KORE BRIEFING

SEC Innovation Exemption

What permissioned access and public-chain infrastructure mean for issuers and market intermediaries

SEPTEMBER 2026 INSTITUTIONAL BRIEFING

Permissioned participation. Public infrastructure. One coherent securities state.

Executive Overview

The practical takeaway

The SEC has created a temporary framework in which tokenized NMS stocks may trade through permissioned access while the venue's smart contracts remain public, auditable, and deployed on public, permissionless distributed ledgers. For issuers and market intermediaries, this separates two questions that are often conflated: where a transaction occurs and who is authorized to make it.

On September 17, 2026, the SEC issued temporary, conditional relief for Tokenized Securities Venues (TSVs). The immediate scope is narrow: tokenized NMS stocks and permissioned Automated Market Maker (AMM) liquidity pools. The architecture is consequential because it shows that public blockchain infrastructure and permissioned securities activity can coexist.

A TSV sets access standards and allows only permissioned participants to trade. The SEC order contemplates identity or eligibility screening, allowlisted wallet addresses, token-level transfer restrictions, and third-party permissioning or verification services. At the same time, TSV smart contracts must be public, auditable, and deployed on a public, permissionless distributed ledger.

Moving securities onchain does not remove the need for identity, eligibility, ownership controls, transfer restrictions, issuer rights, corporate actions, regulatory records, and legally coherent ownership. It changes how those controls connect to the transaction environment.

AUDIENCE	Issuers, broker-dealers, ATSs, marketplaces, transfer agents, custodians, RIAs, financial institutions, and technology partners.

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What Changes for the Market

The operating model is moving from closed-system assumptions toward coordinated control across identity, venues, records, and chains.

Market question	Traditional framing	Emerging tokenized-market framing
Access	Account or venue membership	Verified participant + authorized wallet + venue access standards
Security state	Held within one system of record	May be represented across several technical environments
Transaction control	Rules enforced by venue or intermediary	Rules may be enforced before and during onchain transaction workflows
Ownership and rights	Records and corporate actions within conventional infrastructure	Must remain coherent across onchain and off-chain representations
Technology choice	Select a single platform or venue	Separate regulatory control from the chain or venue used for a transaction

The institutional design principle

Transaction infrastructure may become more distributed. Accountability cannot. Identity, authority, asset state, ownership, and investor rights must remain synchronized even when execution occurs outside the core recordkeeping environment.

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What This Means for Intermediaries

Broker-dealers, ATSs, marketplaces, custodians, transfer agents, and other regulated or regulated-adjacent intermediaries do not need to become blockchain companies. They need their existing responsibilities to connect reliably to tokenized transaction environments.

Identity and wallet permissioning

A wallet address is not an identity. Intermediaries need to associate a verified person or entity with one or more wallets, maintain current eligibility attributes, and revoke or change permissions when circumstances change.

Transaction authorization

A token should not be free to move merely because a public blockchain can process the transfer. The market needs a current determination that the participant, security, quantity, wallet, venue, and transaction are permitted.

Cross-environment state

The same security may be represented on multiple chains while also interacting with ATSs, issuer platforms, custodians, and transfer-agent systems. A common securities state is needed to prevent conflicting or duplicative transactions.

Operational interoperability

Existing systems should not be discarded simply because a security is tokenized. APIs, chain adapters, transfer-agent records, market data, custody infrastructure, and blockchain applications need to operate as one lifecycle.

Core responsibility: connect customer access, eligibility, sanctions controls, transaction supervision, ownership records, custody, settlement, books and records, and issuer servicing to the tokenized execution environment.

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Issuer Control and the KoreInside Architecture

For issuers, tokenization should be treated as an extension of securities infrastructure, not as a replacement for the legal security.

The SEC framework requires tokenized NMS stock to preserve the rights and privileges of the underlying stock, and it gives issuers a formal objection right before a TSV may begin trading a security tokenized by an unaffiliated third party. Issuer control, rights synchronization, and authoritative ownership therefore remain central.

The issuer question

If our security appears on more than one chain or venue, what system preserves one authoritative view of ownership, permissions, outstanding quantity, corporate actions, and investor rights?

Issuer-sponsored tokenization can provide a cleaner operating model because the issuer, transfer agent, security record, token representation, and corporate-action process can be designed together. Third-party tokenization may still be possible, but the issuer-notice and objection process makes it important for issuers to understand where and how their securities are represented.

How KoreInside approaches the architecture

KoreInside separates the legal and regulatory state of a security from the technology environment in which a transaction occurs. The objective is to preserve a common securities state while allowing compatible transaction representations to operate where market participants need them.

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One Security State Across Multiple Environments

KoreChain and the canonical KoreToken

KoreChain is KoreInside's permissioned blockchain infrastructure for regulated capital-market activity. A canonical KoreToken can maintain regulatory and operational state, including ownership availability, transfer restrictions, identity references, issuer controls, freezes, corporate-action state, and transaction conditions. KoreTransfer and the issuer remain connected to authoritative legal ownership records.

Twin technology

Twin allows a corresponding chain-native representation to operate in an external ecosystem, including a public blockchain, while remaining connected to the canonical KoreToken. The external representation is an execution representation of a security whose authorization and state remain governed through a common KoreInside control layer.

Real-time authorization and reservation

Immediately before an external transaction is submitted, the intent can be checked synchronously against the current KoreToken state. If permitted, KoreChain reserves the relevant quantity so the same securities cannot be authorized elsewhere. A single-use cryptographic authorization can accompany the transaction. Twin then synchronizes completion back to the canonical state; if the transaction fails or expires, the reservation is released.

Illustrative transaction flow

01	02	03	04	05
Transaction intent	KoreID + policy checks	KoreToken authorize + reserve	External chain or venue transaction	Commit or release canonical state

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Supporting Existing Market Structure

KoreInside is designed as white-label, API-first infrastructure. The objective is to support the regulated and commercial roles of issuers and intermediaries, not to replace their brands or assume functions that belong to them.

Participant	Potential KoreInside role	Why it matters
Issuer	Issuer-sponsored tokenization, asset rules, investor access, KoreTransfer integration, corporate-action synchronization	Keeps token representation connected to the legal security and issuer rights
Broker-dealer	KoreID, wallet binding, transaction authorization, compliance data exchange, audit evidence	Extends regulated workflows into onchain environments
ATS or marketplace	Participant permissioning, asset-state checks, Twin connectivity, transfer-agent coordination	Adds tokenized execution without a separate compliance silo
Transfer agent	Authoritative ownership integration, transfer controls, corporate actions, corrections, recovery	Preserves legal ownership and shareholder rights across representations
Custodian or financial institution	Verified asset and participant state, transaction permissions, settlement integration	Connects custody and asset servicing to tokenized workflows
TSV or new onchain venue	Permissioning services, wallet verification, regulatory-state checks, external execution adapters	Supports permissioned access while the venue retains responsibility for SEC conditions

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Strategic Implications

- Avoid single-chain dependency. A durable model should let the transaction environment change while identity, ownership, permissions, and regulatory state remain consistent.
- Focus beyond token creation. The harder problem is maintaining one coherent security across chains, venues, intermediaries, and records without duplicate claims or fragmented compliance.
- Make permissioning dynamic. Identity status, sanctions, issuer restrictions, asset availability, and transaction conditions can change. Authorization should reflect current state.
- Preserve regulated roles. Tokenization changes the technology used to represent and move securities; it does not erase legal and operational responsibilities.
- Connect conventional and blockchain systems. ATSs, broker-dealers, transfer agents, custodians, and issuer platforms will continue to operate alongside public and permissioned chains.

Questions to Address Now

- Who is the authoritative source of security ownership when the asset is represented onchain?
- How are participant identity, wallet control, and transaction eligibility verified and kept current?
- Can the same security be represented in more than one environment without duplicate or conflicting state?
- How are issuer restrictions, transfer-agent approvals, freezes, corporate actions, and legal orders enforced?
- What happens if a transaction fails after authorization, or two venues attempt to use the same position?
- How will auditable evidence link authorization, execution, and authoritative ownership state?

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Scope Sources and About KoreInside

Important scope of the SEC development

The Innovation Exemption is temporary and currently focused on tokenized NMS stocks and specified TSV activity. It does not create a general exemption for private securities, eliminate broker-dealer or other regulatory obligations, or constitute an SEC endorsement of KoreInside, KoreChain, or any particular blockchain architecture. Its broader importance is architectural: it demonstrates a regulatory model in which public blockchain applications can coexist with permissioned access and regulated securities controls.

Official SEC sources

SEC Chairman Paul S. Atkins
“Statement on the Innovation Exemption: A Bridge Toward Durable Rulemaking,” September 17, 2026.

SEC Release No. 34-106402, File No. 4-927
“Order Granting Temporary Conditional Exemptive Relief ...,” September 17, 2026.

About KoreInside

KoreInside provides white-label, API-first infrastructure for regulated private capital markets, connecting identity, compliance, payments, transfer-agent records, blockchain, secondary-market connectivity, and post-trade workflows. KoreChain is its permissioned blockchain infrastructure; Twin connects canonical securities state to compatible external-chain representations under a common authorization framework.

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