PURE HOLDING COMPANY: A HYBRID FINTECH INFRASTRUCTURE BUILT ON SEC REGULATORY

SEC GUIDANCE ON TOKENIZED SECURITIES AND HYBRID FINTECH INTEGRATION

The U.S. SEC's January 28, 2026 joint statement clarifies that tokenized securities like traditional securities represented as crypto assets with ownership records in whole or in part on a blockchain all remain subject to all federal securities laws regardless of whether they are recorded "on-chain" or "off-chain" SEC.gov+1. This means registration, disclosure, and trading rules apply equally to tokenized and conventional securities.

TWO MAIN TOKENIZATION MODELS

1. Issuer-Sponsored Tokenization
   - Issuer or its agent integrates distributed ledger technology (DLT) into the master securityholder file so that crypto asset transfers on a blockchain mirror security transfers off-chain SEC.gov+1.
   - Alternatively, tokens can be used only to facilitate transfers without conveying ownership rights Norton Rose Fulbright.
2. Third-Party Tokenization
   - **Custodial tokens**: Intermediary holds the underlying security and issues a token representing an interest in it (e.g., a "security entitlement").
   - **Synthetic tokens**: Token tracks or references the value of the underlying security without direct ownership, potentially triggering **security-based swap** rules if rights differ materially from the underlying.

3. Regulatory Implications
   - Same laws, new plumbing: Tokenization changes the technology and recordkeeping, but not the regulatory perimeter www.aoshearman.com+1.
   - Economic substance prevails: If a token confers the same rights as a traditional share, it may be treated as the same class for legal purposes www.aoshearman.com.
   - Structuring matters: Differences in rights, obligations, or benefits can create a different security class or even a separate issuer under the Investment Company Act Sidley Austin LLP.
   - Synthetic tokens: May be subject to swap restrictions (e.g., accredited investor limits, regulated trading venues) www.aoshearman.com.

FOR HYBRID FINTECH ISSUERS OF REAL-WORLD ASSETS

4. To align with SEC guidance:

   A. Integrate DLT into your master securityholder file for issuer-sponsored tokenization to ensure compliance with securities law requirements.
   B. Map token rights to legal definitions of securities to avoid unintended classification as swaps or other regulated instruments.
   C. Maintain clear off-chain records alongside on-chain data to support ownership verification and regulatory reporting.
   D. Engage with the SEC early if using third-party tokenization to confirm treatment and avoid regulatory exposure.

SEC RELATED PROVISIONS

Success in the emerging market for tokenized Real-World Assets (RWA) requires more than technology; it demands a robust infrastructure aligned with the United States Securities and Exchange Commission (SEC) framework. Pure Holding Company (PHCE) has engineered as a hybrid FinTech platform that prioritizes regulatory lifecycle milestones to ensure institutional-grade trust and transparency.

SEC RELATED PROVISIONS

SEC-RELATED PROVISIONS & COMPLIANCE INFRASTRUCTURE

To meet SEC expectations regarding the exchange of tokenized securities, PHCE has implemented a vertically integrated compliance strategy:

STANDARDIZED TOKENIZATION (ERC-3643):

PHCE utilizes the **ERC-3643** standard, which integrates permissioned smart contracts and identity registries (ONCHAINID) to enforce **KYC/AML**, transfer restrictions, and Rule 144-style holding periods directly on-chain.

AUDIT AND DISCLOSURE CONTROLS:

The infrastructure is designed to maintain proper control over essential disclosures and reporting. This includes a roadmap for **SEC EDGAR** filings, audited financial statements, and management disclosures to ensure full transparency for investors and regulators.

REGULATORY EXEMPTION FRAMEWORK:

PHCE leverages established SEC exemptions, including **Reg A** and **Reg D**, supported by legal opinions and board resolutions to ensure tokenized securities remain tied to auditable corporate actions.

THE DCEP SUBDIVISION:

The Depository Commission Exchange Platform (DCEP) serves as the core facility for compliant security issuance and secondary trading, incorporating advanced trading system (ATS) requirements for vetted investors.

LICENSED GOVERNANCE:

PHCE primary Role as the Issuer provides On-Demand ordering process for On-ChainID whitelisted Tokenized Securities must ensure that capital raise using PHCE TS deployed are filed as a Form D within SEC, Execute Blue-Sky submissions-forms and notices to FINRA as required. The PHCE Trust Board and subsidiary leadership executes separation mandate for On-ChainID Whitelisted wallet buyers with investment project PHCE invokes a transfer agreement to introduce a handover to established Broker-Dealers with ATS services to structured RWA processing providing Investment Banker essential licenses service for TS, including Series 7, 24, 27, 65, and 66 to Reg D or other exemption.

BY COMBINING ON-CHAIN PROGRAMMABLE COMPLIANCE WITH RIGOROUS OFF-CHAIN GOVERNANCE—INCLUDING QUARTERLY FINANCIAL REPORTING AND TRANSFER AGENT OVERSIGHT—PHCE PROVIDES A SECURE, AUDITABLE PLATFORM THAT INVESTORS CAN TRUST.