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Comment on Transfer Agent Rules

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Legal, Technical, and Governance Analysis

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Executive Summary

I support modernizing the transfer-agent rules to require effective performance of the register's legal functions across recording technologies. A traditional share remains a security when recorded in tokenized form. Tokenization should improve ownership, transfer, safeguarding, and governance; possession of a key cannot replace those duties. The Commission should require a tested arrangement for resolving the lawful holder, maintaining accurate positions, implementing binding legal process, and continuing service through loss of credentials or a provider. A system unable to perform those required functions is unsuitable for the transfer-agent function it would perform.

Corporate law permits uncertificated shares and distributed stock ledgers. Article 8 of the Delaware Uniform Commercial Code (6 Del. C. art. 8) governs authority, transfer, control, adverse claims, and issuer responsibility. Exchange Act section 17A supplies the regulatory foundation for efficient and safe transfer-agent arrangements.

Cryptographic verification alone does not establish an attributed legal signature, signing intent, or authority to transfer a security. Identity must be attributable without being publicly exposed on every transaction. A wallet is not a single key: offline identity anchors, distinct certification roots, operational credentials, private registries, and authorized resolution can connect each instruction to the legal holder and permitted role. Applicable limits and restrictions must follow that relationship across linked credentials.

Automation can remove duplicated entry, reconciliation, communications, and reporting while preserving accountable functions. Direct transfers and corporate actions remain subject to the applicable trading, brokerage, custody, clearing, and transfer-agent requirements.

This comment answers all 175 numbered SEC questions and connects the legal analysis to operating controls and implementation cases. It does not invent national cost or frequency estimates.

I recommend mandatory tested recoverability. Loss of an operational key does not itself extinguish the holder's legal rights. The arrangement must support lawful freezes, corrections, binding orders, credential replacement, and successor handoff while reconciling supply and preserving protected third-party interests. Asset-layer controls, authorized migration, and adopted protocol changes are alternative implementations. Operators supply accountable governance; developers implement the necessary changes. The operator must demonstrate effective recovery across the complete register and its connected systems.

Disclosure. I am a named inventor on U.S. Patent Nos. 12,182,805 B2, 12,499,424 B2, and 12,505,435 B2, cited in Section 1.4. The public patent records identify nChain Licensing AG as assignee. I work for my own company and am not employed by nChain. No person or entity funded or commissioned this comment.

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1. Legal and Economic Foundations

1.1 Continuity of ownership through dematerialization

Tokenization should be analyzed as the recording and control of existing legal rights. Dematerialization separated securities ownership from possession of a paper certificate decades ago. A distributed record does not recreate the share, its issuer, or the shareholder's rights. The relevant question is whether the recordkeeping arrangement establishes the same legally effective ownership and transfer relationships with better security, attribution, processing, and governance. The Commission's proposal should therefore be assessed against the functions performed rather than the novelty claimed for the database.¹

This approach has a concrete U.S. corporate-law foundation. Delaware permits uncertificated shares under section 158 and permits corporate records, including stock ledgers, to be maintained through distributed electronic networks under section 224. The records must be convertible into clearly legible paper form within a reasonable time. The stock ledger must also support the required holder lists, record the specified statutory information, and record transfers governed by Article 8. The authorization is substantive: an electronic arrangement can perform the stock-ledger function, but must remain capable of producing the records that make shareholder rights usable.^{2,3}

The SEC staff's January 2026 taxonomy similarly treats an issuer-sponsored tokenized security as a security whose master securityholder file uses on-chain database records linked, where appropriate, to off-chain identifying information. The staff statement explains that changing the format in which a security is issued or the method of recording its holders does not alter the application of federal securities law. It is a staff view without legal force; the governing foundation remains the statutory definitions and the rights embodied in the instrument. Replacing a certificate reference with a position reference can preserve the same corporate obligation and regulatory classification.⁴

The argument is not that every token marketed as a share is the same instrument. A custodial entitlement, a third-party linked note, and an issuer's own registered share can create materially different claims. The continuity proposition applies when the same security and rights are actually maintained. Classification must follow the identity of the obligor, the legal interest acquired, the holder's rights, and the authoritative transfer mechanism, rather than a shared label.

¹Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 10–13, 21–29.

²Del. Code Ann. tit. 8, § 158, <https://www.delcode.delaware.gov/title8/c001/sc05/index.html>.

³Del. Code Ann. tit. 8, §§ 219, 224, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

⁴SEC Divisions of Corporation Finance, Investment Management, and Trading and Markets, "Statement on Tokenized Securities," January 28, 2026, <https://www.sec.gov/newsroom/speeches-statements/corp-fin-statement-tokenized-securities-012826-statement-tokenized-securities>, "Issuer-Sponsored Tokenized Securities," and nn. 2, 5.

1.2 The statutory case for efficient, accountable infrastructure

Exchange Act section 17A expressly connects new data-processing and communications techniques with more efficient, effective, and safe clearance and settlement. Its objectives include prompt and accurate processing, safeguarding assets, coordination, and fair competition. Reducing avoidable intermediary work is therefore consistent with the statutory design where the responsible functions remain effective. The appropriate response is to demonstrate what duplicated work can disappear, what protection is retained, and who remains accountable.⁵

Section 3(f) requires the Commission, when making the specified public-interest determinations, to consider efficiency, competition, and capital formation. Section 23(a)(2) limits unnecessary burdens on competition. These provisions support examination of whether media-specific practices or duplicated reporting force market participants to preserve unnecessary chains of service providers. They also require consideration of the costs of replacing those chains with concentrated software, credential, or infrastructure providers.^{6,7}

A sound administrative record should distinguish demonstrated capabilities from projected savings. The technical architecture below establishes a means of generating records, enforcing permissions, and reducing duplicated instructions. It does not establish a national cost-saving percentage without operational evidence. The Commission should request comparable measurements and assess alternative implementations, including conventional databases that meet the same controls.^{8,9}

The statutory basis is express. Section 17A(d)(1)(A) authorizes Commission rules governing activities of registered transfer agents when necessary or appropriate for the stated public-interest, investor-protection, or Exchange Act purposes. Section 17(a)(1) separately authorizes records and reports requirements for registered transfer agents. These provisions reach every covered transfer-agent function, whatever recording technology is used; their reach is defined by the function performed and the securities involved. The registration requirement in section 17A(c)(1) has a defined scope: transfer-agent functions for securities registered under Exchange Act section

⁵Securities Exchange Act of 1934 § 17A, 15 U.S.C. § 78q-1, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q-1.htm>, § 17A(a)(1)–(2).

⁶Securities Exchange Act of 1934 § 3, 15 U.S.C. § 78c, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78c.htm>, § 3(f).

⁷Securities Exchange Act of 1934 § 23(a), 15 U.S.C. § 78w(a), <https://www.law.cornell.edu/uscode/text/15/78w>, § 23(a)(2).

⁸Administrative Procedure Act, 5 U.S.C. § 553, <https://www.law.cornell.edu/uscode/text/5/553>.

⁹Administrative Procedure Act, 5 U.S.C. § 706, <https://www.law.cornell.edu/uscode/text/5/706>.

12, or that would be required to be registered but for the exemptions in section 12(g)(2)(B) or (G).^{10,11}

The allocation of regulatory responsibility also remains operative. Section 3(a)(34)(B) assigns banking transfer agents to the relevant banking regulator and other transfer agents to the Commission. Section 17A(d)(3) requires consultation and cooperation, gives the banking appropriate regulatory agency primary examination and enforcement responsibility, and expressly preserves the Commission's rulemaking and enforcement authority. Section 17(a)(3) also provides for records rules of the transfer agent's appropriate regulatory agency. A technologically neutral rule should be administered within this coordinated structure, not described as displacing it.^{12,13,14}

The securities classification likewise follows the instrument. Both federal definitions expressly include stock. In *Landreth*, the Supreme Court held that stock bearing the usual characteristics of traditional stock falls within the Acts; a label alone is insufficient, but a separate investment-contract test is unnecessary for such traditional stock. Recording that same share electronically does not remove those characteristics. This reasoning does not classify every token, custodial claim, or contractual arrangement as stock.^{15,16,17}

Loper Bright requires courts to determine statutory meaning independently. It also recognizes that Congress may delegate discretion, including through terms such as "appropriate," while courts fix the delegation's boundaries and require reasoned decisionmaking within them. The authority argument here rests on the expressly regulated transfer-agent functions and the existing securities, not on deference to an agency's assertion of new jurisdiction. A final recovery rule must justify its obligations, costs, and alternatives in the administrative record and remain within those statutory bound-

¹⁰Securities Exchange Act of 1934 § 17A, 15 U.S.C. § 78q-1, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q-1.htm>, § 17A(c)(1), (d)(1)(A).

¹¹Securities Exchange Act of 1934 § 17, 15 U.S.C. § 78q, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q.htm>, § 17(a)(1).

¹²Securities Exchange Act of 1934 § 3, 15 U.S.C. § 78c, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78c.htm>, § 3(a)(34)(B).

¹³Securities Exchange Act of 1934 § 17A, 15 U.S.C. § 78q-1, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q-1.htm>, § 17A(d)(1)(B), (d)(2)–(4).

¹⁴Securities Exchange Act of 1934 § 17, 15 U.S.C. § 78q, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q.htm>, § 17(a)(3), (b)(1).

¹⁵Securities Act of 1933 § 2(a)(1), 15 U.S.C. § 77b(a)(1), <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2A-subchapI-sec77b.htm>, § 2(a)(1).

¹⁶Securities Exchange Act of 1934 § 3, 15 U.S.C. § 78c, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78c.htm>, § 3(a)(10).

¹⁷*Landreth Timber Co. v. Landreth*, 471 U.S. 681 (1985), <https://www.govinfo.gov/content/pkg/USREPORTS-471/pdf/USREPORTS-471-681.pdf>, 686–87, 690–93.

aries. The delegation is not advance judicial approval of every proposed control or of changes to substantive ownership rights. Section 17A(f) also supplies an affirmative route for specified federal transfer rules notwithstanding state law, subject to its findings, consultation requirements, exclusions, and state-override provision. Congress therefore contemplated federal transfer rules of that kind. The recovery recommendation here preserves legally protected ownership interests and does not recommend overriding them.^{18,19}

A major-questions objection would be strongest if the rule claimed an extraordinary new power over the digital-asset economy or used transfer-agent regulation to alter substantive ownership without a statutory basis. *West Virginia v. EPA* requires clear congressional authorization for an extraordinary assertion of regulatory power, assessed in its statutory and economic context. The narrower recommendation here concerns established recordkeeping, transfer, and safeguarding functions for covered securities. Its justification should identify the specific delegated functions, preserve the banking-regulator allocation and legally protected third-party rights, and demonstrate the controls' costs and effectiveness. I submit that the objection is answered on that record: the rule would exercise existing, expressly delegated authority over the instruments and transfer-agent functions Congress assigned to the Commission. The legal case rests on that defined function and demonstrated implementation, rather than a claim to regulate an entire technology or unrelated market activity.²⁰

1.3 Ownership, authority, and technical control

Three relationships must be represented separately. Ownership identifies the legal holder and the rights associated with the security. Authority identifies a person's entitlement to originate or approve an instruction. Technical control identifies the credentials or system permissions capable of causing an action. A private key can provide evidence about an instruction; it does not by itself answer all three legal questions.

Article 8 of the Delaware Uniform Commercial Code (6 Del. C. art. 8) addresses effective instructions, control, delivery, and registration through distinct provisions. Its current control provisions include qualifying authenticated control agreements. This permits a precise documentary link between the parties' agreement and their technical permissions without reducing control to posses-

¹⁸*Loper Bright Enterprises v. Raimondo*, 603 U.S. 369 (2024), https://www.supremecourt.gov/opinions/23pdf/603us1r54_87ad.pdf, 394–95, 412–13.

¹⁹Securities Exchange Act of 1934 § 17A, 15 U.S.C. § 78q-1, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q-1.htm>, § 17A(d)(1), (f)(1)–(3).

²⁰*West Virginia v. Environmental Protection Agency*, 597 U.S. 697 (2022), https://www.supremecourt.gov/opinions/21pdf/597us2r65_5iel.pdf, 721–24.

sion of a single secret. The governing issuer and intermediary jurisdictions must also be identified: a node's physical location does not determine all applicable ownership law.^{21,22,23,24}

The issuer's duty to register an eligible and rightful transfer should be incorporated into the operating model together with safeguards against wrongful registration. A system that prevents every transfer until a provider chooses to act may impair the holder's rights; a system that accepts cryptographic validity alone may register an unauthorized transfer. Eligibility, actual authority, reasonable assurance, restrictions, adverse claims, and legal process therefore belong in the transfer workflow.^{25,26,27,28}

1.4 Existing work and its application to the United States

My earlier work on hierarchical contract structures, keys, common secrets, selective access, and automated agents provides a technical basis for partitioning authority while preserving links between an asset and its controlling relationships. That work treats legal and operational conditions as capable of representation within organized processes rather than as consequences of a public address alone.²⁹

The tokenization patent describes asset and controller identifiers, master/subkey arrangements, and references to associated contracts. The exchange patent addresses tokens representing contractual rights with supporting issuance arrangements. The registry patent addresses references to contractual records and their automated management. These patent disclosures describe technical approaches developed before the present proposal. They do not establish deployment, operational validation, or satisfaction of U.S. securities requirements.^{30,31,32}

²¹Del. Code Ann. tit. 6, § 8-106, <https://www.delcode.delaware.gov/title6/c008/sc01/index.html>.

²²Del. Code Ann. tit. 6, § 8-107, <https://www.delcode.delaware.gov/title6/c008/sc01/index.html>.

²³Del. Code Ann. tit. 6, § 8-110, <https://www.delcode.delaware.gov/title6/c008/sc01/index.html>.

²⁴Del. Code Ann. tit. 6, § 8-301, <https://www.delcode.delaware.gov/title6/c008/sc03/index.html>.

²⁵Del. Code Ann. tit. 6, § 8-401, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

²⁶Del. Code Ann. tit. 6, § 8-402, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

²⁷Del. Code Ann. tit. 6, § 8-403, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

²⁸Del. Code Ann. tit. 6, § 8-404, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

²⁹Craig Wright and Antoaneta Serguieva, "Sustainable Blockchain-Enabled Services: Smart Contracts," in *2017 IEEE International Conference on Big Data (Big Data)* (IEEE, 2017), 4255–64, <https://doi.org/10.1109/BigData.2017.8258452>, 4255–61.

³⁰Craig Steven Wright and Stephane Savanah, "Tokenisation Method and System for Implementing Exchanges on a Blockchain," U.S. Patent No. 12,182,805 B2, issued December 31, 2024 (grant record identifies nChain Licensing AG as assignee), <https://patents.google.com/patent/US12182805B2/en>, description, asset/controller keys and subkeys.

³¹Craig Steven Wright and Stephane Savanah, "Blockchain-Based Exchange with Tokenisation," U.S. Patent No. 12,499,424 B2, issued December 16, 2025 (grant record identifies nChain Licensing AG as assignee), <https://patents.google.com/patent/US12499424B2/en>, description, tokenization and contractual rights.

³²Craig Steven Wright and Stephane Savanah, "Registry and Automated Management Method for Blockchain-Enforced Smart Contracts," U.S. Patent No. 12,505,435 B2, issued December 23, 2025 (grant record identifies nChain Licensing AG as assignee), <https://patents.google.com/patent/US12505435B2/en>, description, contract repositories and conditional management.

My governance thesis examines responsibility by reference to actual control and conventional legal relationships. Its English partnership and fiduciary arguments are not offered as governing U.S. holdings. The relevant contribution here is the insistence that software administration, changes, access, and remedies must be assigned to identifiable persons. U.S. authority must be established independently through the applicable securities, corporate, commercial, agency, and evidentiary rules.³³

My Walden University DBA study discusses identity registries, selective disclosure, transaction evidence, automated approvals, and operational recovery. Those mechanisms inform the architecture in this response. The study's payment-fee comparisons should not be transported into securities-market estimates: the asset, regulatory obligations, liquidity arrangements, and relevant cost denominators differ.³⁴

1.5 Responsibility follows the function performed

Delaware Article 8 expressly places an issuer's obligations on a transfer agent, registrar, or other issuer agent with respect to the particular functions it performs. Automation therefore allows performance to be reorganized without requiring responsibility to disappear. The issuer agreement should identify the party responsible for registration, issuance, cancellation, assurance of authority, and correction. Code providers and certification services can support these functions under defined service arrangements; their participation does not itself determine who owes the statutory obligation to the holder.³⁵

Electronic validity should be grounded in the provisions governing the particular act. E-SIGN supports electronic transactions generally, but section 7003 excludes most UCC-governed records from section 7001, including the ordinary Article 8 case. For these securities, the operative foundation is the applicable corporate law and Article 8's treatment of instructions, registration, and control. E-SIGN therefore does not supply the operative rule for these records.^{36,37,38}

Remediation must also recognize the protected purchaser. Under section 8-303, value, absence of notice of an adverse claim, and control are the statutory conditions; the purchaser acquires its interest free of an adverse claim. A registry administrator cannot settle competing rights simply by assigning a replacement key or reversing a technical entry. The remedy must identify the relevant

³³Craig Steven Wright, "Fiduciary Governance of BTC Core under English Law" (PhD thesis, University of Leicester, July 2025), abstract and introductory analysis.

³⁴Craig Steven Wright, "Optimizing Global Micropayments Through Bitcoin's On-Chain Architecture for Enhanced Scalability and Economic Efficiency" (DBA doctoral study, Walden University, December 2025), <https://scholarworks.waldenu.edu/dissertations/18864/>, 195–200, 219–23.

³⁵Del. Code Ann. tit. 6, § 8-407, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

³⁶Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7003, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap96-subchapI-sec7003.htm>, § 7003(a)(3).

³⁷Del. Code Ann. tit. 6, § 8-106, <https://www.delcode.delaware.gov/title6/c008/sc01/index.html>.

³⁸Del. Code Ann. tit. 6, § 8-401, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

protected interests, wrongful-registration liability, and any overissue consequences, then implement the legally authorized result with a preserved audit trail.^{39,40,41}

2. Registration, Forms, and Automated Reporting

2.1 Registration and regulatory communications

The proposed 45-day registration period concerns the regulator’s assessment of an applicant, not the speed at which its database can process a transfer. Automation can improve the completeness and consistency of an application but cannot substitute for assessing the applicant’s legal role and ability to discharge its obligations. A common disclosure schema, pre-filing validation, and clear treatment of pending amendments would reduce avoidable delay without asserting that all applicants require the same examination effort.⁴²

Contact information should identify a responsible recipient and a functioning escalation path. Automated communications should be accompanied by evidence of delivery, receipt, reassignment, and escalation when personnel change. A named backup or monitored organizational contact can preserve continuity; a system should not be considered compliant merely because it generated a message to an obsolete address. The final approach should accommodate small firms without equating the number of named staff with the quality of coverage.

2.2 Form TA-1: governance and control disclosures

The form should establish who operates the transfer agency, who controls it, who can change important policies, and which affiliated organizations supply significant functions. Ownership, contractual rights, management powers, and system administration can reveal different forms of control. An organizational chart should therefore be useful for tracing responsibility, rather than an exercise in reproducing corporate branding. Accurate entity identifiers and functional roles can be maintained in a structured record from which the form and chart are generated.⁴³

Disclosure should separate information needed publicly to assess accountability from sensitive details needed for supervision. The identities of controllers and relevant disciplinary information

³⁹Del. Code Ann. tit. 6, § 8-303, <https://www.delcode.delaware.gov/title6/c008/sc03/index.html>.

⁴⁰Del. Code Ann. tit. 6, § 8-404, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

⁴¹Del. Code Ann. tit. 6, § 8-210, <https://www.delcode.delaware.gov/title6/c008/sc02/index.html>.

⁴²Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 33–35.

⁴³Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 35–50.

can serve a public purpose. Root-key locations, recovery secrets, precise privileged-access paths, and similar security material should not be inserted into public forms. The legal basis for any confidential treatment must be respected rather than inferred from an operator's preference.

The definition of control should not be rewritten to assume that every software supplier controls its customers. Relevant evidence includes powers to approve transfers, issue or revoke credentials, change policy, recover assets, prevent access, or determine the operative record. The agreement and actual practice should identify whether those powers are held as an agent, under a limited service mandate, or as a wider controlling interest.

2.3 Form TA-2: derive reporting from the operational record

Activity reporting can be produced from the same structured records used for transfer processing and supervision. Each qualifying event should carry its issue identifier, service category, relevant holder/account identifier, receipt and outcome timestamps, money or asset movements, and exception reason. Versioned calculation rules can transform those events into the required annual counts. This avoids requiring a separate manual ledger merely to complete the form.⁴⁴

The report must distinguish a wallet, a key, a registered account, a registered holder, and a beneficial owner where relevant. Counting transaction keys as accounts would overstate activity and invite manipulation. A stable internal holder/account relationship can permit many authorized addresses without multiplying the legal account count. Issuer-sponsored shares, custodial entitlements, and synthetic exposures likewise require distinct classification.

Provider disclosures should reveal the functions outsourced and the dependencies relevant to continuity, access, and safeguarding. A shared identity service, hosted record store, wallet interface, or tokenization provider may create risks without holding legal title. Conversely, an automated in-house service may perform functions traditionally supplied by an external firm. The reporting categories should capture the function and arrangement, not merely a fashionable provider description.

2.4 Corrections, evidence, and human responsibility

The proposed 60-day correction obligation should be supported by detection and escalation controls. A discrepancy between the annual report and its underlying records should create a review task with a discovery date, materiality assessment, approved correction, and retained explanation. Changes

⁴⁴Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 50–69.

to reporting software require regression checks against known examples and preservation of the previous calculation version.⁴⁵

Automation should supply the reviewer with reconciled figures and an exception list. It should not silently amend a filed report whenever an input changes. Filing remains an attributable act by the authorized filer. The advantage is less duplicated preparation and better traceability from a reported number to the underlying record, with accountable approval preserved.

3. Identity, Wallets, and Allocation of Transfer Responsibility

3.1 A wallet is an arrangement, not a single key

A signing key does not create a legal identity, and running a signing algorithm does not by itself establish a legal signature. In cryptographic terminology, a digital signature is a verifiable relationship between a message, a signature value, and a public key. Its legal effect requires attribution to the relevant person and the intent and authority applicable to the act. Key possession alone does not prove that the lawful holder adopted the record, that a representative had authority, or that an instruction was effective.

Delaware UCC section 1-201(b)(37) defines signing by present intent to authenticate or adopt a record, using a tangible or electronic symbol, sound, or process. Article 8 separately identifies the appropriate person and the conditions under which an endorsement, instruction, or entitlement order is effective. The register must therefore preserve evidence linking the purported act to the legal holder or relevant representative, the authority relied on, and the record or instruction adopted. A stolen key can produce a mathematically valid result without establishing those facts.^{46,47}

E-SIGN and Delaware's Uniform Electronic Transactions Act likewise refer to a person's execution or adoption of an electronic process with signing intent; UETA permits attribution to be shown through context and security procedures. Neither definition imposes one universal government-identification document or one mandatory PKI technology. Their general electronic-validity provisions are not a shortcut around Article 8: the relevant UCC transactions are excluded from their ordinary scope, and Article 8 supplies its own rules for communication and effectiveness. Nor does every securities transaction require an individually signed writing. The operational requirement

⁴⁵Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 34–35.

⁴⁶Del. Code Ann. tit. 6, § 1-201, <https://delcode.delaware.gov/title6/c001/sc02/index.html>, § 1-201(b)(37), (41).

⁴⁷Del. Code Ann. tit. 6, § 8-107, <https://www.delcode.delaware.gov/title6/c008/sc01/index.html>, § 8-107(a)–(e).

is evidence of the applicable legal act and its attribution, rather than treating every cryptographic verification as conclusive authority.^{48,49,50,51}

A wallet may contain or use multiple keys, addresses, credentials, approval rules, and references to legal records. Its attribution can be anchored to an offline user identity key without requiring that key to appear directly in ordinary blockchain transactions. Transaction credentials can be linked to that identity anchor through certified associations, key-derivation arrangements, or an authenticated index. The required result is a verifiable chain from the instruction to the authorized role and relevant holder, with the information exposed only to those entitled to inspect it.^{52,53}

An offline certification-authority signing key and an offline user identity key can occupy different roles within this architecture. Their duties should be expressly specified rather than collapsed because both are master credentials. The certification authority attests to defined relationships under its certificate policy; the user's identity anchor connects authorized credentials to the user. Transaction-signing and data-encryption keys can then be separated from both. Revocation and recovery must preserve historical attribution.^{54,55}

ECDH-based common-secret mechanisms can enable bilateral links, controlled indexing, or protected communications. Key agreement must operate within an authenticated scheme and an explicit derivation design. The legal record must state who established the link, the credential's authorized use, and its effective period. No inference that a key agreement alone proves legal identity is needed for the architecture proposed here.^{56,57}

⁴⁸Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7006, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap96-subchapI-sec7006.htm>, § 7006(5), (8).

⁴⁹Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7003, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap96-subchapI-sec7003.htm>, § 7003(a)(3).

⁵⁰Delaware Uniform Electronic Transactions Act, Del. Code Ann. tit. 6, ch. 12A, <https://delcode.delaware.gov/title6/c012a/index.html>, §§ 12A-102(9), 12A-103(b)(2), 12A-109.

⁵¹Del. Code Ann. tit. 6, art. 8, pt. 1, <https://delcode.delaware.gov/title6/c008/sc01/index.html>, §§ 8-102(a)(6), 8-107, 8-113.

⁵²Craig Wright and Antoaneta Serguieva, "Sustainable Blockchain-Enabled Services: Smart Contracts," in *2017 IEEE International Conference on Big Data (Big Data)* (IEEE, 2017), 4255–64, <https://doi.org/10.1109/BigData.2017.8258452>, 4256–61.

⁵³Craig Steven Wright, "Optimizing Global Micropayments Through Bitcoin's On-Chain Architecture for Enhanced Scalability and Economic Efficiency" (DBA doctoral study, Walden University, December 2025), <https://scholarworks.waldenu.edu/dissertations/18864/>, 197–200.

⁵⁴D. Cooper et al., *Internet X.509 Public Key Infrastructure Certificate and Certificate Revocation List (CRL) Profile*, RFC 5280 (May 2008), <https://www.rfc-editor.org/rfc/rfc5280>, certificate extensions, certificate policies, and path validation.

⁵⁵National Institute of Standards and Technology, *Recommendation for Key Management: Part 1—General*, SP 800-57, part 1, rev. 5 (2020), <https://doi.org/10.6028/NIST.SP.800-57pt1r5>.

⁵⁶National Institute of Standards and Technology, *Recommendation for Pair-Wise Key-Establishment Schemes Using Discrete Logarithm Cryptography*, SP 800-56A, rev. 3 (2018), <https://doi.org/10.6028/NIST.SP.800-56Ar3>.

⁵⁷H. Krawczyk and P. Eronen, *HMAC-based Extract-and-Expand Key Derivation Function (HKDF)*, RFC 5869 (May 2010), <https://www.rfc-editor.org/rfc/rfc5869>.

3.2 Identity records and selective disclosure

The master securityholder record must resolve to the registered holder, not stop at an address or proof of key possession. The proposal expressly identifies the holder's full name and relevant identifying or titling information, together with the required contact information, as position detail; it permits linked files while preserving the transfer agent's control and responsibility for the complete authoritative record. The holder record should contain the information required to identify the legal holder and deliver the relevant communications. Private identity material can be maintained off-chain and linked to transaction records through authenticated references. The public record need not reproduce the holder's physical address, evidence of identity, or private contractual documents. An authorized examiner should be able to resolve the link and test the evidence without obtaining unrelated personal data.^{58,59,60,61}

A mere hash of personal information is not an adequate privacy strategy when that information can be guessed. The design should use access controls, appropriate encryption, separated records, and carefully specified commitments where needed. Its objective is to disclose the necessary facts to the authorized person while keeping the underlying association inaccessible to ordinary observers. Recovery procedures must ensure that losing an operational address does not erase the holder's place in the register.

The phrase "blind shares" describes the governance failure in which operative transfer records cease to resolve to accountable ownership. It is not used here as a substitute for Article 8's definition of a bearer-form certificated security. Pseudonymous transaction records can remain fully attributable through maintained private records. An unresolvable address is not a substitute for the required master securityholder record. Where the complete maintained arrangement cannot identify the legal holder or establish the relevant instruction and authority, it fails that recordkeeping function. A public address can remain pseudonymous while an accountable private register supplies the required resolution, evidence, and authorized access.^{62,63}

⁵⁸Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 79–86.

⁵⁹Del. Code Ann. tit. 8, § 219, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

⁶⁰Del. Code Ann. tit. 8, § 224, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

⁶¹Securities and Exchange Commission, "Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Customer Information," Release No. 34-100155, May 16, 2024, <https://www.sec.gov/files/rules/final/2024/34-100155.pdf>.

⁶²Del. Code Ann. tit. 6, § 8-102, <https://www.delcode.delaware.gov/title6/c008/sc01/index.html>.

⁶³Del. Code Ann. tit. 6, § 8-207, <https://www.delcode.delaware.gov/title6/c008/sc02/index.html>.

3.3 Eligibility and limits across linked credentials

Transfer permissions should bind to the relevant legal person or account, with address-specific credentials functioning as implementations of that permission. The same person may have several wallets or transaction keys. Where a rule limits aggregate holdings, value, or transaction counts, compliance cannot be reset simply by using a different address. The policy must define the aggregation scope, effective period, applicable asset, and responsible administrator.

At execution, the system should test the sender's authority, recipient's current eligibility, sufficient unencumbered position, applicable restrictions, any necessary approvals, and relevant limits. A credential can encode an attested status and expiry; the record should preserve the status applied at the decision time. An expired credential should lead to reauthentication or review, not an unexplained confiscation or permanent loss of shareholder rights.^{64,65}

Only restrictions supported by applicable law, the security's terms, valid agreements, or authorized operating procedures should be applied. A technically configurable cap is not therefore a lawful cap. Equally, an identity credential should not be treated as a universal investment-eligibility certificate. The relevant offering, resale, affiliate, jurisdictional, and instrument-specific conditions must be selected for the transaction.^{66,67,68,69}

3.4 One authoritative state, distributed components

Multiple linked files are compatible with one accountable master securityholder record. The identity store, transfer journal, position store, control book, and restriction register can occupy different systems, provided that their links and ordering produce a coherent result. The final rule should not require a single physical database. It should require accurate records, an identified responsible transfer agent, reliable reconciliation, and production of the complete record.⁷⁰

If several agents participate, the agreement must allocate submission, validation, posting, reconciliation, inquiry, and remediation responsibilities. Multiple parties must not each issue securities against a locally assumed remaining capacity. Common issue-level authorization and reservation controls are required. Allowing several equally liable recordkeepers would need an express coordination regime; shared liability alone does not prevent inconsistent concurrent postings.

⁶⁴Del. Code Ann. tit. 6, § 8-401, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

⁶⁵Del. Code Ann. tit. 6, § 8-402, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

⁶⁶Securities Act of 1933 § 5, 15 U.S.C. § 77e, <https://www.law.cornell.edu/uscode/text/15/77e>.

⁶⁷Securities Act of 1933 § 4, 15 U.S.C. § 77d, <https://www.law.cornell.edu/uscode/text/15/77d>.

⁶⁸Securities Act Rule 144, 17 C.F.R. § 230.144, <https://www.law.cornell.edu/cfr/text/17/230.144>.

⁶⁹Del. Code Ann. tit. 8, § 202, <https://www.delcode.delaware.gov/title8/c001/sc06/index.html>.

⁷⁰Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 76–104.

3.5 A concrete attribution and authorization sequence

The implementation can begin with an identity record containing the holder's legal identity, issue-level account reference, authorized representatives, and evidence supporting those relationships. A certification process binds the relevant offline identity anchor to that record. Its policy identifies the certifier's responsibilities, the credential's purposes, and the conditions for suspension or replacement. The certifier's signing root and the holder's identity anchor remain separate roles even when both are kept offline.^{71,72}

An owner and an agent can then use authenticated ECDH to establish a common secret from their respective private and public credentials. A derivation function uses that secret with explicit contextual information—the issue, parties, purpose, and relevant version—to produce a relationship-specific index or encryption key. The private registry maps the resulting reference to the verified holder and authorized role. Neither publication of the identity anchor nor a publicly readable map of all the owner's addresses is required. Separate derivations for different relationships can prevent an ordinary observer from correlating records across agents. The exact protocol must specify authentication, derivation inputs, compromise consequences, and the authorized resolution procedure.^{73,74,75}

Operational transaction credentials are enrolled under that relationship with a defined scope and effective period. An agent may be permitted to originate specified instructions without obtaining unrestricted power over all of the owner's assets. Before posting, the transfer system resolves the credential privately, verifies its current delegation and status, and evaluates the instrument-specific conditions. It records the instruction, decision inputs, applied policy version, approvals, and resulting position update. The reporting process consumes this same event record instead of requiring the transfer to be reconstructed manually for each form.^{76,77,78}

This sequence supports privacy and examination together. Public participants see the information needed to validate the permitted transaction; the agent maintains the complete ownership relation-

⁷¹D. Cooper et al., *Internet X.509 Public Key Infrastructure Certificate and Certificate Revocation List (CRL) Profile*, RFC 5280 (May 2008), <https://www.rfc-editor.org/rfc/rfc5280>.

⁷²National Institute of Standards and Technology, *Digital Identity Guidelines: Identity Proofing and Enrollment*, SP 800-63A-4 (2025), <https://pages.nist.gov/800-63-4/sp800-63a.html>.

⁷³Craig Wright and Antoaneta Serguieva, "Sustainable Blockchain-Enabled Services: Smart Contracts," in *2017 IEEE International Conference on Big Data (Big Data)* (IEEE, 2017), 4255–64, <https://doi.org/10.1109/BigData.2017.8258452>, 4256–61.

⁷⁴National Institute of Standards and Technology, *Recommendation for Pair-Wise Key-Establishment Schemes Using Discrete Logarithm Cryptography*, SP 800-56A, rev. 3 (2018), <https://doi.org/10.6028/NIST.SP.800-56Ar3>.

⁷⁵H. Krawczyk and P. Eronen, *HMAC-based Extract-and-Expand Key Derivation Function (HKDF)*, RFC 5869 (May 2010), <https://www.rfc-editor.org/rfc/rfc5869>.

⁷⁶Del. Code Ann. tit. 6, § 8-401, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

⁷⁷Del. Code Ann. tit. 6, § 8-402, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

⁷⁸Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 76–104.

ship; an authorized examiner receives a purpose-limited resolution and the supporting evidence. Access itself is logged and governed. A successor agent receives the required records and associations without needing the predecessor's unrestricted private signing authority. These are distinct permissions, and the migration procedure should preserve that distinction.

3.6 Aggregation follows the relevant legal relationship

A common holder reference enables aggregation across operational addresses, but the legal test can extend beyond a single registered account. Rule 13d-3 includes voting or investment power held directly or indirectly through arrangements and requires aggregation of the same class beneficially owned by a person. The data model should therefore represent delegated powers and relevant relationships, rather than assume that registration alone identifies every reportable beneficial interest. Credentials can support the necessary evidence and alerts; the applicable disclosure obligation still requires the prescribed filing.⁷⁹

3.7 Recovery is included in the attribution architecture

The maintained relationship must survive loss of the current operational credential, replacement of an identity anchor, and succession of the authorized agent. Recovery authority should be separately scoped from routine transfer authority. Historical indexes and encrypted records need their own continuity arrangements; a new identity credential does not recreate every old common secret. Sections 6.3–6.11 and Appendix D specify the accountable recovery outcomes and acceptance cases.

4. Transfer Processing, Performance, and Proportionate Obligations

4.1 The transfer lifecycle

A transfer workflow should create one durable instruction identifier from receipt through its final disposition. Receipt, eligibility review, reservation, required approval, execution, posting, and notification are distinct events. Their timestamps make delay attributable and permit automated performance calculations. A network broadcast is not necessarily a received instruction, a confirmed transaction is not necessarily a lawful registration, and a completed registration is not necessarily completed payment.^{80,81}

⁷⁹Exchange Act Rule 13d-3, 17 C.F.R. § 240.13d-3, <https://www.law.cornell.edu/cfr/text/17/240.13d-3>, paragraphs (a)–(c).

⁸⁰Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 71–76, 104–17.

⁸¹Del. Code Ann. tit. 6, § 8-401, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

Prevalidation should identify common defects before the user submits a binding instruction. The issuer or agent can then accept complete routine instructions for automated processing while routing genuine exceptions to review. Rejection should identify the affected instruction, specific defect, and remedial action in a form the holder can retain. Opaque failure codes prevent correction even when they protect the system from executing an invalid request.

For distributed arrangements, the operator should publish the entry points through which an instruction enters its controlled service. Failed attempts outside those entry points should be distinguished from received items, while failures of the operator's accepted service should not disappear from monitoring. Outages require retained incident records, alternative receipt arrangements, and honest performance reporting.

4.2 Deadlines and nonroutine work

The proposed processing and posting standards align routine processing with the shorter of one business day and the settlement cycle specified in Rule 15c6-1(a). The proposal frames this as a requirement for written policies and procedures reasonably designed to achieve timely turnaround, rather than a de facto strict-liability violation for one missed item. Routine automated transfers can be materially faster than that boundary. Faster capability should be demonstrated with receipt-to-posting and completion records; network throughput alone does not establish end-to-end processing performance.^{82,83}

A legally disputed transfer, complex succession, or incomplete authority document may require nonroutine handling. That should remain a genuine exception, with a reason, assigned responsibility, progress record, next action, and escalation deadline. A transfer should not be relabeled nonroutine merely to hide deficient routine processing. Conversely, automated completion must not become an incentive to ignore adverse claims or legal process.

Investment-company transactions require their relevant valuation and dealing rules to be respected. An automated securities register does not decide a fund's NAV calculation or eliminate fund-specific redemption conditions. Processing commitments should be specified with those dependencies, rather than asserting that every instrument can trade and settle under an identical instantaneous workflow.

⁸²Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 104–17, 168–70.

⁸³Exchange Act Rule 15c6-1, 17 C.F.R. § 240.15c6-1, <https://www.law.cornell.edu/cfr/text/17/240.15c6-1>.

4.3 Monitoring, restrictions, and small operators

Monitoring can generate the proposed lateness notices directly from operational records. The calculation should retain its population, exclusions, numerator, denominator, and relevant time boundary. Where low monthly volume makes percentages volatile, the regulator should consider counts, severity, duration, repeated defects, and the risk to holders alongside the percentage trigger.⁸⁴

The proposed growth restrictions should address the risk that an underperforming agent expands beyond its operational capacity. The Commission should compare the proposed thresholds with supervised remediation and measured restoration of performance. The architecture can alert issuers promptly and expose backlog conditions before annual reporting. The evidence presently available does not establish a nationally optimal percentage threshold.

Removing an exemption should not require a small transfer agent to reproduce a large firm's staffing structure. Core accuracy, identity, safeguarding, and continuity obligations can be implemented through proportionate shared services and standardized software. Independent accounting-control evaluation remains a separate burden when the related exemption is removed; automation does not itself replace an independent accountant's required assessment. Cost comparisons should distinguish system setup, recurring operation, independent assurance, and legacy remediation.

5. Records, Evidence, Reconciliation, and Overissuance

5.1 A coherent record rather than duplicated books

The master file, transfer journal, and control book can be views of a common event model without losing their distinct regulatory functions. Each view must be reproducible for the relevant historical time. A transfer journal records the events; the master file identifies current positions; the control book checks authorized and outstanding totals. The agent should demonstrate the relationship among them through reconciliation rather than rely on their sharing a vendor.^{85,86}

Each recorded event should identify its instruction, issue, authorized actor, affected position, quantities, policy version, dependencies, timestamps, and outcome. A correction should supersede or compensate for a prior event with a documented reason. It should not erase the evidence needed to understand the error. The records should distinguish invalid proposed instructions, rejected items, valid executed transfers, and subsequently corrected registrations.

⁸⁴Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 109–11, 117–26.

⁸⁵Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 126–40.

⁸⁶Del. Code Ann. tit. 8, § 224, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

Issuer documents establishing authorized securities must remain accessible and linked to the issuer's operating limit. An issuer instruction to increase supply should be supported by the relevant corporate action and authenticated representative. Neither a larger software limit nor a newly deployed contract establishes valid corporate authorization.^{87,88}

5.2 Cryptographic evidence and U.S. evidentiary requirements

Inclusion proofs and document digests can corroborate the integrity and sequence of records. They do not by themselves prove the truth of the document's contents, the authority of its signer, or the legality of a transfer. The evidence package should connect the technical proof with identity, business-process records, authority documents, and the person able to explain the process.^{89,90}

Federal evidence rules recognize methods for authenticating electronic processes and copied data. Rules 902(13) and 902(14) provide certification routes under their conditions; Rule 803(6) addresses regularly conducted activity records. Authentication, hearsay treatment, relevance, and the underlying legal right remain separate questions. A regulatory export should preserve the information needed for the applicable route rather than advertise every signed transaction as automatically admissible.^{91,92}

A hash is useful only with the retained original, a described canonicalization method, and a reliable means of comparing it. Clock synchronization and event ordering should be documented. A timestamp copied from user input must not be silently represented as an independently verified time of receipt. The examiner should receive understandable records alongside machine-readable data.

5.3 Retention, access, and continuity

The proposed six-year baseline should be implemented through a retention schedule that also recognizes the rule's exceptions. Current ownership and relevant historical authority cannot be discarded simply because six years have elapsed. Appointment records, restrictions, journals, fingerprinting-related records, and other specially treated categories require their applicable periods. Legal holds should override an ordinary disposal schedule when required.⁹³

⁸⁷Del. Code Ann. tit. 8, § 158, <https://www.delcode.delaware.gov/title8/c001/sc05/index.html>.

⁸⁸Del. Code Ann. tit. 6, § 8-210, <https://www.delcode.delaware.gov/title6/c008/sc02/index.html>.

⁸⁹Craig Steven Wright, "Optimizing Global Micropayments Through Bitcoin's On-Chain Architecture for Enhanced Scalability and Economic Efficiency" (DBA doctoral study, Walden University, December 2025), <https://scholarworks.waldenu.edu/dissertations/18864/>, 195–200.

⁹⁰Federal Rule of Evidence 901, https://www.law.cornell.edu/rules/fre/rule_901.

⁹¹Federal Rule of Evidence 902, https://www.law.cornell.edu/rules/fre/rule_902, paragraphs (11), (13), and (14).

⁹²Federal Rule of Evidence 803, https://www.law.cornell.edu/rules/fre/rule_803, paragraph (6).

⁹³Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 140–65.

The retention obligation includes private identity mappings and relevant off-chain supporting material. An enduring public transaction entry does not preserve an expired hosted contract, missing encryption key, or inaccessible identity database. Backup copies should be independently restorable, with protected credentials and tested restoration. Two replicas within the same administrative failure domain may not provide meaningful resilience.

Independent access to a public ledger does not establish independent access to the complete master file. The agent must demonstrate retained copies, indexes, software, permissions, and exports needed to reconstruct its records. Provider agreements should preserve examination access and prohibit records from becoming hostage to an ordinary commercial dispute. The successor should receive usable records and the authority needed to operate them, rather than a download whose credentials expire after handover.

5.4 Posting, corporate actions, and supply controls

Automated posting should commit a valid position change together with the relevant journal event, or ensure a recoverable coordinated transition between systems. Reconciliation should detect a journal event without its position update, a position update without its authorizing event, and divergence between aggregate positions and valid outstanding supply. Error handling must prevent repeated retries from duplicating issuance or transfers.⁹⁴

Record dates require a historically reproducible entitlement snapshot. A later key rotation or recovery should not rewrite who was entitled at the relevant time. Dividends, voting, splits, cancellations, redemptions, and other corporate actions should operate from the authorized snapshot and produce their own attributable events. Governing corporate documents and statutory rights determine the entitlement.^{95,96}

A supply invariant can prevent certain overissuances prospectively: aggregate valid issue positions must reconcile to valid issued/outstanding amounts within the legally authorized amount. Migration, bridge, recovery, and corporate-action paths must obey the same invariant. Discovery of an overissuance should trigger the prescribed resolution process; prevention code is not a reason to remove liability or remediation obligations when an error nevertheless occurs.^{97,98}

⁹⁴Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 168–70.

⁹⁵Del. Code Ann. tit. 8, § 219, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

⁹⁶Del. Code Ann. tit. 6, § 8-207, <https://www.delcode.delaware.gov/title6/c008/sc02/index.html>.

⁹⁷Del. Code Ann. tit. 6, § 8-210, <https://www.delcode.delaware.gov/title6/c008/sc02/index.html>.

⁹⁸Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 172–74.

6. Safeguarding, Operational Security, and Business Continuity

6.1 Security responsibilities follow powers

The risk assessment should identify what each person can do: originate an instruction, approve it, issue credentials, revoke them, change eligibility, amend a record, recover a position, administer an encryption key, or stop the service. These powers can be distributed, but their holders and oversight arrangements must remain identifiable. The claim that no single participant operates every component is not a complete risk assessment.^{99,100}

Offline identity and certification roots reduce their exposure to ordinary online operation. They still require controlled creation, protected storage, succession, revocation planning, and appropriate separation of duties. Recovery should not depend on the only person holding a secret remaining alive, available, and legally authorized. The root arrangement should be chosen for the operating role, not imposed as a single mandatory design for all agents.^{101,102}

Policy administration creates a separate risk from transaction signing. A malicious change to permitted recipients, issue supply, or transfer restrictions can cause harm even where every resulting signature is cryptographically valid. Privileged policy changes should require documented authority, appropriate independent approval, controlled deployment, monitoring, and a retained history.

6.2 Funds, custody, and delivery against payment

Segregation of issuer and holder funds from operating funds is an ordinary safeguarding objective that survives automation. The account arrangement should identify the legal custodian, beneficial interests, reconciliation method, access powers, and insolvency treatment. A wallet balance labeled “client assets” is not itself a legal segregation arrangement.¹⁰³

Delivery-versus-payment can reduce exposure where the asset and payment legs are coordinated under reliable commitments. The design must identify whether the cash instrument is a bank deposit, tokenized deposit, stablecoin claim, or another payment obligation. A linked transaction

⁹⁹Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 175–86.

¹⁰⁰Craig Steven Wright, “Fiduciary Governance of BTC Core under English Law” (PhD thesis, University of Leicester, July 2025), abstract.

¹⁰¹National Institute of Standards and Technology, *Recommendation for Key Management: Part 1—General*, SP 800-57, part 1, rev. 5 (2020), <https://doi.org/10.6028/NIST.SP.800-57pt1r5>.

¹⁰²D. Cooper et al., *Internet X.509 Public Key Infrastructure Certificate and Certificate Revocation List (CRL) Profile*, RFC 5280 (May 2008), <https://www.rfc-editor.org/rfc/rfc5280>.

¹⁰³Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 175–86.

cannot cure an insolvent issuer, invalid redemption claim, frozen cash account, or mismatched finality between systems.

Instant gross settlement may require prefunding and may lose the liquidity savings of netting. The cost comparison must include those effects alongside shorter exposure and reduced reconciliation. It should not assume that faster settlement is free or that every valuable clearing function is merely a middleman. The objective is to remove avoidable duplication while selecting the settlement arrangement appropriate to the instrument and market.

6.3 Recoverability is a property of the governed arrangement

The Commission should make tested recoverability an express requirement of the transfer arrangement: it must remain able to give effect to lawful ownership and authority when ordinary credentials fail. A key is one means of exercising a right; its loss does not itself determine whether that right has ceased to exist. The architecture should therefore maintain distinct procedures for restoring access, determining entitlement, implementing valid legal process, and restoring the service and its records. These procedures apply equally to conventional databases and distributed ledgers. Article 8 already addresses assurance of authority, stop demands, wrongful registration, and agent responsibility.^{104,105,106,107}

A ledger can preserve the history of an instruction while a later authorized event corrects its operative effect. Evidential persistence is compatible with legal correction. For a registered security, the important question is whether the maintained record, token state, settlement interfaces, and issuer recognition consistently implement the authorized position. The system should preserve both the original event and the correcting event, with their authority and consequences. A correction need not falsify or erase the earlier record.^{108,109}

6.4 Recovery mechanisms are available across architectures

Recovery can operate through replacement credentials, a recovery agent, threshold authorization, an issuer or transfer-agent registration function, a token's administrative functions, an upgradeable implementation, migration, or an adopted protocol change. The appropriate mechanism depends on where the security's operative control and recognition reside. A publicly accessible base ledger does not require a security recorded on it to surrender accountable recovery at the asset or registry layer.

¹⁰⁴Del. Code Ann. tit. 6, § 8-402, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

¹⁰⁵Del. Code Ann. tit. 6, § 8-403, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

¹⁰⁶Del. Code Ann. tit. 6, § 8-404, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

¹⁰⁷Del. Code Ann. tit. 6, § 8-407, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

¹⁰⁸Del. Code Ann. tit. 8, § 224, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

¹⁰⁹Del. Code Ann. tit. 6, § 8-404, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

Existing mechanisms demonstrate feasibility without prescribing one network. ERC-3643 includes recovery, freezing, forced transfers, and appointed agents; its forced-transfer path differs from ordinary compliance checking, making explicit governance of that path important. OpenZeppelin documents governed replacement of a proxy's implementation. Ethereum's DAO fork provides a historical example of a protocol intervention moving affected funds, and the resulting chain split shows why a registered agent should use recovery controls it can operate at the asset or registry layer where feasible, and verify effective adoption whenever its chosen mechanism depends on network-wide change. These examples establish available mechanisms, not a legal approval of every implementation.^{110,111,112}

BSV provides a further example. Its Association states that it may direct miners to freeze or reassign assets subject to the restrictions in its Network Access Rules. It identifies an order or arbitral decision binding on the Association and enforceable in Switzerland or England and Wales as an example of when it is likely to act. A U.S. order is not automatically operative under that arrangement; the relevant recognition and Network Access Rules conditions must be satisfied. The example describes a particular governance route, not universal enforcement or a capability exclusive to BSV. The policy recommendation is technology-neutral.¹¹³

A registered transfer agent should be required to demonstrate an effective, legally authorized recovery arrangement before relying on a system to maintain covered securities. A system that cannot resolve the lawful holder, execute the legally required correction, or give practical effect to binding process does not satisfy that functional standard. An assertion of technological immutability does not cure the failure. The agent can select an appropriate registry or asset-layer control, arrange an authorized migration, or establish the adoption needed for a protocol change. If the chosen arrangement cannot perform its required functions, a theoretical change to its code is insufficient. The agent must remedy the arrangement or choose a suitable alternative; a preference for irreversibility does not displace the applicable duties.

6.5 Developers implement change; governance makes it effective

Developers are implementers of change. Their work can implement the rules for authenticated orders, replacement credentials, restricted recovery powers, reconciliation, and record production. Implementation can be required through the regulated operator's system specifications, procure-

¹¹⁰Joachim Lebrun et al., "ERC-3643: T-REX—Token for Regulated EXchanges," Ethereum Improvement Proposals, created July 9, 2021, <https://eips.ethereum.org/EIPS/eip-3643>, specification and main functions.

¹¹¹OpenZeppelin, "Proxy Upgrade Pattern," accessed October 6, 2026, <https://docs.openzeppelin.com/upgrades-plugins/proxies>.

¹¹²Ethereum.org, "Timeline of All Ethereum Forks," section "DAO Fork," accessed October 6, 2026, <https://ethereum.org/ethereum-forks/>.

¹¹³BSV Association, "Professionals," Network Access Rules—FAQs, BSV Skills Center, accessed October 7, 2026, <https://docs.bsvblockchain.org/network-access-rules/frequently-asked-questions/faq-for-legal-professionals>, disputes concerning assets to be frozen or reassigned.

ment, service agreements, change controls, and acceptance criteria. A defined recovery function can be engineered and tested in advance rather than improvised after loss.

The chain of responsibility must identify the legal decision-maker, the person approving the implementation, the developer or supplier producing it, the deployer, the relevant operators, and the party validating the resulting register. These roles may overlap, but their powers should remain explicit. For a protocol change, deployment must include adoption by the participants needed to make the change effective. For an asset-layer function, the responsible authorized operator may execute the pre-existing function without a protocol change. The governance model should select the least disruptive effective mechanism.

Section 17A supplies the statutory basis for evaluating requirements directed to regulated transfer-agent arrangements and their safeguarding and operational functions. The recommendation is to require demonstrable lawful recoverability within that perimeter, supported by an identified technical implementation. An outcome-based rule can hold the registered agent accountable for the arrangement it uses within the statutory framework described in Section 1. The agent can translate those obligations into system specifications, contracts, and acceptance criteria for its suppliers. That approach does not require direct jurisdiction over every independent developer or network participant, and it does not treat a contract or specification as proof that recovery will work. Effective deployment, adoption where necessary, and testing remain part of the agent's evidence.¹¹⁴

6.6 Identity recovery and historical data recovery

Building on the cited identity-mapping and hierarchical-key approaches, the proposed arrangement should use a governed offline identity anchor to authorize replacement of operational credentials while the legal holder and position remain unchanged. Recovery should verify the claimant, retire superseded instruction powers, link the replacement to the maintained identity, and preserve historical attribution. Limits, restrictions, pending instructions, and record-date entitlements must follow the legal position rather than reset with the new key. The wallet remains the governed arrangement; neither the operational key nor the master key is the whole arrangement.^{115,116}

Loss or compromise of the identity anchor requires a separate procedure. That procedure can use independently maintained identity evidence, verified legal representatives, protected backup or threshold arrangements, and an accountable decision to establish a replacement anchor. A com-

¹¹⁴Securities Exchange Act of 1934 § 17A, 15 U.S.C. § 78q-1, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q-1.htm>, § 17A(d)(1).

¹¹⁵Craig Steven Wright, "Optimizing Global Micropayments Through Bitcoin's On-Chain Architecture for Enhanced Scalability and Economic Efficiency" (DBA doctoral study, Walden University, December 2025), <https://scholarworks.waldenu.edu/dissertations/18864/>, 197–200.

¹¹⁶Craig Wright and Antoaneta Serguieva, "Sustainable Blockchain-Enabled Services: Smart Contracts," in *2017 IEEE International Conference on Big Data (Big Data)* (IEEE, 2017), 4255–64, <https://doi.org/10.1109/BigData.2017.8258452>, 4256–61.

promised certification root likewise requires identification of affected credentials, revocation or replacement, and review of the relevant effective periods. Offline storage reduces routine exposure but cannot be the sole recovery strategy.^{117,118}

Restoring identity does not mathematically restore a lost secret. A new ECDH relationship does not reproduce the old relationship's common secret merely because the parties' legal identities are unchanged. Historical encrypted documents and derived indexes need a supported continuity route: protected recovery copies, independently controlled key wrapping, recoverable indexing records, or retained originals from which authorized associations can be reconstructed. Recovery must be tested with the original operational secret and the original provider unavailable. The design should minimize disclosure while retaining enough recoverable evidence to maintain ownership and produce required records.^{119,120}

6.7 From legal order to effective asset control

A court-directed process begins with the actual order and its binding effect, not with an administrator's interpretation of a public allegation. The intake should identify the issuing court, parties bound, affected issue and positions, required acts, effective period, applicable stays, and any recognition requirement. Federal Rule of Civil Procedure 65(d)(1) requires specificity, and Rule 65(d)(2) identifies the persons bound by an injunction, including the specified persons acting in active concert or participation who receive actual notice. Software may help verify and administer the order; it should not manufacture jurisdiction or enlarge its terms.¹²¹

Under Delaware UCC section 8-303, a qualifying protected purchaser acquires its interest free of an adverse claim. Recovery procedures must identify that protection before reassigning a position; technical ability to overwrite the register cannot supply a right to defeat it.¹²²

The execution record should retain the authenticated instrument, legal assessment, defined scope, independently approved operational instruction, implementation version, execution time, affected positions, and reconciliation. Interim preservation and final reassignment are separate outcomes. A freeze prevents specified activity; a restoration or transfer changes the operative position. A temporary measure should have a monitored review or release route consistent with its terms.

¹¹⁷National Institute of Standards and Technology, *Recommendation for Key Management: Part 1—General*, SP 800-57, part 1, rev. 5 (2020), <https://doi.org/10.6028/NIST.SP.800-57pt1r5>.

¹¹⁸D. Cooper et al., *Internet X.509 Public Key Infrastructure Certificate and Certificate Revocation List (CRL) Profile*, RFC 5280 (May 2008), <https://www.rfc-editor.org/rfc/rfc5280>.

¹¹⁹National Institute of Standards and Technology, *Recommendation for Pair-Wise Key-Establishment Schemes Using Discrete Logarithm Cryptography*, SP 800-56A, rev. 3 (2018), <https://doi.org/10.6028/NIST.SP.800-56Ar3>.

¹²⁰National Institute of Standards and Technology, *Recommendation for Key Management: Part 1—General*, SP 800-57, part 1, rev. 5 (2020), <https://doi.org/10.6028/NIST.SP.800-57pt1r5>.

¹²¹Federal Rule of Civil Procedure 65, <https://www.uscourts.gov/sites/default/files/document/federal-rules-of-civil-procedure.pdf>, Rule 65(d)(1)–(2).

¹²²Del. Code Ann. tit. 6, § 8-303, <https://www.delcode.delaware.gov/title6/c008/sc03/index.html>.

A narrowly authorized override should identify each normal condition displaced, the authority permitting that displacement, and the conditions that remain effective. Recipient eligibility, supply reconciliation, asset identification, and evidence should not disappear merely because execution uses an exceptional path. Where an order necessitates a receiving arrangement different from an ordinary eligible-holder wallet, the system needs an expressly authorized treatment of that arrangement. A generic administrator role should not silently turn every exceptional instruction into an unrestricted transfer power.

Conflicting orders, appeals, stays, mistaken identities, and ambiguous descriptions require escalation and a recorded decision. An authentic document is not proof that every requested operation is authorized. A later order modifying the result should be implemented through a subsequent accountable event, with reconciliation of assets and affected distributions. The system should preserve the evidence necessary to challenge both the legal decision and its technical implementation.

6.8 Replacement, third-party rights, and supply integrity

Recovery should not create two enforceable positions for the same entitlement. When replacement or migration is used, the old representation must be canceled, immobilized, or consistently treated as superseded by the legally authoritative record and all interfaces recognizing the position. Merely announcing that a token is invalid is inadequate if settlement and distribution systems continue to accept it. If the original representation cannot be technically disabled, the implementation must demonstrate how duplicate recognition is prevented across the relevant arrangement.

Third-party rights require their own legal analysis. A protected purchaser, a secured party, a securities intermediary, or a person with a competing adverse claim cannot be removed from the analysis simply because the software can move a balance. Article 8 distinguishes protected acquisition, rightful registration, wrongful-registration remedies, and overissue. The legally appropriate result may include replacement securities, distributions, compensation, or other relief rather than a simple reversal against a subsequent holder.^{123, 124, 125, 126, 127}

Recovery must also preserve constraints and associated rights. A replacement position inherits restrictions and lawful encumbrances; it does not restart holding periods, voting eligibility, or account-level limits merely because the address changes. Dividends, voting records, and other corporate actions need a separately reconciled correction where the legal remedy affects them. The public audit trail should disclose enough to evidence an authorized correction without unnecessarily exposing the claimant's private identity or confidential court material.

¹²³Del. Code Ann. tit. 6, § 8-303, <https://www.delcode.delaware.gov/title6/c008/sc03/index.html>.

¹²⁴Del. Code Ann. tit. 6, § 8-401, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

¹²⁵Del. Code Ann. tit. 6, § 8-404, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

¹²⁶Del. Code Ann. tit. 6, § 8-210, <https://www.delcode.delaware.gov/title6/c008/sc02/index.html>.

¹²⁷Del. Code Ann. tit. 6, § 8-503, <https://www.delcode.delaware.gov/title6/c008/sc05/index.html>.

6.9 Continuity and demonstrated effectiveness

The continuity plan should exercise lost keys, lost identity roots, provider exit, corrupted private indexes, unavailable documents, pending settlements, and successor authority. A successful restart is insufficient if valid holders cannot transfer, receive distributions, or establish their rights. Service recovery and ownership recovery should have separate acceptance criteria and incident records. Cybersecurity and incident reporting should be coordinated with applicable obligations, including Regulation S-P.^{128,129}

The recovery powers themselves must be included in the threat model. Tests should challenge compromised recovery credentials, colluding approvers, a false claimant, a forged or stayed order, stale replicas, concurrent transfers, repeated execution, and failure after only one component has posted. Independent evidence should show that an authorized correction completes once, an unauthorized correction fails, and unfinished execution can be reconciled without duplicate positions. Appendix D sets out the recovery coverage and acceptance cases; they are proposed requirements, not claims that a particular deployed system has passed them.

6.10 Why enforceable recovery strengthens the system

The strongest objection is that recovery authority creates a privileged attack surface. That objection supports narrowly defined permissions, independent approval, recoverable evidence, and tests against misuse. It does not establish that lawful correction is incompatible with a blockchain. Existing arrangements already allocate powers to issue credentials, register transfers, maintain records, and change software; the appropriate governance response is to expose and constrain those powers. A system that conceals recovery powers can be less accountable than one that documents them.

A second objection is that correction undermines the reliability of a persistent ledger. The answer is to distinguish accurate preservation of events from permanent enforcement of every event's asserted legal effect. Appending an authorized corrective event preserves evidence of both what occurred and how the error was resolved. It can improve examination and dispute resolution while maintaining historical integrity. Erasing the original event or presenting a corrected state without its authority would weaken that benefit.

A third objection is that public-network participants may not accept a change. The transfer arrangement should select mechanisms it can actually operate: issuer recognition, agent registration, governed asset controls, or coordinated migration may suffice without global protocol intervention.

¹²⁸Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 175–86.

¹²⁹Securities and Exchange Commission, "Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Customer Information," Release No. 34-100155, May 16, 2024, <https://www.sec.gov/files/rules/final/2024/34-100155.pdf>.

Where protocol adoption is necessary, that dependency must be demonstrated before reliance. The requirement should be directed to the registered agent and the covered arrangement it chooses to use, within the Commission's statutory authority and the allocation of responsibility to other appropriate regulatory agencies. It should not depend on compelling unrelated network participants to adopt a change.

A fourth objection is that recovery becomes a new compulsory intermediary. Equivalent implementations should therefore be permitted, with portable records and substitutable services. A provider may supply a defined recovery function without becoming the perpetual custodian or discretionary gatekeeper of every ordinary transfer. The purpose is to maintain lawful holder control with less dependency, not recreate avoidable chains through a mandatory proprietary recovery vendor.

Finally, recovery is not a guarantee against every economic loss. Reconstructing a credential cannot restore evidence that was never retained, revive an insolvent obligation, or automatically undo the rights of a protected purchaser. The requirement is to preserve and implement the lawful remedy supported by the evidence. That distinction strengthens the policy case: holders receive accountable restoration procedures and usable rights rather than a promise that cryptography makes legal and economic losses disappear.

6.11 Recommended minimum recovery requirement

The Commission should require an agent to maintain documented, tested procedures capable of restoring lawful access, correcting records, preserving affected assets, implementing binding legal process, and maintaining successor operability. The arrangement should identify responsible persons and supported mechanisms; preserve evidence and lawful third-party rights; prevent duplicate recognition; protect private attribution; and produce examination-ready records. Different architectures can satisfy the requirement through equivalent demonstrated controls. This would turn recovery from a discretionary product feature into an accountable part of maintaining registered ownership.^{130,131}

7. Holder Contact, Inactivity, and Unresponsive Payments

7.1 Maintain contact without public disclosure

Registered holding must remain practically usable. Communications about voting, distributions, restrictions, and legal proceedings need a dependable destination linked to the holder record. The

¹³⁰Securities Exchange Act of 1934 § 17A, 15 U.S.C. § 78q-1, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q-1.htm>, § 17A(a)(1), (d)(1)(A).

¹³¹Del. Code Ann. tit. 6, § 8-407, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

proposed physical-address minimum can coexist with authenticated electronic contact. Keeping an address privately available is different from placing it on a public ledger.^{132,133}

A notification workflow can monitor delivery, failures, reminders, and escalation. It should preserve the relevant event and the contact details used at that time. Receipt of a technical transport acknowledgement does not invariably establish meaningful holder activity, and a shared or delegated address does not invariably identify the holder personally. The method should distinguish these cases according to the rule and applicable communication law.

7.2 Inactive holders and lawful reauthentication

The proposed inactivity definition and notices should be supported by an attributable activity record. A valid login, instruction, response, or other recognized action can update the record when it satisfies the relevant definition. Automated background polling should not necessarily reset inactivity; otherwise a software process could conceal loss of contact indefinitely.¹³⁴

Reauthentication can use the holder's identity anchor, successor documents, alternative contact, and retained evidence. Loss of a transaction key should not make the holder legally unidentifiable. Recovery should validate the claimant's entitlement and preserve previous credentials and events for investigation. Estate, incapacity, trust, corporate-signatory, and joint-holder cases require their relevant authority evidence.^{135,136}

Improved contact procedures do not displace state unclaimed-property law. The proposal seeks comment on escheatment alternatives, but the architecture itself supplies no preemption authority. State obligations, relevant jurisdictional rules, holder rights, and reporting deadlines must be separately established. Additional contact attempts and issuer notification can be evaluated without claiming that a wallet credential exempts property from escheatment.

7.3 Electronic payments

A failed distribution can be recorded with its issue, holder, amount, payment instrument, attempted destination, return reason, and required follow-up. Updated wallet credentials should not automatically redirect an existing payment entitlement without validating the authorized destination.

¹³²Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 186–94.

¹³³Del. Code Ann. tit. 8, § 232, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

¹³⁴Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 186–94.

¹³⁵Del. Code Ann. tit. 6, § 8-107, <https://www.delcode.delaware.gov/title6/c008/sc01/index.html>.

¹³⁶Del. Code Ann. tit. 6, § 8-402, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

Payment failure can then feed the relevant notice and holder-search process, reducing duplicated investigation while preserving evidence.

The benefit is a consistent relationship among the register, distribution instruction, failed payment, and contact workflow. It is not a conclusion that every payment network exposes a reliable confirmation of receipt. The agent should document its available evidence and the limitations of third-party payment status.

8. Governance of Automated Compliance

8.1 Policy as an accountable operating system

The proposed compliance rule can be implemented through a written policy register linked to machine-executed controls. Each control should identify the legal requirement, covered transaction type, responsible owner, approved interpretation, input evidence, effective version, execution point, exception process, and retained outcome. This permits automation without concealing the legal interpretation inside undocumented software.¹³⁷

Some conditions are suitable for direct mechanical checks: credential validity, cryptographic approval checks, sufficient position, defined expiry, issuer-approved limits, and applicable stop instructions. Other decisions require assessment: ambiguous authority, red flags, legal opinions, a disputed claim, and materiality. These can be supported by software but should remain attributable to the authorized decision-maker. The agent's obligation is to govern the whole process.

A rule change should trigger impact analysis of affected securities, users, interfaces, forms, and historical records. The governing body should receive evidence of what changed, why it changed, its testing, outstanding exceptions, and its operational impact. A code repository can preserve technical changes but does not by itself record legally adequate approval.

8.2 Board review, delegated functions, and accountability

Delaware corporate governance places business management under the board subject to the statutory and constitutional framework. The compliance proposal separately specifies governing-body

¹³⁷Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 194–201.

approval and review for transfer agents. The operating model should connect these responsibilities without assuming that every agent is a Delaware corporation or has a conventional board.^{138,139}

For a small firm or noncorporate entity, the responsible governing person can review an evidence pack suited to its structure. The review should evaluate incidents, delayed processing, exceptions, access changes, provider dependence, complaints, required reports, and remediation. Uniform outcomes need not imply identical headcount or committee structures.

Outsourcing and automation do not eliminate accountability. Agreements should assign service duties, access, escalation, testing, record production, and exit. A transfer agent should not claim inability to comply merely because a supplier possesses the relevant logs or can switch off the interface. Supplier assessment should address substitutability and the practical ability to operate through disruption.

8.3 Limits on automated compliance claims

A statement that software “enforces all law” is less useful than an auditable account of the legal rules implemented and the decisions reserved. Compliance logic can be complete for a specified rule set while still relying on accurate external facts. Identity evidence, sanctions changes, issuer authority, affiliate status, and judicial orders require reliable inputs and updates.^{140,141}

Applicability must be established. For broker-dealers, the customer identification program is governed by 31 C.F.R. § 1023.220 and ongoing customer due diligence by § 1023.210(b)(5). Beneficial ownership of legal entity customers is addressed separately by § 1010.230, subject to its scope and exceptions. These duties do not automatically apply identically to every transfer agent simply because it maintains a wallet register. The system should identify which regulated person owes which duty, whether another party supplies evidence, and what reliance is legally permitted.^{142,143,144}

The operational specification should also reflect applicable relief. FinCEN’s February 13, 2026 order permits covered financial institutions to limit beneficial-owner identification and verification

¹³⁸Del. Code Ann. tit. 8, § 141, <https://www.delcode.delaware.gov/title8/c001/sc04/index.html>.

¹³⁹Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 194–201.

¹⁴⁰National Institute of Standards and Technology, *Digital Identity Guidelines: Identity Proofing and Enrollment*, SP 800-63A-4 (2025), <https://pages.nist.gov/800-63-4/sp800-63a.html>.

¹⁴¹Office of Foreign Assets Control, *Sanctions Compliance Guidance for the Virtual Currency Industry* (October 2021), <https://ofac.treasury.gov/media/913571/download?inline>.

¹⁴²Customer Identification Programs for Broker-Dealers, 31 C.F.R. § 1023.220, <https://www.ecfr.gov/current/title-31/section-1023.220>, § 1023.220(a).

¹⁴³Anti-Money Laundering Program Requirements for Brokers or Dealers in Securities, 31 C.F.R. § 1023.210, <https://www.ecfr.gov/current/title-31/section-1023.210>, § 1023.210(b)(5).

¹⁴⁴Beneficial Ownership Requirements for Legal Entity Customers, 31 C.F.R. § 1010.230, <https://www.ecfr.gov/current/title-31/section-1010.230>, § 1010.230(a), (b), (e), (f), (h), (j).

to initial account opening, later facts reasonably calling prior information's reliability into question, and risk-based ongoing-due-diligence triggers. Under the last trigger, reliance on earlier information requires a current customer confirmation and a retained record; unreliable or unconfirmed information requires renewed identification and verification. Other applicable AML/CFT duties remain. An institution may retain more extensive checks based on its risk profile, but the system should not present repeated verification at every new account as an unqualified legal minimum when this relief applies.¹⁴⁵

Governance therefore strengthens the technical claim: controls are traceable to their legal basis, decisions can be reviewed, and defects can be corrected. Privacy and automated execution are compatible with this accountability when the necessary records and authorized access are designed in from the start.

8.4 Change implementation and recovery oversight

The governing review should examine who can propose, approve, implement, deploy, and execute a recovery change, including material functions supplied by developers. The regulated operator should translate legal obligations into system acceptance criteria and retain evidence that the chosen mechanism has been deployed and adopted where necessary. A capability documented only in source code is not an operational control. Recovery testing should also challenge privileged misuse and verify that holder rights, restrictions, supply totals, and historical attribution survive authorized interventions. Section 6.5 identifies the legal and technical chain of responsibility.

9. Restrictive Legends, Legal Review, and Transfer Eligibility

9.1 Restriction records should travel with the legal position

A transfer restriction should be represented as a legally sourced attribute of the security or holder-position relationship. It should not be represented solely by a label that disappears when a token moves to another interface. The record should identify the restriction's basis, scope, effective period, applicable persons, evidence needed for removal, and the authorized decision.^{146,147,148}

¹⁴⁵Financial Crimes Enforcement Network, "Exceptive Relief from Requirement to Identify and Verify Beneficial Owners at Each Account Opening," FIN-2026-R001, February 13, 2026, <https://www.fincen.gov/system/files/2026-02/FinCEN-Order-CCDExceptiveRelief.pdf>, 8–9.

¹⁴⁶Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 201–10.

¹⁴⁷Del. Code Ann. tit. 8, § 202, <https://www.delcode.delaware.gov/title8/c001/sc06/index.html>.

¹⁴⁸Del. Code Ann. tit. 6, § 8-204, <https://www.delcode.delaware.gov/title6/c008/sc02/index.html>.

Securities Act section 5, available exemptions, and resale provisions determine the legal route. An identity-verified recipient is not enough to establish an exempt resale. Holding periods, affiliate status, volume limits, information conditions, and other applicable requirements must be assessed for the actual route. Software can assemble the facts and execute a supported determination.^{149,150,151}

The same distinction applies to automatic removal of a time-based flag: elapsed time may be necessary but not sufficient. The decision record should preserve the analysis and the conditions relied on. A valid counsel opinion or internal determination must concern the actual securities and transaction, not merely the platform's general design.

9.2 Representatives, opinions, and red flags

The issuer's authorized representative list should be linked to corporate authority records and effective dates. Instructions received from a former officer, an expired credential, or an unauthorized delegate require appropriate review. Valid cryptographic proof alone does not establish the signer's identity, intent, or representative authority.^{152,153}

The proposed nonexclusive safe-harbor routes should be used as supported compliance methods, not as substitutes for facts. Legal opinions and internal determinations should retain the documents, assumptions, factual statements, reviewer, decision, and contrary information considered. Automated red-flag monitoring can identify inconsistencies for review without claiming that absence of an alert establishes the legality of a distribution.

Examples of useful checks include inconsistent issuance histories, implausible changes in affiliate status, conflicting authority documents, unexplained position changes, and repeated attempts to split transfers around applicable limits. These are proposed implementation checks, not a statutory list or an automatic presumption of wrongdoing.

9.3 Useful disclosure without unrestricted surveillance

Information supplied to a broker-dealer or investor should match the lawful purpose: validity, transferable status, relevant restrictions, material issuance facts, or entitlement rights. Selective dis-

¹⁴⁹Securities Act of 1933 § 5, 15 U.S.C. § 77e, <https://www.law.cornell.edu/uscode/text/15/77e>.

¹⁵⁰Securities Act of 1933 § 4, 15 U.S.C. § 77d, <https://www.law.cornell.edu/uscode/text/15/77d>.

¹⁵¹Securities Act Rule 144, 17 C.F.R. § 230.144, <https://www.law.cornell.edu/cfr/text/17/230.144>.

¹⁵²Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 201–10.

¹⁵³Del. Code Ann. tit. 6, § 8-402, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

closure can provide the verified fact without publishing all holder identities or complete activity histories. Examiner access may properly be broader under applicable authority.¹⁵⁴

A common status interface can lower the cost of determining whether a position is transferable while reducing repeated manual requests to issuers and counsel. It should identify the source, effective time, permitted reliance, and uncertainty. No status certificate should be marketed as blanket protection from securities-fraud or registration obligations.¹⁵⁵

10. Registered Transfers, Trading, and Removal of Unnecessary Intermediation

10.1 Distinguish the register from the trading venue

Direct registered ownership and direct electronic transfer are compatible with the securities-law framework where the relevant requirements are met. They do not, without more, authorize a business to operate an exchange, broker, dealer, or clearing agency. The design must distinguish originating an owner's instruction, effecting transactions for others, bringing multiple orders together, maintaining positions, and providing clearance or settlement services.^{156,157,158}

A platform bringing together orders of multiple buyers and sellers through established nondiscretionary methods raises the exchange analysis under Rule 3b-16. Regulation ATS supplies an alternative regulatory route under its conditions. Calling the service a wallet, registry, or automated agent does not answer this analysis. Automated registered transfers do not exempt the matching of trades; Section 10.4 sets out the relevant regulatory routes.^{159,160,161}

The April 2026 staff interface statement concerns a limited category of transaction-preparation interfaces and specified conditions. It excludes activities including execution, settlement, taking or routing orders, and handling user assets from the described position. It is nonbinding and is not

¹⁵⁴ Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 201–10.

¹⁵⁵ Exchange Act Rule 10b-5, 17 C.F.R. § 240.10b-5, <https://www.law.cornell.edu/cfr/text/17/240.10b-5>.

¹⁵⁶ Securities Exchange Act of 1934 § 3, 15 U.S.C. § 78c, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78c.htm>, § 3(a)(1), (4), (5), (23), and (25).

¹⁵⁷ Securities Exchange Act of 1934 § 15, 15 U.S.C. § 78o, <https://www.law.cornell.edu/uscode/text/15/78o>.

¹⁵⁸ Securities Exchange Act of 1934 § 17A, 15 U.S.C. § 78q-1, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q-1.htm>, § 17A(b).

¹⁵⁹ Exchange Act Rule 3b-16, 17 C.F.R. § 240.3b-16, <https://www.law.cornell.edu/cfr/text/17/240.3b-16>.

¹⁶⁰ Regulation ATS, 17 C.F.R. § 242.301, <https://www.law.cornell.edu/cfr/text/17/242.301>.

¹⁶¹ Exchange Act Rule 3a1-1, 17 C.F.R. § 240.3a1-1, <https://www.govinfo.gov/content/pkg/CFR-2025-title17-vol4/pdf/CFR-2025-title17-vol4-sec240-3a1-1.pdf>, § 240.3a1-1(a)(2), (b).

a general exemption for a trading registry. Its relevance is to separating interface functions from wider regulated operations.¹⁶²

10.2 Where intermediary work can be removed

The most defensible savings arise where the same legal event is repeatedly re-entered, reconciled, certified, or transmitted through separate records. A legally effective shared instruction and linked position update can reduce that duplication. Issuer communications, distributions, voting-entitlement preparation, transfer status, and reporting can use the same maintained ownership relationships rather than reconstruct them independently.

Direct registration may also reduce the distance between the issuer and the person exercising shareholder rights. Where the person remains behind an intermediary, the relevant entitlement relationship must remain represented. Neither arrangement should be confused with a third-party derivative that references the issuer's price without giving the investor its shareholder rights.^{163, 164, 165, 166}

The function-by-function test is straightforward: identify the service presently supplied, its legal purpose, its cost, the proposed replacement, and evidence that the replacement performs the necessary protection. A required fiduciary, custodian, liquidity provider, or regulated market function should not be assumed redundant merely because some of its messages can be automated. Equally, inherited chains should not be preserved solely because they are familiar.

10.3 Market design and shareholder benefits

An integrated register can permit eligible holders to transfer positions through authenticated instructions, retain direct attribution, receive corporate communications, and exercise rights through verified entitlement records. Fractional interests require precise disclosure of whether the holder owns a fractional corporate share, an intermediary entitlement, or a contractual economic interest. Increased divisibility in software does not settle that legal classification.^{167, 168}

¹⁶²SEC Division of Trading and Markets, "Staff Statement Regarding Broker-Dealer Registration of Certain User Interfaces Utilized to Prepare Transactions in Crypto Asset Securities," April 13, 2026, <https://www.sec.gov/newsroom/speeches-statements/staff-statement-regarding-broker-dealer-registration-certain-user-interfaces-utilized-prepare-staff-statement-regarding-broker-dealer-registration-certain-user-interfaces-utilized-sections-I-II-and-n-1>.

¹⁶³Del. Code Ann. tit. 6, § 8-207, <https://www.delcode.delaware.gov/title6/c008/sc02/index.html>.

¹⁶⁴Del. Code Ann. tit. 6, § 8-501, <https://www.delcode.delaware.gov/title6/c008/sc05/index.html>.

¹⁶⁵Del. Code Ann. tit. 6, § 8-503, <https://www.delcode.delaware.gov/title6/c008/sc05/index.html>.

¹⁶⁶Securities and Exchange Commission, "Concept Release on the U.S. Proxy System," Release No. 34-62495, July 14, 2010, <https://www.sec.gov/files/rules/concept/2010/34-62495.pdf>.

¹⁶⁷Del. Code Ann. tit. 8, § 158, <https://www.delcode.delaware.gov/title8/c001/sc05/index.html>.

¹⁶⁸Del. Code Ann. tit. 6, § 8-102, <https://www.delcode.delaware.gov/title6/c008/sc01/index.html>.

Extended operating hours require compatible market supervision, price formation, payment access, incident response, and corporate-action cutoffs. Continuous availability of a ledger does not itself establish a deep liquid market. The Commission should evaluate the enabling infrastructure and its dependencies separately from forecasts of greater trading volume or tighter spreads.

The policy case is strongest where the same shareholder rights are delivered with less duplicated administration, clearer ownership, quicker lawful transfers, and better evidence. It becomes weaker when apparent disintermediation merely substitutes an opaque wallet provider or a third-party claim for an identifiable issuer obligation. Open interfaces, exportable records, portable credentials, and accountable governance can prevent that substitution.

10.4 Deployment routes for direct registered trading

A bilateral owner-to-owner sale can use the registry to implement a lawful transfer following the parties' transaction. The system verifies the seller's authority and position, the buyer's eligibility, the applicable registration or resale basis, and the agreed settlement conditions. The registry can provide status and evidence without itself operating a multilateral matching market. Whether a service provider is effecting transactions for others remains a question of its actual activity and the relevant broker definition.^{169,170,171,172}

For an organized market, a registered broker operating within Regulation ATS or a registered exchange can connect execution records to the transfer agent through an authenticated interface. The interface supplies the matched transaction and settlement authorization; the transfer agent applies the registration controls and returns a confirmed posting or a reasoned exception. This architecture can remove duplicate transcription and reconciliation while leaving venue supervision and issuer-record responsibility with the parties assigned those functions. The settlement design must separately determine whether it performs clearing-agency functions.^{173,174,175,176}

Corporate actions use the resulting positions directly. A record-date process fixes the relevant entitlement snapshot, preserves later transfers separately, applies the distribution or voting terms, and records delivery or exceptions. The issuer can communicate with the registered holder through

¹⁶⁹ Securities Act of 1933 § 5, 15 U.S.C. § 77e, <https://www.law.cornell.edu/uscode/text/15/77e>.

¹⁷⁰ Securities Act of 1933 § 4, 15 U.S.C. § 77d, <https://www.law.cornell.edu/uscode/text/15/77d>.

¹⁷¹ Securities Exchange Act of 1934 § 15, 15 U.S.C. § 78o, <https://www.law.cornell.edu/uscode/text/15/78o>.

¹⁷² Securities Exchange Act of 1934 § 3, 15 U.S.C. § 78c,

<https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78c.htm>.

¹⁷³ Exchange Act Rule 3b-16, 17 C.F.R. § 240.3b-16, <https://www.law.cornell.edu/cfr/text/17/240.3b-16>.

¹⁷⁴ Regulation ATS, 17 C.F.R. § 242.301, <https://www.law.cornell.edu/cfr/text/17/242.301>.

¹⁷⁵ Exchange Act Rule 3a1-1, 17 C.F.R. § 240.3a1-1,

<https://www.govinfo.gov/content/pkg/CFR-2025-title17-vol4/pdf/CFR-2025-title17-vol4-sec240-3a1-1.pdf>, § 240.3a1-1(a)(2), (b).

¹⁷⁶ Securities Exchange Act of 1934 § 17A, 15 U.S.C. § 78q-1,

<https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q-1.htm>, § 17A(b).

the maintained private relationship. Where an intermediary entitlement remains, the system represents that chain and the associated allocation instead of silently treating every address as an issuer shareholder.^{177,178,179,180}

The Commission should permit these interfaces and evidence arrangements through technology-neutral transfer-agent rules. Where a proposed service needs an additional market permission or exemption, that question should be stated and addressed separately. The immediate modernization need is to let a lawful transaction update the authoritative register efficiently, with attributable ownership and examination-ready evidence.

11. Economic Analysis, Reporting Burden, and Implementation

11.1 Measure the complete cost and benefit

The Commission's economic analysis should compare end-to-end functions under like-for-like legal protections. Relevant costs include onboarding, identity maintenance, issue setup, transaction processing, reconciliation, exceptions, reporting, cybersecurity, custody, recovery, independent assurance, legal review, and funding or settlement liquidity. Per-transaction network fees alone omit much of this cost.¹⁸¹

Benefits can include fewer repeated entries, fewer discrepancies, faster routine transfers, better holder contact, more useful examination evidence, shorter exposure, and easier corporate-action processing. Their magnitude depends on transaction mix, existing systems, migration quality, operating scale, and whether an intermediary function is actually removed. The architecture should therefore be evaluated against both legacy systems and modern conventional databases.

A credible evaluation reports initial investment separately from recurring operation, routine work separately from exceptions, and private cost reductions separately from social benefits. Fee reductions should not be equated mechanically with resource savings when they redistribute revenue. Liquidity, credit exposure, concentration, and cyber-risk changes should be measured independently.

¹⁷⁷Del. Code Ann. tit. 8, § 219, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

¹⁷⁸Del. Code Ann. tit. 6, § 8-207, <https://www.delcode.delaware.gov/title6/c008/sc02/index.html>.

¹⁷⁹Del. Code Ann. tit. 6, § 8-501, <https://www.delcode.delaware.gov/title6/c008/sc05/index.html>.

¹⁸⁰Securities and Exchange Commission, "Concept Release on the U.S. Proxy System," Release No. 34-62495, July 14, 2010, <https://www.sec.gov/files/rules/concept/2010/34-62495.pdf>.

¹⁸¹Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 210–354.

11.2 Competition, small entities, and information collections

Standardized schemas and interoperable evidence can lower entry costs by making compliance software reusable. They can also increase concentration if proprietary credential issuers, cloud platforms, or tokenization providers become unavoidable gates. Portability and tested provider exit should therefore be considered alongside shorter processing times.^{182,183}

Small operators face fixed costs that transaction-volume comparisons can conceal. Proportionate implementation should preserve core holder protections while allowing shared services, scalable review arrangements, and practical transition. Independent accounting evaluations, legacy record remediation, and legal review should be separately assessed. Their costs cannot be inferred solely from inexpensive storage.

The Paperwork Reduction Act analysis should recognize the opportunity to derive forms and notices from operational records, while accounting for setup, validation, reviewer effort, and retained evidence. A machine-readable reporting schema, reusable definitions, and stable version identifiers can reduce duplication. Required information should remain justified by its supervisory or public purpose.¹⁸⁴

11.3 Transition and legal perimeter

Implementation should begin with a verified inventory of issues, registered holders, authority documents, restrictions, outstanding supply, providers, and dependent processes. Migration should reconcile opening positions, test holder attribution, verify contact, validate authorization limits, and retain the evidence linking previous and new records. A parallel run can test reporting and reconciliation before making the new system authoritative.

A transition should not require holders to relinquish established rights because their credentials have not yet been migrated. Legal authority to adopt uncertificated records, issuer instructions, governing documents, and relevant choice-of-law provisions need to be established. Existing restrictions, notices, outstanding disputes, and historical entitlement dates must survive.^{185,186,187}

¹⁸²Securities Exchange Act of 1934 § 3, 15 U.S.C. § 78c, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78c.htm>, § 3(f).

¹⁸³Securities Exchange Act of 1934 § 23(a), 15 U.S.C. § 78w(a), <https://www.law.cornell.edu/uscode/text/15/78w>, § 23(a)(2).

¹⁸⁴Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 355–69.

¹⁸⁵Del. Code Ann. tit. 8, § 158, <https://www.delcode.delaware.gov/title8/c001/sc05/index.html>.

¹⁸⁶Del. Code Ann. tit. 8, § 224, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

¹⁸⁷Del. Code Ann. tit. 6, § 8-110, <https://www.delcode.delaware.gov/title6/c008/sc01/index.html>.

The Commission's proposal does not eliminate other registrations or rewrite state property law. The final implementation guidance should explain how transfer-agent duties interact with market, custody, offering, privacy, and commercial-law requirements. The Commission should coordinate with other regulators where a function falls under another regime. Transfer-agent rules govern the covered transfer-agent functions, while broker-dealer, exchange, ATS, clearing-agency, custody, and applicable banking rules continue to govern their respective functions.

11.4 Evidence boundaries and recommendations

This analysis supplies mechanisms and legal relationships, not invented industry measurements. Questions requesting national counts, average costs, migration prevalence, or litigation frequencies require reliable administrative or operator data. Where that evidence is unavailable, the question-by-question appendix states the limitation and identifies the measurement needed. My payment research is not used to supply securities-market quantities.

The recommended regulatory approach is technology-neutral recognition of accurately linked records; accountable identity and authority; permitted private attribution with authorized disclosure; automatic enforcement of applicable conditions; meaningful evidence and recovery; interoperable reporting; proportionate assurance; and lawful routes for direct registered transfers and trading. These recommendations strengthen the objectives of prompt and accurate processing and safeguarding rather than replacing legal rules with technical labels.¹⁸⁸

I recommend these technology-neutral safeguards within the statutory scope explained in Section 1. Where the evidence reviewed here does not establish a defensible alternative numerical threshold or extension period, I identify the measurement needed rather than supply an unsupported number. Appendix A addresses all 175 numbered requests for comment and distinguishes the recommendations made from quantitative claims not established by the reviewed evidence.

Respectfully submitted,

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¹⁸⁸ Securities Exchange Act of 1934 § 17A, 15 U.S.C. § 78q-1, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q-1.htm>, § 17A(a)(1)–(2).

A. Analysis of All Numbered SEC Questions

The questions below reproduce the numbered requests for comment from the Federal Register text. Analytical responses are linked to the relevant substantive section. Quantitative information not established by the reviewed evidence is expressly distinguished from qualitative legal and implementation analysis.

A.1 Registration and Form TA-1

Related discussion: 2. Source:¹⁸⁹

Question 1

Should the proposed 45 day effectiveness period apply uniformly to all transfer agent applications for registration regardless of size, complexity, or type of activities engaged in?

Analysis. Automation should improve application completeness and validation, but processing capacity does not determine the time needed for regulatory review. Compare uniform treatment with expedited review of demonstrably straightforward applications. Establish criteria transparently and retain the same fitness, responsibility, and safeguarding assessment. The present evidence does not establish an optimal registration period for every business model.

Question 2

Should the Commission require less information to be disclosed on Form TA-1? Are there any specific questions or categories of information on the existing form that registrants believe are no longer necessary or useful to the Commission?

Analysis. Retain information that establishes legal identity, actual control, relevant disciplinary history, and examination contact. Remove duplication rather than accountability. Generate disclosures from a structured entity and responsibility register. Compare the supervisory use of each field against its collection burden, and distinguish public governance information from sensitive operational details.

¹⁸⁹Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 33–50.

Question 3

Should the Commission require transfer agents to designate more than one contact person on Form TA-1 to ensure continuity of compliance communications in the event the primary contact is unavailable?

Analysis. A primary and backup recipient or an equivalent resilient organizational arrangement can prevent a personnel absence from breaking communications. Record receipt, escalation, and reassignment. The requirement should assess dependable coverage, rather than mandate unnecessary headcount for a small operator. A dormant mailbox is not meaningful continuity.

Question 4

Should the Commission require transfer agents to update their contact information more frequently than currently required, given the importance of maintaining current and accurate contact information for compliance communications? If so, what update frequency should be appropriate?

Analysis. Changes should trigger prompt updates to the maintained contact register and the required filed information. Use periodic validation to detect missed changes, without assuming that more frequent unchanged filings provide additional protection. Preserve the responsible recipient, effective date, delivery evidence, and alternate route. Numerical update frequencies need to be matched to operational evidence.

Question 5

Does the service company information required to be disclosed on Form TA-2 provide the Commission with sufficient information regarding service company arrangements? Is there any additional information the Commission should require transfer agents to disclose on Form TA-1 or Form TA-2 regarding service company arrangements?

Analysis. TA-2 provider information should describe the functions actually supplied, including identity, wallet interfaces, hosting, recordkeeping, payment, and tokenization services. TA-1 should avoid duplicating annual activity detail. Material provider powers and dependencies should be available for supervision even where the provider neither owns securities nor describes itself as a transfer agent.

Question 6

While registrants must disclose on Form TA-1 whether they or any of their control affiliates have been subject to criminal prosecution for investment related crimes, should this requirement be expanded to cover other types of criminal activity, such as theft or fraud outside of an investment context?

Analysis. I support the expanded disclosure, limited to theft or fraud that bears on transfer-agent functions, with the covered persons, look-back period, and reporting treatment defined in the rule text. Relevance should be assessed by reference to custody, integrity, honesty, and authority rather than solely by whether the offense arose in an investment context.

Question 7

Should the Commission require all registrants to provide an attachment to their Form TA-1 with a diagram depicting the control affiliates in their organizational structure, or should the Commission provide an exemption from this requirement for small or less organizationally complex transfer agents? If so, what types of transfer agents should be exempt from the requirement to provide an organizational diagram?

Analysis. An organizational chart can be automatically produced from structured entity and control records. Simpler agents should be able to submit a correspondingly simple diagram. The purpose is identifying control and responsibility, not reproducing a large-firm presentation. Any exemption should preserve access to the relevant control relationships.

Question 8

More generally, does the proposed requirement to provide an attachment to the Form TA-1 with a diagram depicting their organizational structure impose a burden on any particular types of transfer agents?

Analysis. The burden is mainly maintaining accurate relationships and reviewing changes, rather than drawing the chart. Shared tooling can reduce preparation costs. Quantify initial data remediation and recurring review separately, and assess whether unusual contractual control relationships require explanatory notes. Do not infer zero burden from automatic rendering.

Question 9

Are the proposed checkboxes for “Limited Liability Company” and “Trust” as additional organization types in Question 8 sufficient to capture the full range of organizational structures used

by transfer agents? Are there other organizational structures that should be added to the list of checkboxes?

Analysis. The form should accommodate the legal structures actually eligible to operate, including the proposed LLC and trust categories. Permit a specified other category with a description where the list is incomplete. Governance and control disclosures must remain meaningful across structures; a checkbox should not determine the applicable substantive duties.

Question 10

Do the proposed definitions for “control” and “person” adequately cover the appropriate individuals and entities that should be disclosed on Form TA-1, or are the proposed definitions either too expansive or, conversely, too limited? Should the Commission consider alternative definitions or thresholds for determining who qualifies as a control person for purposes of Form TA-1?

Analysis. Control should encompass actual governance and contractual powers, not just equity percentages. Distinguish operational delegation from wider control and disclose important approval, credential, policy, and recovery powers where relevant. Avoid classifying every supplier as a controller merely because it supplies software. Definitions should be applied to the agreement and practice together.

Question 11

Is any information that would be required by the proposed changes to Form TA-1 difficult for a transfer agent to provide? If so, why? Are there alternative approaches to collecting the same information that would be less burdensome for transfer agents, such as providing this information upon request, while still providing the Commission with the information it needs?

Analysis. I support a common schema with pre-filing validation. Difficulties may concern affiliates, contractual powers, historical disciplinary evidence, and legacy entity data. The Commission should obtain operator data on filing time before adopting an on-request alternative, while preserving timely access to essential supervisory information.

Question 12

Should any information that would be required by the proposed changes to Form TA-1 (other than the personal name and contact information in Question 1(f)) not be publicly disclosed?

Analysis. Public accountability disclosures and confidential security material require different treatment. Names and control relationships may assist issuer assessment; root locations, access secrets, detailed recovery powers, and personal contact data may expose unnecessary risk. Apply the actual confidentiality framework rather than assuming that every item the registrant prefers private can be withheld.

A.2 Annual reporting and Form TA-2

Related discussion: 2. Source:¹⁹⁰

Question 13

Should the Commission amend Rule 17ac2-2 to require registered transfer agents to file an amendment to Form TA-2 if they discover that any of the information reported on Form TA-2 was materially inaccurate, misleading, or incomplete at the time of filing? Should the Commission provide a definition or examples of what would be “materially inaccurate, misleading, or incomplete” in this context? How soon after a transfer agent discovers that information reported on Form TA-2 was materially inaccurate, misleading, or incomplete at the time of filing should a transfer agent be required to file an amendment? Is within 60 days a sufficient amount of time, or should the Commission consider a shorter or longer period of time?

Analysis. A correction obligation is coherent when a filed report materially misstates the underlying activity. Retain discovery time, reconciliation evidence, materiality assessment, approval, and the correction. Explain materiality through reporting purpose and examples. Automation should identify differences and prepare corrected figures, but should not silently amend filings whenever an operational input changes.

Question 14

Should the Commission require registered transfer agents to report all fund movements to or from securityholders on Form TA-2 in proposed new Question 7, rather than just dividend disbursements and interest payments as required by the existing form? Would this broader reporting requirement provide more useful information to the Commission in understanding a transfer agent’s operational risks related to the safeguarding of securityholder funds?

Analysis. All relevant fund movements provide a fuller picture of the paying-agent function than selected distributions alone. Distinguish incoming and outgoing amounts, currencies or instruments,

¹⁹⁰Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 34–35, 50–69.

and in-kind units. Reconcile movements to the relevant issuer and holder events. Define aggregation so internal bookkeeping movements do not falsely multiply economic activity.

Question 15

Should the Commission require registered transfer agents to report staffing information on Form TA-2, including the number of employees engaged in transfer agent functions or activities incidental thereto during the reporting period in new Question 5(a)? Would this requirement fit the purpose of the Form? Or, would other data be more appropriate to require on the Form such as volume of transactions processed and error rates during the reporting period?

Analysis. Staff counts provide context but should not be treated as a proxy for capability. Report relevant personnel consistently, including the proposed categories, alongside workload, outsourced functions, exceptions, and performance. A well-governed automated system may need fewer staff; a low count does not demonstrate inadequate control by itself.

Question 16

What additional information should the Commission require to be reported on Form TA-2 regarding a transfer agent's recordkeeping practices?

Analysis. Useful disclosures concern authoritative record components, access and production, reconciliation, portability, material provider dependence, and supported recovery. They should establish whether a complete record can be reproduced, not merely name a blockchain or database. Avoid public disclosures that reveal exploitable security details without a clear supervisory benefit.

Question 17

Are the specific security types and categories in proposed Questions 4(c), 6(a), and 6(b) appropriate and sufficient to capture the full range of securities for which transfer agents maintain securityholder accounts? Should any security types or categories be added, removed, or modified?

Analysis. Classify securities by their actual legal and economic interests. Distinguish issuer shares, fund securities, debt, custodial entitlements, and synthetic claims where material. A token format can overlay these categories but should not replace them. Validate categories against actual instruments and provide an explanatory route for arrangements that straddle labels.

Question 18

Is the proposed methodology for calculating the number of individual securityholder accounts in response to Question 4(b) clear and operationally feasible for transfer agents? Are there alternative methodologies that would be more accurate or easier for transfer agents to implement?

Analysis. Count legal accounts according to the instructions, not transaction keys or addresses. Maintain stable account and holder links and document treatment of joint, trust, entity, and multiple-wallet arrangements. Generate the count from deduplicated records with reproducible calculations. Historical comparisons need to disclose changes in counting methodology.

Question 19

Are there additional types of service providers routinely used by transfer agents that should be included in the list of service providers in Question 5(b)? Alternatively, should any service providers included in the proposed list in Question 5(b) not be included? To what extent is the information that would be reported in response to Question 5(b) duplicative of information that would be provided in response to other questions, such as Question 4(e)?

Analysis. The provider list should capture identity and credential services, hosted interfaces, data indexing, policy engines, and recovery services where they are material to operation. Map each provider to its function and powers. Coordinate with TA-1 affiliate disclosures and avoid duplicate collection of identical facts.

Question 20

Should the Commission require transfer agents to provide more detailed information about their service provider arrangements, such as the specific services provided or the oversight and monitoring procedures used to manage associated risks? Alternatively, should the Commission require disclosure of service provider arrangement information at all, or less detailed information about their service provider arrangements?

Analysis. Supervision benefits from understanding material functions, retained responsibility, record access, continuity, and exit. Obtain the detail needed to assess those risks, with proportionate treatment of immaterial suppliers. Public descriptions can remain higher-level than examination material. The presence of a contract alone does not demonstrate effective supplier oversight.

Question 21

Should the Commission require transfer agents to report on the number of issues, by tokenization model and security type, serviced by the registrant as of December 31 in new Question 6(b)? Are the specific tokenization models proposed appropriate, clear, operationally feasible, and sufficient to capture the full range of tokenization models used in connection with transfer agent activities? Should any tokenization models be added, removed, or modified? Should the Form TA-2 instead seek identification only of tokenized securities more generally, as opposed to breaking the information out by tokenization model? Would tokenized equity-linked notes be difficult for transfer agents to categorize as issuer-sponsored or third-party sponsored in the proposed table? If so, should the requirements of Question 6(b) be modified or clarified? Should the Commission provide a sunset date for proposed Question 6(b) and if so, what should be the trigger for such sunset date?

Analysis. Retain distinctions that reveal different rights and obligors, but avoid treating every database format as a separate asset class. Classify equity-linked notes by the actual issuer of the note and its terms. Review the categories as market practice changes; any sunset should depend on continuing supervisory value, not an assumption that novelty inevitably disappears.

Question 22

Is any information that would be required by the proposed changes to Form TA-2 difficult for a transfer agent to provide? If so, why? Are there alternative approaches to collecting the same information, such as providing this information upon request, that would be less burdensome for transfer agents while still providing the Commission with the information it needs to fulfill its regulatory and oversight responsibilities?

Analysis. Automatic extraction can reduce reporting effort where underlying records are structured. Initial mapping, legacy data remediation, classification, and reviewer validation still impose costs. Provide stable definitions and electronic schemas. Evaluate on-request alternatives field by field against the need for comparable, timely industry information.

Question 23

Should any information not be publicly disclosed that would be required by the proposed changes to Form TA-2?

Analysis. Protect personal identity and detailed security information where disclosure is unnecessary or legally restricted. Provide public information about material functions and accountability where appropriate, with fuller confidential examination access. A public ledger does not justify making all linked private data public.

Question 24

Is there any additional information that the Commission should require to be disclosed on Form TA-2, or conversely, should the Commission require less information to be disclosed?

Analysis. Prioritize fields that resolve ownership, activity, responsibility, performance, and safeguarding risks. Avoid collecting technical inventories merely because they are easy to name. The best additional information may concern failed processing, dependent providers, and record portability. Derive required figures from a common operational record with accountable review.

A.3 Definitions, identity, and records responsibility

Related discussion: 3. Source:¹⁹¹

Question 25

Are the proposed amendments to the definitions in Rules 17ad-1 and 17ad-9 appropriate and sufficient to modernize the foundational terminology governing transfer agent operations? Are there any gaps, inconsistencies, or unintended consequences that may remain or result from the proposed amendments, or that the Commission should address?

Analysis. The principal modernization is functional terminology covering physical, conventional electronic, and distributed records. Define positions, instructions, receipt, holder identity, and authoritative responsibility coherently. The final language should not equate a wallet address with a holder or a blockchain event with a legally effective transfer.

Question 26

Do the proposed amendments strike the appropriate balance between providing clear and specific requirements and maintaining sufficient flexibility to accommodate current and future technological developments? If not, what modifications would better achieve this balance?

Analysis. Require stable outcomes while allowing different storage and credential methods. Specific minimum identity and record-production obligations can coexist with flexibility in physical architecture. Compliance should depend on accurate linked records, authority, integrity, availability, and effective production, rather than mandatory adoption of a particular vendor, consensus method, or key hierarchy.

¹⁹¹Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 69–104.

Question 27

Are there any terms used throughout the transfer agent rules that are not addressed in these proposed amendments but that should be defined or clarified? If so, please identify those terms and explain why definitions or clarifications are needed.

Analysis. Clarify wallet, credential, operational address, legal holder, authoritative record, permission, and correction where those terms materially affect application. Distinguish key revocation from loss of ownership and software custody from legal custody. Definitions should prevent category errors without creating a parallel securities-law vocabulary.

Question 28

Are there any international standards, practices, or regulatory frameworks that the Commission should consider in connection with the proposed amendments to the definitions in Rules 17ad-1 and 17ad-9? If so, please identify those standards, practices, or frameworks and explain how they should inform the Commission's approach.

Analysis. NIST identity and key-management guidance and established PKI profiles can inform implementation assessment. Their role is technical assurance, not substitution for state ownership law or federal registration requirements. Permit demonstrated equivalent controls and avoid importing every technical specification as a compulsory securities-law standard.

Question 29

Are the proposed amendments to the definition of "item" appropriate and sufficient to ensure the definition applies to all forms of securities and all methods by which transfer instructions are submitted? Should any additional categories be included in or excluded from the definition? Is the proposed addition of subsection (iv), covering transfer instructions submitted through DTC's DWAC service or functionally similar services operated by a central securities depository, appropriate? Does the phrase "functionally similar service" provide sufficient clarity, or should the Commission provide additional guidance or examples of what constitutes a functionally similar service?

Analysis. An item should include an attributable instruction entering the transfer service through an accepted channel, whether paper, electronic messaging, DWAC, or an integrated ledger interface. Distinguish an instruction from irrelevant public network traffic. Define the entry point and retained evidence so the classification can be examined.

Question 30

Does the proposed definition of “item” adequately capture transfer instructions submitted through blockchain-based or other distributed ledger technology platforms? Are there specific characteristics of these platforms that the Commission should address in the definition or in accompanying guidance?

Analysis. An on-chain instruction should carry or resolve to the relevant issue, holder authority, requested position change, and receiving service. Public broadcast alone need not constitute receipt by every transfer agent. Integrated submission should supply acknowledgement and correlation, with consistent treatment of accepted instructions across media.

Question 31

Are the proposed amendments to the definition of “receipt” appropriate? Would these amendments provide sufficient clarity regarding when items and other communications are considered to be received by transfer agents?

Analysis. Receipt should be evidenced at the agent’s accepted entry point and mapped to the business-day rule. Record the actual timestamp as well as the regulatory date. Distinguish physical or network transport from entry into the service. A system should retain evidence enabling both the holder and examiner to reconstruct the timeline.

Question 32

Should the proposed definition of “receipt” address situations where a transfer agent’s electronic systems are unavailable due to technical failures, cyberattacks, or other disruptions? For example, should the definition specify how receipt is determined when a transfer agent’s systems are temporarily offline or when an electronic transmission is delayed due to technical issues outside the transfer agent’s control?

Analysis. Outage procedures should specify alternative channels, acknowledgement, queued submissions, incident timing, and recovery. Do not retrospectively alter receipt times to improve reported performance. Where transmission never reached the accepted service, distinguish that fact from an accepted instruction delayed by an internal failure. Preserve enough evidence to resolve disputes.

Question 33

Is the proposed amendment to the definition of “routine” appropriate? Would replacing the reference to “certificate” with “security” in paragraph (i)(2) of the definition provide sufficient clarity regarding its application to both certificated and uncertificated securities? In light of the proposed rescission of Rule 17ad-4, should paragraph (i)(5) of the definition of “routine” be amended so that redemptions or exchanges of investment company shares would be considered routine items? Should any other changes be made to this definition?

Analysis. Routine status should reflect the required legal and operational checks rather than certificate form. Uncertificated positions can be routine where authority, eligibility, restrictions, and evidence are settled. Genuine exceptions should be identified and tracked. Corresponding provisions should be reconciled with rescission of the exemptions so obsolete categories do not persist.

Question 34

Are the proposed amendments to replace “certificate detail” with “position detail” throughout Rules 17ad-1 and 17ad-9 appropriate? Is the proposed expanded list of information to be included in position detail appropriate?

Analysis. Position terminology is appropriate because uncertificated and distributed records perform ownership-record functions without paper certificates. Include the information necessary to identify the security, registered holder, quantity, and relevant status. Keep private identity records resolvable rather than require them all to appear in a public transaction.

Question 35

Would the proposed amendment to replace “certificate detail” with “position detail” materially affect the way transfer agents will interpret and comply with rules that the Commission proposes to amend to include the latter term? For example, would the inclusion of position detail in a particular rule increase the time and cost burden it may require to comply with an existing or proposed rule?

Analysis. The terminology change alone should not require duplicated records. New information requirements and migration can impose real costs. Map current fields to the revised schema, identify gaps, and distinguish relabelling from new collection. Historical views and exports must remain intelligible after the change.

Question 36

Are the proposed amendments to expand the definition of “position detail” to include, among other things, a unique identifier for securities appropriate? Are CUSIP and FIGI appropriate identification numbers to refer to as examples for both traditional and tokenized securities? If not, what alternative identification numbers or systems should be included, and why? Are there any specific considerations or challenges associated with using CUSIP or FIGI for certain types of securities, such as tokenized securities? Is it possible for a security to have more than one unique identifier and if so, should the Commission’s rules address which unique identifier registered transfer agents should be required to include in their records? Should transfer agents be required to record certificate numbers for certificated securities?

Analysis. Use stable issue identifiers such as appropriate CUSIP or FIGI references where available, with the issuer, class, and instrument terms retained. A contract address may identify a technical instance but not uniquely establish the legal issue. Maintain mappings across migrations and multiple ledgers rather than make redeployment create a new issue by assumption.

Question 37

In light of advancements in technology and changes in industry practices, are there any specific items currently required to be included in the definition of “position detail” that are less relevant or obsolete today? Are there particular technologies or systems used by transfer agents that render certain aspects of the “position detail” definition unnecessary, redundant, or unworkable? Should any additional information be required or should any of the proposed requirements be modified to reflect any information that has become less relevant in light of modernization (e.g., issue/cancellation date)? Should any additional information be required or should any of the proposed requirements be modified to reflect any information that has become more relevant in light of modernization (e.g., wallet address as the primary identifier of record for tokenized securities)?

Analysis. Wallet addresses can be operational identifiers within position detail, but should not displace legal-holder attribution. Preserve issuance, cancellation, and other legally meaningful dates where required. Multiple transaction keys can resolve to one holder and position. Any removal of fields should be justified by their function, not by a ledger’s apparent permanence.

Question 38

Is the proposed amendment to Rule 17ad-9(a)(3) regarding “position detail” to replace the term “registration” with a description of the specific information that constitutes registration (i.e., the securityholder’s full name and any other relevant identifying, titling, or formatting

information necessary to accurately identify the specific securityholder to the exclusion of other securityholders) appropriate and sufficient? Does the proposed description adequately capture all of the information that should be included in a securityholder's registration, including for all types of securityholders and ownership structures? Is the proposed description sufficiently flexible to enable technological innovation?

Analysis. Specific holder identity and titling information makes registered ownership usable. Joint, trust, corporate, estate, and representative arrangements need appropriate identification beyond a bare address. Store those facts privately with reliable linkage to positions and instructions. This supports shareholder rights while allowing public transaction pseudonymity.

Question 39

Would an alternative approach to a securityholder's identifying information in Rule 17ad-9(a)(3) of the definition of "position detail" be more appropriate? Specifically, should Rule 17ad-9(a)(3) use a principles-based approach that would require only the information reasonably necessary to accurately identify the specific securityholders to the exclusion of other securityholders? If so, is there any additional information that a transfer agent should collect? As another alternative, should Rule 17ad-9(a)(3) require that the transfer agent collect some unique identifying information that can be tied to an individual's name and address, which could include, for example, the name and physical mailing address or some other unique identifier?

Analysis. Principles-based implementation can be appropriate if it demonstrably resolves the legal holder and supports all required functions. It must not become permission to maintain only an unresolvable pseudonym. Minimum legal information requirements and flexible identity technology can coexist. Relevant state corporate and commercial law must be assessed for the issuer.

Question 40

If a securityholder does not provide a transfer agent with the securityholder's full name and physical mailing address, would the securityholder still be considered a registered securityholder pursuant to applicable law? Does it depend on variations in state law and/or the types of securities at issue? Is there any information which a securityholder, seeking to be a direct, registered holder of a security must provide to a transfer agent to establish the securityholder's ownership of the security pursuant to applicable law?

Analysis. Registered-holder treatment depends on applicable corporate and commercial law and the specific instrument. Delaware stock-ledger requirements identify names, addresses, and share

quantities; a wallet-only design should not assume it satisfies them. Apply the issuer's jurisdiction and relevant Article 8 choice-of-law rules, and distinguish direct holding from an intermediary entitlement.

Question 41

Would an alternative approach to Rule 17ad-9(a)(4) regarding the definition of "position detail" be more appropriate? Specifically, should Rule 17ad-9(a)(4) of the definition of "position detail" omit the requirement to collect, at a minimum, a securityholder's physical mailing address as contact information? Should Rule 17ad-9(a)(4) be revised to use a principles-based approach that would require the collection of only the information reasonably necessary to establish contact with the securityholder? Should Rule 17ad-9(a)(4) include some other minimum requirement for contact information, such as an email address, phone number, and digital wallet address? Is there any information in addition to contact information that a transfer agent should collect?

Analysis. Reliable electronic contact can supplement physical contact and may justify exploring alternatives. It does not eliminate other legal address requirements. The register must support required notices, distributions, holder searches, and legal process. Compare alternatives against those functions and verify statutory compatibility before removing a minimum requirement.

Question 42

Would a transfer agent's failure to collect a securityholder's full name and physical mailing address affect the transfer agent's ability to comply with any other applicable law or regulations? Would a transfer agent's failure to collect a securityholder's full name and physical mailing address affect any other person's ability to comply with any other applicable law or regulations? If so, please specify the applicable law or regulations and how a transfer agent's failure to collect a securityholder's full name and physical mailing address would affect compliance.

Analysis. Missing identity and contact information can impair voting lists, distributions, tax processes, holder searches, notices, and legal enforcement. Specify the actual duties applicable to each participant instead of invoking an undifferentiated KYC requirement. Resolve the link privately and retain the relevant evidence for authorized use.

Question 43

Are there any other entities or persons that rely on the securityholder information collected by transfer agents who would be affected by a transfer agent's failure to collect a securityholder's

full name and physical mailing address? If so, please identify the entities or persons and explain how they would be affected by a transfer agent's failure to collect a securityholder's full name and physical mailing address.

Analysis. Issuers, paying agents, authorized brokers, tax-service functions, courts, and regulators may rely on accurate records for different purposes. Provide purpose-appropriate access and consistent historical information. Data minimization does not require destruction of lawful attribution; it requires controlled disclosure and avoidance of unnecessary public exposure.

Question 44

Does the collection of full name and physical mailing address create circumstances that increase the likelihood of unauthorized disclosure of personally identifying information or present other risks to investors?

Analysis. Collection creates privacy and cybersecurity risks when identifiers are unnecessarily exposed or poorly secured. Separate private identity material from public transaction records and govern access, encryption, retention, and incident response. A simple hash of guessable personal data may not protect it. Evaluate the complete identity and recovery arrangement.

Question 45

Is the proposed amendment to require that master securityholder files be maintained in electronic form appropriate? Would the proposed conditions within the definition of "master securityholder file" be sufficient to ensure the integrity and reliability of the master securityholder file? Should the Commission impose different or additional conditions on the maintenance of the master securityholder file? If so, please explain what additional conditions should be imposed and why, and whether any such conditions should apply uniformly to all transfer agents or should they vary based on the size, complexity, or type of securities handled by the transfer agent?

Analysis. Electronic master records are consistent with current operations when accuracy, access, integrity, retention, and examination are demonstrable. Multiple linked systems can supply one coherent file. Require reproducible current and historical views and defined reconciliation, rather than physical concentration in one database or reliance on a technology label.

Question 46

Is the proposed amendment to specify that there can be only one recordkeeping transfer agent for a given issue of securities appropriate? Are there situations currently where two or more

registered transfer agents effectively serve as the recordkeeping transfer agent for a given issue of securities? Would this proposed amendment affect any types of securities or products in particular, such as exchange-traded funds or tokenized securities?

Analysis. One accountable recordkeeper can simplify issue-level responsibility while permitting delegated components and co-agents. Multiple technical maintainers do not necessarily require several legally authoritative registers. If multiple equally responsible recordkeepers are allowed, coordination must prevent inconsistent posting and supply creation. Liability after failure is not a prevention mechanism.

Question 47

Is the Commission's proposed explanation that an issue of securities means, for purposes of identifying the recordkeeping transfer agent, all of the securities which an issuer has issued and which are intended to be fungible, such as all shares of stock of a given class, appropriate? Are there other meanings of the term "issue" that the Commission should consider? Should the Commission distinguish securities that are the same class but issued in different formats, such as uncertificated and tokenized?

Analysis. Fungibility should track the legal class or issue and its rights, not the recording network. The same share class may use several supported formats with preserved rights. A custodial or synthetic claim is not necessarily fungible with the issuer share it references. Maintain an issue-level identifier and documented conversions.

Question 48

Could the use of multiple linked files or systems for maintaining the master securityholder file lead to situations where more than one registered transfer agent is effectively acting as the recordkeeping transfer for a given issue of securities?

Analysis. Linked systems require a designated authoritative relationship and agreed allocation of updates. Recordkeeping responsibility should follow actual functions and powers, while recognizing that a service provider may maintain a component on an agent's behalf. Define the state transition and reconciliation rather than infer multiple agents solely from the number of files.

Question 49

Would an alternative, principles-based approach be more appropriate for recordkeeping transfer agents? For example, should the Commission allow more than one transfer agent to serve as the

recordkeeping transfer agent for a given issue of securities so long as each recordkeeping transfer agent remains equally responsible and liable for the accuracy of the master securityholder file as a whole and is able to produce the entire master securityholder file upon request? Are there any other conditions, limitations, or situations the Commission should consider if more than one transfer agent were to serve as a recordkeeping transfer agent for a given issue of securities? Should the Commission allow a recordkeeping transfer agent to not serve as a recordkeeping transfer agent for the entire issue of securities?

Analysis. Shared responsibility is possible in principle, but equal liability does not solve concurrency, ordering, or incomplete records. A workable alternative requires issue-level capacity control, coordinated posting, complete production, incident ownership, and an enforceable remediation process. Compare it against a single accountable recordkeeper with distributed service components.

Question 50

Are there specific requirements or conditions that should apply to the use of blockchain or other distributed ledger technology as a master securityholder file or a component thereof?

Analysis. Require lawful holder attribution, effective instruction authority, reconciled supply, retained supporting records, historical reconstruction, dependable access, and examination exports. Assess finality assumptions and outage or migration treatment explicitly. Do not require exclusive control of a public network where the agent can independently fulfill its obligations.

Question 51

Are the proposed new definitions for “authorized securities,” “transfer journal,” and “presentor” appropriate? Should these definitions be modified in any way?

Analysis. Authorized securities should link to valid issuer governing documents and actions. The transfer journal should record relevant position events, including corrections and cancellations. A presentor must be distinguished from the legal holder and from an authorized agent. Define these relationships across electronic and physical submission methods.

Question 52

What implementation challenges, if any, would transfer agents face in complying with the proposed amendments to the definitions? What transition period would be appropriate, and would phased implementation of certain amendments be beneficial?

Analysis. Migration needs opening-balance reconciliation, identifier mappings, authority verification, privacy controls, and tested reporting. Parallel validation can reduce risk before the new record becomes authoritative. A proportionate transition should reflect actual dependencies and preserve holder rights. No nationally optimal transition duration is established by the available evidence.

A.4 Turnaround and processing

Related discussion: 4. Source:¹⁹²

Question 53

Is a policies and procedures requirement for turnaround and processing appropriate? Is a policies and procedures requirement preferable to a prescriptive performance standard that would require turnaround and processing to be completed within a specific timeframe? Why or why not?

Analysis. Policies and procedures should be linked to observable execution and performance. This allows automated routine work and accountable exception handling without making an isolated failure equivalent to defective design in every case. A purely documentary program is insufficient; retain logs, calculations, remediation, and approval evidence.

Question 54

Are there any specific elements that the Commission should require transfer agents to include in their written policies and procedures to ensure they are “reasonably designed” to achieve timely turnaround of routine items?

Analysis. Include intake, timestamping, classification, eligibility, authority checks, capacity, exception routing, posting, rejection, notification, monitoring, escalation, and recovery. Specify owners and legal dependencies. Tests should cover concurrency and disruption as well as ordinary success. Preserve the version of the policy applied to each relevant decision.

Question 55

Is a one business day turnaround standard for routine items appropriate? Should a different timeframe be used? Are there categories of routine items for which a one business day standard

¹⁹²Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 104–17.

would be impractical or inappropriate? Pursuant to the proposed amended definition of receipt in Rule 17ad-1, an item would be considered to be received on the business day it is received by the transfer agent. Thus, an item received at any point on a business day would be considered to be received on that day. Is a one business day turnaround standard for routine items received at any point on a business day appropriate and operationally feasible?

Analysis. Automated routine processing can meet materially shorter intervals where its dependencies are available. Align commitments to the proposed business-day receipt standard and actual cut-off rules. Test late-day receipt, physical evidence, fund valuation, and outages. Technical throughput is not evidence that every agent and every category can meet a universal deadline.

Question 56

Should the Commission retain a minimum performance threshold for routine items rather than, or in addition to, a policies and procedures requirement? If so, what threshold would be appropriate given current transfer agent capabilities?

Analysis. Performance metrics remain useful alongside policies. Select thresholds using delay distributions, risk, transaction mix, and volume. Low-volume agents may have unstable percentage outcomes. Preserve numerator and denominator calculations and review causes. The current material does not establish a particular optimal minimum performance percentage.

Question 57

Should transfer agents acting as outside registrars have different performance standards for processing items? Is the function of an “outside register” obsolete and should the terms and rules around “outside registrar” be rescinded in Rules 17ad-1, 2, and 6?

Analysis. Evaluate whether the registrar function still provides a distinct check in the arrangement. Automated independent approval can perform a checking role without a separate manual chain. Do not abolish a needed supply or validity control merely because its historic title appears old. Harmonize deadlines and retained responsibility where the function remains.

Question 58

With respect to proposed rule 17ad-2(a), is the elimination of the noon cutoff rule for registered transfer agents and its replacement with a business day standard appropriate? Are there operational or logistical reasons to retain a cutoff time for determining when an item is received?

Analysis. A business-day rule avoids a certificate-era noon boundary where electronic intake is continuous. Retain actual time-of-day evidence and explain business calendars. Any operational cutoff should be transparent and legally consistent. Ensure that changing the receipt definition does not obscure accepted items arriving late in the day.

Question 59

Is three percent an appropriate threshold for imposing the notice requirements under Rule 17ad-2(c) and (d)? Why or why not? If not, what threshold would be appropriate and why?

Analysis. The proposed three-percent notice trigger can be automatically calculated, but its economic and supervisory calibration requires evidence. Examine small denominators, repeated errors, value at risk, delay duration, and causes. A threshold should provide timely warning without encouraging relabelling or exclusion of failed instructions.

Question 60

Should the Commission require transfer agents to provide a written notice to the presenter for items rejected by the transfer agent? Is one business day an appropriate timeframe for providing such notice? Is the requirement that the notice identify the rejected item, the reasons for rejection, and the specific actions the presenter must undertake for the item to be accepted reasonable, operationally feasible, and conducive to the use of automated means of handling routine items promptly? Should the Commission prescribe the format or content of the required written notification in more detail than proposed?

Analysis. A rejection notice should identify the instruction, the defect, and the action needed to cure it. Automatic delivery is feasible for known failure classes. Provide an escalation route when the reason is disputed or involves confidential material. Measure actual notification latency and delivery evidence rather than merely the generation time.

Question 61

Should the Commission require transfer agents to provide a written notification to the presenter for a rejected onchain transfer even though the transfer agent was not responsible for rejecting the item? Would the transfer agent have sufficient information to be able to provide the written notification? If so, should the Commission exempt rejected onchain transfers from the written notification requirement?

Analysis. Distinguish rejected received instructions from failures occurring outside the agent's service. An agent need not invent reasons it cannot observe, but should report available facts and

assist resolution for its accepted channels. Define integration responsibilities so public-network rejection is not a blanket escape from customer notice.

Question 62

Should the Commission require transfer agents to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that written notifications are provided in a timely manner to the presenter of each rejected item with specific details regarding the reason for rejection? Would a policies and procedures approach permit transfer agents to better address circumstances where the transfer agent might be unaware of a rejected item and thus, unable to provide a written notification?

Analysis. A policies approach should address notification content, deadlines, failed delivery, reason codes, human review, and escalation. Automated messages can provide prompt facts with subsequent clarification where necessary. The design should not conceal material rejection reasons behind an unexplained algorithm or repeatedly resend notices to an invalid destination.

Question 63

Should the Commission require transfer agents to track and retain data on rejected items, including the reasons for rejection and the time taken to notify presentors? If so, for how long should such data be retained?

Analysis. Retain rejection reasons, relevant instruction data, decision time, and notice evidence according to the applicable retention framework. These records support both performance measurement and investigation of discriminatory or erroneous rejection. Avoid retaining unrelated personal data merely because a failed attempt occurred.

Question 64

Is the existing standard for non-routine items sufficiently clear and workable? Should the Commission provide additional guidance on what constitutes “diligent and continuous attention”?

Analysis. Define diligent attention through assigned responsibility, progress records, requests for missing evidence, next action, and escalation. Do not impose automatic completion of a disputed legal question. Monitoring should identify stalled cases and unjustified nonroutine classifications. Record both the reason for delay and the steps taken to resolve it.

Question 65

How would these proposed changes to Rule 17ad-2 affect transfer agents that provide services to investment companies? Are there any aspects of the proposed changes that do not reflect how shareholder transactions with certain investment companies work or would not be feasible for those transfer agents? If so, what are they and should exemptions or additional changes be provided? Should the rules separately address certain activities that investment company transfer agents conduct, such as ensuring that transacting shareholders receive the correct net asset value or processing shareholder exchange transactions involving the movement from one investment company to another?

Analysis. Apply the timing rules with the instrument's relevant valuation, dealing, redemption, and other legal dependencies. A register's transaction speed does not determine NAV or make all fund transactions immediately executable. Classify routine and nonroutine work consistently, with documented workflows and evidence of timely action.

Question 66

What transition period, if any, would be appropriate for transfer agents to develop and implement written policies and procedures compliant with the proposed amendments to Rule 17ad-2?

Analysis. Transition should include gap assessment, policy approval, software changes, staff readiness, performance validation, and incident exercises. Use actual migration evidence rather than assume all agents begin from the same capability. Core safeguarding should continue during transition and existing holder rights should not depend on a successful technology conversion.

A.5 Performance and growth restrictions

Related discussion: 4. Source:¹⁹³

Question 67

Should Rule 17ad-3 be rescinded entirely? Please explain.

Analysis. I support retaining growth restrictions as a backstop after issuer notice and supervised remediation have failed to restore performance within a defined period, provided the restriction is

¹⁹³Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 117–20.

economically effective and proportionate to the risk. The Commission should compare its expected protection of issuers and holders with the costs to competition, continuity, and affected customers, and assess whether a less burdensome intervention can achieve the same result. The remediation period and release conditions should be calibrated to measured restoration of performance rather than an unsupported numerical assumption.

Question 68

What threshold, if any, would be appropriate in Rule 17ad-3(b) to impose limitations on expansion and require notification to issuers? Is 95% too low or too high?

Analysis. Evaluate the proposed 95-percent trigger against volume, failure severity, duration, and recovery capacity. Demonstrate the effect using historical or operator-level records, especially for small agents. The technical architecture supplies measurement, not evidence that 95 percent is the uniquely appropriate policy threshold.

Question 69

Should the Commission consider using other metrics to determine whether to limit a transfer agent's activities? Please explain in detail.

Analysis. Supplement percentage success with backlog age, affected holders, value or entitlement at risk, repeated causes, outage duration, and remediation status. Avoid a metric that rewards excluding difficult accepted items. Use a proportionate indicator set that distinguishes temporary disruption from persistent inability to discharge obligations.

Question 70

Are there other ways for issuers, the Commission, or other ARAs to be alerted to a transfer agent's untimely performance in turning around or processing routine items? Would the proposed change to Question 9 on Form TA-2 provide sufficient information to evaluate a transfer agent's turnaround and processing of routine items?

Analysis. Event-driven issuer alerts and accessible performance reports can warn before annual TA-2 disclosure. Preserve authoritative calculations and escalation evidence. Annual reporting remains useful for comparable oversight but should not be the only source of timely warning. Access should protect unrelated holder information.

Question 71

Are there other alternative approaches that the Commission should consider? Why or why not?

If so, what alternative approaches should the Commission consider? Please explain in detail.

Analysis. A supervised remediation route can require root-cause analysis, capacity controls, corrective milestones, independent verification where appropriate, and demonstrated restored performance. Compare costs and issuer protection with automatic expansion restrictions. It should not permit indefinite growth while material failures remain unresolved.

A.6 Exemptions and proportionality

Related discussion: 4. Source:¹⁹⁴

Question 72

Should Rule 17ad-4 instead be modified? If so, why?

Analysis. Consider retaining core obligations with scaled implementation rather than blanket exemptions. The policy choice should distinguish identity, safeguarding, accuracy, reporting, and independent assurance burdens. Modern automation supports shared controls but does not prove that every historic exemption can be removed at negligible cost.

Question 73

Should the Commission retain the exemption from the turnaround, processing, and recordkeeping rules for limited partnership interests, DRIPs, or Fund Shares? If so, why? Have the operational characteristics of processing these securities changed sufficiently since 1977 to justify removing the exemption?

Analysis. Instrument-specific operational dependencies may justify tailored processing rather than removal of core protections. Examine limited partnerships, reinvestment plans, and funds individually. Changed technology supports broader automated records, but legal terms and valuation conditions can remain different. Assess corresponding accounting-control obligations expressly.

¹⁹⁴Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 120–26.

Question 74

Should the Commission retain the exemption from the turnaround, processing, and recordkeeping rules for “exempt transfer agents”?

Analysis. A low volume of transfers does not remove the need for accurate ownership and protected assets. Scaled procedures can address smaller workload without exempting essential attribution and recovery. Fixed independent-assurance and migration costs require separate evaluation. The preferred structure should be supported by small-agent evidence.

Question 75

Should the Commission revise the criteria for “exempt transfer agents” instead of rescinding the exemption entirely? For example, should the volume threshold be adjusted to reflect current market conditions, or should different criteria such as the nature of the securities processed or the sophistication of the issuer be used to determine exempt status? Are there any other criteria that the Commission should consider instead of rescission?

Analysis. A risk-based approach could consider workload, custody, issue complexity, outsourcing, and affected holders in addition to volume. Criteria must be objectively verifiable and avoid incentives to split operations artificially. Simplification should preserve core outcomes while reducing unnecessary procedural duplication.

Question 76

What are the specific compliance costs, if any, that small transfer agents or transfer agents specializing in limited partnerships, DRIPs, or Fund Shares would incur as a result of the proposed rescission of Rule 17ad-4? Do small transfer agents currently have access to the automated processing and electronic recordkeeping systems necessary to comply with the proposed turnaround and recordkeeping requirements?

Analysis. Measure systems mapping, training, record remediation, independent-accountant work, recurring controls, legal review, and reporting separately. Shared software can reduce some costs; its availability, security, and contract terms still need verification. The proposed approach supplies an implementation route without inventing a cost schedule for the affected population.

Question 77

Would rescission of Rule 17ad-4 cause small transfer agents to exit the market or consolidate with larger transfer agents? What would be the impact on competition, issuer choice, and

investor protection if the number of small transfer agents were to decline as a result of the proposed rescission?

Analysis. Fixed burdens can encourage exit or consolidation even where per-transfer processing becomes cheap. Assess issuer choice, fee pass-through, provider concentration, and portability alongside protection. Do not assume lower firm counts necessarily mean worse service, or that consolidation automatically improves control. Industry effects require evidence.

Question 78

What transition period, if any, would be appropriate for transfer agents currently relying on the exemptions in Rule 17ad-4 to come into compliance with the proposed turnaround and recordkeeping requirements?

Analysis. Use a transition that permits inventory, reconciliation, technology setup, assurance, and validated operation. Preserve safeguarding throughout and avoid abrupt loss of holder access. Calibrate the period with actual readiness data, especially for previously exempt operators; no specific national duration is justified here.

Question 79

Should the Commission consider alternative approaches to address compliance costs for smaller transfer agents? Why or why not? If so, what alternative approaches should the Commission consider? Please explain in detail.

Analysis. Allow standardized schemas, shared controlled services, scalable governance, and phased migration where appropriate. Do not reduce the legal quality of ownership records or safeguarding for holders of small issues. Compare procedural simplification with blanket exemption and identify the independent-assurance costs automation cannot remove.

A.7 Required records

Related discussion: 5. Source:¹⁹⁵

¹⁹⁵Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 126–40.

Question 80

Are the proposed amendments to the recordkeeping requirements appropriate and sufficient to ensure that they apply to all forms of records (e.g., both physical and digital records, records that exist solely on distributed ledgers or blockchain networks) and all types of records that are utilized by transfer agents to monitor their performance and to allow ARAs to examine for compliance?

Analysis. Apply records obligations to information serving the required function across physical and electronic media. Retain instructions, outcomes, supporting authority, restrictions, and monitoring evidence. A ledger event without private attribution or a retained supporting document is not the complete record. Permit linked components with effective production.

Question 81

Are the proposed amendments to Rule 17ad-6 sufficiently flexible to accommodate the diverse range of transfer agent business models, sizes, and technological systems currently in use, while still ensuring adequate oversight and compliance monitoring? If not, what modifications would better achieve this balance?

Analysis. Use functional record requirements with consistent identifiers and reproducible views. Small agents can implement simpler systems while satisfying the same substantive record objectives. Avoid mandatory duplicate data entry or a prescribed storage vendor. Assess the arrangement's complete evidence, not the number of applications maintaining it.

Question 82

The proposed amendments contemplate that records may exist on distributed ledgers or blockchain networks. Are the proposed requirements sufficiently clear regarding how transfer agents should maintain, access, and produce such records for examination purposes? What specific challenges, if any, do distributed ledger or blockchain-based records present for compliance with Rule 17ad-6 and Rule 17ad-7?

Analysis. The production workflow should export positions, identity links, journals, control totals, restrictions, approvals, and relevant proofs in usable formats. Document ledger identifiers, ordering, and the relation to off-chain records. Public access to transactions is not a substitute for the private components needed for examination.

Question 83

Do the proposed recordkeeping rules, as written, adequately facilitate the implementation of recordkeeping systems that associate onchain database records and information (e.g., wallet address, quantity of security owned, and issue date) with offchain database records and relevant information (e.g., security holder name and address) so that the transfer of a tokenized security on a blockchain results in a corresponding transfer of the security on the master securityholder file?

Analysis. The rules should expressly permit reliable association of private identity records with public or distributed position events. Transfers should update the legal master record through an authorized state transition. Preserve historical links across rotation and recovery. Compliance should turn on complete attribution and record accuracy, not public disclosure of identity.

Question 84

How should the Commission address situations where records exist solely on a blockchain or distributed ledger that is not exclusively controlled by the transfer agent? Should the Commission establish specific requirements for ensuring the integrity, accessibility, and immutability of such records for compliance purposes?

Analysis. The agent should retain independent evidence and production capability even where it does not control the network. Assess finality, historical availability, indexes, export tools, and off-chain documents. Public network continuity cannot guarantee the agent's complete record. Provider access and recovery obligations remain relevant.

Question 85

Are the proposed amendments to Rules 17ad-6(a)(1) through (3) sufficient to capture all relevant information needed to monitor transfer agent turnaround performance? Should the Commission also require transfer agents to record the time of day, in addition to the business day, that items are received, turned around, or rejected to provide more granular performance data?

Analysis. Record time of day and business date at relevant intake, rejection, posting, and notification events. Document clock synchronization and the meaning of each timestamp. Granularity assists performance measurement and dispute resolution, but excessive detail should not replace clear event definitions or reliable ordering.

Question 86

The proposed amendment to Rule 17ad-6(a)(8) would explicitly require that transfer agent agreements with issuers be documented in writing. Are there circumstances in which requiring written documentation could create undue burdens for transfer agents or issuers, particularly smaller entities? If so, how should the Commission balance the need for written documentation with the potential burden on smaller market participants?

Analysis. Written agency terms should identify functions, authority, record ownership/access, safeguarding, continuity, examination, and exit. Structured standard terms can reduce small-entity burden. Electronic signatures and records need to satisfy the applicable legal requirements; a document digest without the operative agreement is insufficient.

Question 87

The proposed amendment to Rule 17ad-6(a)(10) would explicitly require transfer agents to maintain a transfer journal rather than only keeping such record if it had already been “prepared.” Are there any circumstances in which this requirement would be unduly burdensome or impractical for transfer agents, particularly smaller transfer agents or those serving issuers of tokenized securities?

Analysis. A transfer journal can be generated from the transaction event record rather than manually prepared as a separate book. It must include relevant issuance, transfer, cancellation, distribution, and correction events. The burden should be measured as maintaining necessary evidence, not assuming duplicate manual journals are mandatory.

Question 88

For transfer agents that maintain records on distributed ledgers or blockchain networks, how should the requirements for maintaining a master securityholder file, control book, and transfer journal be applied? Are there technical or operational challenges in maintaining these records on a blockchain or other distributed ledger environment that the Commission should address?

Analysis. Distinct journal, master-file, and control-book views can be generated from shared records with explicit reconciliation. Verify they preserve each regulatory function and historical state. Issue-level capacity controls must operate across all components. The same vendor or ledger does not by itself demonstrate consistency.

Question 89

The proposed amendment to Rule 17ad-6(a)(11) would expand the recordkeeping requirement for non-routine items to cover all non-routine items, not just those received in connection with specific types of corporate actions. Is this expansion appropriate and sufficient to capture all relevant non-routine items? Are there specific categories of non-routine items that present unique recordkeeping challenges the Commission should address?

Analysis. Record all nonroutine items and the evidence supporting classification, review, progress, and resolution. Identity, succession, adverse claims, and complex corporate actions require contextual records. Automate indexing and escalation while retaining accountable decisions. Do not treat a difficult case as outside retention simply because it has no completed transfer.

A.8 Retention and electronic access

Related discussion: 5. Source:¹⁹⁶

Question 90

Is the proposed uniform six-year retention period appropriate for most transfer agent records? Are there categories of records that should have a shorter or longer retention period? If so, which ones and why?

Analysis. A common six-year baseline simplifies administration, subject to the rule's exceptions and relevant legal holds. Current rights and continuing restrictions may require longer availability. Evaluate storage, key retention, indexes, format migration, and retrieval together. Inexpensive raw storage does not establish negligible compliance cost.

Question 91

The proposed rule would extend the retention requirement to cover all records required to be made or kept under the Exchange Act, not just those specified in Rule 17ad-6. Are there categories of records currently created and maintained by transfer agents in the ordinary course of business that should be explicitly excluded from this expanded scope? If so, which ones and why? Do commenters believe that this requirement would conflict with any other Commission recordkeeping requirement (for example, for transfer agents that are also registered broker-dealers)?

¹⁹⁶Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 140–65.

Analysis. Define the covered legal-record population carefully so required evidence is retained without treating every transient computation as an independent statutory record. Relevant inputs, decisions, outputs, and supporting authority should be reproducible. Consider explicit guidance for system telemetry and temporary processing data, while preserving material incident and compliance evidence.

Question 92

Would the proposed uniform six-year retention period create disproportionate compliance burdens for smaller or less complex transfer agents, such as those that perform transfer agent functions solely for their own or affiliated companies' securities? Should the Commission consider tiered retention requirements based on transfer agent size or complexity?

Analysis. Smaller volume can reduce storage but not all setup, retrieval, and assurance costs. Prefer proportionate implementation and common tools to automatic shorter retention where holders need equivalent evidence. Compare actual fixed costs and historical-record needs before adopting tiered retention periods.

Question 93

With respect to records that would be subject to a retention requirement under the proposed expansion of Rule 17ad-7(a), do transfer agents already create and maintain such records in the ordinary course of their operations, and if so, for how long are such records currently retained in practice? Are there categories of records that transfer agents currently create and use operationally but do not retain for any defined period, such that the proposed rule would require not only a new retention obligation but also changes to existing systems, policies, or infrastructure to preserve records that are currently discarded or overwritten after use? Please identify any such record categories and describe the operational, technological, and cost implications of retaining them for six years.

Analysis. Existing practices and overwritten categories require an operator survey or examination data. Identify messages, access records, policy versions, identity links, and exception evidence currently discarded. Estimate additional capture, privacy, storage, key management, and retrieval costs separately. No industry retention-duration distribution is asserted here.

Question 94

The proposed rule would require electronic recordkeeping systems to maintain an audit trail that tracks access, modification, and deletion of records, including the identity of the user and

the date and time of the action or attempted action. Are there circumstances in which maintaining such an audit trail would be technically infeasible or operationally impractical, such as with legacy systems or certain cloud-based platforms? How should the rule address such circumstances?

Analysis. Audit trails should identify attributable actors and relevant action/attempt time. Legacy systems may need wrapper logging or controlled migration; the gap should not be hidden by claiming ledger immutability. Assess authorized access, policy changes, private records, and administrator actions, which may not appear in a public transaction history.

Question 95

The proposed rule would replace the term “electronic storage media” with “electronic recordkeeping system.” Is the proposed definition for this term sufficiently clear and technology-neutral to accommodate current and emerging recordkeeping technologies, including cloud-based platforms, distributed ledger systems, and AI-driven recordkeeping tools? Are there technologies or systems that might fall outside this definition that should be covered?

Analysis. An electronic recordkeeping system should cover the complete arrangement of storage, linkage, access, integrity, retention, and production. Cloud, distributed, and automated components can qualify by function. AI assistance must not silently rewrite authoritative positions or invent records. Accountability remains with the relevant operator.

Question 96

The proposed rule would remove all references to micrographic media, reflecting the Commission’s understanding that registered transfer agents have largely moved away from such technology. Are there transfer agents that continue to rely on micrographic media for recordkeeping? If so, what transition period or accommodation, if any, would be appropriate to allow such transfer agents to come into compliance with the amended rule?

Analysis. Identify remaining micrographic holdings through evidence and preserve their legal usability during migration. Scanning should retain provenance, completeness, indexing, and quality checks. The available materials do not establish how many agents still rely on micrographic media or the optimal transition duration.

Question 97

The proposed rule would require transfer agents to implement controls to ensure the continuity of records across their entire lifecycle, without regard to system or technology upgrades, staff

changes, or format changes. What specific challenges do transfer agents face in ensuring record continuity across system migrations, technology upgrades, or changes in service providers? Are there particular standards or frameworks such as those developed by the National Institute of Standards and Technology (NIST) or the International Organization for Standardization (ISO) that the Commission should reference or incorporate to provide clearer guidance on continuity requirements?

Analysis. Use persistent identifiers, schema/version mappings, verified exports, documented canonicalization, cryptographic continuity checks where useful, and restoration exercises. Test historic records after migration. Personnel or vendor changes must not destroy authority or identity links. Continuity includes the ability to explain and produce the record, not merely preserve bytes.

Question 98

Would there be situations in which a transfer agent is unable to obtain the agreement required under proposed Rule 17ad-7(h) from a third-party service provider? If so, what requirements would be appropriate?

Analysis. Assess whether the agent can independently obtain complete records and meet examination demands if the provider declines an agreement. Where it cannot, redesign or replace the arrangement. Public blockchain access may satisfy part of the need, but private identities, documents, and indexes must be assessed separately.

Question 99

Do commenters agree that a transfer agent utilizing blockchain-based or other distributed ledger technology would have independent access to such records consistent with proposed Rule 17ad-7(h)(2) such that the transfer agent would be able to regularly access and view the records maintained on the blockchain or other distributed-ledger without the need of any intervention by a third party, and could through such access permit examination of the records and promptly furnish copies of the records?

Analysis. Do not presume complete independent access from the existence of a public ledger. Demonstrate access to transactions, historical state, supporting identity mappings, private documents, decryption capability, and exports. An examiner should be able to test that production without provider intervention where the alternative is relied upon.

Question 100

Should the Commission require transfer agents to maintain a duplicate copy of each required record, separately from the original, using the same controls and for the same retention period as the original? Would such a requirement be practical and cost-effective for transfer agents of all sizes and complexity? Should such a rule specify minimum standards for the geographic or logical separation of original and duplicate records, such as requiring that duplicates be maintained at a different physical location or on a separate network?

Analysis. Require resilience against meaningful shared failure, assessed across records, credentials, administrators, locations, and providers. Geographic or logical separation can be useful, but two copies under the same compromised authority may fail together. Test restoration and complete historical reconstruction. Compare the costs of equivalent resilient arrangements.

Question 101

The proposed rule would require transfer agents to deliver, provide, or otherwise make available to the issuer or its designee all specified records within 15 calendar days of ceasing to perform transfer agent functions for an issue. Is 15 calendar days a sufficient and realistic timeframe for all transfer agents, regardless of the size or complexity of the issue? Should the rule provide for extensions of this deadline in specified circumstances, such as those involving disputes between the transfer agent and the issuer, or operational disruptions? If so, what specified circumstances would warrant such an extension and what process should govern such extensions? Should the Commission consider alternative approaches to a transfer agent's maintenance, retention, and preservation of records? Why or why not? If so, what alternative approaches should the Commission consider? Please explain in detail.

Analysis. Prepare portability before termination through standard exports, documented schemas, complete identity/authority links, and successor validation. The proposed 15-day period should be tested against issue complexity and disruption. Ordinary fee disputes should not immobilize shareholder records. Any extension mechanism should preserve immediate access and attributable responsibility.

A.9 Posting and overissuance

Related discussion: 5. Source:¹⁹⁷

¹⁹⁷Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 165–75.

Question 102

The proposed rule would redefine “promptly” for purposes of Rule 17ad-10(a) as the shorter of one business day or the time period specified by Rule 15c6-1(a), aligning the prompt posting requirement with the current T+1 settlement cycle. Is this standard achievable for all categories of transfer agents and all types of securities transactions, including those involving certificated securities, complex corporate actions, or securities issued by smaller issuers? Are there transaction types or operational circumstances that would make one-business-day posting impractical or infeasible?

Analysis. Routine automated posting can be rapid, but performance depends on complete authority, receiving-system readiness, and coordinated record updates. Preserve record-date entitlements and genuine exception handling. Evaluate actual receipt-to-posting evidence across categories; throughput tests alone do not establish the universal feasibility of the proposed deadline.

Question 103

The proposed rule would eliminate the existing differentiated “promptly” standards for exempt transfer agents under Rule 17ad-4(b), transfer agents using batch processing systems, and all other recordkeeping transfer agents. Would the elimination of these differentiated standards create disproportionate compliance burdens for smaller or less technologically sophisticated transfer agents? Should the Commission consider an exemption or different standards for certain types of transfer agents, or a phased implementation schedule or transitional relief for transfer agents that would need to significantly upgrade their systems to meet the new standard?

Analysis. Eliminating differentiated standards should be accompanied by practical migration and proportionate support. Batch systems can be redesigned, but legal exceptions and legacy evidence must remain handled correctly. Compare actual burden and risk before granting continuing timing differences based only on size or historic technology.

Question 104

Should the Commission consider allowing multiple recordkeeping transfer agents to jointly but separately maintain the master securityholder file for a particular issue across multiple files and systems? If so, how would the prompt posting and overissuance requirements in Rule 17ad-10 apply in such arrangements, and what additional safeguards or coordination requirements would be necessary to ensure accuracy and integrity of the master securityholder file?

Analysis. Multiple responsible agents need a shared issue-level authorization limit, consistent ordering, reservation, posting acknowledgement, reconciliation, incident ownership, and correction pro-

cess. Joint liability does not eliminate technical conflicts. A single authoritative state with delegated components may achieve decentralized operation with clearer accountability.

Question 105

Should transfer agents that maintain the master securityholder file exclusively on an immutable blockchain network be exempt from the record deletion and retention requirement set forth in Rule 17ad-10(f), given that records created on such networks cannot be “deleted” in the traditional sense? If so, what alternative requirements, if any, should apply to ensure that the purposes of Rule 17ad-10(f) are achieved?

Analysis. Historical persistence can satisfy the purpose of preserving deleted position detail only if the agent can reconstruct and produce it for the required period. A deletion from a current view is different from destruction of evidence. Retain supporting off-chain data and access tools; do not grant a blanket exemption based on an immutability claim.

Question 106

Should the Commission amend Rule 17ad-10(h) to eliminate the provision stating that record-keeping transfer agents shall not be required to add certificate detail (or position detail, as proposed to be amended) to the master securityholder file for certificates issued prior to the effective date of this section, which was September 30, 1983?

Analysis. Assess the remaining pre-1983 population and the effort to reconstruct necessary detail before removing legacy treatment. Modern systems can preserve and link available history but cannot create missing facts. Migration should mark provenance and uncertainty. This comment does not claim national counts or complete historical reconstruction.

Question 107

Should the Commission consider alternative approaches to ensuring that the requirements of Rule 17ad-10 apply equally and effectively to uncertificated securities, beyond the proposed replacement of “certificate detail” with “position detail” throughout the rule? For example, should the Commission consider adopting separate, tailored provisions for uncertificated securities that better reflect the operational realities of maintaining and updating securityholder records in a fully electronic environment? Please explain.

Analysis. Equivalent requirements should include effective recovery and correction of electronic positions, with preservation of historical attribution, third-party rights, and supply reconciliation.

Permit issuer/agent registration controls, asset-layer functions, migration, or adopted system changes as demonstrated alternatives. The detailed recovery specification is in Sections 6.3–6.11 and Appendix D.

A.10 Safeguarding and continuity

Related discussion: 6. Source:¹⁹⁸

Question 108

Is an outcomes-based, policies and procedures approach appropriate for registered transfer agents' risk management, or should the rule specify more prescriptive minimum standards for particular types of risks or activities?

Analysis. Require an outcomes-based recovery minimum supported by identified responsible persons, implementation paths, and evidence. Cover access restoration, lawful record correction, preservation, binding legal process, and provider succession. Permit equivalent architectures while requiring demonstrated results. Appendix D supplies the coverage and acceptance cases.

Question 109

Should the Commission provide guidance on what would constitute a “material” custody, operational, cybersecurity, or other risk that would need to be addressed in a transfer agent's risk management policies and procedures?

Analysis. Include loss of recovery authority, compromised recovery credentials, an unavailable private identity index, failed court-order implementation, and duplicate positions after replacement. Materiality depends on impaired rights and safeguarding, not only transaction volume. Document containment, authority, restoration, and reconciliation.

Question 110

Are the proposed requirements for BCPs adequate to ensure timely recovery and resumption of operations after a disruption?

¹⁹⁸Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 175–86.

Analysis. Continuity must restore both service operation and lawful holder control. Exercise loss of online and offline credentials, encrypted records, private indexes, providers, and successor authority; separately test ownership correction and binding legal process. Recovery is incomplete if a server restarts but the holder cannot exercise rights. Use the acceptance cases in Appendix D.

Question 111

Should transfer agents be required to report cybersecurity incidents or other significant operational disruptions to the Commission or their ARA within a specified timeframe? If so, what types of incidents should trigger a reporting obligation, and what information should be included in such reports?

Analysis. Coordinate reporting with existing applicable incident obligations and define discovery, severity, content, timing, and follow-up. Avoid contradictory notices for the same event. Relevant impacts include asset loss, inability to resolve holders, processing outages, and unavailable records. No universal deadline is inferred solely from technical capability.

Question 112

Should transfer agents be required to obtain independent assessments of their cybersecurity and operational risk management practices, such as SOC 2 reports (i.e., the compliance and privacy standard developed by the AICPA) or similar third-party attestations? If so, how frequently should such assessments be required, and should they be filed with the Commission or made available to ARA staff?

Analysis. Independent assessment should test the actual recovery scope: authorized execution, resistance to forged or stayed orders and false claimants, compromised privileged roles, replay prevention, concurrent transfers, provider failure, and reconciliation of every connected record. A generic attestation is insufficient evidence of those results. Scale assessment to risk and avoid duplicated assurance burdens.

Question 113

Is the proposed requirement to maintain issuer or securityholder funds in segregated bank accounts practical and effective from a safeguarding perspective? Should the rule address whether stablecoins and tokenized deposits can be funds (in addition to cash) and whether the bank account could be a bank's custodial wallet? Should the rule specify minimum requirements for the banks at which such accounts must be maintained? Should the rule permit transfer agents to use trust accounts or other types of intermediaries, such as registered broker-dealers, to hold issuer or securityholder funds?

Analysis. Assess legal segregation, custody, redemption, insolvency exposure, access powers, and reconciliation for each proposed money instrument. A tokenized deposit, stablecoin, and ordinary deposit are not interchangeable by label. A bank wallet may be a technical interface, but must have a supporting legal account/custody arrangement. Evaluate alternatives against equal safeguarding outcomes.

A.11 Lost/inactive holders and payees

Related discussion: 7. Source:¹⁹⁹

Question 114

Should the rule specify additional steps that transfer agents, brokers, or dealers must take before or after completing unsuccessful database searches before remitting funds or securities to a state unclaimed property administrator, such as attempting to contact the securityholder by alternative means or notifying the issuer? For example, should the Commission require that a lost securityholder provide affirmative consent before a transfer agent, broker, or dealer may remit funds or securities to a state unclaimed property administrator?

Analysis. Additional verified contact and issuer escalation can protect holders before lawful remittance. An absolute affirmative-consent requirement may be unworkable for a genuinely lost holder and cannot silently override state duties. Assess the legal route and preserve attempts, failures, entitlement evidence, and required notices.

Question 115

Is the Commission's proposed definition of "inactive securityholder" appropriate? Should the Commission amend the definition of "inactive securityholder" to incorporate any other account dormancy or inactivity component? If so, please describe in detail the other account dormancy or inactivity components. Is the Commission's proposed period of inactivity appropriate? What period of inactivity should trigger lost securityholder status?

Analysis. Evaluate the proposed 18-month period against state obligations, holder behavior, and the purposes of notice. Attribution-aware monitoring can detect recognized activity while keeping contact current. The evidence does not establish that a particular inactivity period is optimal across accounts and securities.

¹⁹⁹Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 186–94.

Question 116

Is the Commission's proposed description of account activity appropriate? What types of account activity should be sufficient to prevent a securityholder from being deemed inactive? Does the description adequately capture activity in tokenized securities?

Analysis. Recognized activity should be an attributable qualifying action, not merely background software polling or receipt by a shared service. Record the actor, authority, action, and time. Delegated or corporate activity may qualify according to the rule, but the link to the relevant account must remain demonstrable.

Question 117

Should the Commission consider other or additional measures to protect investors from the consequences of escheatment, such as requiring transfer agents, brokers, or dealers to provide an additional written notice to securityholders of the risk of escheatment before remitting their assets to a state unclaimed property administrator, or requiring transfer agents to maintain records of escheated assets to facilitate reclamation by investors?

Analysis. Combine notices with current contact, alternative channels, authenticated reentry, successor procedures, and preserved ownership. Alerts should explain meaningful actions the holder can take. Avoid making loss of a transaction key equivalent to loss of the share. Assess protections under applicable state law.

Question 118

Should the Commission make any other amendments to Rule 17ad-17 to reflect the use of electronic communications? For example, should the Commission amend the definition of "Information data base service" to reference electronic contact information and communications? Should the Commission include in the definition of "Information data base service" a data base that contains contact information reasonably likely to result in reestablishing contact with the lost securityholder, in the case of any other undeliverable correspondence? Should the Commission require transfer agents, brokers, or dealers to search for a correct physical mailing address for a lost securityholder? Should the Commission allow transfer agents, brokers, or dealers to satisfy their obligations under Rule 17ad-17 by searching for a correct electronic mailing address or other means of electronic communication? Are there commercially available databases which transfer agents, brokers, or dealers can use to search for a correct electronic mailing address or other means of electronic communication?

Analysis. Electronic-contact information and failure evidence can improve database searches and notifications. Define reliable delivery and the relation to physical address requirements. Electronic

systems should not generate false confidence about holder contact where addresses are stale or transport acknowledgments reveal little about receipt.

Question 119

Should the Commission make any other amendments to Rule 17ad-17(c) to reflect paying agents' use of electronic communications and electronic payments?

Analysis. Apply notice and monitoring to rejected electronic distributions with records of the destination, amount, instrument, reason, and follow-up. Update destinations only through verified authority. Distinguish pending processing from a failed payment. Payment-network status must be interpreted according to the evidence actually available.

Question 120

In situations where a transfer agent, broker, or dealer does not have a physical mailing address for a securityholder, how does the transfer agent, broker, or dealer comply with Rule 17ad-17? Are there alternative means of complying with Rule 17ad-17 that do not require the use of physical mail?

Analysis. Use authenticated electronic contact and other lawful methods where permitted, while identifying any remaining physical-address duties. A missing address may itself reveal a deficient holder record. Do not assert that wallet notification universally substitutes for all searches, notices, or state requirements.

Question 121

Should the Commission consider any other alternative approaches to protect investors from the consequences of escheatment? If so, what alternative approaches should the Commission consider? For example, should the Commission harmonize with approaches taken by other regulators, such as the Department of Labor? Should the Commission consider explicitly preempting state laws related to escheatment? Please explain in detail.

Analysis. Improved contact, reauthentication, portability, and notice can reduce avoidable escheatment risk. Federal preemption requires an independent legal basis and cannot follow from a technical architecture. Evaluate state rules and jurisdictional priorities expressly before recommending displacement. Technology can implement lawful procedures without settling that constitutional and statutory question.

Question 122

Should the Commission consider providing an alternative to the database search requirement in circumstances where the transfer agent, broker, or dealer does not have identifying information for a lost securityholder? For example, should the Commission consider a lost securityholder reauthentication requirement whereby the transfer agent, broker, or dealer must make at least two attempts to reestablish contact with a lost securityholder using all available contact information reasonably available to the transfer agent, broker, or dealer?

Analysis. An alternative reauthentication process should attempt supported contact and verify claimant entitlement through retained identity and authority records. Two messages to an unresolvable address may achieve nothing. Preserve privacy, attempts, outcomes, and escalation. Any substitute for a required search needs express regulatory permission.

A.12 Compliance governance

Related discussion: 8. Source:²⁰⁰

Question 123

Should the Commission provide more specific guidance or safe harbors regarding what constitutes policies and procedures “reasonably designed” to achieve compliance? If so, what specific elements or standards should be included?

Analysis. Provide control objectives and examples linking written policies to execution evidence, exception handling, approvals, testing, and remediation. Safe-harbor guidance should not excuse inaccurate records or ignored red flags. Permit equivalent designs and clarify the limits of relying on automated inputs.

Question 124

Should the rule apply uniformly to all registered transfer agents, or should the Commission adopt a tiered or scaled approach based on factors such as size, transaction volume, number of issuer accounts serviced, or complexity of services provided? If so, how should such tiers be defined and what requirements should apply to each?

²⁰⁰Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 194–201.

Analysis. Scale procedures and evidence volume by activity and risk while preserving core legal protection. Consider custody, issue complexity, provider dependence, holders, and workload, not headcount alone. Shared services may reduce small-firm burden but require retained accountability and exit capability.

Question 125

Are there particular categories of federal securities laws and regulations that should be explicitly identified in the rule or accompanying guidance as requiring coverage in a transfer agent's compliance policies and procedures? Alternatively, would such specificity undermine the flexibility the Commission intends to provide?

Analysis. Identify core transfer, records, safeguarding, offering/resale, privacy, and applicable market obligations while recognizing that applicability varies. A maintained obligation register is preferable to an unbounded assertion of universal compliance. Link each operational control to its actual legal basis and responsible regulated person.

Question 126

Should the rule require transfer agents to designate a specific compliance officer or maintain a dedicated compliance function responsible for overseeing the implementation and enforcement of the compliance program? If so, should there be minimum qualifications for such a role, and how should any such requirement be scaled for smaller transfer agents?

Analysis. An identifiable responsible compliance function is useful, but a dedicated additional employee may be unnecessary for a small agent. Define authority, competence, resources, escalation, and absence cover. Technical automation supports the function; it does not become the legally responsible person.

Question 127

Should a transfer agent's board of directors or similar governing body be required to review and approve the transfer agent's compliance policies and procedures annually? For transfer agents that lack a traditional board structure, such as sole proprietorships, partnerships, or certain limited liability companies, what entity or individual should be responsible for fulfilling the approval and oversight functions specified by the proposed rule? Should the Commission provide additional guidance on what constitutes a "similar governing body" for purposes of this requirement?

Analysis. The governing body or equivalent responsible person should review evidence of operation and material changes. Accommodate the entity’s legal structure without diluting responsibility. Review should cover incidents, exceptions, providers, credentials, performance, and remediation rather than a ceremonial annual approval of unchanged text.

Question 128

Should the Commission provide guidance on what constitutes a “material” change to the transfer agent’s operations or the federal securities laws and rules that would trigger the requirement for the transfer agent’s governing body to review and approve the transfer agent’s compliance policies and procedures?

Analysis. Material changes can include custody methods, identity architecture, privileged powers, providers, issue types, market roles, or governing legal requirements. Link change assessment to affected controls and testing. Not every minor code edit needs identical board treatment, but material authority or policy changes should not bypass governance.

Question 129

Should the rule require transfer agents to report material instances of noncompliance to the Commission within a specified timeframe? If so, how should “material” be defined for this purpose?

Analysis. Assess material noncompliance reporting through clearly defined impacts, discovery, required facts, timing, remediation, and existing obligations. Avoid a vague universal trigger that produces excessive reports without supervisory value. Automatic detection should create accountable assessment and escalation, not undisclosed suppression.

Question 130

Should the rule require transfer agents to keep any particular records regarding the development and/or enforcement of the policies and procedures that would be required by the proposed rule? Should the rule require transfer agents to keep any particular records regarding the governing body’s annual review and approval of the policies and procedures required by the proposed rule?

Analysis. Retain the obligation mapping, approved policies, effective versions, testing, exceptions, change assessments, governing approvals, incidents, and remediation. The record should show both what was authorized and how it operated. Code histories alone do not record legal analysis or governance approval.

Question 131

Should the Commission consider any alternative approaches to establishing a compliance framework for transfer agents? If so, what alternative approaches should the Commission consider? Please explain in detail.

Analysis. Use a linked policy-and-evidence register with automated controls and accountable review for judgment-dependent matters. The approach is compatible with outcomes-based regulation and different technologies. Its strength lies in traceable authority, testability, and remediation rather than a claim that software displaces all human responsibility.

A.13 Restrictive legends

Related discussion: 9. Source:²⁰¹

Question 132

Should proposed Rule 17ad-31 apply to an original issuance of securities not registered pursuant to the Securities Act? Are there categories of original issuances for which the rule's requirements would be unnecessary or unduly burdensome, and if so, should such categories be explicitly excluded?

Analysis. Original unregistered issuances require a valid legal route and issuer authority. Eligibility credentials can implement the specified conditions but do not establish the exemption alone. Consider proportionate evidence requirements across actual issuance categories without treating the absence of a certificate or intermediary as permission to distribute.

Question 133

Should the Commission provide a specific, non-exhaustive list of “red flags” or circumstances that should alert a transfer agent to potential Section 5 violations and trigger heightened scrutiny or additional inquiry before facilitating a transaction? If so, what specific red flags should be included, and should they be incorporated into the rule itself?

Analysis. Provide nonexclusive examples such as inconsistent issuance histories, suspicious representative instructions, unexplained changes in affiliate status, and repeated attempts to evade appli-

²⁰¹Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 201–10.

cable limits. Alerts should trigger appropriate inquiry, not automatic accusations. Retain the facts, assessment, and response, and distinguish suggested checks from current mandatory presumptions.

Question 134

Are the requirements for opinions of counsel under proposed paragraph (c)(2) appropriate? Should any additional requirements be included, or should any of the proposed requirements be modified? For example, should transfer agents be required to request and retain, subject to the record maintenance and retention rules, copies of documents the counsel reviewed and relied upon in providing the opinion?

Analysis. Opinions should identify the actual transaction, legal route, facts, assumptions, and material documents relied upon. Preserve sufficient supporting evidence for review without assuming every privileged communication must be publicly disclosed. Automation can assemble the packet, but should not invent the factual basis or legal conclusion.

Question 135

Is the alternative of permitting transfer agents to make their own determinations under proposed paragraph (c)(3) appropriate? Should there be any limitations on which transfer agents may use this alternative (for example, based on size, resources, or expertise)? If so, how should such limitations be defined?

Analysis. Internal determinations should depend on demonstrated competence, adequate evidence, and documented review, rather than firm size alone. Complex or uncertain cases may need external counsel. The proposed route should preserve red-flag inquiry and records. A rules engine can support a determination but is not legal expertise by designation.

Question 136

Are the documentation requirements under proposed paragraph (d) appropriate and sufficient? Should any additional documentation be required?

Analysis. Retain authority, position history, restriction basis, supporting facts, applicable exemption analysis, reviewer, decision, and effective status. Record contrary information and its resolution. Link the decision to the transfer event and policy version so it can be reconstructed later.

Question 137

Should the Commission provide additional guidance regarding what constitutes “circumstances indicating” a potential violation under paragraphs (c)(1) and (c)(3)? If so, what specific guidance would be helpful?

Analysis. Guidance should identify factors requiring inquiry and distinguish absence of information from evidence of legality. Context matters for affiliate transfers, unsupported representations, and inconsistent history. Automated checks should preserve explanation and escalation, not convert every anomaly into an unreviewable bar on lawful transfers.

Question 138

Are there circumstances under which transfer agents should be permitted to facilitate transactions covered by proposed paragraph (b) without meeting the requirements of proposed paragraph (c)? If so, what circumstances and what alternative requirements, if any, should apply?

Analysis. Any alternative route must rest on a valid legal basis and equivalent evidence. A technical success or verified recipient does not justify bypassing the proposed conditions. Explain the actual category, why existing requirements are unnecessary, and what protection replaces them. The present record supplies no blanket exception.

Question 139

Should the Commission expand proposed Rule 17ad-31 to require transfer agents to make information about the issuance, ownership, and transfer history of securities, including those traded over the counter, available to broker-dealers or investors? If so, what information should the Commission require transfer agents to disclose? Would this information facilitate liquidity for smaller public companies? Would this information better allow broker-dealers to determine whether the securities present heightened risk profiles or red flags associated with unlawful distributions?

Analysis. Provide purpose-appropriate information about validity, restriction status, relevant issuance facts, and permitted reliance. Selective disclosure can assist lawful trading without unrestricted publication of holder identities and histories. Distinguish likely administrative savings from unmeasured liquidity improvements. Access must respect the applicable legal and privacy framework.

Question 140

Should the Commission consider any alternative approaches to addressing the risks associated with improper removal of restrictive legends? If so, what alternative approaches should the Commission consider? Please explain in detail.

Analysis. A maintained restriction register linked to attributable positions can reduce duplicated requests and prevent restrictions disappearing during format changes. Combine standard evidence packets, verified representative authority, qualified review, and status interfaces. Preserve legal judgment and red-flag investigation; elapsed time alone should not release every restricted position.

A.14 Economic evidence and alternatives

Related discussion: 11. Source:²⁰²

Question 141

What additional qualitative or quantitative information should the Commission consider as part of the baseline for its economic analysis of the proposal?

Analysis. Add evidence on identity maintenance, automated versus manual processing, exceptions, direct holdings, provider dependence, portability, and legal-review workflows. Compare current conventional databases with distributed alternatives under equivalent protection. Existing payment-fee evidence does not establish securities costs. Use operator or administrative data for national quantities.

Question 142

What additional considerations can the Commission use to estimate the costs and benefits of implementing the proposal?

Analysis. Separate implementation, recurring controls, independent assurance, legal review, liquidity, and migration. Measure receipt-to-posting, error rates, failed contact, and complete reporting costs. Identify whether an intermediary function is actually removed. Use sensitivity analysis for workload, adoption, incident probability, and exception share rather than a single unsupported savings estimate.

²⁰²Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 345–54.

Question 143

Is it likely that certain potential benefits associated with the proposal will not accrue to certain groups of transfer agents because of the nature of their activities or because of new conditions or restrictions the proposal would impose on these activities? Why or why not? Are there other benefits or costs associated with the proposal that will impact certain groups of transfer agents differently than other groups?

Analysis. Agents already using structured automated systems may face different incremental burdens from paper or legacy operators. Fund, small-issue, custody, and complex-security models may receive different benefits. Segment by starting capability and legal dependencies. No distribution of benefits is established without a representative evidence base.

Question 144

Has the Commission considered all relevant aspects of the proposal? Has the Commission accurately described the costs and benefits of the proposal? Why or why not? Please identify any other benefits associated with the proposal that the Commission has not identified. Please identify any other costs associated with the proposal that the Commission has not identified. If possible, please provide quantification or data that would support quantification of such effects.

Analysis. Assess avoided duplication alongside new credential, recovery, cybersecurity, assurance, and prefunding costs. Distinguish resource savings from redistribution of fees. Benefits to holders and issuers should be linked to actual functions. This comment does not validate the Commission's aggregate estimates merely because automation is technically possible.

Question 145

The Commission requests comment on the discussed reasonable alternatives, including the relative costs and benefits and effects on efficiency, competition, and capital formation compared to the proposed rule.

Analysis. Compare principles-based identification, reporting scope, thresholds, exemptions, governance, access, and retention alternatives under equal legal objectives. Identify who gains and who bears fixed costs. Evaluate conventional and distributed implementation. Alternatives should not be dismissed or preferred solely because their technology is familiar or new.

Question 146

Are there any additional reasonable alternatives that the Commission should consider? If so, please identify such alternatives and any economic effects associated with such alternatives. If possible, please provide quantification or data that would support quantification of such effects.

Analysis. Consider standard reporting schemas, portable records, shared controlled services, risk-based assurance, and documented equivalent access. These can reduce duplication without weakening attribution or safeguarding. Quantify setup and operating effects using actual implementations; projected benefits should be labeled as projections until demonstrated.

Question 147

What quantitative or qualitative information is there concerning sensitivities of issuers and third parties to fees, how transfer agents take these sensitivities into account when setting fees, and the extent to which transfer agents prefer to keep fees constant?

Analysis. Fee sensitivity and pass-through require issuer/operator evidence rather than inference from technical fees. Examine switching costs, contract terms, concentration, and the functions bundled in charges. Separate competitive price reductions from real resource savings, and assess whether portable records change bargaining power.

Question 148

In connection with the amended definition of master securityholder file in proposed Rule 17ad-9, specifying that it must be maintained in electronic form, how many transfer agents currently maintain master securityholder files in paper form? What is the estimated magnitude of migration costs, including data migration, systems development, and staff training?

Analysis. The number of paper master files and their migration cost is not established by the available material. Measure opening-record quality, issue complexity, identity remediation, scanning, validation, staff training, and system setup. Do not infer zero migration cost from the existence of electronic storage tools.

Question 149

In connection with the amended definition of recordkeeping transfer agent in proposed Rule 17ad-9, how many transfer agents maintain a master securityholder file jointly with another transfer agent? What is the estimated magnitude of transition costs to maintenance of such master securityholder file by a single recordkeeping transfer agent?

Analysis. Joint maintenance prevalence and transition costs require regulatory or operator data. Assess agreements, concurrent updates, issue-level limits, and authoritative-state arrangements. The architecture supplies coordination mechanisms but not national counts. Separate legal restructuring from technical consolidation costs.

Question 150

In connection with the amended definition of record difference in proposed Rule 17ad-9, how frequently would transfer agents likely discover record differences stemming from discrepancies between the transfer journal and the master securityholder file over a one-year period? Would such record differences be more difficult to resolve than existing ones, such that transfer agents would be required to file additional Rule 17ad-11 aged record difference reports? If possible, please provide quantification or data that would support quantification of the number of additional Rule 17ad-11 aged record difference reports and the costs they may incur.

Analysis. Measure differences between journals and master files by cause, frequency, duration, affected holders, and remediation effort. Distinguish delayed synchronization from incorrect authority or quantity. Shared event records can reduce some reconciliation work, but no error-reduction percentage is asserted without comparable logs.

Question 151

In connection with the proposed amendments to Rules 17ad-2(a) and 17ad-2(b), how many transfer agents may incur costs to acquire the operational capability to turnaround and process all routine items received during a month within the timeframes specified in these amended rules? What would be the magnitude of such costs? If possible, please provide quantification or data that would support quantification of the number of transfer agents and the costs they may incur.

Analysis. Capability investment depends on current intake, exception handling, posting, and provider readiness. Estimate setup, interfaces, monitoring, training, and operating coverage separately. No count of agents needing investment or national aggregate cost is available in the reviewed evidence.

Question 152

In connection with the proposed amendments to Rules 17ad-2(c) and 17ad-2(d), how many transfer agents may incur costs to build a system that monitors when their performance triggers the proposed three percent notification threshold for turnaround and processing, respectively.

What would be the magnitude of such costs? If possible, please provide quantification or data that would support quantification of the number of transfer agents and the costs they may incur.

Analysis. Threshold monitoring can be generated from timestamped events and retained calculation rules. Measure configuration, validation, review, notices, and support, rather than only execution time. The number of affected agents and aggregate cost require administrative or operator data.

Question 153

Would the proposed amendments to Rules 17ad-2(c) and 17ad-2(d) increase, decrease, or leave unchanged the number of notices that transfer agents have to prepare and file with the Commission and other ARAs? What would be the change in compliance costs associated with an increase or decrease in the number of notice filings? Would smaller transfer agents be more or less likely to see an increase in notice filings than larger transfer agents? If possible, please provide quantification or data that would support quantification of the change in the number of notice filings and the associated costs, as well as the type and number of likely filers.

Analysis. Notice frequency depends on workload, baseline failures, revised populations, and actual performance improvements. Small denominators may produce different effects. Replay historical records under both rules and document exclusions. No national increase or decrease can be responsibly supplied without that exercise.

Question 154

In connection with proposed Rule 17ad-2(e)(2), is the one business day notification deadline operationally achievable for transfer agents of varying sizes and technological sophistication? If possible, please provide quantification or data that would support quantification of the feasibility of the proposed deadline and the costs of potentially accelerated processing that may arise as a result of the proposed deadline.

Analysis. Known rejection classes can support prompt automatic notices; ambiguous or external failures require supported explanation and escalation. Test actual acceptance channels and notification latency across agents. The architecture demonstrates a method, not universal achieved feasibility or an average accelerated-processing cost.

Question 155

Would Rule 17ad-3's limitations on expansion provisions trigger more, less, or remain unchanged in light of the proposed amendments to Rule 17ad-2(c) and (d) and the proposed

amendment to Rule 17ad-3(b)? Would smaller transfer agents be more or less likely to trigger these provisions than larger transfer agents? If possible, please provide quantification or data that would support quantification of the frequency with which the provisions trigger as a result of the proposed amendments, as well as the type and number of transfer agents likely to trigger the provisions.

Analysis. Expansion-trigger frequency requires applying the proposed rules to historical monthly performance and volumes. Include remediation and changes in classification. Small-firm effects should be estimated separately. No numerical change in trigger frequency is inferred from the proposed percentages alone.

Question 156

In connection with the proposed rescission of Rule 17ad-4, how many transfer agents are covered by Rules 17ad-4(a) and 17ad-4(b)? How many transfer agents are exempt from Rule 17ad-13 pursuant to the exemption in paragraph (d)(2) of that rule? If possible, please provide quantification or data that would support quantification of transfer agents covered by Rules 17ad-4(a), 17ad-4(b), and 17ad-13(d)(2).

Analysis. Counts of currently exempt agents and those affected by the accounting-control exemption require regulator records or a defined survey. Evaluate overlapping categories carefully. This comment identifies corresponding obligations but does not manufacture the population or independent-accountant costs.

Question 157

Would the proposed amendments to Rule 17ad-6 result in a net increase or decrease in the number of documents and records that transfer agents would be required to make and keep current? What would be the magnitude of this change? Is the change in the number of documents and records more likely to fall on certain types of transfer agents but not others? Would small and large transfer agents see different changes in the number of documents and records that have to be made and kept current? If possible, please provide quantification or data that would support quantification of the net change in documents and records and affected transfer agents.

Analysis. Count necessary record categories and retained evidence, not files generated by software. A common event record may supply several views without duplicating data entry. Estimate changes by current practice, size, and instrument. No net national document increase or decrease is asserted without those comparisons.

Question 158

What factors currently constrain transfer agents' ability to perform their critical functions in the national clearance and settlement system? Would administrative burden associated with existing Rule 17ad-6 be one such factor? If so, would the proposed amendments to the rule reduce transfer agents' administrative burden?

Analysis. Potential constraints include legacy records, fragmented ownership links, manual instructions, provider dependence, legal exceptions, and duplicated reconciliation. The proposed rules can reduce some ambiguity while increasing necessary evidence capture. Assess each constraint against actual operations rather than assign all delay to administrative burden.

Question 159

Would transfer agents incur costs to comply with proposed Rule 17ad-7(a)? If so, would these be initial costs, annual costs, or both? Are the Commission's estimated initial and annual costs in connection with this proposed rule accurate? If not, please explain why. If possible, please provide quantification or data that would support quantification of these costs.

Analysis. Retention can impose initial capture, migration, encryption, schema, and retrieval costs plus recurring storage, key management, access, and testing. Compare current schedules with the proposed scope. This comment provides no verified aggregate cost replacing the Commission's estimate.

Question 160

In connection with proposed Rule 17ad-7(h)(1), what is the number of third-party service providers that provide electronic recordkeeping systems, servers or other storage mechanisms to transfer agents for record retention? How many of these third-party service providers provide their clients with independent access to the kept records at all times? What is the aggregate cost associated with the proposed written agreement requirement? If possible, please provide quantification or data that would support quantification of the number of affected third-party service providers, the number of such providers that provide independent access to kept records, and the aggregate cost associated with the proposed written agreement requirement.

Analysis. Provider prevalence and independent-access costs require market or examination data. Test complete production rather than access to public ledger entries alone. Include private identities, documents, indexes, decryption, exports, and contract rights. The technical alternative should be priced end to end.

Question 161

In connection with the proposed amendments to Rule 17ad-10(a)(2), are there situations in which recordkeeping transfer agents would be unable to post position detail to the master securityholder file within the shorter of one business day or the time period specified by Rule 15c6-1(a) under the Exchange Act? If such situations exist, how many recordkeeping transfer agents may incur costs to acquire the operational capability to comply with the proposed posting deadline? What would be the magnitude of such costs? If possible, please provide quantification or data that would support quantification of the number of recordkeeping transfer agents and the costs they may incur.

Analysis. Late or incomplete authority, physical evidence, valuation dependencies, or disruption can affect posting. Distinguish routine operational capacity from genuine nonroutine cases. Measure the necessary investment using transaction records; no national count of affected recordkeepers is established.

Question 162

In connection with the proposed amendments to Rules 17ad-10(c) and 17ad-10(d), are there situations in which co-transfer agents would be unable to comply with the proposed timing requirements? If such situations exist, how many co-transfer agents may incur costs to acquire the operational capability to comply with these requirements? What would be the magnitude of such costs? If possible, please provide quantification or data that would support quantification of the number of co-transfer agents and the costs they may incur.

Analysis. Co-agent compliance depends on timely messages, acknowledgments, consistent identifiers, inquiry handling, and recovery. Shared interfaces can reduce manual delay. Investment estimates should include coordination and exception handling. No operator-population count or aggregate upgrade cost is supplied.

Question 163

What is the frequency with which existing timing requirements for co-transfer agents contribute to ownership record errors? Would proposed Rules 17ad-10(c)(1) and 17ad-10(d) help to reduce this frequency? If so, by how much? If possible, please provide quantification or data that would support quantification of the frequency and the reduction in the frequency because of the proposed rules.

Analysis. Use correlated instruction, debit/credit, posting, and inquiry logs to measure timing-related errors under existing rules. Compare delayed synchronization with substantive ownership

errors. The architecture can reduce duplicated processing, but the size of that reduction remains an empirical question.

Question 164

In connection with the proposed amendments to Rule 17ad-10, how many transfer agents currently cure overissuances of certificated securities only? How many transfer agents currently cure overissuances of both certificated and uncertificated securities? If possible, please provide quantification or data that would support quantification of these two groups of transfer agents.

Analysis. Prevalence of certificated-only and mixed overissuance remediation requires regulator or operator evidence. Apply issue-level supply controls across all formats, and retain remediation when prevention fails. Do not infer industry practice from the technology used in a particular implementation.

Question 165

In connection with the proposed amendments to Rule 17ad-12, how many transfer agents currently lack or have insufficiently robust risk management-related policies and procedures and business continuity plans? If possible, please provide quantification or data that would support quantification of this group of transfer agents.

Analysis. Assess risk-policy and continuity maturity through examinations or structured evidence, including restoration tests and private-record recovery. A policy's existence is not evidence of effectiveness. The reviewed material does not establish the number of agents with insufficient arrangements.

Question 166

In connection with the proposed amendments to Rule 17ad-12, please provide quantification or data that would support quantification of investor preferences for robust safeguarding and risk management policies and procedures, segregation of funds, and business continuity planning; the likelihood of operational risks, cybersecurity breaches, and business disruptions; and any other factors that affect the total benefits of the proposed amendments to the rule.

Analysis. Investor preferences, incident probabilities, losses, and safeguarding benefits require appropriate empirical data. Distinguish survey preferences from observed willingness to pay and realized loss reductions. Analyze recovery and concentration risks alongside technical safeguards. No national probability or monetized benefit is invented.

Question 167

In connection with the proposed amendments to Rule 17ad-12, how many transfer agents currently maintain issuer, securityholder, and other customer funds in bank accounts designated as “for the benefit of” accounts separate from any other bank accounts of the transfer agents? How many transfer agents currently maintain segregation of third-party funds on a client-by-client basis? Which approach is costlier to implement? If possible, please provide quantification or data that would support quantification of these two sets of transfer agents and the costs of each segregation approach.

Analysis. FBO-account and client-level segregation prevalence require verified account-arrangement data. Compare legal separation, beneficial-interest records, reconciliation, administration, and insolvency implications. A technical wallet label does not establish segregation. Evaluate cost differences without assuming all instruments or custody arrangements are equivalent.

Question 168

In connection with the definition of a lost securityholder as proposed to be amended, how many transfer agents may incur costs to extend their systems to monitor the delivery status of items of correspondence sent via non-physical mail methods? What would be the magnitude of such costs? If possible, please provide quantification or data that would support quantification of the number of transfer agents and the costs they may incur.

Analysis. Electronic delivery monitoring can be integrated with communications events and failures. Estimate interface setup, retained evidence, review, and alternative contact. Provider-dependent confirmations may require interpretation. National adoption counts and costs are not available in the reviewed record.

Question 169

In connection with the definition of a lost securityholder as proposed to be amended, what would be the annual costs associated with one database search? Is the Commission’s estimate accurate? If not, should the estimate be higher or lower? What would be the annual number of database searches for securityholders that meet the proposed definition when they otherwise would not under the baseline? What would be the aggregate annual costs associated with these database searches? If possible, please provide quantification or data that would support quantification of these items.

Analysis. Database-search cost and frequency require the actual service contracts and affected account population. Expanded definitions may alter both. Compare automated matching with

human resolution and false positives. No validated replacement for the Commission's per-search estimate is supplied.

Question 170

In connection with the baseline information concerning Rule 17ad-17, how many database searches are performed and accounts remitted to states for escheatment by carrying broker-dealers? If not available in national aggregate, how many might a typical carrying broker-dealer expect to perform annually in total or in relation to the number of securities accounts customers hold with them?

Analysis. Carrying-broker search and escheatment volumes require representative broker or administrative records. Distinguish holders, accounts, searches, repeat attempts, and remitted positions. This comment proposes improved attribution and contact but does not supply unsupported national or typical-broker counts.

Question 171

Will proposed Rule 17ad-31 give rise to potential incremental liability and litigation costs for transfer agents, notwithstanding the flexibility to obtain an opinion of counsel under proposed Rules 17ad-31(c)(1) and (c)(2)? If so, what would be the magnitude of such litigation costs? If possible, please provide quantification or data that would support quantification of such costs.

Analysis. Assess incremental liability through the rule's duty, safe-harbor conditions, documentation, actual transactions, and enforcement or claims experience. Better evidence may reduce disputes but cannot eliminate liability. No quantified litigation-cost forecast is established by the available sources.

Question 172

In connection with proposed Rule 17ad-31, how many requests to remove a restrictive legend would a transfer agent receive in a year on average? If possible, please provide quantification or data that would support quantification of the average number of legend removal requests received by a transfer agent in a year.

Analysis. Average legend-removal volume requires a defined operator sample and consistent counting of requests, positions, repeats, and outcomes. Link requests to the restriction register and decision records. Do not derive the average from transfer volume or one provider's anecdote.

Question 173

In connection with proposed Rule 17ad-31, how many transfer agents currently rely on opinion letters as the basis for removing restrictive legends? Of the opinion letters provided for the removal of restrictive legends, what percentage of these letters are provided by (i) transfer agents' in-house counsel and (ii) outside counsel? If possible, please provide quantification or data that would support quantification of the transfer agents relying on opinion letters, the percentage of opinion letters provided by transfer agents' in-house counsel and the percentage of opinion letters provided by outside counsel.

Analysis. Opinion-letter prevalence and in-house/outside proportions require representative operational evidence. Retain sufficient factual support and qualification of the reviewer whichever route is used. This comment does not estimate those shares from the availability of counsel or automated decision systems.

Question 174

In connection with proposed Rule 17ad-31, how many transfer agents currently rely on methods other than opinion letters to establish the basis for removing restrictive legends? Please describe these non-opinion letter methods and provide a ranking of their relative popularity. Is one of these methods similar to the method described in paragraph (c)(3) of proposed Rule 17ad-31? What percentage of each method's usage involves transfer agents providing supporting documentation similar to or satisfying the requirements set forth in paragraph (d) of proposed Rule 17ad-31? If possible, please provide quantification or data that would support quantification of the transfer agents that rely on each of these non-opinion letter methods and the percentage of each method's usage that involved transfer agents providing supporting documentation similar to or satisfying the requirements set forth in paragraph (d) of proposed Rule 17ad-31?

Analysis. Identify actual internal determinations, standard evidence packets, issuer attestations, and other methods, then measure their use and documentation. Automation can assemble and validate facts but should not be counted as a separate legal basis without analysis. No popularity ranking is invented.

Question 175

In connection with proposed Rule 17ad-31(c), how many transfer agents would likely choose to comply with proposed Rules 17ad-31(c)(1) and (c)(2) and how many transfer agents would likely choose to comply with Rule 17ad-31(c)(3)? What characteristics of a transfer agent—such as its size—would lead it to choose one compliance approach over the other? If possible, please provide quantification or data that would support quantification of these two sets of

transfer agents. In connection with proposed Rule 17ad-31(d), how many transfer agents would use internal staff to comply with this provision and how many transfer agents would employ third-party service providers to comply with this provision?

Analysis. Route selection may depend on expertise, issue complexity, workload, risk, legal uncertainty, and fixed versus variable cost. Firm size alone is incomplete. Quantify choices through operator evidence and examine retained documentation quality. The proposed approach supplies a comparison framework rather than a forecast of national uptake.

B. Operational Control and Evidence Specification

This specification describes proposed implementation controls. It does not prescribe one mandatory technology or assert that an existing deployment has passed these checks. Equivalent arrangements should be assessed against the same legal and operational functions.

B.1 Control 1: Legal issue and rights

Implementation. Establish the issuer, class, instrument terms, valid issuance authority, and recording formats. Preserve an issue identifier across systems.

Evidence. Retain governing documents, issuer instructions, approved capacity changes, and mappings.

Governance. The issuer's authorized governance and transfer agent approve changes; software deployment alone cannot create valid shares.²⁰³

B.2 Control 2: Registered-holder attribution

Implementation. Maintain the legal holder, titling, contact, account, and authorized representative relationships privately where appropriate. Link every position and operational credential.

Evidence. Retain identity evidence, verification source, effective dates, and historical associations.

Governance. Assign responsibility for verification, updates, lawful disclosure, and recovery; do not count keys as holders.²⁰⁴

B.3 Control 3: Offline identity anchor

Implementation. Separate the holder identity anchor from online transaction operation. Specify whether the root is a user key, certification root, or another authority credential.

Evidence. Preserve certificate policies, creation records, authorized associations, recovery arrangements, and status history.

Governance. Protected custody, separate approvals, absence cover, and succession are required for the actual arrangement.²⁰⁵

²⁰³Del. Code Ann. tit. 8, § 158, <https://www.delcode.delaware.gov/title8/c001/sc05/index.html>.

²⁰⁴Del. Code Ann. tit. 8, § 219, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

²⁰⁵National Institute of Standards and Technology, *Recommendation for Key Management: Part 1—General*, SP 800-57, part 1, rev. 5 (2020), <https://doi.org/10.6028/NIST.SP.800-57pt1r5>.

B.4 Control 4: Credential linkage and derivation

Implementation. Use authenticated association or an expressly specified derivation scheme to link transaction credentials to permitted roles. Bind context, purpose, and relevant periods.

Evidence. Retain the association, issuer/holder authority, derivation parameters needed for verification, and public identifiers.

Governance. Key agreement, signature, encryption, and certification powers should be separately governed.²⁰⁶

B.5 Control 5: Recipient eligibility

Implementation. Test current eligibility for the actual instrument and transaction route before completion. Preserve privacy through supported status attestations or private checks.

Evidence. Retain the source, effective time, expiry, applicable conditions, and result.

Governance. A valid wallet is a means of implementing a legal qualification, not a universal exemption certificate.²⁰⁷

B.6 Control 6: Aggregate limits

Implementation. Apply relevant transaction, holding, or value conditions across linked credentials within the defined legal scope. Reserve capacity against concurrent attempts.

Evidence. Retain rule source, scope, counters, reservations, expiry, approvals, and outcomes.

Governance. The limit's legal basis and change authority must be documented; arbitrary technical caps can impede rights.²⁰⁸

B.7 Control 7: Instruction authority

Implementation. Verify the appropriate person or authorized agent and the scope of the instruction, separately from cryptographic validity.

Evidence. Retain relevant appointments, agency records, credential status, signatures, and approval conditions.

²⁰⁶National Institute of Standards and Technology, *Recommendation for Pair-Wise Key-Establishment Schemes Using Discrete Logarithm Cryptography*, SP 800-56A, rev. 3 (2018), <https://doi.org/10.6028/NIST.SP.800-56Ar3>.

²⁰⁷Del. Code Ann. tit. 6, § 8-401, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

²⁰⁸Del. Code Ann. tit. 8, § 202, <https://www.delcode.delaware.gov/title8/c001/sc06/index.html>.

Governance. Handle joint, corporate, trustee, estate, and incapacity arrangements according to applicable authority.²⁰⁹

B.8 Control 8: Supply authorization

Implementation. Prevent issue-level capacity from being consumed independently by several systems. Apply consistent reservation and posting rules.

Evidence. Reconcile authorized, issued/outstanding, canceled, and other relevant supply totals with supporting documents.

Governance. Corporate actions, bridge conversions, and recovery must use the same approval and reconciliation discipline.²¹⁰

B.9 Control 9: Restrictions and adverse claims

Implementation. Bind restrictions to the legal position and relevant transaction rather than only a token label. Implement valid stop demands and legal process.

Evidence. Retain the basis, source, effective period, notices, approvals, and release conditions.

Governance. Distinguish protective operational pauses from adjudication of ownership; provide accountable review.²¹¹

B.10 Control 10: Receipt and performance

Implementation. Record accepted entry, business date, real timestamp, classification, outcome, and notification. Measure the complete workflow.

Evidence. Retain correlated event records and reproducible threshold calculations.

Governance. Define calendars, outages, exclusions, and escalation transparently; do not rewrite receipt for reporting.²¹²

²⁰⁹Del. Code Ann. tit. 6, § 8-107, <https://www.delcode.delaware.gov/title6/c008/sc01/index.html>.

²¹⁰Del. Code Ann. tit. 6, § 8-210, <https://www.delcode.delaware.gov/title6/c008/sc02/index.html>.

²¹¹Del. Code Ann. tit. 6, § 8-403, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

²¹²Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 104–17.

B.11 Control 11: Rejection and resolution

Implementation. Produce a specific intelligible explanation and cure path for a rejected received item. Correlate external failures where observable.

Evidence. Retain reason, decision, time, notification, delivery failure, and follow-up.

Governance. An accountable person resolves disputed or ambiguous reasons; generic error codes are insufficient.²¹³

B.12 Control 12: Coordinated posting

Implementation. Ensure each completed registration has the corresponding journal event and position change, with recoverable coordination between components.

Evidence. Retain acknowledgments, sequence identifiers, idempotency evidence, and reconciliation exceptions.

Governance. Allocate co-agent responsibility for incomplete transitions and do not rely on shared branding as consistency evidence.²¹⁴

B.13 Control 13: Record-date snapshots

Implementation. Reconstruct the legally relevant positions at each entitlement date without later key changes rewriting the history.

Evidence. Retain snapshot source, effective time, position quantities, subsequent adjustments, and corporate-action authority.

Governance. Validate voting and distribution lists against the issuer's rights and approved action.²¹⁵

B.14 Control 14: Private-record integrity

Implementation. Link private documents and identity data to operational events using supported references and integrity checks.

²¹³Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 111–13.

²¹⁴Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 168–70.

²¹⁵Del. Code Ann. tit. 8, § 219, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

Evidence. Retain originals, canonicalization methods, versions, permissions, and comparison evidence.

Governance. A digest cannot replace the underlying document; protect guessable information against disclosure.²¹⁶

B.15 Control 15: Audit trails

Implementation. Track relevant access, changes, attempted changes, deletion, and policy administration with attributable actors and times.

Evidence. Retain logs, user/role links, source clocks, and incident correlations.

Governance. Review privileged activity and preserve legally required evidence even where ordinary transactions are immutable.²¹⁷

B.16 Control 16: Historical production

Implementation. Produce complete current and historical records in understandable and machine-usable forms with supporting explanation.

Evidence. Retain schema maps, export definitions, proof data, private links, and certification evidence.

Governance. Examination access must not depend on unavailable provider assistance or lost decryption keys.²¹⁸

B.17 Control 17: Retention and legal holds

Implementation. Apply record-specific periods and exceptions with legal holds, protected disposal, and continued availability of active rights.

Evidence. Retain schedules, hold instructions, disposal approvals, and proof of retrievability.

²¹⁶Securities and Exchange Commission, “Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Customer Information,” Release No. 34-100155, May 16, 2024, <https://www.sec.gov/files/rules/final/2024/34-100155.pdf>.

²¹⁷Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 140–65.

²¹⁸Federal Rule of Evidence 902, https://www.law.cornell.edu/rules/fre/rule_902.

Governance. A six-year baseline is not a universal deletion instruction; ongoing ownership records remain operational.²¹⁹

B.18 Control 18: Funds and payment coordination

Implementation. Identify the legal cash claim and custody arrangement; coordinate settlement dependencies and protect third-party funds.

Evidence. Reconcile bank/custody records, payment events, holder amounts, returns, and redemption evidence.

Governance. The responsible regulated participant governs segregation, access, insolvency analysis, and failed-payment action.²²⁰

B.19 Control 19: Recovery and replacement

Implementation. Maintain distinct routes for operational-key replacement, identity-root replacement, record reconstruction, authorized ownership correction, and successor operation. Use the recovery coverage in Appendix D; disable superseded powers and reconcile every connected recognition path.

Evidence. Retain claimant entitlement, independent historical access, applicable legal process and its operative status, old/new credential links, scoped approvals, execution evidence, and position reconciliation.

Governance. Identify the legal decision-maker and implementer; separate normal instruction authority from exceptional recovery powers. Recovery must preserve third-party rights and prevent duplicate recognition.²²¹

B.20 Control 20: Provider exit and handover

Implementation. Maintain portable complete records and successor operating authority before an agency or supplier relationship ends.

Evidence. Retain validated exports, schema documentation, private mappings, open exceptions, credentials, and transfer acknowledgments.

²¹⁹Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 140–65.

²²⁰Securities Exchange Act of 1934 § 17A, 15 U.S.C. § 78q-1, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q-1.htm>, § 17A(a)(1)(A), (d)(1).

²²¹Del. Code Ann. tit. 6, § 8-404, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

Governance. Commercial disputes should not prevent lawful holder access and required regulatory production.²²²

B.21 Control 21: Policy change

Implementation. Map each material software/policy change to the legal requirement and affected functions before deployment.

Evidence. Retain legal assessment, approved version, tests, reviewers, effective time, and roll-back/compensation plan.

Governance. Governing oversight must address changes in authority and rights, not only application uptime.²²³

B.22 Control 22: Reporting automation

Implementation. Generate forms, counts, threshold notices, and corrections from the operational record under versioned calculation rules.

Evidence. Retain data lineage, definitions, reconciliations, review, authorization, and filing evidence.

Governance. The authorized filer remains accountable; automated detection does not silently amend public filings.²²⁴

B.23 Control 23: Sanctions and applicable identity duties

Implementation. Apply the actual obligations of the regulated participants using current sources and reliable verification.

Evidence. Retain applicability decisions, screening evidence, source versions, reviews, and required follow-up.

Governance. Do not impose or claim identical broker/dealer customer obligations on every transfer agent by assumption.²²⁵

²²²Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 160–62.

²²³Del. Code Ann. tit. 8, § 141, <https://www.delcode.delaware.gov/title8/c001/sc04/index.html>.

²²⁴Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 33–69, 109–11.

²²⁵Office of Foreign Assets Control, *Sanctions Compliance Guidance for the Virtual Currency Industry* (October 2021), <https://ofac.treasury.gov/media/913571/download?inline>.

B.24 Control 24: Market-function perimeter

Implementation. Classify instruction preparation, order handling, matching, custody, execution, and settlement by actual function.

Evidence. Retain role descriptions, agreements, permissions, registrations or applicable relief, and limitations.

Governance. An interface or registry label does not resolve broker, exchange, or clearing analysis.²²⁶

B.25 Control 25: Legal-process intake and scope

Implementation. Authenticate legal process; verify its operative status and bound parties; translate only the authorized acts into an integrity-protected instruction.

Evidence. Preserve the order, recognition assessment where relevant, scope, review, effective time, stays, and subsequent modifications.

Governance. Ambiguity and competing process receive designated legal review; an automated intake does not expand jurisdiction.²²⁷

B.26 Control 26: Exceptional execution and replay prevention

Implementation. Apply scoped approvals, integrity checks, concurrency-safe reservation, idempotent execution, and coordinated posting across relevant systems.

Evidence. Preserve the approved condition exceptions, recipient treatment, event ordering, completion status, and reconciliation.

Governance. Review incomplete execution and privileged misuse; a recovery role is not a blanket authority to bypass law.²²⁸

B.27 Control 27: Historical recovery evidence

Implementation. Maintain independently recoverable indexes, documents, and protected access necessary to resolve historical ownership and authority.

²²⁶Exchange Act Rule 3b-16, 17 C.F.R. § 240.3b-16, <https://www.law.cornell.edu/cfr/text/17/240.3b-16>.

²²⁷Federal Rule of Civil Procedure 65,

<https://www.uscourts.gov/sites/default/files/document/federal-rules-of-civil-procedure.pdf>, Rule 65(d)(2).

²²⁸Del. Code Ann. tit. 6, § 8-407, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

Evidence. Demonstrate restoration without the current online key or former provider; record missing material and remediation.

Governance. Minimize access and separate identity recovery from decryption recovery. New ECDH relationships do not regenerate old secrets.²²⁹

B.28 Control 28: Recovery implementation and adoption

Implementation. Translate required outcomes into approved specifications, developer changes, deployment, participant adoption where needed, and verified cutover.

Evidence. Retain acceptance results, implementation versions, operating dependencies, successor authority, and unresolved divergence.

Governance. The responsible operator demonstrates effectiveness; a function available only in undeployed code is insufficient.²³⁰

²²⁹National Institute of Standards and Technology, *Recommendation for Pair-Wise Key-Establishment Schemes Using Discrete Logarithm Cryptography*, SP 800-56A, rev. 3 (2018), <https://doi.org/10.6028/NIST.SP.800-56Ar3>.

²³⁰Securities Exchange Act of 1934 § 17A, 15 U.S.C. § 78q-1, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q-1.htm>, § 17A(d)(1)(A).

C. Worked Legal and Governance Scenarios

C.1 Direct registered transfer

Trigger. A registered holder requests transfer to another identified eligible person using an operational credential linked to the offline identity arrangement.

Controlled process. Validate the issue and position, appropriate-person authority, recipient eligibility, restrictions, and any applicable settlement conditions. Reserve the position against concurrent use, complete the authorized registration, and record the resulting position and journal event. Deliver confirmations through supported contact channels.

Legal and economic significance. The legal holder changes through the supported registration process. Several ordinary preparation and reconciliation messages may be replaced by one correlated event chain, but brokerage or market permissions still depend on the actual activity.²³¹

C.2 New operational key, same holder

Trigger. A holder rotates an online credential while keeping its legal identity and position.

Controlled process. Authenticate the replacement under the maintained authority arrangement. Record the old and new credential periods, discontinue superseded instruction powers as appropriate, and preserve the historical links. Update permitted destinations only under verified authority.

Legal and economic significance. The security has not been sold merely because its access credential changed. Account and holder counts should not multiply, transaction limits should not reset, and prior voting or distribution snapshots should remain reproducible.²³²

C.3 Concurrent attempts to exceed a limit

Trigger. Two linked wallets submit transfers that would individually pass but jointly exceed an applicable account-level condition.

Controlled process. Apply the actual limit across the defined legal account/person scope. Reserve available capacity before completing either event and use concurrency-safe decisions. Record accepted, rejected, and released reservations with their effective times and reasons.

²³¹Del. Code Ann. tit. 6, § 8-401, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

²³²Del. Code Ann. tit. 6, § 8-207, <https://www.delcode.delaware.gov/title6/c008/sc02/index.html>.

Legal and economic significance. Changing keys does not bypass the relevant condition. The condition itself must have a lawful source; the system should not impose a provider-created restriction as though it were a federal rule.²³³

C.4 Agent authority expires

Trigger. A corporate signatory's employment or delegated authority changes while its cryptographic key remains usable.

Controlled process. Update the representative and permission register according to verified corporate information. Apply relevant effective dates, block unsupported new instructions, and retain prior valid decisions and documents. Review uncertain timing rather than retrospectively declaring every historical signature ineffective.

Legal and economic significance. The credential and the legal mandate are distinct. Article 8 effectiveness rules must be considered rather than assuming that the latest database status automatically determines every earlier instruction.²³⁴

C.5 Stolen online credential

Trigger. A holder reports compromise of an operational signing credential and disputes a transfer.

Controlled process. Verify the claimant, secure relevant records, assess any effective stop demand or legal process, and apply the authorized protective procedure. Preserve signatures, identity links, access history, messages, and position events. Validate restoration or replacement under the applicable legal decision.

Legal and economic significance. A cryptographically valid instruction can still present a legal problem. Protection and restoration require accountable authority; a network trace does not adjudicate entitlement or eliminate wrongful-registration exposure.²³⁵

C.6 Holder dies or loses capacity

Trigger. A representative seeks to operate the position through estate or protective authority rather than the original holder's keys.

Controlled process. Verify the representative's appointment and relevant authority, affected position, restrictions, and contact. Establish new operational credentials linked to the succes-

²³³Del. Code Ann. tit. 8, § 202, <https://www.delcode.delaware.gov/title8/c001/sc06/index.html>.

²³⁴Del. Code Ann. tit. 6, § 8-107, <https://www.delcode.delaware.gov/title6/c008/sc01/index.html>.

²³⁵Del. Code Ann. tit. 6, § 8-404, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

sor/representative relationship while preserving the original holder history. Record required approvals and notices.

Legal and economic significance. Lost access does not erase the security. Succession follows applicable law, and a master credential is an aid to attribution rather than a replacement for legally required appointment evidence.²³⁶

C.7 Issuer authorizes additional shares

Trigger. An authorized issuance follows the relevant corporate action and offering route.

Controlled process. Verify the governing documents, issue limit, representative instruction, legal distribution basis, and eligible recipients. Update capacity through controlled approval, issue positions without duplicate allocation, and reconcile outstanding totals to the supporting event.

Legal and economic significance. The issuance is justified by legal authority and the distribution route, not by changing a contract variable. Technical prevention of duplicate issuance supports the control-book function but cannot validate an unlawful offering.²³⁷

C.8 Restricted resale

Trigger. A holder requests transfer or legend removal after a period has elapsed.

Controlled process. Assemble the actual issuance and holding history, affiliate and other applicable facts, current restriction, supporting documents, and relevant legal route. Obtain the qualifying determination or opinion where used. Record the decision and status applied to the transaction.

Legal and economic significance. Time elapsed alone does not establish every resale condition. A recipient identity credential and a successful transfer script do not create a Securities Act exemption. Automated fact preparation can reduce unnecessary repeated work.²³⁸

C.9 Private identity resolution for examination

Trigger. An authorized examiner seeks to identify the holder behind a transaction and reconstruct its approval.

Controlled process. Produce the scoped link between operational credential, identity/account record, relevant authority, policy version, and event. Supply supporting documents and usable exports under the applicable authority. Log the disclosure and protect unrelated information.

²³⁶Del. Code Ann. tit. 6, § 8-402, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

²³⁷Securities Act of 1933 § 5, 15 U.S.C. § 77e, <https://www.law.cornell.edu/uscode/text/15/77e>.

²³⁸Securities Act Rule 144, 17 C.F.R. § 230.144, <https://www.law.cornell.edu/cfr/text/17/230.144>.

Legal and economic significance. Transaction privacy and regulatory traceability can coexist. The necessary link must actually have been maintained; an unresolvable public address is not a complete securityholder record.²³⁹

C.10 Provider failure

Trigger. The hosted index or identity provider becomes unavailable while the public ledger remains accessible.

Controlled process. Invoke tested independent records, indexes, protected credentials, and export tools. Reconstruct positions and private attribution, verify supply, assess accepted instructions and pending work, and notify or escalate as required. Document the incident and restored state.

Legal and economic significance. A functioning blockchain is insufficient if the complete register cannot be produced or operated. Continuity assessment should cover the linked arrangement rather than just network availability.²⁴⁰

C.11 Delivery-versus-payment

Trigger. Two eligible parties agree a lawful transfer with a supported cash leg.

Controlled process. Identify each party's position, the actual money claim, payment provider, finality conditions, and the legal settlement obligations. Use controlled commitments and release logic, with tested handling of failures and refunds. Preserve both legs and their outcome.

Legal and economic significance. Atomic technical steps can reduce one kind of principal exposure but cannot remove stablecoin-issuer, bank, custody, redemption, or legal-finality risk. Prefunding and the loss of netting benefits belong in the economic comparison.²⁴¹

C.12 Record-date corporate action

Trigger. The issuer declares an action requiring entitlement at a specified record date.

Controlled process. Prepare the authorized historical snapshot and reconcile quantities and holder relationships. Apply the issuer's terms and valid approvals. Record payments, votes, returns, and corrections without changing the snapshot merely because a credential is later replaced.

²³⁹Del. Code Ann. tit. 8, § 224, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

²⁴⁰Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 183–85.

²⁴¹Exchange Act Rule 15c6-1, 17 C.F.R. § 240.15c6-1, <https://www.law.cornell.edu/cfr/text/17/240.15c6-1>.

Legal and economic significance. A single maintained entitlement record can reduce repeated reconstruction. It must still support lawful voting, communications, distributions, and review of disputed counts.²⁴²

C.13 Transfer agent replacement

Trigger. An issuer terminates its transfer agency and appoints a successor.

Controlled process. Supply complete positions, identity and authority links, restrictions, journals, control totals, open items, historical evidence, and operating/export documentation. Validate the successor's ability to use them and transfer required authority under controlled procedures.

Legal and economic significance. A delivered archive is not sufficient if it cannot be decrypted, indexed, explained, or operated. Portability should be prepared before termination, and commercial disagreement should not immobilize holder rights.²⁴³

C.14 Direct trading interface

Trigger. An investor prepares an order or bilateral instruction through a wallet-connected service.

Controlled process. Identify whether the provider merely prepares user commands or also solicits particular transactions, takes/routs orders, matches multiple parties, holds assets, executes, or settles. Establish the actual registration or applicable relief for those functions.

Legal and economic significance. Direct registered holding does not by itself authorize a trading venue. The limited staff interface position must not be represented as blanket permission for brokerage, exchange, or settlement activities.²⁴⁴

C.15 Migration to a different recording system

Trigger. An issuer changes the technical implementation while retaining the same legal issue and holder rights.

²⁴²Del. Code Ann. tit. 8, § 219, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

²⁴³Securities and Exchange Commission, "Transfer Agent Rules," proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 160–62.

²⁴⁴SEC Division of Trading and Markets, "Staff Statement Regarding Broker-Dealer Registration of Certain User Interfaces Utilized to Prepare Transactions in Crypto Asset Securities," April 13, 2026, <https://www.sec.gov/newsroom/speeches-statements/staff-statement-regarding-broker-dealer-registration-certain-user-interfaces-utilized-prepare-staff-statement-regarding-broker-dealer-registration-certain-user-interfaces-utilized>.

Controlled process. Reconcile the opening state, historical data, supply limits, restrictions, contacts, credential links, record-date snapshots, and pending items. Preserve mappings and verified export evidence. Prevent simultaneously spendable duplicates during conversion.

Legal and economic significance. A different ledger need not mean a new security, but that continuity must be supported by issuer authority and preserved rights. Bridge or conversion software cannot establish equivalence by label.²⁴⁵

C.16 Incorrect posting discovered

Trigger. Reconciliation identifies a position change inconsistent with its journal or supporting instruction.

Controlled process. Preserve the original event, assess the legal effect and affected rights, suspend inappropriate further action under supported authority, and create the approved correcting event. Reconcile supply and relevant snapshots; communicate and remediate where required.

Legal and economic significance. Appending a correction may be appropriate in a persistent ledger, but the event must be legally supported. Technical rollback and legal restoration are different mechanisms; neither should silently destroy the evidentiary history.²⁴⁶

²⁴⁵Del. Code Ann. tit. 8, § 224, <https://www.delcode.delaware.gov/title8/c001/sc07/index.html>.

²⁴⁶Del. Code Ann. tit. 6, § 8-404, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

D. Recovery Coverage and Acceptance Requirements

This appendix specifies recovery options and failure cases for the complete transfer arrangement. The options are alternatives or complementary mechanisms, not a requirement to deploy every cryptographic technique. Each implementation must document its supported recovery path, its dependencies, and its legal authority. The acceptance cases below are proposed verification requirements; this analysis does not report production-system tests as having been performed.

D.1 Recovery coverage

D.1.1 Recovery option 1: Protected backups

Trigger. Loss of an operational key or local wallet record.

Mechanism. Restore from independently retained protected material; verify issue references, derivation metadata, positions, and credential status. Restoration of a compromised key should not reinstate its permission to sign.

Acceptance and governance. The restored holder can exercise only the current authorized rights. Document freshness, completeness, access controls, and reconciliation.²⁴⁷

D.1.2 Recovery option 2: Operational credential replacement

Trigger. An online credential is lost, stolen, or retired.

Mechanism. Verify the holder through the independent identity arrangement; enroll a new credential, revoke or disable superseded powers, and migrate only the required operational references.

Acceptance and governance. The legal position and applicable limits remain continuous. Old credentials cannot authorize new transfers, while their historical events remain attributable.²⁴⁸

D.1.3 Recovery option 3: Offline identity-anchor replacement

Trigger. The master identity credential is unavailable or compromised.

Mechanism. Apply independent identity and entitlement evidence and the designated approval procedure. Establish the replacement relationship, record the old and new effective periods, and assess linked operational credentials.

²⁴⁷National Institute of Standards and Technology, *Recommendation for Key Management: Part 1—General*, SP 800-57, part 1, rev. 5 (2020), <https://doi.org/10.6028/NIST.SP.800-57pt1r5>.

²⁴⁸Del. Code Ann. tit. 6, § 8-402, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

Acceptance and governance. Replacement does not confer the ability to forge old signatures or reconstruct old derived secrets. Maintain historical identity resolution through independent evidence.²⁴⁹

D.1.4 Recovery option 4: Certification-authority recovery

Trigger. A certification root or issuing key is compromised or unavailable.

Mechanism. Invoke the certificate policy, establish successor certification authority, revoke or replace affected credentials, and determine which assurance periods need review.

Acceptance and governance. Retain status history and the evidence supporting prior accepted instructions. A replacement trust root is not an automatic validation of every old certificate.²⁵⁰

D.1.5 Recovery option 5: Threshold or multisignature recovery

Trigger. Recovery must remain possible without dependence on one person or secret.

Mechanism. Predefine the authorized participants, approval threshold, protected recovery material, replacement rules, and contingency where a participant dies or leaves.

Acceptance and governance. Test both sufficient cooperation and insufficient authority. Threshold mathematics does not itself prove the participants independence or entitlement to act.²⁵¹

D.1.6 Recovery option 6: Designated recovery agent or escrow

Trigger. The owner uses an agent to facilitate recovery under agreed conditions.

Mechanism. Specify the mandate, trigger evidence, scope, revocation, succession, and controlled means of executing the approved recovery. Limit disclosure and separate recovery from routine discretionary trading.

Acceptance and governance. An escrowed key is one possible means; a scoped registration or recovery instruction may be preferable. The mandate must not silently become unrestricted ownership authority.²⁵²

²⁴⁹National Institute of Standards and Technology, *Recommendation for Key Management: Part 1—General*, SP 800-57, part 1, rev. 5 (2020), <https://doi.org/10.6028/NIST.SP.800-57pt1r5>.

²⁵⁰D. Cooper et al., *Internet X.509 Public Key Infrastructure Certificate and Certificate Revocation List (CRL) Profile*, RFC 5280 (May 2008), <https://www.rfc-editor.org/rfc/rfc5280>.

²⁵¹National Institute of Standards and Technology, *Recommendation for Key Management: Part 1—General*, SP 800-57, part 1, rev. 5 (2020), <https://doi.org/10.6028/NIST.SP.800-57pt1r5>.

²⁵²Del. Code Ann. tit. 6, § 8-402, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

D.1.7 Recovery option 7: Delegated-authority recovery

Trigger. A representative leaves, exceeds a mandate, or has credentials compromised.

Mechanism. Update the legal authority record, retire unsupported powers, enroll verified replacements, and review pending instructions according to their relevant effective times.

Acceptance and governance. Preserve the distinction between owner and agent. Do not retrospectively invalidate every instruction merely because present authority has changed.²⁵³

D.1.8 Recovery option 8: Succession and incapacity

Trigger. Death, incapacity, trustee change, joint-holder event, or corporate succession changes who can instruct.

Mechanism. Verify appointment, succession, and any required joint approvals. Link the representative or successor relationship to the position and create properly scoped credentials.

Acceptance and governance. A lost original key must not extinguish the position. Access, authority, beneficial interests, and any ownership transfer must be separately classified.²⁵⁴

D.1.9 Recovery option 9: Temporary and partial preservation

Trigger. There is a credible compromise report, effective stop demand, or interim legal process.

Mechanism. Apply the supported restriction to the specified position or quantity. Record the source, effective time, required notices, review point, and release conditions.

Acceptance and governance. A freeze preserves the subject matter and does not adjudicate the claim. Avoid wider restrictions unsupported by the applicable instruction or order.²⁵⁵

D.1.10 Recovery option 10: Court-directed reassignment

Trigger. Binding legal process requires a transfer or correction.

Mechanism. Validate the order and its scope; produce a controlled implementation instruction; execute through the appropriate registry, asset, or system mechanism; reconcile positions and required notices.

²⁵³Del. Code Ann. tit. 6, § 8-107, <https://www.delcode.delaware.gov/title6/c008/sc01/index.html>.

²⁵⁴Del. Code Ann. tit. 6, § 8-402, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

²⁵⁵Del. Code Ann. tit. 6, § 8-403, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

Acceptance and governance. Actual completion must be demonstrated across interfaces. Check stays, conflicting process, persons bound, and any required recognition before executing.²⁵⁶

D.1.11 Recovery option 11: Cancellation and replacement

Trigger. The authorized remedy replaces a token, certificate, or other representation.

Mechanism. Identify and disable, cancel, or consistently supersede the old representation; establish the replacement; reconcile quantities, restrictions, and associated rights.

Acceptance and governance. No second enforceable position can remain recognized by settlement or distribution systems. Certificate replacement rules must not be indiscriminately imported into an uncertificated case. For a lost, destroyed, or wrongfully taken certificate, section 8-405 addresses replacement, indemnity, and protected purchasers; section 8-406 addresses the consequences of delayed notice to the issuer.^{257,258}

D.1.12 Recovery option 12: Wrongful-registration remediation

Trigger. An ineffective instruction or other wrongful registration has injured a person entitled to the security.

Mechanism. Preserve the original evidence, determine the applicable remedy and affected persons, and implement the legally authorized correcting or replacement event and related payments.

Acceptance and governance. Assess protected purchasers, issuer or agent liability, and overissue. The remedy is not invariably taking a security from its current holder.²⁵⁹

D.1.13 Recovery option 13: Asset-layer recovery functions

Trigger. The token or register includes an approved exceptional control path.

Mechanism. Use scoped administrative functions for preservation, recovery, reassignment, or correction under documented authority. Retain evidence of every normal condition displaced and each condition still required.

Acceptance and governance. Maintain supply integrity, proper recipient treatment, and reconciled private attribution. A successful administrative call does not establish lawful authority.²⁶⁰

²⁵⁶Federal Rule of Civil Procedure 65,

<https://www.uscourts.gov/sites/default/files/document/federal-rules-of-civil-procedure.pdf>, Rule 65(d)(2).

²⁵⁷Del. Code Ann. tit. 6, §§ 8-405–8-406, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

²⁵⁸Del. Code Ann. tit. 6, § 8-404, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

²⁵⁹Del. Code Ann. tit. 6, § 8-404, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

²⁶⁰Del. Code Ann. tit. 6, § 8-407, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

D.1.14 Recovery option 14: Implementation upgrade or migration

Trigger. Existing software lacks a safe recovery function or is defective.

Mechanism. Approve the specification, implement and verify the change, preserve state compatibility or migrate verified positions, and establish an accountable cutover and successor operation.

Acceptance and governance. Retain historical evidence and prevent double recognition across old and new implementations. An upgrade permission is a governance power requiring its own safeguards.²⁶¹

D.1.15 Recovery option 15: Adopted protocol intervention

Trigger. The necessary correction cannot be achieved by the available asset or registry layer.

Mechanism. Specify the change, affected scope, adoption participants, activation conditions, compatible operating systems, and the legally authoritative treatment of divergent states.

Acceptance and governance. Developer implementation must be followed by effective adoption. A competing fork requires issuer and agent coordination rather than an assumption that software labels resolve title.²⁶²

D.1.16 Recovery option 16: Private-record and index reconstruction

Trigger. Ledger events survive but the identity index, documents, or decryption capability do not.

Mechanism. Use independent protected copies, recovery access to encrypted material, retained originals, and documented relationship metadata to reconstruct authorized resolution and evidence.

Acceptance and governance. Test without the original provider or current operational key. New identity credentials alone cannot reproduce old ECDH secrets or recover irretrievably missing documents.²⁶³

D.1.17 Recovery option 17: Provider insolvency, agent exit, and handover

Trigger. The current provider ceases service or becomes unable to operate.

²⁶¹OpenZeppelin, “Proxy Upgrade Pattern,” accessed October 6, 2026, <https://docs.openzeppelin.com/upgrades-plugins/proxies>.

²⁶²Ethereum.org, “Timeline of All Ethereum Forks,” section “DAO Fork,” accessed October 6, 2026, <https://ethereum.org/ethereum-forks/>.

²⁶³National Institute of Standards and Technology, *Recommendation for Pair-Wise Key-Establishment Schemes Using Discrete Logarithm Cryptography*, SP 800-56A, rev. 3 (2018), <https://doi.org/10.6028/NIST.SP.800-56Ar3>.

Mechanism. Provide portable records, protected historical access, restrictions, pending work, authority evidence, and approved successor powers; verify the successor can operate and produce the complete register.

Acceptance and governance. Separate continuity of records from unrestricted transfer of private signing power. Insolvency-related custody and ownership questions require their actual legal treatment.²⁶⁴

D.1.18 Recovery option 18: Bridge, settlement, corporate-action, and order correction

Trigger. Recovery affects a linked representation, payment leg, entitlement event, or a previous recovery decision.

Mechanism. Coordinate authoritative positions across systems; settle or account for unfinished obligations; reconcile related distributions and voting evidence; implement later modifying orders through separately authorized events.

Acceptance and governance. Do not create an additional claim by recovering only one representation. Preserve relevant snapshots and record compensation or corrective payment obligations separately.²⁶⁵

D.2 Acceptance cases

The independent review should record the tested implementation version, input evidence, authorization, expected result, observed result, exceptions, and responsible reviewer. These cases address functional outcomes rather than prescribe one network or vendor.

D.2.1 Acceptance case 1: Original operational key unavailable

Challenge. Complete holder authentication and replacement without the original key.

Required result. The holder retains the same applicable position, restrictions, limits, and entitlement history; superseded powers are disabled.

²⁶⁴Securities and Exchange Commission, “Transfer Agent Rules,” proposed rule, Release No. 34-106246, File No. S7-2026-30, September 1, 2026, 91 Fed. Reg. 56946 (September 4, 2026), <https://www.sec.gov/files/rules/proposed/2026/34-106246.pdf>, 160–62, 183–85.

²⁶⁵Del. Code Ann. tit. 6, § 8-210, <https://www.delcode.delaware.gov/title6/c008/sc02/index.html>.

D.2.2 Acceptance case 2: Lost root and missing derived secret

Challenge. Replace the identity anchor while withholding the original ECDH secret and active provider.

Required result. Recover historical records through the documented independent route; flag any unresolved evidence. Do not claim that identity replacement recreated the missing secret.

D.2.3 Acceptance case 3: Compromised recovery credential

Challenge. Attempt an exceptional transfer using only a compromised recovery role.

Required result. The configured independent approval or threshold prevents completion; the attempt is retained and escalated. A design allowing unilateral recovery must justify and assess that concentration of power.

D.2.4 Acceptance case 4: Forged or altered legal process

Challenge. Present a counterfeit order or alter asset identifiers after approval.

Required result. Authenticity, scope, and instruction-integrity controls reject it. Every executed asset identifier matches the approved instruction.

D.2.5 Acceptance case 5: Stayed, expired, or superseded order

Challenge. Present a genuine order whose current operative status does not authorize the requested act.

Required result. The workflow detects or escalates the status; no unsupported reassignment is executed. A scheduled review identifies required release or revised action.

D.2.6 Acceptance case 6: Conflicting jurisdictions or orders

Challenge. Present competing legal instruments affecting the same position.

Required result. The designated legal review determines the applicable treatment and preserves evidence; the software does not silently choose the most recent upload.

D.2.7 Acceptance case 7: Concurrent transfer and recovery

Challenge. Race an ordinary transfer against preservation and recovery of the same quantity.

Required result. The system establishes the legally relevant event ordering and prevents double recognition. Any intervening purchaser or adverse claim is reviewed under the applicable law.

D.2.8 Acceptance case 8: Replay and duplicate submission

Challenge. Submit the same approved recovery instruction repeatedly through different channels.

Required result. Only one operative change occurs. Repeated requests return correlated status without repeating issuance, transfer, or compensation.

D.2.9 Acceptance case 9: Partial posting and provider interruption

Challenge. Interrupt execution after one component has recorded the recovery and another has not.

Required result. Reconciliation identifies the unfinished state and completes or resolves it under approved authority without silently losing or duplicating a position.

D.2.10 Acceptance case 10: Old representation still circulates

Challenge. Attempt to settle, pledge, vote, or obtain a distribution using the superseded representation.

Required result. Every connected recognition path applies the authoritative status; the old representation cannot create a second enforceable position through stale interfaces.

D.2.11 Acceptance case 11: Protected purchaser or secured interest

Challenge. Introduce evidence of protected acquisition, a lien, or an intermediary entitlement after a disputed transfer.

Required result. The legal determination governs the remedy; the system does not treat administrative transfer power as authority to extinguish that interest.

D.2.12 Acceptance case 12: Wrongful recovery later corrected

Challenge. Receive a valid later order changing a completed recovery result.

Required result. Implement a separately attributable correcting event, reconcile affected distributions and obligations, and preserve both orders and execution histories.

D.2.13 Acceptance case 13: Provider permanently unavailable

Challenge. Restore operation through a successor without access to the former hosted service.

Required result. The successor can identify holders, operate authorized transfers, resolve history, and produce records with supported protected access.

D.2.14 Acceptance case 14: Divergent network or bridge state

Challenge. One connected system does not adopt the change or continues to recognize the former position.

Required result. The arrangement detects divergence, applies its lawful cutover rules, and prevents unqualified recognition of inconsistent positions. Recovery is not declared complete while recognition remains unresolved.

D.3 Proposed recovery requirement

The following is recommended wording for consideration, not text already adopted or currently contained in the Commission's proposal:

An agent shall maintain documented and tested arrangements reasonably designed to restore lawful access to registered positions, preserve affected assets, correct records under applicable authority, implement binding legal process, and maintain successor operability. Such arrangements shall identify the responsible persons, supported implementation mechanisms, dependencies, and procedures for authentication, authorization, execution, reconciliation, notice where required, and review. They shall preserve relevant evidence and lawful third-party interests, prevent duplicate recognition of positions, and protect nonpublic ownership information. The agent shall maintain evidence demonstrating the effectiveness of the arrangements and shall address material deficiencies. Equivalent technological implementations may satisfy these requirements.

Section 17A supplies an express basis for rules addressing registered transfer-agent activities and the safeguarding of related securities and funds. This recommendation targets those covered functions and the arrangement the agent uses, with the allocation of regulatory responsibility described in Section 1. The agent can implement its duties through specifications, contracts, and acceptance testing for developers and other suppliers. The obligation operates within statutory and constitutional limits and preserves protected third-party interests. It reaches suppliers through the registered agent's own duties, specifications, contracts, and acceptance testing. The operator remains responsible for proving that the chosen arrangement works.^{266,267}

²⁶⁶Securities Exchange Act of 1934 § 17A, 15 U.S.C. § 78q-1, <https://www.govinfo.gov/content/pkg/USCODE-2024-title15/html/USCODE-2024-title15-chap2B-sec78q-1.htm>, § 17A(a)(1), (c)(1), (d)(1)–(4).

²⁶⁷Del. Code Ann. tit. 6, § 8-407, <https://www.delcode.delaware.gov/title6/c008/sc04/index.html>.

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