

# Eurasian Stock Exchange

Ref.: 1|14

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## No-Action Request and Interpretive Guidance on Synthetic IP Value Notes® (SIPs®) – Perpetual Derivatives for Trading IP-Driven Equity Value

**To:** U.S. Securities and Exchange Commission (SEC): [chairman@sec.gov](mailto:chairman@sec.gov) | [crypto@sec.gov](mailto:crypto@sec.gov)

**From:** Eurasian Stock Exchange  
*Victor Michelle | CEO*

**Dear Esteemed SEC Representatives,**

The Eurasian Stock Exchange respectfully requests confirmatory no-action relief and interpretive guidance under Sections 5, 15(a), and 19(b) of the Securities Act of 1933, Section 23A of the Exchange Act of 1934, and Rule 12b-1 thereunder, to permit the issuance and listing of Synthetic IP Value Notes® (SIPs®) on a U.S.-registered national securities exchange or alternative trading system compliant with Regulation ATS. SIPs represent an innovative, market-driven instrument to isolate and trade the intellectual property (IP)-driven component embedded in public equity prices, without corporate issuance, IP encumbrance, or reference company consent.

### 1. Instrument Overview

SIPs are perpetual, cash-settled derivative instruments providing price exposure solely to the market-perceived IP value layer within reference equities of IP-dominant public companies (50-90% market cap from intangibles per Ocean Tomo/Brand Finance methodologies). Key attributes:

No maturity, coupon, or principal repayment.

Cash-settled based on reference equity pricing.

No ownership claim, lien, or pledge on IP assets.

Tokenized or non-tokenized format.

SIPs function analogously to total return swaps, volatility ETPs (e.g., VIX futures), or CDS indices—pure market constructs deriving value from observable equity prices. SIP price = market consensus on reference company's IP-driven valuation premium.

**What SIPs Are NOT:** Equity/debt of reference firms; IP-backed securities; derivatives requiring issuer approval; or accounting goodwill trackers. They impose zero obligations on referenced entities. [Conversation context: SIPs definition].

### 2. Reference Universe and Eligibility

Reference equities limited to U.S.-listed firms (e.g., NASDAQ/NYSE) where independent audits confirm  $\geq 50\%$  market cap from IP/intangibles:

Technology/pharma leaders (e.g., NVDA, LLY per public intangible studies).

Verified via SEC filings, 10-K disclosures, and third-party valuations (Ocean Tomo, Brand Finance GIFTTM).

No proprietary data or corporate cooperation required—purely public market pricing anchor.

### 3. Regulatory Alignment

Exchange Act Section 5/Listing Standards: SIPs qualify as "security-based swaps" under Dodd-Frank Title VII, eligible for listing on registered exchanges (e.g., Nasdaq, CBOE) using standard margining (SPAN/VAIR models). Perpetual structure mirrors approved ETNs/ETFs without maturity (e.g., leveraged ETPs).

Securities Act Registration: Offered via Form S-3 shelf registration as structured notes; no prospectus delivery needed for exchange-traded derivatives under Rule 415(a)(1)(x).

Investment Company Act: Not an "investment company" under Section 3(a)—derivative contracts, not pooled funds (cf. CFTC swaps).

Commodity Futures Trading Commission: Cleared via DCO if swap-like; otherwise, pure securities under SEC jurisdiction.

Precedents include:

Volatility-linked notes (VXX ETNs).

Equity-linked notes (ELNs) without issuer consent.

### 4. Investor Protections and Risks

Liquidity/Transparency: Exchange-traded with real-time pricing, mandated market-making.

Disclosure: Base prospectus details reference methodology, basis risks (non-IP equity factors), and no IP recourse.

Margins/Clearing: Standard Reg T/144 initial/margin requirements via OCC/DTC.

SIPs enhance price discovery for the \$90T global intangibles economy, aligning with SEC's innovation mandate (e.g., Crypto Task Force).

### 5. Request for Relief

We seek:

No-action assurance against enforcement under Exchange Act Sections 5/15(a) for issuance/listing.

Interpretive guidance confirming SIPs.

Pilot program approval for 50-100 SIPs on qualified references, limited to \$1B.

Eurasian Stock Exchange commits to full FINRA/SEC supervision, pre-launch mock filings, and quarterly reporting.

We appreciate the Commission's prompt consideration and welcome discussions.

**Attachments:**

1. European Standard of IP Valuation | Synthetic IP Value Notes® (4 sheets);
2. Product Deck (7 slides);

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*Sincerely,*

Victor Michelle

Co-Author & Co-Creator  
Co-Inventor & Co-Designer

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