

Executive Summary: OTC Meme Protocol (OTCM)

<https://www.sec.gov/about/crypto-task-force/written-submission/ctf-written-input-otc-meme-corp-083025>

- The OTCM Protocol employs a novel “Howey Shield” framework to ensure its tokens do not meet the definition of a security under the Howey Test, emphasizing the absence of profit expectation and managerial reliance, thus classifying tokens as commodities.
- The protocol integrates SEC-registered intermediaries (e.g., Empire Stock Transfer) for custody and compliance, aligning with February 2025 SEC guidance on meme tokens and reinforcing investor protection through professional custody and full KYC/AML procedures.
- The OTCM model is proposed as a regulatory template for future safe harbor provisions, demonstrating how asset-backed, entertainment-purposed tokens can operate within existing legal frameworks while revitalizing illiquid markets.

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