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TRADE LENS

Bringing investing into focus.

CRYPTO INSIGHT / No.02

Research on digital assets and capital-market infrastructure

Stocks Move Onto the Blockchain

What Changes When Securities Are Tokenized?

How conditional SEC trading routes and DTCC conversion
reshape rights, liquidity, settlement and value capture

Verify rights → Connect traditional and onchain markets → Test use and costs

Approval, production transactions and launch plans are different stages. Issuance alone is not a market.

**The format of a share can change.
Value lies in connecting rights, liquidity
and the full life cycle of a trade.**

Security tokens and network tokens are different assets. No price forecasts or trading recommendations.



Connect rights and liquidity, not just tokens

TradeLens view | Moving markets onchain redistributes intermediary functions rather than simply removing them.

Core conclusion

The initial economic value lies in **lowering the cost of moving assets across trading, settlement and collateral uses while preserving investor rights**. A blockchain record alone does not complete a market. Conversion, custody, shareholder servicing and cash settlement still have to work together.

Core question	This report's view
What is changing?	Conditional U.S. trading routes coexist with actual onchain trades using securities held by DTC, DTCC's depository subsidiary. [1] [5]
What changes for users?	Access, transfer and collateral use can change. Shareholder rights and final settlement remain separate requirements.
Where can value accrue?	Look beyond volume to conversion, custody, surveillance, corporate actions and customer access.
What confirms the view?	Repeat use, price gaps, reversibility, funding needs and total operating costs must improve together.

"Onchain" does not establish "the same share"

Issuer-sponsored shares, DTC security entitlements and third-party price-exposure tokens are different structures. A familiar name or 1:1 backing does not make their rights identical. SEC staff distinguish issuance models and the implications of third-party involvement. [\[2\]](#)

The decision rule

Continuity of rights + connected liquidity + post-trade operations turns tokenization into useful infrastructure. Adoption does not guarantee a particular chain token's price or every provider's profit.

Analysis date: 3 October 2026. Scope centers on tokenized U.S. listed equities and related infrastructure. The calculations on pages 7–8 are illustrative, not market observations or company forecasts.

02 / WHAT HAS ACTUALLY CHANGED

Approval, live trades and launch plans are different

Separate the milestones instead of describing them as a single completed commercialization event.

Date	Disclosed development	Status and interpretation
11 Dec 2025	SEC no-action position for DTC's tokenization service [3]	Fact-specific staff position, not permanent market-wide relief
18 Mar 2026	Approval of Nasdaq's tokenized-securities rule change [6]	A route using the same order book and DTC settlement
15 Jul 2026	Production trades using tokenized DTC-held assets [5]	Actual trades, not unrestricted availability to all investors
17 Sep 2026	SEC temporary, conditional TSV relief [1]	Permissioned AMM route, including symbol and volume limits
Oct 2026 plan	Planned DTCC service launch [5]	Plan announced in July; not treated here as a completed launch
Q2 2027 target	Nasdaq / Payward NET launch target [7]	September company announcement, not current trading activity

Custody scale is a starting base, not new revenue

DTCC's May release described **more than USD 114 trillion** in assets held at DTC. This indicates the existing infrastructure base, not converted balances, turnover or tokenization revenue. Multiplying total custody assets by an arbitrary fee cannot establish a new revenue stream. [4]

Read the evidence in sequence

Permitted structure → available service → actual conversion and trades → repeat use → income exceeding costs. **Progress at an earlier stage matters, but does not establish the next stage's outcome.**

03 / RIGHTS BEFORE TECHNOLOGY

The same price exposure is not the same claim

Classify what the holder can claim, and against whom—not which blockchain is used.

Structure	What is held?	What to check
Issuer-sponsored share	The issuer's equity is recorded or transferred in token form	Share register, transfer agency, dividends, votes and restrictions
DTC-based entitlement	A tokenized security entitlement linked to DTC-held securities	Participant/client relationship, registered wallets and conversion back
Third-party exposure token	A separate issuer's instrument provides underlying-equity price exposure	Issuer, custody and redemption terms; direct rights against the company

Framework: SEC staff [2], DTC documents [3] and issuer/product materials [8] [9]. This is neither a legal opinion on individual instruments nor an exhaustive taxonomy.

Galaxy and xStocks do not belong in the same category

Galaxy announced tokenized GLXY public shares with Superstate in September 2025, linking transfer agency with retained shareholder rights. Kraken's xStocks disclosure, by contrast, distinguishes the product from ownership of the underlying company. **1:1 asset backing and direct shareholder status are different questions.** [8] [9]

Voting preferences are not direct shareholder status

In August 2026, Broadridge and Payward announced support for eligible xStocks holders to **submit voting preferences** on underlying shares. Such services can extend governance participation; the announcement alone does not make every token holder a direct shareholder of the underlying issuer. [10]

Analytical implication

Matching price movements do not eliminate differences in redemption, voting, liquidation or insolvency claims. **Compare the complete bundle of rights, not the ticker on the screen.**

04 / THREE MARKET ROUTES

Nasdaq, TSVs and DTC perform different jobs

Separate the place where a trade is formed from the infrastructure that transfers the resulting rights.

Route	How it works	Conditions that remain
Nasdaq order book	Eligible traditional/tokenized securities share an order book, CUSIP, rights and priority. [6]	Within the existing trading/settlement framework; approval is not adoption
Conditional TSV route	Permissioned participants trade through AMM liquidity pools. [1]	Equivalent rights, symbol/volume limits, access controls and coordinated halts
DTC conversion	Custodied security entitlements move into tokenized form and back. [3]	Registered wallets, participants and book controls; not a venue or pricing model

Terms: NMS = National Market System; TSV = Tokenized Securities Venue; AMM = automated market maker; CUSIP = security identifier. [\[1\]](#) [\[6\]](#) [\[12\]](#)

A public ledger does not imply unrestricted access

The September SEC framework combines auditable public smart contracts on a public, permissionless ledger with permissioned TSV participation. Transparency of the technology and eligibility of the user are separate. Relief is temporary and conditional, not a repeal of securities regulation. [\[1\]](#)

Eligible instruments must retain equivalent rights. Unaffiliated third-party tokenization requires notice and an opportunity for the underlying issuer to object. Trading must stop with a halt on the primary listing exchange. These are not unrestricted, continuously tradable shares. [\[1\]](#) [\[13\]](#)

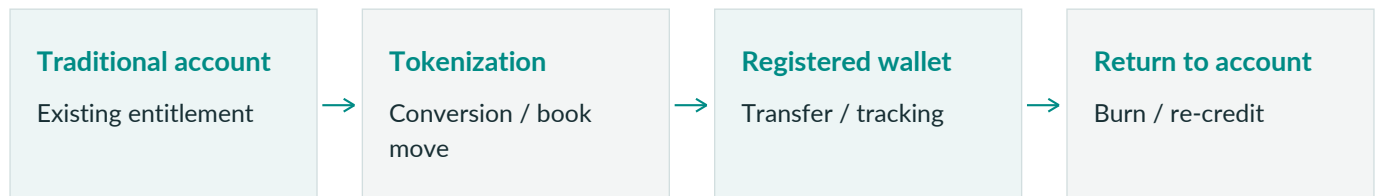
The market-structure issue

A shared order book points toward shared liquidity. Separate pools offer a different access and execution model, but need their own funding, price-gap and conversion arrangements. **The quality of connections matters more than the number of new venues.**

05 / THE CONVERSION LAYER

DTC tokenization does not create a second share

Connect custody and onchain entitlements while preventing the same position from being transferred twice.



Simplified from the DTC no-action documents. This does not imply unrestricted direct access by retail investors. [3]

The model connects custodied security entitlements with designated books and registered wallets; detokenization burns the token and restores the conventional account position. **Cede & Co.** remains the registered holder and the indirect holding structure continues. This differs from entering the investor directly on the issuer's share register. [3]

Connecting function	Why it matters economically
Prevent duplicate use	Independent use of a token and its matching account position would undermine settlement and collateral trust.
Convert and return	Reliable round trips connect existing market liquidity with new uses.
Wallets and entitlement records	Rules and records support who can receive an asset and to whom it belongs.
Handle exceptions	Failures, corrections and customer inquiries remain costs alongside normal transfer speed.

Why intermediary functions persist

Automation does not itself remove rights records, compliance, custody or exception handling. Providers can gain by connecting these functions at lower total cost. An extra record layer that increases reconciliation work would instead weaken the benefit.



Always open does not mean deep enough

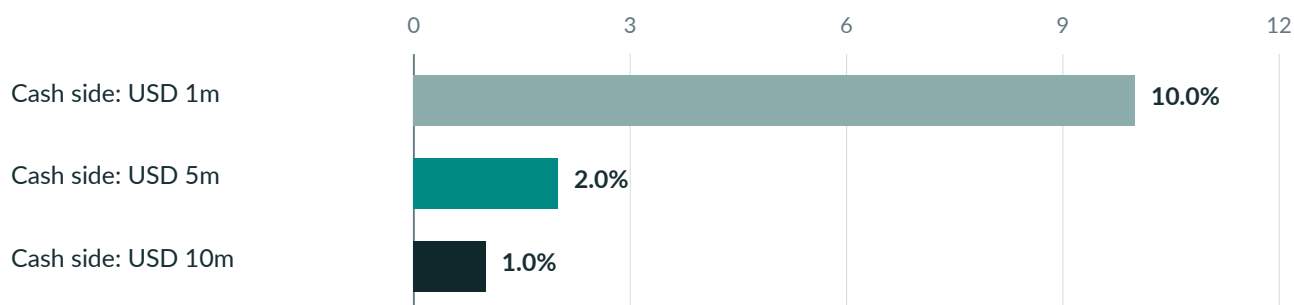
Illustrative model | The same USD 100,000 buy produces different execution prices as cash reserves change.

Model A | A fee-free constant-product pool

Let share-token reserves X and cash-side reserves Y have a constant product, with an initial price of USD 100. Buy with USD 100,000 in one transaction. Exclude fees, external price changes, arbitrage and concentrated liquidity. This is not an actual TSV specification. [\[12\]](#)

Average buy-price increase over pre-trade price

% · illustrative



Cash-side reserves Y	Pre-trade price	Average buy price
USD 1 million	USD 100	USD 110
USD 5 million	USD 100	USD 102
USD 10 million	USD 100	USD 101

Calculation: tokens received $\Delta X = Xq/(Y+q)$; average buy price $q/\Delta X = P_0(1+q/Y)$. The increase is q/Y . Here q =USD 100,000 and P_0 =USD 100. Y is the cash side, not the total marked value of both pool assets.

What the calculation changes

Access at any hour is not market depth. Compare **reserves against real order size, price gaps and conversion speed to the underlying market**. Capital supporting a deep pool bears risk and opportunity cost; execution fees are not provider net income.



Faster settlement can require more initial cash

Illustrative model | Reducing principal-exchange risk and funding the start of a trade are separate questions.

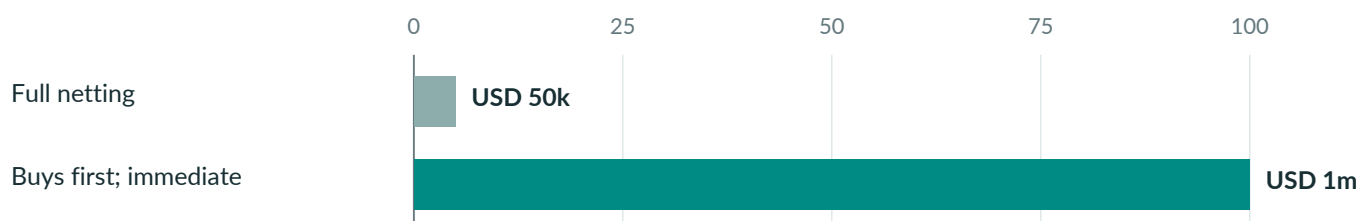
Delivery-versus-payment (DvP) helps prevent one leg completing without the other. But immediate settlement can change funding needs if it reduces netting opportunities. BIS settlement research distinguishes this speed-liquidity trade-off. [\[11\]](#)

Model B | Buy USD 1m and sell USD 0.95m the same day

Compare full netting with prefunded immediate settlement in which all purchases precede sale proceeds. Exclude margin, securities sourcing, credit lines and intraday reuse. The latter illustrates the maximum initial cash burden under this simple ordering assumption.

Initial cash under the assumed transaction order

USD 10,000 · illustrative



Item	Illustrative calculation
Net cash payment	USD 1m - USD 0.95m = USD 50,000
Additional prefunding	USD 1m - USD 50,000 = USD 950,000
One-day carrying cost	USD 950,000 × 5% per year ÷ 365 = about USD 130.14

The carrying cost assumes the additional cash is needed for a full day. It is not an observed fee, bank cost or market average, and does not compare every collateral and risk cost of the two methods.

Evaluate the complete settlement design

Earlier sale proceeds or cash reuse would reduce the requirement. Netting and tokenization can coexist. **The goal is not immediate settlement at any cost, but a design that improves risk, funding and total cost together.**

08 / WHERE REVENUE CAN APPEAR

Follow recurring work beyond issuance

These are potential fee-bearing functions, not estimates of any company's prices, orders or margins.

Function	Possible charging basis	Costs carried alongside it
Conversion / transfer agency	Issuance, conversion, accounts and corporate actions	Rights reconciliation, corrections, integration
Trading / liquidity	Execution, access and liquidity provision	Price risk, inventory, capital and venue operations
Custody / collateral	Custody, transfers and eligibility services	Key management, liability, valuation and liquidation
Surveillance / compliance	Monitoring, identity and access services	Model upkeep, investigations and exceptions
Distribution / customer access	Accounts, trading and integrated services	Acquisition, support and cash access

The connections involve contracts, not only technology

Nasdaq's September Payward announcement included a **USD 100 million investment agreement**, surveillance adoption and a Q2 2027 NET target. The investment is not token revenue; the surveillance announcement alone does not quantify recognized sales or profit. [7]

Galaxy/Superstate's transfer-agency model and Broadridge/Payward's voting-preference service illustrate lifecycle functions that remain onchain: dividends, rights, communications and records. [8] [10]



TradeLens business-analysis chain. Turnover and token balances are not service revenue or cash profit.

TradeLens interpretation

The early opportunity lies in **connecting existing rights, assets and customers to new uses**, not removing every intermediary. Recurring revenue will not improve profitability if integration, support and funding costs grow faster.

09 / COLLATERAL IS A SEPARATE PRODUCT

Transferable tokens are not automatically collateral

Separate round-the-clock transfer, lender acceptance and the ability to liquidate under stress.



TradeLens collateral-use framework. These functions are not automatically supplied by every service.

The initial DTC no-action documents exclude tokenized entitlements from collateral or settlement value in DTC's own Net Debit Cap and Collateral Monitor. This does not ban every external collateral use. DTCC's July production release included pledges, securities lending and margin workflows. **Identify the specific framework or contract that recognizes the value.** [3] [5]

Dimension	Question that tests practical use
Legal control	Can the lender prevent the borrower from disposing of or re-pledging the same asset?
Value / haircut	How are closed-market pricing gaps and liquidation risk reflected?
Operating hours	Do margin calls, top-ups and customer operations align with transfer availability?
Cash recovery	After the book transfer, can liquidation proceeds return as usable settlement assets?

Measure the function, not merely the balance

Look for collateral that is **repeatedly accepted, transferred and recovered**. More effective use of the same asset can create benefits; duplicate reporting across ledgers must not be presented as new market growth.

10 / TOKEN GROWTH IS NOT TOKEN INCOME

More tokenized shares do not settle token economics

Separate security rights, provider earnings and the value-capture rules of a blockchain token.

Holding / participation	Economic connection	What does not follow automatically
Share / entitlement token	Rights defined by the underlying security or contract	A share of venue, custodian or network-provider profits
Infrastructure-company equity	A residual interest in company-wide cash and earnings	Ownership of all securities administered by the company
Liquidity-provider position	Trading income less costs and price risk	Risk-free interest or a fixed contribution margin
Network / protocol token	Actual use, fees, burns and reward rules	Security dividends or all application-layer revenue

Rights distinctions draw on SEC staff and product/technical materials [2] [9] [12]. This is a value-capture framework, not a substitute for any particular token's terms.

At which layer does the fee arise?

Trading, custody, conversion, the payment leg and ledger recording can generate different fees. Activity at one layer need not raise another layer's profit if unit prices fall or costs rise faster. Transaction counts alone cannot establish a network token's return.

Keep four measurements separate

Tokenized balances / executed turnover / provider net income / token-holder claims. Transfers and repeated conversions also differ from end demand and new asset inflows.

Assessment

Onchain adoption is the start of a business opportunity. Ultimate economics depend on **who bears the cost and what income each participant is entitled to receive under which rules.**

11 / THE OPERATING COST OF TRUST

Risk can move rather than disappear

Smart-contract execution, investor rights and recovery must be tested together.

Risk / bottleneck	Potential mitigating function	Costs that remain
Inconsistent legal claims	Aligned registers, contracts and position records	Rights review, disputes and corporate actions
Fragmented liquidity / prices	Conversion to the underlying market and ongoing liquidity	Capital, inventory, hedging and operating hours
Code, keys or access failure	Access controls, audits, recovery and exceptions	Security staff, liability and compensation
Settlement asset / cash access	Connection between securities and the payment leg	Prefunding and payment-asset/counterparty risk
Lifecycle discontinuities	Linked dividends, voting, splits and trading halts	Reconciliation, record dates and customer support

This is TradeLens's operating-risk decomposition, not a claim that a service has suffered these failures. It maps SEC rights, transparency and halt conditions, DTC wallet/conversion controls and BIS settlement analysis to business costs. [\[1\]](#) [\[3\]](#) [\[11\]](#)

Convenience and operational responsibility belong together

Better access loses value when returning to another market is costly or responsibility for corporate actions is unclear. Reliable rights and conversion, combined with less recurring reconciliation, can improve costs. The test is handling normal and exceptional events—not simply stating that security and compliance exist.

How a Korean reader should use the comparison

An overseas permission is not permission to sell or intermediate the product in Korea. Examine the **issuer, custodian, eligibility, conversion route and governing structure**. This report provides no Korean licensing, tax or suitability opinion.

Selective connection, not wholesale replacement

These are conditional TradeLens scenarios, not outcome probabilities or asset-price forecasts.

Scenario	Conditions that occur together	Economic meaning
Connected expansion	Rights, round-trip conversion, depth and repeat use improve	Existing and new providers share functions; integration demand grows
Issuance without use	Balances and symbols rise, but users and liquidity remain concentrated	Support, security and liquidity costs can outrun billable demand
Fragmented coexistence	Different rights, access rules, chains and cash routes persist	Differentiation remains possible, alongside conversion and reconciliation costs
Broader functional integration	Netting, collateral, corporate actions and payment assets connect	Benefits extend beyond transfer speed to funding and total cost

Evidence that would strengthen the base case

More new and repeat users, smaller price gaps for a fixed order size and reliable round trips between traditional and tokenized forms would support connected expansion. Renewals and disclosed income after costs would add evidence of business performance.

Evidence that would weaken it

Use concentrated in incentives or demonstrations, recurring conversion or rights-processing failures, and subsidies or support costs exceeding revenue would weaken the claim that added infrastructure creates viable economics. Faster technical processing alone would not refute those findings.

The comparison rule

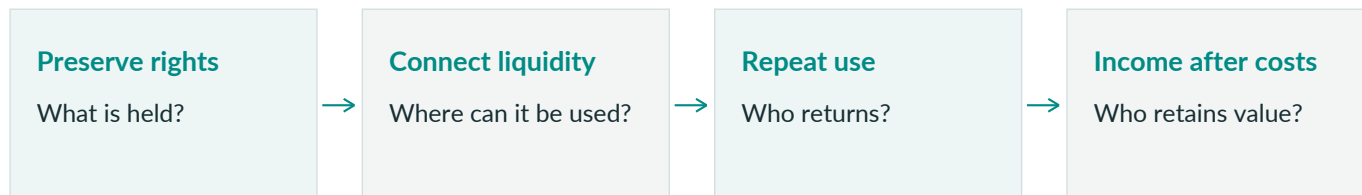
Do not choose a technology winner first. Match **rights, order size, trading hours and cost scope** before comparing user benefits with provider returns.

13 / OUTLOOK & MONITORING

Ask what the token can do, not only what it represents

Watch whether a new asset format becomes a repeatable financial function.

Indicator	Evidence that strengthens the view	Misleading substitute
Rights / corporate actions	Contractual dividends, voting, record dates and corrections work	Token names or 1:1 backing alone
Conversion / mobility	Reliable round trips with stable timing and cost	One-way issuance counts
Liquidity / use	Better execution for fixed order sizes; repeat use	Balances or cumulative transfers alone
Funding / collateral	Cash reuse, acceptance and recovery function	Fast blocks or token transfers
Business outcome	Recurring income exceeds liquidity, integration and support costs	Partnership or investment headlines



Observe asset form → usable function → use and contracts → economic results.

Separate the investment asset from the recipient of income

Infrastructure connecting rights and existing liquidity has a meaningful role. Necessity alone does not establish attractive provider economics. Competition, fee bases and cost allocation still matter—and must not be equated with network-token value.

Final view

Equity tokenization has progressed to real transactions and commercial agreements. The key test is whether it **preserves investor rights and usable funding while lowering total cost**. Initial value is more likely to be evidenced in reliable conversion, custody, rights processing and market connections than in token issuance alone.

DTCC's October service and Nasdaq NETs in Q2 2027 remain company-announced plans here. Actual operation, use and contract performance require separate observation. [\[5\]](#) [\[7\]](#)



14 / SOURCE REGISTER

Connect the evidence to its original source

Select a teal citation, source title or “Open source” to open the underlying material.

01. U.S. SEC Innovation Exemption: Trading of Tokenized NMS Stock	Open source
2026.09.17 • Official release • TSVs; conditional relief; access, rights and trading halts	
02. Three SEC divisions Statement on Tokenized Securities	Open source
2026.01.28 • Staff view • Issuer/third-party structures; not a Commission rule	
03. U.S. SEC DTC No-Action Letter and Request	Open source
2025.12.11 • No-action letter / request • PDF pp.2–7: rights, conversion, wallets and initial collateral limits	
04. DTCC DTCC Advances Development of New Tokenization Service	Open source
2026.05.04 • Company release • Scale of underlying custody infrastructure; service plans	
05. DTCC U.S. Trades Successfully Processed Using DTC-Tokenized Assets	Open source
2026.07.15 • Company release • Production trades; planned October service launch	
06. U.S. SEC Nasdaq Tokenized Securities Rule Approval • Release 34-105047	Open source
2026.03.18 • Rule-change approval • PDF pp.2–7: shared order book, rights and DTC settlement	
07. Nasdaq Payward: Tokenized Equities and Always-On Infrastructure	Open source
2026.09.10 • Company release • Investment agreement, surveillance; NET target: Q2 2027	
08. Galaxy / Superstate GLXY Tokenized Public Shares on Solana	Open source
2025.09.03 • Company release • Issuer-sponsored shares, transfer agency and shareholder rights	
09. Kraken xStocks Legal Disclosures	Open source
As of 2026.10.03 • Product disclosure • Token ownership versus ownership of the underlying company	
10. Broadridge / Payward Give xStocks Holders a Voice in Corporate Governance	Open source
2026.08.05 • Company release • Voting-preference service for eligible holders	
11. BIS On the Future of Securities Settlement	Open source
2020.03 • Research • Settlement, netting and liquidity framework; not current statistics	
12. Uniswap How Uniswap Works	Open source
As of 2026.10.03 • Technical documentation • Constant-product principle; report calculations are illustrative	
13. SEC Chair Innovation Exemption: A Bridge Toward Durable Rulemaking	Open source
2026.09.17 • Explanatory statement / views • Equivalent dividend/voting rights; issuer objections	

Source scope: SEC actions are distinguished from staff and chair views. Operating examples and launch targets retain the dates and limits of company disclosures. Product terms describe structures, not individualized legal or tax advice.

Methodology, disclaimer and use of this report

Distinguish facts, institutional/company descriptions, TradeLens judgments and illustrative models.

Item	Basis
Dates and scope	Analysis/publication date: 3 October 2026. Regulatory, product and company materials retain their stated dates, scope and conditions.
Legal / product scope	U.S. listed equities are central. Distinguish issuer-sponsored shares, DTC entitlements and third-party products. Staff statements and no-action positions are not permanent market-wide rules or product approvals.
Stage of development	Distinguish DTC production trades from DTCC's planned October service and the Q2 2027 NET target. Planned launches are not reported as completed operations.
Model A • page 7	Fee-free constant-product pool; initial price USD 100 and order USD 100,000. Only cash-side reserves change. This does not represent every AMM or actual TSV design.
Model B • page 8	USD 1m buys / USD 0.95m sales; ordering and netting assumptions. Margin, credit and securities sourcing are excluded. The 5% rate and one-day carrying period are assumed.
Interpretation / units	USD 114trn is the custody base; USD 100m is an investment agreement. Neither is tokenized balances, service revenue or cash profit. Calculations use unrounded values before display.

Disclaimer

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