Gate Research

Thoughts on Exodus Tokenized Stocks

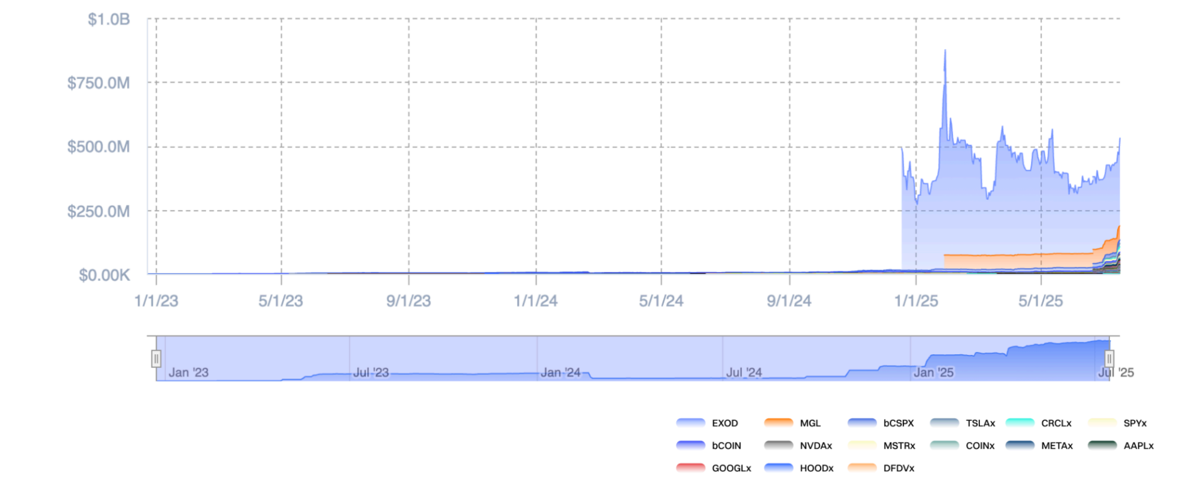
Gate Research: Thoughts on Exodus Issuing Tokenized Stocks On-Chain

1. Event Review

Stock tokenization became a hot narrative in the second half of 2025, with trading volumes of tokenized stocks launched by Robinhood and xStocks growing rapidly in June, bringing this long-dormant narrative back to the forefront. In fact, stock tokenization has always been an important sub-sector of RWA, but its scale has remained in the millions of dollars as tokenized stocks have never found a suitable distribution channel. The tokenized stocks launched by xStocks have been listed on multiple centralized cryptocurrency exchanges including Gate, as well as decentralized exchanges represented by Raydium. Subsequently, liquidity will no longer be a bottleneck constraining the development of tokenized stocks.

However, looking back at the scale of tokenized stocks tracked by RWA.xyz, we can see that there was a leap in scale in December 2024. Before that, the total on-chain stock token scale was only about $5 million, but after December 2024 it suddenly broke through the $100 million threshold. Since 2025, the total scale of stock token assets has never been below $200 million. The narrative heat in June 2025 was based on this foundation, allowing the scale of stock tokens to start growing again【1】.

Figure 1: Market Size of Tokenized Stocks



Gate Research, Data from: RWA.XYZ

We can't help but ask, why did the scale of stock tokenization suddenly grow 30-fold in December 2024? What exactly happened in between? By reviewing the materials, it's not difficult to find that digital wallet company Exodus received approval from the U.S. Securities and Exchange Commission (SEC) in December 2024 to officially transfer from the OTC market to the NYSE market, and its tokenized stocks were included in RWA.xyz's statistics. The tokenized stocks issued this time were not from Exodus's recent financing as a listed company, but from the issuance of tokenized stocks to obtain financing in May 2021 through the SEC's Regulation A exemption.

The reason why Exodus was able to complete financing through tokenization is somewhat related to its business nature. Exodus's main business is non-custodial wallets, and investors' purchased stock tokens are all stored in their registered Exodus Wallet to ensure asset security. But as the integration of cryptocurrencies and stocks enters deep waters, is it possible for listed companies outside the crypto industry to also issue tokenized company stocks on-chain to obtain liquidity from on-chain investors? This article will analyze the feasibility of this approach from multiple dimensions such as data, regulation, and products, and analyze the ways companies may combine with cryptocurrencies in the future.

2. Technical Implementation

Exodus chose the Algorand public chain as the asset circulation chain for its stock tokenization for multiple reasons, including Algorand's performance advantages such as TPS exceeding 6,000 and transaction latency less than 5s. In addition, creating standardized assets (Algorand Standard Asset) on this chain does not require writing smart contracts, but only some key parameters. These parameters include total supply, unit name, management address, reserve address, etc. In comparison, the command line tools of mainstream public chains such as Ethereum, Sui, and Solana are more inclined towards the development process of programs, rather than focusing on asset trading and management.

Algorand provides multiple ways to deploy assets on-chain, including using SDKs for Python, Go, JavaScript. In addition, the goal command tool set can also be used【2】.

Figure 2: Using JavaScript SDK to deploy assets on Algorand public chain

```
const suggestedParams = await algodClient.getTransactionParams().do();
const txn = algosdk.makeAssetCreateTxnWithSuggestedParamsFromObject({
  from: creator.addr,
  suggestedParams,
  defaultFrozen: false,
  unitName: 'rug',
  assetName: 'Really Useful Gift',
  manager: creator.addr,
  reserve: creator.addr,
  freeze: creator.addr,
  clawback: creator.addr,
  assetURL: 'http://path/to/my/asset/details',
  total: 1000,
  decimals: 0,
});

const signedTxn = txn.signTxn(creator.privateKey);
await algodClient.sendRawTransaction(signedTxn).do();
const result = await algosdk.waitForConfirmation(
  algodClient,
  txn.txID().toString(),
  3
);

const assetIndex = result['asset-index'];
console.log(`Asset ID created: ${assetIndex}`);
```

Gate Research, Data from: Algorand Gate Research

In this code, algosdk.makeAssetCreateTxnWithSuggestedParamsFromObject is the core function in the SDK code package for creating assets. txn.signTxn(creator.privateKey) indicates the private key; await algodClient.sendRawTransaction(signedTxn).do() indicates sending the signed asset to the blockchain; const assetIndex = result['asset-index'] indicates extracting the unique ID of the asset in the transaction. The code for completing token creation in other languages such as Go, Java, Python is longer. The Goal command set is an important invention to simplify and shorten code length. The above requirements can be completed with just the following code and adjusting key parameters:

goal asset create --creator <address> --total 1000 --unitname <unit-name> --asseturl "https://path/to/my/asset/details" --decimals 0 -d data

Using the Goal command set, token assets can be quickly deployed on the Algorand chain, saving project teams a lot of time writing code, while also making on-chain interactions more convenient.

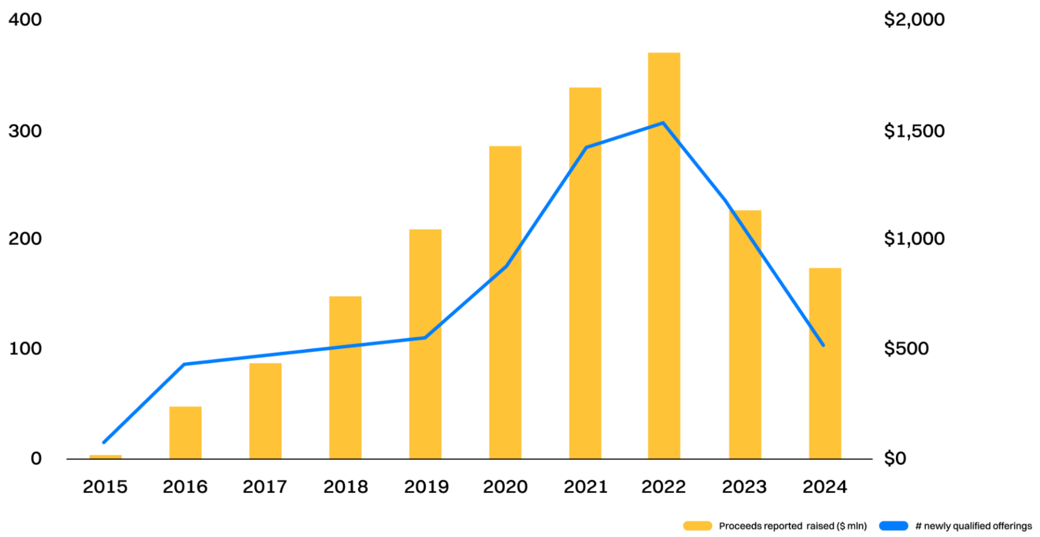
3. Policy and Regulation

Regulation A is a form of public fundraising exemption, also known as conditional small issue exemption, aimed at helping companies obtain financing faster and more conveniently. Regulation A is currently divided into two tiers: Tier 1 and Tier 2. Tier 1 financing cannot exceed $20 million, and the issuance amount of related party companies cannot exceed $6 million; Tier 2 financing cannot exceed $75 million, and the total issuance amount of related party companies cannot exceed $22.5 million【3】.

Before Exodus, BlockStack (later renamed Stack) also completed fundraising through Regulation A approval in the form of token subscriptions. However, both of these cases were issued before 2021.

According to the article "ANALYSIS OF THE REGULATION A MARKET" published by the SEC, the efficiency of Regulation A itself is not high. Between 2015 and 2024, there were 1,618 applications related to Regulation A exemptions, of which 1,426 were approved, with a target financing amount of $28.3 billion. However, looking at the final actual fundraising amount, a total of 800 companies completed fundraising, obtaining $9.4 billion, which is 33% of the target amount. Moreover, the amount and number of projects financed through Regulation A have continued to decline. By 2024, the total financing amount had fallen to below $1 billion【4】.

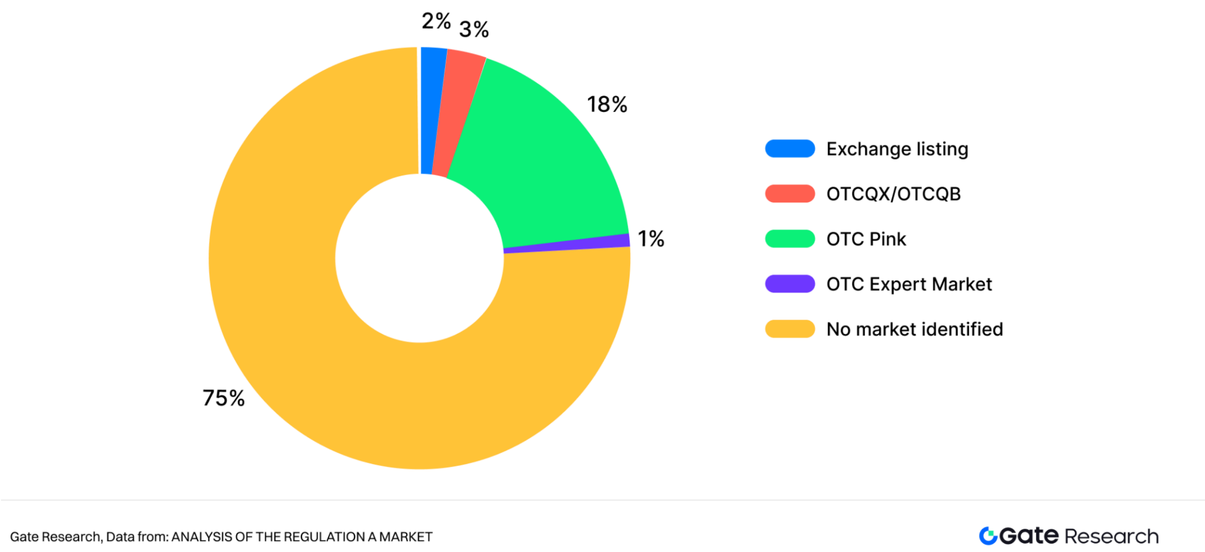
Figure 3: Regulation A financing scale and number of projects in the past 10 years



Gate Research, Data from: ANALYSIS OF THE REGULATION A MARKET

In terms of company size, most companies choosing Regulation A financing are OTC and non-main board listed companies, with the number of main board listed companies accounting for only 2% of the total. Most companies are unlisted companies and companies traded in the pink sheet market, whose stocks often have poor liquidity. For on-chain funds, these targets are also less attractive.

Figure 4: Companies issuing additional shares through Regulation A exemption in the secondary market



In addition to Regulation A, Regulation D is a private placement exemption mainly for qualified investors, suitable for companies hoping to raise funds quickly and reduce disclosure requirements. Rule 506 of Regulation D allows unlimited financing amounts, but is usually limited to accredited investors (net worth exceeding $1 million or annual income exceeding $200,000). Rule 506(b) allows up to 35 non-accredited investors to participate. Regulation D only requires filing Form D, without the need for detailed prospectuses or ongoing reporting obligations, with lower compliance costs, but needs to comply with state securities regulations. Compared to Regulation A, Regulation D has higher flexibility and is suitable for private placement or targeted additional issuance scenarios. Jarsy, an equity tokenization company, obtained funds from qualified investors through the Regulation D exemption to purchase equity in pre-IPO stage companies【5】.

The development space for such innovative practices of tokenizing traditional assets largely depends on the attitude of the regulatory environment. It is worth noting that it was on the foundation laid during the Trump administration that the U.S. regulatory framework for cryptocurrencies and related fintech began to show greater flexibility and openness.

After Trump became the U.S. President for the second time, the U.S. government introduced a series of crypto-friendly policies, building multiple interconnection bridges between cryptocurrencies and stocks, and becoming more flexible in policy regulation. In May 2025, Hester Peirce, head of the SEC's crypto team, stated that she would support establishing a "regulatory sandbox" environment in the field of securities tokenization (i.e., converting traditional securities into digital tokens that can be traded on distributed ledger technology (DLT) such as blockchain), allowing companies to innovate in a controlled real-time environment【6】.

The proposed exemption is conditional, with entities required to comply with market integrity conditions to prevent fraud and manipulation. Pierce discussed other potential conditions, including requirements to:

- provide users with important and relevant disclosures about platform products, services, operations, conflicts of interest, and risks (including smart contract risks)
- comply with record-keeping and reporting requirements
- accept monitoring and inspection by SEC staff
- have sufficient operational financial resources

Additionally, there may be additional requirements for participants providing crypto custody services.

We can boldly assume that listed companies will have new ways to issue additional shares on-chain, rather than through Regulation A or Regulation D exemptions. However, it is expected that shareholders purchasing additional shares will still need to be disclosed. It is very likely that at the beginning of policy implementation, on-chain additional issuance of tokens will still be in the form of private placements, with only qualified investors screened by listed companies able to subscribe. But as policies for stablecoins and RWA continue to innovate, individual investors on-chain will also have the opportunity to participate in stock investments.

4. Stock Tokenization Methods

From the typical case of Exodus using Regulation A to complete IPO tokenized financing, to the current hot topic of "crypto-stock integration", we can see that tokenization technology has opened up diversified paths for corporate financing throughout their lifecycle. Although stock and equity tokenization exploration has been ongoing for a long time, the shift towards crypto-friendly policies in the U.S. since 2024 has undoubtedly injected strong momentum into this field, moving it from concept to large-scale application. Specifically, from startup to maturity, there are multiple models for "tokenizing" a company's equity/shares on-chain, with key differences in development stages, initiating entities, and intermediaries.

4.1 Angel Round to Series B Equity Tokenized Financing

Some projects directly raise funds through cryptocurrencies between angel round and Series B, but this approach may cause trouble for future IPOs, at least currently SEC and regulators in multiple countries still require layer-by-layer penetration of institutions or natural persons. This approach of actively seeking on-chain liquidity will change some shareholders' names on the shareholder register to a 40-digit wallet address. Moreover, once these on-chain shareholders transfer tokens, the IPO audit will become more complex.

However, for early-stage companies, solving the urgent need for funds is obviously more important than later IPO audits. In 2018, biotechnology company Quadrant Biosciences Inc. tokenized all of its equity into Quadrant Tokens and offered 17% diluted equity through token sales. It successfully raised over $13 million at a price of $1.25 per share. This case is currently the earliest traceable equity tokenization case【7】.

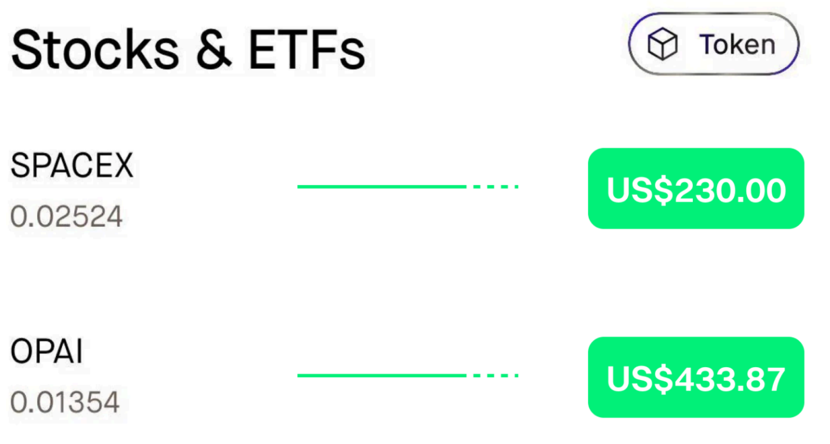
In addition to the above cases, some companies have also completed early-stage tokenized financing through platforms. Taking the Tokeny platform as an example, companies have completed over $32 billion in asset tokenization on the platform, with private equity tokenization being an important component of its assets. Compared to stock tokenization, these platforms serve as emerging financing channels in the primary market, and the platforms also reach out to some VC funds to match companies with funders to complete financing.

4.2 Equity Tokenization for Companies from Series C to Pre-IPO Rounds

After experiencing multiple rounds of early financing, some companies stand out from fierce industry competition, find long-term profitable models, and grow into globally renowned unicorn companies. For example, companies like ByteDance, Ant Group, and Stripe already have stable cash flows and are not in a hurry to go public. Companies represented by OpenAI, SpaceX, and Anthropic, although not yet profitable, have completed multiple rounds of financing and do not have cash flow pressure.

Recently, SpaceX and OpenAI's equity was directly issued on-chain by Robinhood. OpenAI stated that it had not reached an agreement with Robinhood to issue tokens on its platform. Stock tokenization platforms are very interested in these assets, but without the permission of the project, platforms can purchase equity held by their shareholders through S funds and put them into SPVs as reserve assets. Startup companies including Jarsy have also set their sights on the equity of pre-IPO companies.

Figure 5: Robinhood equity tokenization UI



Gate Research, Data from: Reddit

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However, these equity tokens have not been authorized by unicorn companies. Once on-chain trading appears to be decoupled (for example, SpaceX is currently valued at $400 billion, but its token price may fluctuate on-chain, corresponding to a valuation that may be less than $300 billion at some point), it will affect the company's own operations, and the original primary market valuation logic will face challenges. Relevant laws and regulations in this field still need to be further improved【8】.

4.3 Company IPO Fundraising

IPO fundraising is initiated by listed companies, it needs to obtain qualifications for issuing tokenized stocks on-chain through the Regulation A approval provided by the SEC. Taking Exodus as an example, the company first listed on the OTCQX in the U.S. over-the-counter market in 2021, and then completed the transfer to list on the NYSE.

IPO financing is directly connected between companies and the SEC, without other platforms directly involved in between. In the process of Exodus completing tokenized financing, Securitize, as a licensed tokenization service broker, was responsible for the specific process of asset tokenization. Since Regulation A itself has a $75 million limit, it is difficult for third-party licensed distribution agencies to participate in IPO fundraising on a large scale.

4.4 Platforms Tokenize Stocks After IPO Completion

These companies often have relatively strong liquidity and brand recognition. For example, the first batch of stock tokenization targets chosen by the three globally well-known stock tokenization platforms Backed Asset, Swarm, and Dinari were all large companies with widespread consensus such as Tesla, NVIDIA, and Apple. The xStocks stock tokenization product launched by Backed Asset places all shares in an SPV. If more retail investors purchase tokens, the company will purchase stocks 1:1 and put them into the SPV【9】.

xStocks has now been listed on multiple centralized exchanges and decentralized exchanges. Since the product chose Solana as its asset issuance public chain, there has been a significant increase in the total scale of stock assets on the Solana public chain recently. However, as the price of stock tokens in secondary market circulation may still deviate from the price of the actual stock in the short term, listed companies still face greater fluctuations in stock prices.

Table 1: Stages of Stock and Equity Tokenization

Stage of Share Tokenization	Company Size	Initiated by Company	Intermediary
Angel Round to Series C	Small and Medium Enterprises	Yes	Tokeny, Brickken
Series C to Pre-IPO	Unicorns	No	Robinhood, Jarsy
IPO Tokenized Financing	Large and Medium Enterprises	Yes	Securitize
Post-IPO Tokenization	Industry Giants	No	Backed Asset, Swarm

Gate Research, Data from: RWA.XYZ

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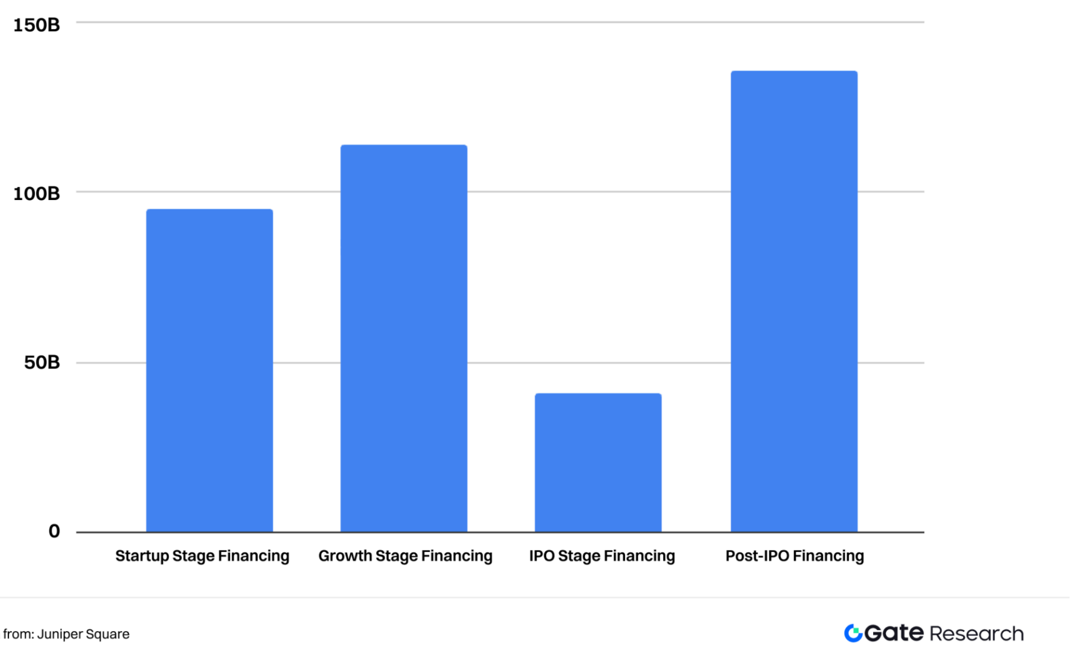
5. Future Trends

As the United States further opens up policies on crypto-stock integration, more and more innovative methods are emerging like mushrooms after rain. For large listed companies, platforms tokenizing their assets have not been approved by the management of these listed companies. Due to insufficient liquidity on some cryptocurrency exchanges, once the stock token price shrinks significantly compared to the actual stock price, some arbitrageurs will long and short the actual stock, leading to a decline in the market value of listed companies. Listed companies themselves have not obtained financing but instead bear the risk of market value decline.

From the perspective of listed companies' interests, directly issuing additional stocks or convertible bonds on-chain can obtain incremental funds and expand the cash reserves for their main business. Currently, on a global scale, the amount of refinancing for listed companies has exceeded IPO financing, with many companies expanding their share capital through additional issuance after listing. In 2024, a total of 272 companies completed IPOs in the U.S. stock market, with a total financing amount of $40.7 billion, while the refinancing market for U.S. listed companies completed a total financing amount of $135.9 billion, which is 3 times the total IPO financing amount【10】.

According to statistics from Juniper Square, in 2024, the U.S. primary market completed 15,260 equity financing deals with a financing amount of $209 billion. In the fourth quarter of 2024, early-stage (seed round, angel round, Series A, Series B) in the U.S. primary market accounted for 45% of the total financing amount, while late-stage (Series C, Series D, strategic round, Pre-IPO round) accounted for 55% of the total financing amount. Based on this proportion, it is estimated that the financing amount of early rounds in the U.S. primary market in 2024 was about $95 billion, and the investment amount of late rounds was about $114 billion. Compared with the financing scale of the primary market, refinancing of listed companies is still a market with a very strong ability to attract funds【11】.

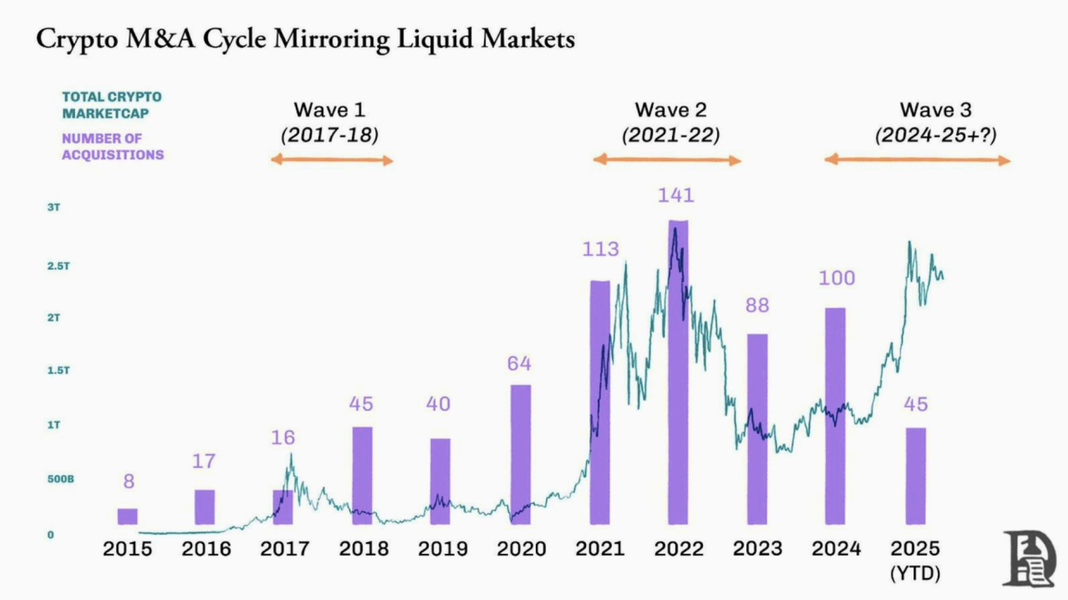
Figure 6: 2024 U.S. Primary and Secondary Market Corporate Financing Amounts



In 2025, driven by a series of relaxed regulatory policies and the wealth effect of cryptocurrencies such as BTC, ETH, and XRP, merger and acquisition (M&A) activities in the cryptocurrency sector have significantly heated up. In terms of transaction numbers, as of July 2025, the industry has completed 185 M&A deals. AInvest predicts that M&A transactions for the whole year of 2025 are expected to reach 340, hitting a new high in recent years. Regarding transaction amounts, in May 2025, Coinbase acquired the derivatives platform Deribit for $2.9 billion, becoming the largest M&A deal in cryptocurrency history. Issuing additional shares not only directly supplements cash flow for companies but has also become a common strategy for acquiring other companies. Cryptocurrency companies conducting mutual acquisitions through issuing stock tokens is not only operationally convenient but also more readily accepted by the market at the cognitive level, facilitating industry consolidation and development【12】.

Moreover, compared to the strict scrutiny of Initial Public Offerings (IPOs), the process of tokenized financing through blockchain for already listed companies is simpler. IPOs require private companies to undergo multi-level regulatory reviews, including detailed financial reports and business information disclosure to meet listing requirements. Already listed companies, having passed the IPO, possess mature public records, making tokenized financing more focused on efficiency.

Figure 7: Crypto Enterprise Merger and Acquisition Cycle (Data as of May 2025)



Gate Research, Data from: X

From an investor's perspective, secondary offerings in the US stock market are typically issued at a discount. For example, Tesla issued new shares at $767 per share in 2020, a 4.6% discount to the closing price at that time, to attract investors. The discount is usually accompanied by a lock-up period of 90 to 180 days, restricting investors from selling shares for short-term profits, to stabilize the stock price and prevent market oversupply leading to price drops. This combination of discount and lock-up period provides investors with immediate price advantages and a relatively stable holding environment, thus attracting long-term investors willing to hold for the long term and expect future company growth, who are patient enough to wait for stock price appreciation to realize capital gains. By tokenizing stocks for additional issuance, investors can stake their stock tokens on DeFi platforms during the lock-up period to earn yields.

In summary, listed companies, especially crypto-related US-listed companies (such as Circle, Coinbase, Marathon), conducting on-chain stock token issuance for additional financing can supplement liquidity for businesses, expand operations or invest in M&A; for investors, it offers lower prices than the secondary market and opportunities for on-chain yield generation. The author believes this area will be a key future development direction for stock tokenization.

6. Conclusion

Stock tokenization, as a market hotspot in the latter half of 2025, highlights the enormous potential of integrating blockchain technology with traditional finance. Exodus company's approval from the U.S. Securities and Exchange Commission (SEC) in December 2024 to directly trade its stock tokens on-chain not only marks an innovative attempt as a digital wallet enterprise but also provides an important case study for other listed companies exploring on-chain financing. This initiative, leveraging Algorand's high transaction speed and low latency, significantly enhances asset liquidity and accessibility, opening up new investment channels for many US-listed companies. Exodus's success not only validates the technical and regulatory feasibility of tokenized stocks but also signals that traditional capital markets are gradually moving towards a new phase of digital transformation.

Looking ahead, as crypto-friendly policies advance in the US and blockchain technology matures, stock tokenization is poised to become an important path for listed companies to raise additional capital. The demonstrative effect of the Exodus case may encourage more companies to follow suit, especially with the support of innovative mechanisms like regulatory sandboxes, non-crypto industry listed companies might also attract global funds by issuing stocks or convertible bonds on-chain. Meanwhile, in various stages of financing, the market segment of listed company refinancing has seen relatively little combination with tokenization, still holding great potential for further development. This trend of stock tokenization will promote deep integration of traditional finance and the digital economy, constructing a more transparent and efficient global capital market ecosystem, thus making stock tokenization a key link in financial technology innovation.

7. Date Source

1. RWA.xyz, https://app.rwa.xyz/stocks
2. Algorand, https://developer.algorand.org/docs/get-details/asa/
3. SEC, https://www.sec.gov/resources-small-businesses/capital-raising-building-blocks/regulation
4. SEC, https://www.sec.gov/files/dera-reg-2505.pdf
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8. Reddit, https://www.reddit.com/r/wallstreetbets/comments/1lod7vc/robinhood_to_offer_tokenized_shares_of_openai/
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