



DORRS and the Digital Asset Market Clarity Act:

Why This Matters for DORRS

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Executive Summary: Why This Matters for DORRS

The Digital Asset Market Clarity Act (H.R. 3633) (the “CLARITY Act”) establishes a comprehensive federal market structure for digital assets, tokenized securities, and ancillary assets. While the Act does not directly regulate security master or reference data platforms, it introduces mandatory disclosure, transparency, recordkeeping, auditability, and market integrity obligations that **cannot function in practice without a canonical reference data layer.**

In effect, the CLARITY Act creates structural demand for exactly the capabilities provided by **DORRS:**

- Authoritative asset and instrument reference data
- On chain and off chain data reconciliation
- Protocol and issuer level due diligence
- Market structure and venue metadata
- Best execution pricing inputs
- Continuous lifecycle, governance, and control tracking

As a result, **DORRS becomes infrastructure the regulatory framework implicitly requires but does not explicitly name.**





Due Diligence on Tokenized Securities – What the CLARITY Act Requires

Tokenized Securities Are Securities (Parity Principle)

The CLARITY Act codifies regulatory parity for tokenized financial instruments. Any token that conveys equity, debt, profit participation, voting rights, or liquidation rights is treated as a security, regardless of whether it is issued, recorded, or transferred using distributed ledger technology (see Section 223(e)).

Tokenization does not waive or modify existing securities law obligations. Accordingly, tokenized securities remain subject to:

- Regulation ATS
- FINRA supervision
- Best execution obligations
- Market surveillance
- Trade reporting
- Customer protection and segregation rules



Due diligence obligations therefore do not disappear simply because settlement occurs on chain.

Protocol Level Transparency Requirements for Ancillary Assets

For ancillary assets, the CLARITY Act establishes a new, crypto native disclosure regime (Title I), requiring public, ongoing disclosures covering, among other items:

- Governance and control structures
- Token economics and supply mechanics
- Insider and related person holdings
- Custody arrangements
- Trading venues and liquidity
- Technical operation of the protocol
- Roadmap to decentralization

These disclosures must be **current, publicly available, and maintained over time**, creating a permanent and evolving “truth set.” Maintaining, validating, and versioning this truth set is inherently a **security master function**, not a function of an exchange or trading venue.

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Why DORRS Becomes a Critical Compliance Dependency

Examiner Driven Due Diligence Expectations

Under the CLARITY Act framework, FINRA and SEC examiners will expect ATs and broker dealers to demonstrate a clear, evidence based understanding of every tokenized security they list or trade. Typical supervisory questions include:

- What exactly is this instrument?
- What legal and economic rights does it convey?
- Who is the issuer or originator?
- Which blockchain is authoritative?
- Who controls protocol upgrades?
- Which wallets represent issuer or treasury holdings?
- What is circulating versus locked supply?
- Has governance or control changed over time?
- Does the asset remain a security or has its classification changed?



There is no existing DTCC or CUSIP equivalent database for tokenized securities. DORRS fills this structural gap.

The Act Implicitly Requires a Security Master for Tokenized Assets

The CLARITY Act introduces:

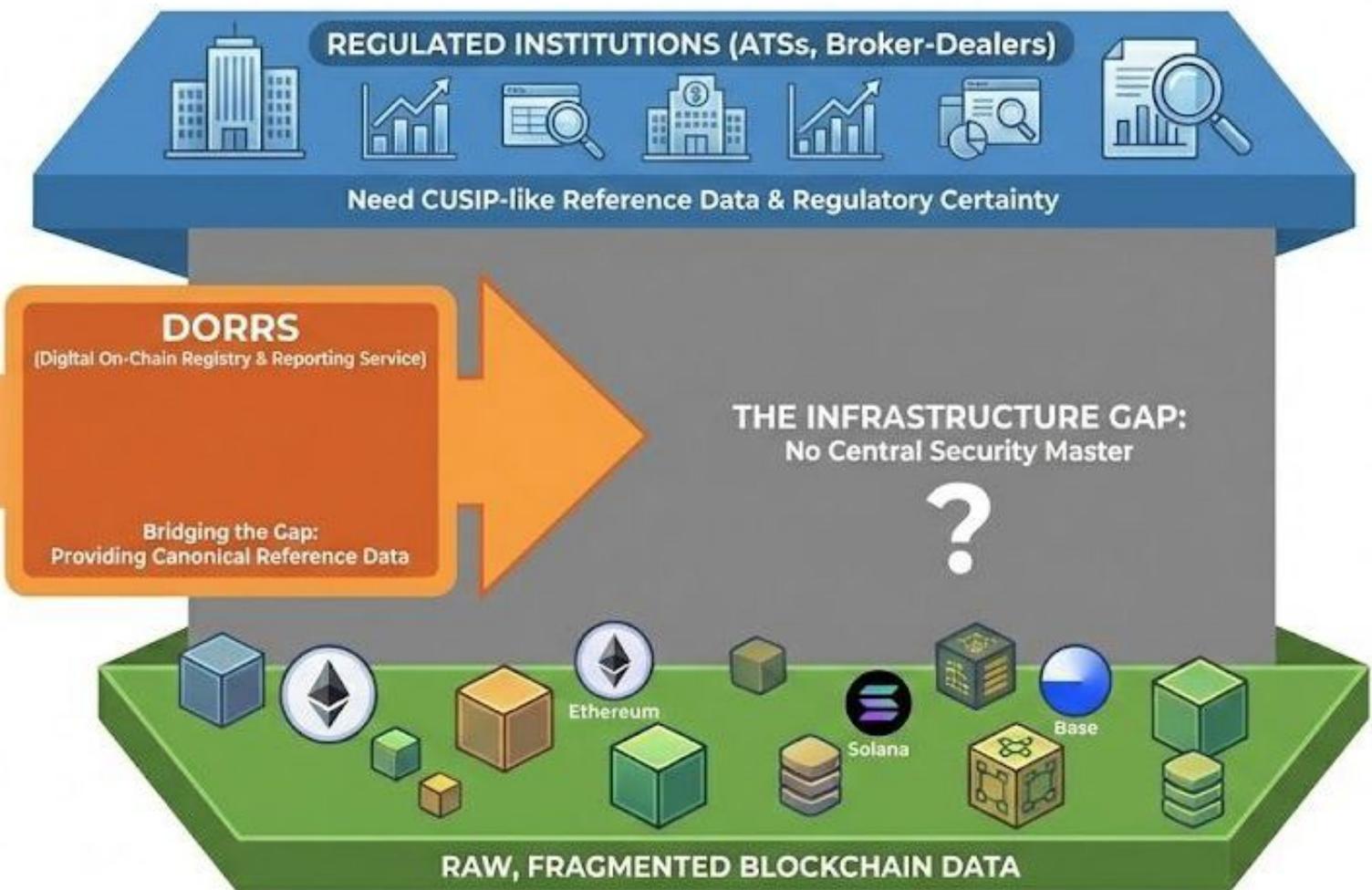
- New asset classes and definitions (Section 2; Title I)
- New lifecycle and classification states
- Transition paths between regulatory regimes
- Ongoing, protocol level disclosure obligations

None of these requirements can be operationalized without:

- Canonical identifiers
- Standardized metadata
- Historical state tracking

DORRS maps directly to these needs by providing a unified, authoritative reference layer.

"There is no existing or CUSIP equivalent database for tokenized securities. DORRS this structural gap."



Best Execution and Pricing — Where DORRS Fits

Best Execution Remains Fully Applicable

The CLARITY Act does not relax best execution requirements. ATs must still demonstrate that they sought the best reasonably available price and understood liquidity sources and market fragmentation.

Tokenized securities, however, may trade across:

- Multiple ATs
- Primary issuer operated markets
- Secondary private markets
- Permitted offshore venues

DORRS functions as the reference layer that normalizes:

- Where an asset is admitted to trade
- Where it is legally permitted to trade
- Which venues are regulated
- Which price sources may be considered valid inputs for best execution analysis

Better Best Execution for Digital Assets To meet FINRA Rule 5310's "reasonable diligence" standard, brokers need to check more than just price—they must also verify the safety of the asset itself. DORRS makes this possible by providing data on both market quotes and protocol risks.

- Finding the Best Price: The Symbol Layer (Layer 1) tracks where an asset is trading to find the best market price.
- Ensuring Safe Settlement: The CLARITY Disclosure Layer (Layer 3) checks "under the hood" for technical risks like hidden admin keys or pause buttons that could freeze a trade .
- By combining these layers, Smart Order Routers (SORs) can automatically avoid risky networks, proving that every trade was routed based on both the best price and the highest safety standards .

THE DORRS 3-LAYER MODEL

Traditional systems track the Trade and the Issuer.
DORRS adds the critical third layer: the Protocol.





On Chain Pricing as a Compliance Signal

By legitimizing blockchain settlement while preserving market rules (Section 223(e)–(f)), the CLARITY Act allows on chain data to be used as compliance evidence. On chain transaction prices, wallet level transfers, and atomic delivery versus payment events may serve as audit evidence, surveillance inputs, and reconciliation records.

DORRS ingests and contextualizes this raw blockchain data, reconciling it with off chain executions and normalizing it into compliance grade pricing and settlement records.



Mapping Off Chain Data to On Chain State Under the CLARITY Act

Recordkeeping, Auditability, and Reconciliation Requirements

The CLARITY Act requires that records of ownership for tokenized financial instruments be maintained in accordance with applicable recordkeeping requirements and that the distributed ledger technology employed meet standards for accuracy, resilience, auditability, and settlement finality (Sections 106–107; Section 223(d)(1)(C)–(D)).

The Act further mandates parity in regulatory treatment, explicitly prohibiting any waiver of books and records or reconciliation obligations solely because blockchain technology is used (Section 223(e)).

This creates an explicit requirement to reconcile off chain legal, trading, and custodial records with on chain representations.



Off Chain Legal Reality vs. On Chain Representation
On chain data alone is insufficient unless continuously mapped to off chain legal and regulatory facts, including:

- Issuer legal identity and capitalization
- Investor rights and transfer restrictions
- Corporate actions and lifecycle events
- Custodial segregation and control
- Trading venue admissions and restrictions

The CLARITY Act's anti misrepresentation provisions prohibit marketing or representing a tokenized financial instrument as equivalent to the underlying instrument unless it conveys substantially equivalent legal and economic rights and is supported by accurate ownership records (Section 223(d)).

DORRS performs this reconciliation by linking legal instruments and issuer data (off chain) with smart contracts, token balances, and settlement events (on chain), producing a regulator grade, continuously auditable record.



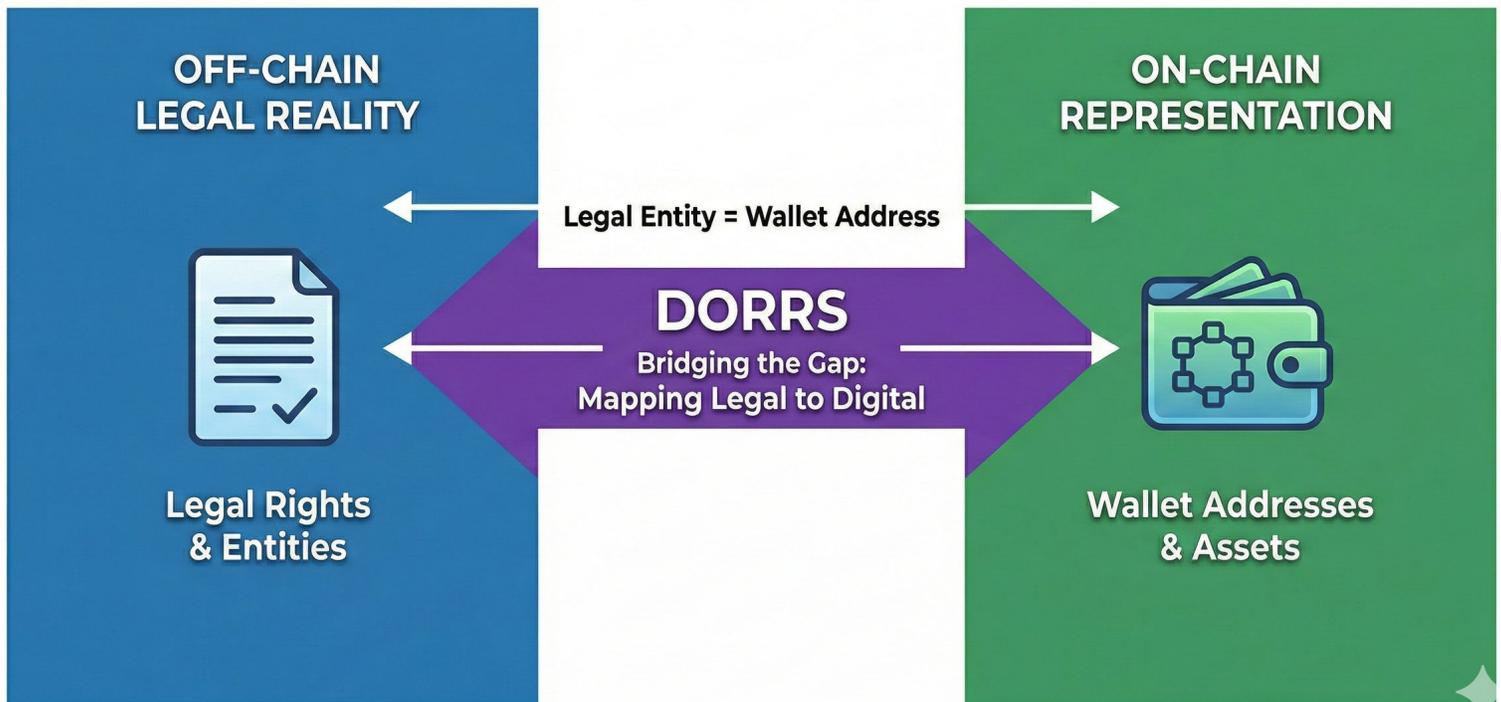
On Chain Data as Verifiable Evidence

The CLARITY Act emphasizes transparency, public availability of material information, and verifiability. Blockchain data—public, timestamped, immutable, and replayable—may be treated as authoritative evidence when properly contextualized (Sections 106–107; Section 223(f)).

DORRS curates and normalizes this data, preserving historical state and change logs in a manner analogous to DTCC, CUSIP, ISIN, and SEDOL for traditional securities.

"Off Chain Legal Reality vs. On Chain Representation"

THE DORRS RECONCILIATION BRIDGE



Strategic Benefits of the CLARITY Act for DORRS

Regulator Adjacent Infrastructure

The Act forces structured transparency, creates new data dependencies, and expands audit scope. Regulators do not build market data infrastructure; they expect the market to provide it. DORRS fills this role.

Elimination of Crypto Ambiguity

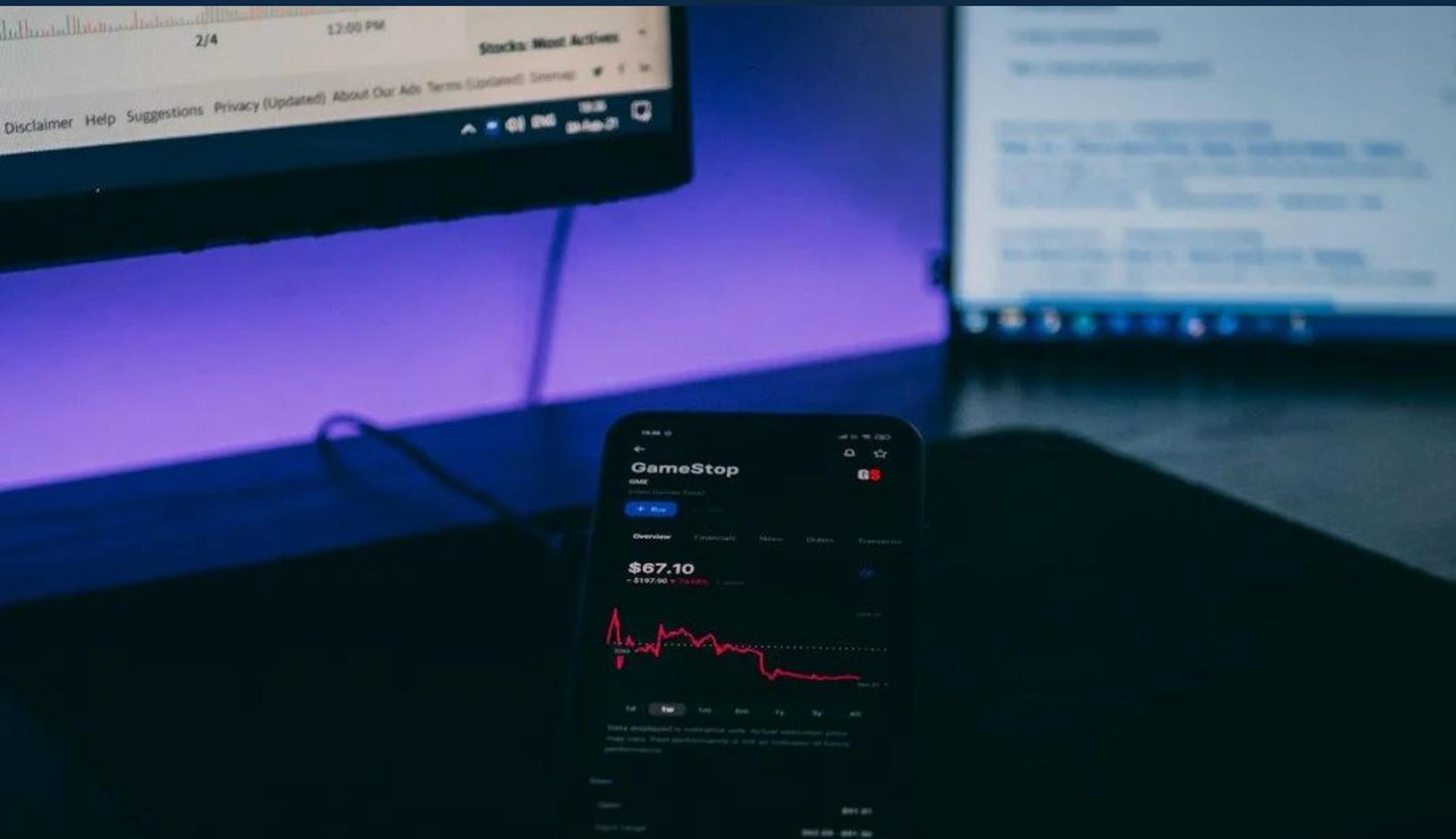
Before CLARITY, reference data providers avoided digital assets due to classification uncertainty and liability risk. The Act establishes clear categories:

- Tokenized equities as securities
- Digital commodities as commodities
- Ancillary assets with defined obligations

This enables DORRS to operate with legal certainty, standardize schemas, and serve regulated institutions.

Emergence of a Shared Utility Model

As multiple venues list the same tokenized assets, issuers migrate chains, custodians change, and governance evolves, a neutral shared reference layer becomes economically inevitable. DORRS fits that role.





Appendix A: DORRS Field-to-CLARITY Act Mapping

CLARITY Act Requirement	Section	DORRS Field / Output	Regulatory Purpose
Asset definitions and classification	Section 2; Title I	DSIN / Instrument ID	Canonical identification
Security vs ancillary vs commodity	Title I	Asset Classification	Jurisdictional clarity
Substantially equivalent rights	Section 223(d)(1)(A)	Rights Profile	Anti misrepresentation
Ownership recordkeeping	Section 223(d)(1)(C)	Ownership Mapping	Books & records
Auditability and finality	Sections 106–107	Settlement Model	Operational integrity
Governance and control disclosures	Title I	Governance Metadata	Control analysis
Insider and related persons	Section 104	Related Persons	Conflict monitoring
Custody requirements	Section 223(f)	Custody Mapping	Segregation validation
Best execution support	Preserved securities laws	Venue & Price Data	Execution review
Lifecycle and state changes	Ongoing disclosures	Historical State Tracking	Continuous supervision



Conclusion

The CLARITY Act does not explicitly reference DORRS, but it creates the regulatory vacuum DORRS fills. By mandating transparency, expanding due diligence obligations, requiring reconciliation between distributed ledgers and traditional records, legitimizing on chain data, and increasing best execution complexity, the Act makes a modern, blockchain aware security master essential.

DORRS converts the CLARITY Act's legal requirements into operational reality – serving as the security master, due diligence engine, and regulatory reference system for tokenized securities.

Based on the Digital Asset Market Clarity Act (H.R. 3633), as introduced in the U.S. Senate.

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