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Citadel Securities Urges SEC to Enforce Uniform Rules for Tokenized and Traditional Stocks

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Citadel Securities, one of the largest U.S. market makers, has called on the Securities and Exchange Commission (SEC) to ensure regulatory parity between tokenized stocks and their traditional counterparts. The firm emphasized that applying consistent rules across both asset types is crucial to prevent regulatory loopholes and protect market integrity.

In a formal letter submitted to the SEC, Citadel Securities urged the agency to address the emerging challenges posed by tokenized equities, which are digital representations of traditional stocks traded on blockchain platforms. The firm argued that differing levels of oversight could result in unfair advantages and introduce systemic risks to financial markets.

“Tokenized stocks must be subject to the same clear and robust regulatory standards as traditional equities,” the letter stated. Citadel warned that a lack of uniformity could erode investor confidence, impair liquidity, and create opportunities for regulatory arbitrage.

The statement comes as the SEC continues its review of tokenized financial instruments and the broader integration of blockchain in capital markets. While innovation in financial technology is accelerating, Citadel underscored that regulation must keep pace to ensure a level playing field for all participants.

Market experts note that tokenized stocks, often issued and traded on decentralized platforms, can sometimes operate outside the jurisdiction of conventional regulatory frameworks. This has raised concerns among established trading firms and policymakers about investor protection, transparency, and market stability.

Citadel’s appeal reflects a growing push from traditional financial institutions for tighter oversight of digital assets. It also highlights the firm’s broader stance on upholding fair market practices, regardless of technological form.

The SEC has yet to respond publicly to the letter. However, ongoing consultations and hearings are expected as part of its broader agenda to regulate emerging asset classes under existing securities laws.