

SEC Staff Issues No-Action Relief for DTC Tokenization Pilot

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By Peter Y. Malyshev
Partner | Financial Regulation



By Christina Mille
Associate | Financial Services

On December 11, 2025, the staff of the SEC’s Division of Trading and Markets issued a [no-action letter](#) (the “**DTCC No-Action Letter**”) stating that it would not recommend enforcement action against The Depository Trust Company (“**DTC**”) in connection with the launch of a pilot version of its [DTCC Tokenization Services](#). The relief permits DTC to operate a preliminary tokenization program that records participants’ security entitlements using distributed ledger technology, rather than exclusively through DTC’s centralized ledger, subject to limitations.

Under the pilot, eligible DTC participants may elect to tokenize security entitlements—real world assets (“**RWAs**”)—in certain highly liquid securities, including U.S. Treasury securities, Russell 1000 equities, and selected index-tracking ETFs. Tokenized entitlements would be represented by tokens held in participant-registered wallets on approved blockchains, while the underlying securities would remain registered in the name of Cede & Co., and reflected on DTC’s books through a digital omnibus account. DTC would continue to serve as securities intermediary for purposes of Article 8 of the UCC, and tokenization would not alter the legal framework governing participants’ security entitlements. In other words, the tokens issued by DTC will be only representative of the RWAs held at DTC and will be treated as securities for purposes of U.S. securities laws.

The staff’s no-action position addresses potential enforcement under Regulation SCI (which governs the systems integrity, resiliency, and operational capacity of market infrastructure, including clearing agencies), Exchange Act Section 19(b) (which requires self-regulatory organizations, including clearing agencies, to file proposed rule changes with the SEC), and certain clearing agency standards, based on the limited scope and design controls of the pilot. Notably, tokenized entitlements will not be given settlement or collateral value for purposes of DTC risk management, participation is voluntary and time-limited, and DTC has committed to extensive reporting, transparency, and operational safeguards. The relief is limited to the specific facts and representations described and is scheduled to expire three years after the launch of the pilot.

The DTCC No-Action Letter is a part of a coordinated multi-agency effort to unlock billions of dollars in collateral liquidity by allowing certain digital assets to be used as collateral for a variety of regulatory purposes (see e.g., [CFTC’s digital assets collateral pilot program](#) officially launched on December 8, 2025) in response to the [Presidents Working Group report](#) published on July 30, 2025.