority, order matching, and trade reporting. All Exchange Order Types and Attributes that are otherwise available to a traditional QQQ order in a given scenario would likewise be available to the tokenized QQQ order. The Exchange would generate market data about the order in the same way that it does now. The tokenized QQQ order would be available to match contra orders for either tokenized or traditional shares of QQQ and would do so without any special priority relative to other orders in QQQ on the Exchange book. When a trade occurs involving the order in tokenized QQQ, the Exchange will report trade information to the SIP as it does now. Until Nasdaq implements its plan to enable securities to trade on its market on a 23/5 basis, tokenized shares of QQQ will not be available for trading on Nasdaq outside of regular and extended trading hours.

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.

b. Statutory Basis

Nasdaq's proposal offers a means by which market participants can utilize the DTC pilot tokenization program when trading on the Exchange. The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>25</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>26</sup> in particular, in that it is designed to promote just and equitable principles of

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<sup>25</sup> 15 U.S.C. 78f(b).

<sup>26</sup> 15 U.S.C. 78f(b)(5).

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.

It is consistent with the Act to permit members of the Exchange to trade tokenized securities. As explained above, investors increasingly demand the ability to own and trade tokenized versions of financial assets, including securities. Such capabilities are available increasingly in other jurisdictions and to more a limited extent, in the United States. Thus far, and as compared with other available solutions, Nasdaq submits that its proposal offers a means of trading tokenized securities that is consistent with Congressional intent – in that it will provide for trading to occur within the framework of the national market system – while serving the best interests of issuers, investors, and the markets.

Most importantly, the proposal will involve trading tokenized securities on Nasdaq—the world’s leading and most trusted market operator and provider of market technology. This means that Nasdaq believes that the trading of tokenized securities that occurs on Nasdaq will be subject to the full panoply of SEC regulatory obligations and oversight, as well as Nasdaq rules, which together help to ensure that trading of all securities on Nasdaq is transparent, fair, orderly, equitable, and in the best interests of investors. Due to the application of the national market system rules, the prices of tokenized securities trading on Nasdaq will be transparent and they will both contribute to and account for the NBBO. Market makers on Nasdaq will provide two-sided liquidity, even in times of market stress. Broker-dealer members of the Exchange will have best execution obligations to investors when they execute trades of tokenized securities on Nasdaq. The Exchange itself will be subject to the rigors of Reg SCI to help ensure that tokenized securities trading occurs in a manner that is secure, dependable, and resilient as well as to ensure that Nasdaq is accountable for any failures to do so. Nasdaq’s systems have a track

record of reliably processing transactions in microseconds, even during recent periods of record-high volatility and message traffic. Nasdaq's world-class surveillance and enforcement capabilities—which are unique to national securities exchanges – also will be brought to bear to detect and address fraud and manipulation, should it occur.

Nasdaq's proposal will also avoid risks inherent in other tokenization approaches that would potentially fragment liquidity and isolate it to particular trading platforms and blockchain technologies that are not interoperable. In such scenarios, tokenized securities would not trade freely across markets as they do now or access better prices. Moreover, the markets could suffer to the extent that isolated liquidity no longer links to the national market system and contributes to the NBBO.

This proposal to trade tokenized securities on Nasdaq will require Nasdaq to change very little from its existing structure and practices, which the Commission has approved and oversees. As noted above, the tokenization services that DTC will provide in support of Nasdaq's proposal have been reviewed by the Commission and are subject to the terms of the No-Action Letter.

#### 4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposal to trade tokenized securities on its market are neither intended to nor will they adversely impact competition. If anything, the Exchange expects that the proposed changes will promote competition by providing for the Nasdaq Stock Market to accommodate the demand for tokenized DTC Eligible Securities among listed companies and DTC Eligible Participants. Nasdaq believes that its proposal will be particularly attractive because it will provide for the trading of tokenized DTC Eligible Securities in a manner that is familiar to market participants and investors and which is consistent with existing laws and rules. Indeed,

under Nasdaq's proposal, the extent to which market participants (other than DTC) will need to modify their back-end systems and practices to accommodate tokenized securities trading should be minimal – meaning that those systems may simply need to account for the availability of the new flag and be set up to provide any information that the flag requires to Nasdaq. Nasdaq notes that market participants on the Exchange will remain free to trade, clear and settle securities in traditional form, including both DTC Eligible Securities and other securities.

In any event, the Exchange operates in a highly competitive market in which market participants can readily choose between competing venues if they deem participation in the Exchange's market to no longer be desirable or if they do not wish to trade tokenized securities. In such an environment, the Exchange must carefully consider the impact that any change it proposes may have on market participants, understanding that it will likely lose them to the extent a change is viewed as unfavorable by them. Because competitors are free to modify the functionality and structure of their markets, including by availing themselves of the same capabilities that are being developed to trade tokenized securities, the Exchange believes that the degree to which its proposal imposes any burden on competition is limited. Last, to the extent the proposed change is successful in attracting additional market participants or additional activity by existing Participants, the Exchange also believes that the proposed change will promote competition among trading venues by making the Exchange a more attractive trading venue for Participants and investors.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.

4. Changes to the proposed rule text.

**EXHIBIT 1****SECURITIES AND EXCHANGE COMMISSION****[Release No. 34- ; File No. SR-NASDAQ-2025-072]****Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing of Proposed Rule Change to Amend the Exchange’s Rules to Enable the Trading of Securities on the Exchange in Tokenized Form**

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> notice is hereby given that on January 20, 2026, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the Exchange’s rules to enable the trading of securities on the Exchange in tokenized form during the pendency of a pilot program to be operated by the Depository Trust Company (“DTC”) pursuant to the terms of a December 11, 2025 Commission No-Action Letter.<sup>3</sup> Specifically, proposed rules Equity 1, Section 1 and Equity 4, Rules 4756, 4757, and 4758 will clarify how Nasdaq trades tokenized securities under this pilot program.

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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> No-Action Letter Request Related to The Depository Trust Company’s Development of the DTCC Tokenization Services, dated December 11, 2025, at <https://www.sec.gov/files/tm/no-action/dtc-nal-121125.pdf> (the “No-Action Letter” or the “Letter”).

This Amendment No. 2 supersedes the original filing, as amended by Amendment No. 1, in its entirety.<sup>4</sup>

The text of the proposed rule change is detailed below; proposed new language is italicized and proposed deletions are in brackets.

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## THE NASDAQ STOCK MARKET LLC RULES

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### Equity Rules

#### EQUITY 1 EQUITY DEFINITIONS

##### Section 1 Equity Definitions

(a) When used in the Equity Rules, unless the context otherwise requires:

(1) No change.

(2) **“Security”** Unless the context requires otherwise, the term “security” shall mean a “security,” as that term is defined in section 3(a)(10) of the Securities Exchange Act of 1934, as amended, that is either listed on the Exchange or traded on the Exchange pursuant to unlisted trading privileges. A security may be traded in the Nasdaq Market Center in either traditional form (a digital representation of ownership and rights, but without utilizing distributed ledger (“blockchain” technology)) or, for the duration and under the terms of a pilot program operated by the Depository Trust Company (“DTC”), in tokenized form (a digital representation of ownership and rights which utilizes blockchain technology). Under the terms of a Securities and Exchange Commission No-

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<sup>4</sup> See Securities Exchange Act Release No. 34- 103989 (September 16, 2025), 90 FR 45426 (September 22, 2025) (SR-NASDAQ-2025-072), as amended on December 29, 2025.

Action Letter issued to DTC, dated December 11, 2025, only a subset of securities traded on Nasdaq will be eligible for trading in tokenized form (“DTC Eligible Securities”). Nasdaq will publish Equity Trader Alerts periodically to identify for DTC Eligible Participants (as that term is defined in Equity 4, Rule 4756(a)(5)) a current list of those DTC Eligible Securities that may trade in tokenized form on the Exchange. A share of a tokenized DTC Eligible Security shall 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.

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#### **EQUITY 4 EQUITY TRADING RULES**

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##### **4756. Entry and Display of Quotes and Orders**

(a) **Entry of Orders**—Participants can enter orders into the System, subject to the following requirements and conditions:

(1) – (4) No change.

(5) A market participant that is eligible to participate in the Depository Trust Company’s (“DTC’s”) three-year tokenization pilot program, pursuant to its terms and those of the Securities and Exchange Commission No-Action Letter, dated December 11, 2025 (the “No-Action Letter”) (each such market participant, a “DTC Eligible Participant”), and which wishes for its order in a DTC Eligible Security (as that term is defined in Equity 1, Section 1(a)(2)) to clear and settle in tokenized form

as part of the DTC tokenization pilot program shall 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. The flag will indicate the DTC Eligible Participant's preference as to what form the security will 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 (the Exchange will 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). 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, will communicate the DTC Eligible Participant's flag, and any associated information or instructions to DTC. DTC will then carry out the DTC Eligible Participant's tokenization preference, as set forth in the flag, as well as any instructions attendant thereto (as discussed herein) 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. Nasdaq's systems will 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. Nasdaq also will 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 tokenization program or to a digital wallet that is not registered with DTC. 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, then the order will remain in traditional (non-tokenized) form, in accordance with DTC's rules, policies, and procedures. It is the sole responsibility of market participants to determine for themselves whether they are DTC Eligible Participants, if the securities subject to an order are DTC Eligible Securities, if the blockchains and wallets to which they wish to mint tokens are compatible with DTC's pilot tokenization program, or whether the tokenization instruction is otherwise consistent with the terms of that program and the No Action Letter.

(b) **Entry of Quotes**—Nasdaq Market Makers and Nasdaq ECNs can enter Quotes into the System from 4:00 a.m. to 8:00 p.m. Eastern Time. Quotes will be processed as Attributable Orders, with such time-in-force designation as the Nasdaq Market Maker or Nasdaq ECN may assign. Entry of Quotes will be subject to the requirements and conditions set forth in section (a) above.

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#### **4757. Book Processing**

(a) Orders on the Nasdaq Book shall be presented for execution against incoming Orders in the order set forth below:

(1) – (4) No change.

(5) The mere fact that an order contains tokenized securities or indicates a preference of a DTC Eligible Participant to clear and settle DTC Eligible Securities in token form shall not affect the priority in which the Exchange executes that order.

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## **4758. Order Routing**

### **(a) Order Routing Process**

(1) The Order Routing Process shall be available to Participants during System Hours, unless otherwise noted in these rules, and shall route orders as described below. All routing of orders shall comply with Rule 611 of Regulation NMS under the Exchange Act.

(A) The System provides a variety of routing options. Routing options may be combined with all available Order Types and Times-in-Force, with the exception of Order Types and Times-in-Force whose terms are inconsistent with the terms of a particular routing option. When the Exchange routes an order for a DTC Eligible Security that a DTC Eligible Participant has designated for clearing and settlement in token form, in accordance with Rule 4756(a)(5), the Exchange will communicate this tokenization instruction to DTC upon receiving an execution for an order that was routed to another trading venue. The System will consider the quotations only of accessible markets. The term "**System routing table**" refers to the proprietary process for determining the specific trading venues to which the System routes Orders and the Order in which it routes

them. Nasdaq reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The System routing options are:

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(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors (the “Board”) on July 30, 2025. No other action is necessary for the filing of the rule change. Questions and comments on the proposed rule change may be directed to:

Brett Kitt  
Vice President, Deputy General Counsel  
Nasdaq, Inc.  
(301) 978-8032

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

The purpose of the proposed rule change is to establish clearly that Nasdaq’s member firms and investors that are eligible to participate in the DTC tokenization pilot program (“DTC Eligible Participants”) may trade tokenized versions of those equity securities and exchange traded products (“ETPs”) on the Exchange that are eligible for tokenization as part of the DTC tokenization pilot program (“DTC Eligible Securities”), pursuant to the terms of the No Action Letter. The filing describes and applies to one method by which DTC Eligible Securities can trade on Nasdaq within the current national market system, 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>5</sup>

### **Background**

Over time, U.S. equity markets have thrived while absorbing successive waves of technological innovations. Nasdaq ushered in the first wave in the 1970s. Before that time, shares of equity securities existed only in paper form as stock certificates, and stocks were quoted, traded, and physically transferred among buyers and sellers through manual processes. Nasdaq—originally an acronym which stood for the National Association of Securities Dealers Automated Quotations—revolutionized the markets by quoting and trading equity securities electronically (digitally) and in an automated fashion. Subsequent waves of technological innovation followed that were no less revolutionary. Advances in computing technologies led to the rise of sophisticated algorithmic trading strategies, high-volume proprietary trading firms, and electronic market making. Meanwhile, advances in telecommunications enabled trade execution times to shrink from hours to microseconds, and for the dissemination of market data to shift from daily distributions of basic prices lists to lightning fast and efficient disseminations of rich and actionable market insights using modern data transfer infrastructure, cloud computing, and other technical innovations.

Securities tokenization is another new technology with potential applications for the securities markets. Put simply, tokenization enables aspects of securities transactions (which again, already are digital) to be recorded on a blockchain—a digital ledger that is encrypted, distributed among its users, and maintained, validated, and secured collectively by its users to

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<sup>5</sup> Nasdaq is actively assessing multiple methods of tokenization and trading of tokenized securities. If the Exchange plans to adopt any particular alternative to the DTC approach, then to the extent necessary, it will file rule proposals with the Commission before doing so.

ensure its integrity and security and to resist tampering. Today, by contrast, the securities markets employ various distinct and independent parties to perform these tasks, including trade matching, transferring, clearing, settlement, and custody services. These independent parties are highly regulated and trusted to protect investors. Today's system works extraordinarily well, it is already highly efficient and reliable, and it operates at little or no commission cost to retail investors.

Although tokenization technology presents novel capabilities by which to record evidence of securities ownership and transactions, the trading of tokenized securities can, and it must, occur largely as Congress prescribed when it enacted and subsequently amended the Act. That is, Nasdaq believes such trading must occur in regulated markets, namely national securities exchanges, alternative trading systems, and at FINRA regulated broker-dealers. Nasdaq also believes that it must occur within the context of an interconnected national market system, rather than in siloed trading venues where investors would have no consolidated sense of best market-wide prices and no assured access to such prices. Furthermore, in Nasdaq's view, such trading should occur in markets that feature independent and regulated intermediaries to manage the links in the securities transaction chain safely, soundly, and in a disinterested manner.<sup>6</sup>

The existing regulatory structure mandated by Congress applies to tokenized securities, regardless of whether such securities have certain unique properties (like the ability to be settled on a blockchain), much like it did when the SEC allowed securities to be decimalized and

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<sup>6</sup> Section 11A of the Act states that “[t]he linking of all markets for qualified securities ... will foster efficiency, enhance competition, increase the information available to brokers, dealers, and investors, facilitate the offsetting of investors' orders, and contribute to best execution of such orders” such that Congress directed the Commission to “use its authority under this chapter to facilitate the establishment of a national market system for securities (which may include subsystems for particular types of securities with unique trading characteristics) in accordance with the findings and to carry out the objectives set forth in paragraph (1) of this subsection.” 15 U.S.C. 78K-1(a).

electronified and when exchange traded funds and other novel securities were approved decades ago. As in those cases, no significant exemptions or parallel market structure constructs are needed for tokenized securities to trade alongside other securities. As Commissioner Peirce stated recently, “[t]okenized securities are still securities” and “market participants must consider—and adhere to—the federal securities laws when transacting in these instruments.”<sup>7</sup> It is within this context that Nasdaq offers its proposal to trade tokenized securities.

The Exchange believes the markets can use tokenization while continuing to provide the benefits and protections of the national market system. Wholesale exemptions from the national market system and related protections are neither necessary to achieve the goal of accommodating tokenization, nor are they in investors’ best interests. To the contrary, they would harm investors and the markets since investors would lose access to portions of the market if platforms were not required to connect to the national market system or report trades. This would erode the National Best Bid and Offer (“NBBO”), a long-standing concern of many, including the SEC, increase fragmentation with liquidity pools not accessible to investors outside these platforms, and result in greater price dislocation.<sup>8</sup> Thus, the markets, the issuers, and investors would be blind to activity occurring on these platforms, which would hinder issuer’s ability to understand stock price movements and even daily trading volume. It would also

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<sup>7</sup> Commissioner Hester M. Peirce, “Enchanting, but Not Magical: A Statement on the Tokenization of Securities,” available at <https://www.sec.gov/newsroom/speeches-statements/peirce-statement-tokenized-securities-070925>.

<sup>8</sup> Indeed, a recent news report validates these concerns as to tokens tracking two widely-held stocks—Apple and Amazon. These tokens experienced extreme price dislocations from the prices of their underlying stocks—a result that creates opportunities for retail investor exploitation as well as insider trading and manipulation. See Alexander Osipovich and Vicky Ge Huang, “Want to Trade Amazon on Crypto Exchange? The Price Might Be Off by 300%,” Wall Street Journal, July 15, 2025, available at <https://www.wsj.com/finance/stocks/tokenized-stocks-prices-crypto-exchanges-856ea114>.

impact questions of best execution and investor protection.<sup>9</sup> Additionally, issuers would have no understanding of the total shares traded in any given day in their company's stock, further diminishing the strength of the public markets.<sup>10</sup>

Finally, we note that in Europe, trading of tokenized stocks is occurring in a manner that raises investor concerns. A few trading platforms are purporting to offer investors access to tokenized U.S. "equities," but they are not providing investors with actual shares in U.S. companies. Instead (and likely contrary to the understanding of unsophisticated investors), they are providing investors with digitally tradable rights to traditional digital shares that the platforms themselves purchase and hold in their own accounts. These digital rights do not comprise the full extent of the rights to which owners of traditional digital shares are entitled, including voting rights and the rights to corporate assets upon liquidation; instead, they merely convey economic rights associated with shares—the right to realize appreciation and depreciation in the value of the shares.<sup>11</sup> Thus, a purchaser of these tokenized rights receives less value for their money than do purchasers of traditional digital securities.<sup>12</sup>

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<sup>9</sup> That lack of transparency is the current reality in Europe, which EU regulators are currently attempting to address with the creation of a consolidated tape. They view the US as a best-in-class example of providing a complete picture for issuers and investors of the trading activity and related price discovery in any given day, and they are now seeking to replicate our model. It would be detrimental to the underpinnings of our national market system to abandon that core aspect of our markets.

<sup>10</sup> As an operator of a primary listing exchange, Nasdaq is also concerned by the impact of tokenization on securities issuers. In Europe, trading of tokenized stocks is occurring in a manner that raises numerous concerns. For example, we understand that some digital asset trading platforms are offering shares of U.S. equities to European investors without the prior knowledge or consent of the issuers of those securities. When issuers list securities on national securities exchanges, they do so with the expectation that those securities will trade in a certain form and on certain markets. Nasdaq believes that tokenizing securities should not occur in a manner that deprives issuers of their ability to determine where and how their shares trade. Nasdaq is limited in its ability to afford issuers a choice as to whether their shares are or become tokenized by other markets. Nevertheless, we encourage the Commission to consider the issue as it develops a new regulatory regime for tokenized securities.

<sup>11</sup> See "Kraken Launches xStocks for 24/5 Trading of 60 US Stocks," AInvest, June 30, 2025, available at <https://www.ainvest.com/news/kraken-launches-xstocks-24-5-trading-60-stocks-2506/>.

<sup>12</sup> As the Commission ponders whether to permit similarly structured products to be offered in the United States, Nasdaq encourages the Commission consider whether such products should be marketable as

Although trading tokenized securities outside of the national market system would pose significant risks to the markets and investors, such risks need not occur. Nasdaq submits, as evidenced by this proposal, that only minor changes to existing rules and practice are necessary to accommodate the trading of tokenized securities and that granting broad exemptions would be unwarranted.<sup>13</sup>

### **Nasdaq’s Flexible Approach**

To tackle the challenge of trading tokenized equities, Nasdaq offers a simple and safe proposal that accommodates an approach to tokenization that DTC is pursuing in a tokenization pilot program, which the SEC approved in its No Action Letter. This approach leverages existing structures and players and rules, rather than experimenting with radical new models that are untested in the context of listed securities and potentially detrimental to investors,’ issuers,’ and the markets’ best interests.<sup>14</sup>

As noted above, Nasdaq proposes to trade DTC Eligible Securities within the confines of existing securities laws and rules. In Nasdaq’s proposal to trade tokenized securities, Nasdaq believes that all existing Commission and Nasdaq rules that currently apply to trading non-tokenized securities on the Nasdaq Stock Market will continue to apply, without modification, except as follows.

### **Order Entry and Processing**

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“equities,” “shares,” or “stock” or whether instead they should be labeled more accurately as derivative instruments or depository rights to avoid investor confusion.

<sup>13</sup> Nasdaq has previously noted the limitations inherent in the Commission’s exemptive authority. See J. Zecca, “Digital Assets Sandbox,” dated June 6, 2025, at 6-7, available at <https://www.sec.gov/files/digital-assets-sandbox-comment-060625.pdf>.

<sup>14</sup> See J. Zecca, “What’s in a Name? A Stock by Any Other Name ...” Nasdaq Inc.’s Response to “There Must Be Some Way Out of Here,” April 25, 2025, at 19-21, available at <https://www.sec.gov/files/ctf-written-input-nasdaq-042525.pdf> (discussing the risks of trading digital assets in Vertically Integrated and Direct-to-retail digital asset markets).

First, the Exchange proposes to amend its definition of a security, at Equity 1, Section 1, to announce that DTC Eligible Participants may trade DTC Eligible securities in token form on the Exchange during the duration of, and pursuant to the terms of the DTC tokenization pilot program, as authorized by the No-Action Letter. The proposed rule change also clarifies that the term “tokenized” in this instance refers to digital representations of paper securities that utilize digital ledger or blockchain technology, as opposed to “traditional” securities, which are also digital representations of paper securities, but do not utilize blockchain technology. The proposal describes how the Exchange will trade DTC Eligible Securities in token form, noting that as long as DTC Eligible Securities are fungible with, have the same CUSIP number and trading symbol as, and afford their holders the same rights and privileges as do traditional securities of an equivalent class, then the Exchange will trade DTC Eligible Securities in token form together with traditional securities on the same Order Book and according to the same execution priority rules. 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. The Exchange will not treat tokenized instruments to be equivalent to their traditional counterparts if they do not convey such rights or share the same CUSIP and trading symbol, but instead the Exchange will treat these instruments as distinct (e.g., derivative securities or ADRs).<sup>15</sup> The proposed amended rule text is as follows, with proposed changes underlined:

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<sup>15</sup> This rule proposal does not address whether and how Nasdaq may choose to trade these non-fungible tokenized instruments in the future pursuant to a proposed Rule change.

(2) **“Security”** Unless the context requires otherwise, the term “security” shall mean a “security,” as that term is defined in section 3(a) (10) of the Securities Exchange Act of 1934, as amended, that is either listed on the Exchange or traded on the Exchange pursuant to unlisted trading privileges. A security may be traded in the Nasdaq Market Center in either traditional form (a digital representation of ownership and rights, but without utilizing distributed ledger (“blockchain” technology)) or, for the duration and under the terms of a pilot program operated by the Depository Trust Company (“DTC”), in tokenized form (a digital representation of ownership and rights which utilizes blockchain technology). Under the terms of a Securities and Exchange Commission No-Action Letter issued to DTC, dated December 11, 2025, only a subset of securities traded on Nasdaq will be eligible for trading in tokenized form (“DTC Eligible Securities”). Nasdaq will publish Equity Trader Alerts periodically to identify for DTC Eligible Participants (as that term is defined in Equity 4, Rule 4756(a)(5)) a current list of those DTC Eligible Securities that may trade in tokenized form on the Exchange. A share of a tokenized DTC Eligible Security shall 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.

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 Eligible Security in tokenized form. The proposed amended Rule states that 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. When a DTC Eligible Participant enters an order for a DTC Eligible Security with the tokenization flag selected, the Exchange will communicate the DTC Eligible Participant's tokenization preference to DTC (on a post-trade basis). The flag will indicate the DTC Eligible Participant's preference as to what form the security will 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 (the Exchange will 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). DTC will then carry out the DTC Eligible Participant's tokenization preference, as set forth in the flag, as well as any instructions attendant thereto (as discussed herein) 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.

Nasdaq's systems will not determine whether a 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. Nasdaq also will 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 tokenization program or deposit it into a wallet that is not registered with DTC.<sup>16</sup> Thus, if at the time of order entry, a market

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<sup>16</sup> According to the No-Action Letter, any DTC participant would be permitted—at the DTC participant's election—to participate in the DTC pilot tokenization services with an exception (i.e., participants for which DTC has U.S. tax withholding or reporting obligations, or a Treasury International Capital reporting obligation). As of October 31, 2025, DTC states that it has U.S. tax withholding and reporting obligations,

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 flag or instruction, DTC will settle the executed order in traditional (non-tokenized) form, in accordance with DTC's rules, policies, and procedures. It is the sole responsibility of market participants to determine for themselves whether they are DTC Eligible Participants, if the securities subject to an order are DTC Eligible Securities, if the blockchains to which they wish to mint tokens are compatible with DTC's pilot tokenization program, or whether the tokenization instruction is otherwise consistent with the terms of that program and the No Action Letter. That said, Nasdaq intends to develop functionality that would allow for it to check for eligibility at order entry, and it will submit a rule proposal to effectuate that functionality at the appropriate time. Third, Nasdaq proposes to amend its Book Processing Rule, at Equity 4, Rule 4757, to clarify that the mere fact that an order contains tokenized securities or indicates a preference to clear and settle securities in token form will not affect the priority in which the Exchange executes that order.

Fourth and finally, the Exchange proposes to amend its Order Routing Rule, at Equity 4, Rule 4758, to note 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, then the Exchange will communicate this tokenization instruction to DTC upon receiving an execution for an order that was routed to another trading venue.

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or a TIC reporting obligation, for approximately 11 percent of its participants. Once DTC resolves outstanding tax and TIC compliance questions, it envisions offering the services to these participants as well. See n.3, supra.

Additionally, the No-Action Letter states that DTC will not execute a tokenization instruction if a DTC Eligible Participant cannot pass DTC's risk management and compliance controls. See id. If a transaction would result in a participant breaching its Net Debit Cap, then the control would not allow that transaction to process until it could do so without breaching the cap. See id.

Apart from the above, as far as Nasdaq's systems and matching engine are concerned, the Exchange's trading procedures and behavior will be the same regardless of whether a DTC Eligible Participant opts to trade tokenized or traditional shares of a DTC Eligible Security.<sup>17</sup> Among other things, the following aspects of Nasdaq's trading system and procedures will not change when trading tokenized securities:

- All Exchange order types and attributes will be available for use by tokenized securities.
- All Exchange routing strategies will 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 will not vary based upon whether shares that Participants execute are tokenized or traditional in nature.
- Market data feeds will not differentiate between tokenized and traditional shares.
- The Exchange will comply with any Commission requirements to report tokenization data to the Consolidated Audit Trail.
- Market surveillance of tokenized and traditional securities will rely upon the same underlying data, which will continue to be accessible by Nasdaq and FINRA.
- Trades in tokenized securities handled by DTC will continue to settle on a T+1 basis.

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<sup>17</sup> Nasdaq's pricing structure and rates will not vary depending upon whether a transaction involves a share of a tokenized stock.

- Nasdaq’s clearly erroneous and risk management measures will cover tokenized securities.
- Trading of tokenized securities under this proposal is not expected to alter the existing proxy distribution process.<sup>18</sup>

A key benefit of Nasdaq’s proposal is that it will readily allow for trading in tokenized DTC Eligible Securities to occur within the context of the national market system. The Exchange’s proposal will allow for tokenized DTC Eligible Securities to trade on its market in a transparent manner, without degrading the NBBO, without further fragmenting the national market system, without causing price dislocations or facilitating market manipulation, and without undermining the investor protections that existing securities law provide.

### **Tokenization and Post-Trade Processing**

This proposal to offer trading in tokenized securities will become effective once the requisite infrastructure and post-trade settlement services have been established by DTC. Nasdaq understands that DTC is working to develop the necessary infrastructure, services, and procedures to facilitate such tokenization and the related post-trade settlement infrastructure and services.<sup>19</sup> On December 11, 2025, the Commission issued a No-Action Letter that enables DTC

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<sup>18</sup> According to DTC, a DTC Eligible Participant may need to issue a de-tokenization instruction or DTC may need to force conversion of the Tokenized 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 n.3, supra.

<sup>19</sup> Multiple other forms of tokenization and clearance and settlement are under discussion. The proposed rule change is specific to the process that Nasdaq understands DTC is developing. However, Nasdaq will explore additional solutions as they develop, with the objective of accommodating as much tokenization technology as possible as efficiently as possible. To the extent that Nasdaq elects to pursue any alternatives to this Proposal, it will do so pursuant to a separate filing.

to begin providing services that support the Exchange's proposal as soon as this development is complete.<sup>20</sup>

The details of DTC's planned service for settling traditional securities in token form and tokenized securities in traditional form are set forth in the No-Action Letter, a letter from DTC to the Commission requesting no-action relief, attached thereto, and on DTC's website.<sup>21</sup> Nasdaq refers readers to those documents for a fulsome description of the DTC pilot tokenization program.

By way of summary, Nasdaq understands that the DTC pilot tokenization program will operate as follows, in conjunction with Nasdaq. First, to be eligible to trade tokenized securities on Nasdaq, and for DTC to settle traditional securities in tokenized form or vice versa, one must be a DTC Eligible Participant. A DTC Eligible Participant must register with the DTC and obtain or more wallet addresses on a DTC approved blockchain. DTC also indicates that its ability to execute tokenization and de-tokenization instructions will be limited by both the blockchains to which its tokenization service connects as well as the universe of securities that will be eligible for its services. According to DTC, only blockchains that meet DTC's standards for such things as transaction reversal and resiliency, will be supported by its service. DTC represents that it expects that its tokenization service will support multiple blockchains, and it expects to publish its blockchain standards, and its list of supported blockchains, in the coming months.

According to DTC, securities that are DTC Eligible Securities – meaning that they are eligible for tokenization and de-tokenization as part of the DTC tokenization pilot program, will

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<sup>20</sup> See n.3, *supra*.

<sup>21</sup> See *id.*; see also <https://www.dtcc.com/digital-assets/tokenization#Tokenization>.

be limited to the following, 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. These categories of DTC Eligible Securities will be the only tokenized equities that are available to trade on Nasdaq under this proposal.

If a DTC Eligible Participant wants to settle a DTC Eligible Security in token form, then the DTC Eligible Participant will submit an order handling instruction to the Exchange upon order entry. The DTC Eligible Participant will do so by selecting a flag designated by the Exchange for this purpose. The Exchange will then convey it to DTC for execution on a post-trade basis. Nasdaq understands that the DTC process is expected to include transfer of the Participant's designated book-entry position from the Participant's DTC account to a DTC control account and then conversion to a corresponding position in token form that DTC would mint and deliver to the Participant's DTC-registered digital wallet on a blockchain, which DTC would track and reconcile against the control account.<sup>22</sup> We also note that insofar as a DTC Eligible Participant's trades are settled on a net basis, and the DTC Eligible Participant's net position in a DTC Eligible Security is less than what the DTC Eligible Participant specified in its tokenization instruction, then DTC will adjust the instruction to tokenize the DTC Eligible Security to the extent of the net position.

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<sup>22</sup> Nasdaq understands that the DTC process may be available in the second half of 2026. See DTCC, No Action Letter and DTC Tokenization Service FAQ, at 2, available at <https://www.dtcc.com/-/media/Files/Downloads/digital-assets/dtc-tokenization-service-faq.pdf>.

DTC states that it will provide tokenization services on a pilot basis, as described above, for a period of three years after launch, after which time DTC will sunset the service.<sup>23</sup> Thus, Nasdaq will revisit this rule proposal when it knows what, if anything, will replace the service after it sunsets.

Nasdaq will 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.

### **Illustrative Example of Trading Tokenized Invesco QQQ on the Exchange**

The following illustrates how Nasdaq will trade tokenized securities on its system. For purposes of this illustration, the Exchange uses the example of the Invesco QQQ Trust<sup>SM</sup> ETP (the “QQQ ETF” or “QQQ”), the shares of which its sponsor, Invesco Capital Management LLC (“Invesco”), intends to offer in tokenized form.<sup>24</sup>

An Exchange member that is properly registered with DTC and eligible to participate in the DTC tokenization pilot program wishes to place a displayed limit order in a tokenized share of QQQ on behalf of an investor. The Exchange member would provide instructions to that effect when it enters the order into Nasdaq’s system, as it otherwise would do. The Exchange would then process that order consistent with how it processes all orders in QQQ shares in terms of order entry protocols, order handling, priority, order matching, and trade reporting. All Exchange Order Types and Attributes that are otherwise available to a traditional QQQ order in a given scenario would likewise be available to the tokenized QQQ order. The Exchange would generate market data about the order in the same way that it does now. The tokenized QQQ

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<sup>23</sup> See *id.*, at 1.

<sup>24</sup> Although Nasdaq discusses herein the trading of the Invesco QQQ ETF on the Exchange, this rule proposal would allow Nasdaq to trade other tokenized versions of securities. We anticipate that Invesco will file separately with the Commission to obtain any permission or exemptive relief necessary to have tokenized QQQ shares traded on the Exchange.

order would be available to match contra orders for either tokenized or traditional shares of QQQ and would do so without any special priority relative to other orders in QQQ on the Exchange book. When a trade occurs involving the order in tokenized QQQ, the Exchange will report trade information to the SIP as it does now. Until Nasdaq implements its plan to enable securities to trade on its market on a 23/5 basis, tokenized shares of QQQ will not be available for trading on Nasdaq outside of regular and extended trading hours.

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.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

2. Statutory Basis

Nasdaq's proposal offers a means by which market participants can utilize the DTC pilot tokenization program when trading on the Exchange. The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>25</sup> in general, and furthers the objectives of Section

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<sup>25</sup> 15 U.S.C. 78f(b).

6(b)(5) of the Act,<sup>26</sup> in particular, in that it is designed 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.

It is consistent with the Act to permit members of the Exchange to trade tokenized securities. As explained above, investors increasingly demand the ability to own and trade tokenized versions of financial assets, including securities. Such capabilities are available increasingly in other jurisdictions and to more a limited extent, in the United States. Thus far, and as compared with other available solutions, Nasdaq submits that its proposal offers a means of trading tokenized securities that is consistent with Congressional intent – in that it will provide for trading to occur within the framework of the national market system – while serving the best interests of issuers, investors, and the markets.

Most importantly, the proposal will involve trading tokenized securities on Nasdaq—the world’s leading and most trusted market operator and provider of market technology. This means that Nasdaq believes that the trading of tokenized securities that occurs on Nasdaq will be subject to the full panoply of SEC regulatory obligations and oversight, as well as Nasdaq rules, which together help to ensure that trading of all securities on Nasdaq is transparent, fair, orderly, equitable, and in the best interests of investors. Due to the application of the national market system rules, the prices of tokenized securities trading on Nasdaq will be transparent and they will both contribute to and account for the NBBO. Market makers on Nasdaq will provide two-sided liquidity, even in times of market stress. Broker-dealer members of the Exchange will have best execution obligations to investors when they execute trades of tokenized securities on Nasdaq. The Exchange itself will be subject to the rigors of Reg SCI to help ensure that

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<sup>26</sup> 15 U.S.C. 78f(b)(5).

tokenized securities trading occurs in a manner that is secure, dependable, and resilient as well as to ensure that Nasdaq is accountable for any failures to do so. Nasdaq's systems have a track record of reliably processing transactions in microseconds, even during recent periods of record-high volatility and message traffic. Nasdaq's world-class surveillance and enforcement capabilities—which are unique to national securities exchanges – also will be brought to bear to detect and address fraud and manipulation, should it occur.

Nasdaq's proposal will also avoid risks inherent in other tokenization approaches that would potentially fragment liquidity and isolate it to particular trading platforms and blockchain technologies that are not interoperable. In such scenarios, tokenized securities would not trade freely across markets as they do now or access better prices. Moreover, the markets could suffer to the extent that isolated liquidity no longer links to the national market system and contributes to the NBBO.

This proposal to trade tokenized securities on Nasdaq will require Nasdaq to change very little from its existing structure and practices, which the Commission has approved and oversees. As noted above, the tokenization services that DTC will provide in support of Nasdaq's proposal have been reviewed by the Commission and are subject to the terms of the No-Action Letter.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposal to trade tokenized securities on its market are neither intended to nor will they adversely impact competition. If anything, the Exchange expects that the proposed changes will promote competition by providing for the Nasdaq Stock Market to accommodate the demand for tokenized DTC Eligible Securities among listed companies and DTC Eligible Participants. Nasdaq believes that its proposal will be particularly attractive because it will

provide for the trading of tokenized DTC Eligible Securities in a manner that is familiar to market participants and investors and which is consistent with existing laws and rules. Indeed, under Nasdaq's proposal, the extent to which market participants (other than DTC) will need to modify their back-end systems and practices to accommodate tokenized securities trading should be minimal – meaning that those systems may simply need to account for the availability of the new flag and be set up to provide any information that the flag requires to Nasdaq. Nasdaq notes that market participants on the Exchange will remain free to trade, clear and settle securities in traditional form, including both DTC Eligible Securities and other securities.

In any event, the Exchange operates in a highly competitive market in which market participants can readily choose between competing venues if they deem participation in the Exchange's market to no longer be desirable or if they do not wish to trade tokenized securities. In such an environment, the Exchange must carefully consider the impact that any change it proposes may have on market participants, understanding that it will likely lose them to the extent a change is viewed as unfavorable by them. Because competitors are free to modify the functionality and structure of their markets, including by availing themselves of the same capabilities that are being developed to trade tokenized securities, the Exchange believes that the degree to which its proposal imposes any burden on competition is limited. Last, to the extent the proposed change is successful in attracting additional market participants or additional activity by existing Participants, the Exchange also believes that the proposed change will promote competition among trading venues by making the Exchange a more attractive trading venue for Participants and investors.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

#### Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-NASDAQ-2025-072 on the subject line.

#### Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-NASDAQ-2025-072. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>).

Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NASDAQ-2025-072 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>27</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>27</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 4**

## Changes to the Proposed Rule Text.

Text is marked to show changes to proposed rule language in the original filing.

Additions to original filing are double underlined; deletions from original filing are ~~stricken through~~.

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**THE NASDAQ STOCK MARKET LLC RULES**

\* \* \* \* \*

**Equity Rules**

\* \* \* \* \*

**EQUITY 4 EQUITY TRADING RULES**

\* \* \* \* \*

**4756. Entry and Display of Quotes and Orders**

(a) **Entry of Orders**—Participants can enter orders into the System, subject to the following requirements and conditions:

(1) (4) No change.

(5) A market participant that is eligible to participate in the Depository Trust Company's ("DTC's") three-year tokenization pilot program, pursuant to its terms and those of the Securities and Exchange Commission No-Action Letter, dated December 11, 2025 (the "No-Action Letter") (each such market participant, a "DTC Eligible Participant"), and which wishes for its order in a DTC Eligible Security (as that term is defined in Equity 1, Section 1(a)(2)) to clear and settle in tokenized form as part of the DTC tokenization pilot program shall notate its preference upon entry of the order in the System by

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selecting a flag that the Exchange designates for this purpose, in accordance with the Exchange's procedures. The flag will indicate the DTC Eligible Participant's preference as to what form the security will 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 (the Exchange will 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). 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, will communicate the DTC Eligible Participant's flag, and any associated information or instructions to DTC ~~as to the form the security will take (i.e., token or traditional), the selection of an applicable blockchain for the token, the selection of a digital wallet to receive the token, and any other information as DTC may require to complete the instruction in accordance with DTC's rules, policies, and procedures, and the terms of the No-Action Letter.~~ DTC will then carry out the DTC Eligible Participant's tokenization preference, as set forth in the flag, as well as any instructions attendant thereto (as discussed herein) to the extent that the flag or instruction is executable in accordance with DTC's rules, policies, and procedures, and the terms of the

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No Action Letter. Nasdaq's systems will 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. Nasdaq also will not determine whether DTC is able to execute a tokenization order for other reasons, including because the DTC Participant wishes to mint the token to a blockchain that is not compatible with the DTC pilot tokenization program or to a digital wallet that is not registered with DTC. 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, then the order will remain in traditional (non-tokenized) form, in accordance with DTC's rules, policies, and procedures. It is the sole responsibility of market participants to determine for themselves whether they are DTC Eligible Participants, if the securities subject to an order are DTC Eligible Securities, if the blockchains and wallets to which they wish to mint tokens are compatible with DTC's pilot tokenization program, or whether the tokenization instruction is otherwise consistent with the terms of that program and the No Action Letter.

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