Citron RESEARCH

Securitize, Inc. (CEPT)

CEPT/Securitize IS the leader of a 4 Trillion TAM market by 2030 (not our numbers either those are Citi) With the largest asset manager in the world as their customer- We can't even do the math!!!

Why You Don't Bet Against the Kingmaker

The most powerful force in global finance—**BlackRock**—has effectively anointed Securitize as the operating system for the next generation of capital markets. This merger isn't just a public listing. It's the coronation of the infrastructure layer that Larry Fink has publicly staked his legacy on.

The setup for **Cantor Equity Partners II (NASDAQ: CEPT)** is identical to the Bitcoin ETF playbook. When BlackRock enters a market, they don't just "participate"—they **dominate**.

The Signal: BlackRock is rolling 100% of their equity into this deal.

The Precedent: Look at IBIT (Bitcoin ETF). Critics called it niche. BlackRock turned it into the fastest-growing ETF in history, hitting $70 billion in assets in under a year.

The Trade: You are buying the *only* regulated platform that BlackRock trusts to tokenize its $10+ trillion empire—for a valuation of just $1.25 billion.

The BlackRock Playbook: IBIT Redux

In January 2024, Wall Street skeptics laughed at the idea of a spot Bitcoin ETF.

What happened: BlackRock launched IBIT. It crushed every record in the book, outpacing Gold (GLD) to become the fastest-growing ETF ever.

The lesson: When Larry Fink mobilizes the BlackRock distribution machine, "niche" products become global standards overnight.

Now apply that to Securitize. BlackRock didn't just "invest" in Securitize—they partnered with them to launch **BUIDL**, their first tokenized fund.

The result: BUIDL didn't just launch. It exploded to over **$2 billion** in assets, becoming the largest tokenized fund in the world.

The implication: BlackRock is using Securitize as the test kitchen for the main course. If BUIDL is the appetizer, tokenizing the rest of their $13 trillion portfolio is the meal.

The "Inevitability" of Tokenization

Larry Fink has been explicitly clear: "*Tokenization is the next generation for markets*." He compares the current state of tokenization to the internet in 1996.

Who is Citron to argue with Larry Fink?

> *"We are at the beginning of tokenizing all assets."* — envisioning a future where everything from real estate to bonds and equities is on-chain.
>
> *"Every stock, every bond, every fund—every asset—can be tokenized. If they are, it will revolutionize investing."* — on tokenization's transformative impact.

Valuation: The BlackRock Call Option

At a **$1.25 billion valuation**, the market is pricing this like a speculative SPAC. We believe it should be priced like a **strategic monopoly**.

The math: Securitize is projecting $110 million in revenue for 2026. But that number ignores the "BlackRock Multiplier."

The upside: If BlackRock tokenizes even a *fraction* of their ETF business (iShares) using Securitize rails, revenue doesn't just double—it 10x's.

The safety net: Existing shareholders—including BlackRock, ARK Invest, and Morgan Stanley—are rolling 100% of their equity. There is no exit liquidity here. They are holding because they know what's coming.

At current trading levels around $11.65, the implied post-merger enterprise value is approximately $1.7-1.8 billion. On projected 2026 revenue of $110 million, that's roughly 16x forward revenue. On projected EBITDA of $32 million, the multiple is approximately 55x. Not cheap in absolute terms, but must be evaluated in context of the growth profile.

Institutional Validation

BlackRock manages approximately $10-11 trillion in assets—the largest asset manager in the world by a comfortable margin. When BlackRock decides to enter a new market, they do not experiment with unproven infrastructure providers. They select winners.

In March 2024, BlackRock launched BUIDL, its first tokenized fund, in partnership with Securitize. BUIDL enables qualified investors to hold U.S. Treasurys digitally on Ethereum and earn yield. The fund has grown to over $2 billion in assets—the largest tokenized treasury product in the market.

The client roster extends beyond BlackRock. Securitize has tokenized more than **$4 billion in assets** through partnerships with Apollo, Hamilton Lane, KKR, and VanEck. These are not pilot programs. These are production deployments from the largest names in asset management.

The merger structure tells the story. Existing equity holders including ARK Invest, BlackRock, Blockchain Capital, Hamilton Lane, Jump Crypto, Morgan Stanley Investment Management, and Tradeweb Markets will roll 100% of their interests into the combined company. **No one is cashing out.** This is not a liquidity event for early investors seeking to exit. It is a growth financing from institutions with strong conviction in the long-term opportunity.

The Regulatory Moat

The most compelling aspect of Securitize's competitive position is not its technology—it's the regulatory infrastructure. The company operates as:

- SEC-registered broker-dealer
- SEC-registered transfer agent
- SEC-regulated Alternative Trading System (ATS) operator
- Licensed fund administrator
- European Union licensed (obtained 2024)

These licenses took years to assemble and represent substantial barriers to entry. When a $500 billion asset manager decides to tokenize a fund, their compliance department has exactly two options: use Securitize or build the regulatory infrastructure themselves. **Nobody is building it themselves.** The time, capital, and expertise required to replicate Securitize's stack effectively forecloses competitive entry.

The regulatory environment has shifted favorably. The SEC Crypto Task Force has affirmed that blockchains can serve as the underlying ledger for tracking securities. The company plans to launch actual stock trading on-chain in Q1 2026—not synthetic exposure, but real cap table ownership recorded on blockchain infrastructure.

Something we have **NEVER** seen: The sitting head of the SEC Paul Atkins was on the board of advisors and a shareholder of a company whose largest and most captive client is the world's largest asset manager—focused on what their CEO sees as an opportunity as big as the internet in 1996. How do I not own this stock?

For Context: Securitize vs. Galaxy Digital

Galaxy Digital ($10B) and Securitize ($1.25B) both claim to be crypto infrastructure, but one is a prop trading shop and the other is actually building the rails.

Galaxy's earnings swing hundreds of millions quarter to quarter based on BTC prices. Their "asset management" fees of $49M annually are noise next to their balance sheet bets.

Securitize is the opposite: they're the SEC-registered platform that BlackRock, Apollo, and KKR chose to tokenize their funds. Revenue is growing from $19M to $110M in two years at 25%+ margins. They've locked in regulatory licenses competitors would need years to replicate. The tokenized asset market tripled in 2025 alone.

Galaxy only wins if crypto moons. Securitize wins if Wall Street keeps adopting blockchain—which they're already doing. Conclusion: Don't Fight the Fed (Or Larry Fink)The bear case is that the world's largest asset manager is wrong about the future of its own industry.

The bull case is that CEPT is your ticket to own the toll booth on the highway BlackRock is building.

When BlackRock put its weight behind Bitcoin, the price doubled. They are now putting their weight behind Securitize.

We can't even do the math because the TAM is literally that high.

Cautious Investing to All

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