

Introducing **Gloobi**: An Artificial Intelligence Agent for Securities Classification in Digital Assets



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Executive Summary

The rapid expansion of cryptocurrencies and digital assets on the Solana blockchain has created unprecedented challenges for regulatory clarity. Determining which tokens may be classified as securities under existing U.S. law requires extensive legal, financial, and technical analysis. To address this need, we introduce **Gloobi**, an artificial intelligence (AI) agent designed to provide systematic, explainable, and consistent assessments of whether a cryptocurrency may or may not meet the criteria to be considered a security.

Gloobi does not replace regulatory or judicial decision-making. Rather, it functions as an *analytical assistant* to regulators, policymakers, and compliance teams, offering evidence-based classifications aligned with established legal frameworks such as the Howey Test, the Reves Test, and SEC interpretive guidance.

Purpose and Objectives

- **Clarity for Markets:** Provide consistent, scalable preliminary assessments of cryptocurrency classifications.
- **Regulatory Efficiency:** Reduce the burden on SEC staff by automating first-level reviews of token offerings.

- Transparency: Ensure explainable outputs grounded in statutory and case law criteria.
 - Public Confidence: Improve trust in regulatory processes through transparent, reproducible methodologies.
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Core Functionality of **Gloobi**

1. Automated Data Collection

- Ingests token whitepapers, marketing materials, GitHub repositories, exchange listings, and trading data.

2. Legal-Framework Alignment

- Applies machine learning models trained on precedent (e.g., Howey factors: investment of money, common enterprise, expectation of profit, reliance on efforts of others).
- Cross-references case outcomes, SEC no-action letters, and enforcement actions.

3. Risk Classification System

- Tier 1 (Likely Security): Strong indicators under Howey/Reves.
- Tier 2 (Unclear/Context-Dependent): Ambiguous or mixed signals.
- Tier 3 (Unlikely Security): Predominantly functional tokens, commodities, or decentralized assets.

4. Explainable AI Output

- Each classification is accompanied by a written rationale, citing factors and evidence.

Benefits to the SEC and Market Participants

- Scalability: Capable of reviewing thousands of tokens in minutes.
Consistency: Minimizes human subjectivity in initial assessments.
- Adaptability: Continuously updates with new court rulings, SEC guidelines, and market trends.
- Global Relevance: Can be extended for comparative analysis with other jurisdictions (e.g., MiCA in the EU).

Limitations and Safeguards

- **Gloobi** is not a final arbiter of securities status.
- All classifications remain subject to SEC staff and judicial review.
- Built-in audit trails ensure accountability in every decision.
- Regular retraining of models prevents bias and drift.

Next Steps for Consideration

- Pilot deployment within a limited SEC working group.
- Public comment period to assess transparency and fairness.
- Development of formal guidance on the role of AI in regulatory determinations.

Conclusion

The integration of AI into securities regulation represents a transformative opportunity. **Gloobi** has the potential to streamline compliance, enhance market integrity, and promote innovation while safeguarding investors. Through careful implementation, the SEC can establish itself as a leader in responsible AI use within financial regulation.