



Telephone: 020 7066 9346

Email: enquiries@fs-cp.org.uk

23 October 2026

By email: tokenisedsecurities@fca.org.uk

Dear FCA,

**Financial Services Consumer Panel response to Call for Input –
Tokenised Gold: Opportunities and risks for UK wholesale markets.**

The Financial Services Consumer Panel (the Panel) welcomes the opportunity to respond to the FCA's Call for Input (the CfI) titled Tokenised Gold: Opportunities and risks for UK wholesale markets. We are an independent panel that represents the interests of consumers of financial services including both individuals and small businesses. Our focus is on the outcomes and impacts to these stakeholders.

We welcome the FCA's forward looking approach to market and technological developments and the regulator's early engagement on the tokenisation of different asset classes.

Whilst beyond the wider scope of the Panel's work, we acknowledge that the wholesale case for tokenisation of gold is a valid initiative: gold is an asset that can be difficult to use as collateral given operational, reconciliation and counterparty risks. Tokenisation should offer efficiency gains with greater certainty of ownership and swifter mobility. Having a strong framework for tokenisation in place also continues to support London's leading global position in the OTC spot gold market. Conversely, we would suggest that further in-depth analysis of buy-side demand vs. sell-side supply and any geopolitical risks is important.

Looking in more detail from a retail perspective, there is an active market in gold trading which has increased in recent years. Tokenisation may facilitate this further, and will no doubt materialise as markets and trading evolve in this direction, especially in general as a means to enable fractional investing and access to wider products for retail investors.

FCA Official

We note, however, that as a starting point retail investors already have fractional access to gold through small physical units and ETFs, so the case for progressing tokenisation of gold needs to go further to encompass demonstrable improvements in cost and transparency. We are mindful that tokenisation of gold also introduces additional risks around redemption and liquidity which is likely to be higher than within the current trading system, as well as greater opportunities for fraud and scams. Prior to enabling the availability of tokenised gold for retail investors, it is critical to understand the motivations of retail investors who may be inclined to invest in an easily tradeable version of the asset and could experience an unintended slippery slope to other assets with similar risk profiles. In a similar light, we also believe that the FCA must address any potential for market abuse.

To ensure regulatory regimes address these issues will require consideration of the most appropriate application of both collective investment rules as well as cryptoasset activity rules, including with regard to asset backing, redress, accountability and financial promotions, and a greater understanding of the cohorts of people most likely to invest in this way, their behaviours and motivations.

Yours sincerely,

Chris Pond
Chair, Financial Services Consumer Panel

Annex

Question 1: Where do you see the greatest potential benefits of gold tokenisation for the UK market? What risks could arise from wider wholesale or retail use respectively, for example around market integrity, operational resilience and consumer protection?

Our response focuses primarily on retail use.

To best identify and reflect upon the greatest potential benefits and risks of tokenisation, it is helpful first to explore the nature of the current market as well as the characteristics, motivations and appetite of people who invest in gold.

During the financial crisis, pandemic and accompanying stock market fluctuations, there was a widely asserted “flight to gold” with a sense that an increase in investing in gold as an asset class was driven by the need to overcome uncertainty given gold tends to hold its purchasing power especially in unstable times, is widely traded and bears little counterparty risk. In recent years the value of gold has also steadily increased from £6 per gram in 2000 to nearly £79 per gram in 2025 ([Gold Bullion Co analysis](#), 2025). This is further evidenced by the doubling of the price between 2023 and 2025, due at least in part to increasing geopolitical risks. However, it must be noted that the price of gold has had periods of decline, and extreme price increases may be more likely to lead to price decreases; therefore, it should not be assumed that the price will only go up, especially since the price of gold is not based on intrinsic value, but rather on the emotion of the market.

There are however limitations in the data available to paint a fully detailed picture of who and why. The FCA Financial Lives survey does not specifically ask consumers about gold holdings (presumably this is wrapped into the “real investments” category of wine, jewellery etc), and wider research which does attempt to capture market/cohort size is often commissioned directly by industry bodies or distributors with a commercial interest in gold retail investments. Remaining mindful of this context, the following statistics provide a brief overview of the current UK consumer market in gold.

In the last 20 years (as of end 2024), gold’s global investment demand increased by an average of 10% per year ([World Gold Council](#), 2026).

Gold bar and coin demand in the UK rose 18% in the third quarter of 2025 compared to the previous year. Commentators claim consumers are turning to gold as a tangible asset in light of slower economic growth and weaker currencies. Across Europe, with the trend mirrored in the UK, statistics show investors are moving towards smaller bars and bullion coins, often viewed as affordable entry points into the gold market ([Gold Avenue analysis](#), 2025).

In the UK this may be facilitated by more mainstream market solutions offering smaller and/or fractional investments, e.g. Costco UK now selling coins and gram weight bars.

Consumer polling has suggested gold retail is increasing in popularity amongst younger generations, with a YouGov survey finding that 41% of younger investors (millennial and Gen Z) consider gold as part of their financial strategy, up from 18% in three years ([UK Income and Growth](#), 2025).

Some increase in gold investment amongst younger generations could be the result of inherited positions. A poll conducted by the [Gold Bullion Co](#) found that a third of 25-34 year olds have already inherited gold, with the value of gold inherited more than 20 times higher than gold that has been purchased independently.

The above is only a small snapshot into market complexities, but serves as a starting point to prompt consideration of the more concrete benefits and potential risks of tokenised gold.

Growing retail demand, especially in younger, more digitally-native cohorts, means the general benefits associated with tokenisation of any asset class may also apply to gold:

- Lower transaction and settlement costs
- Faster settlement, reducing the risk of failed transactions
- Greater, easier access to fractional ownership to help expand consumer participation in the market
- More transparent products with real-time ownership data and automated reporting

There are risks, however, which could undermine these without appropriate standards and safeguards in place:

- Improved ownership transparency also presents increased privacy and misinterpretation risks: public or wallet-linked records can also expose consumers to profiling, de-anonymisation and fraud, whilst poorly interpreted real-time data could amplify panic or rapid outflows. Privacy-by-design, data minimisation and clear presentation standards will be needed so that greater transparency remains meaningful and proportionate.
- Consumer confusion: physical gold, ETFs, and tokenised gold will all coexist, but come with different protections. Consumers may assume a gold token is like owning a gold bar or coin, but the rights, regulation, redress and tax treatment may differ

- Uninformed decisions: mobile app distribution may encourage purchases by people who don't fully understand the product
- Frictionless, app-based access: may encourage impulsive purchasing, overtrading or decisions driven by online trends. Addressing this will require proportionate design safeguards (prompts, suitability checks, visual risk indicators) and other behavioural nudges, particularly where tokenised gold is promoted to less experienced retail consumers
- Financial crime and scams: easy online distribution of gold-themed products increases exposure to fraud and mis-selling
- Illiquid secondary markets: particularly in stress events when demand for gold is highest, and redemption into physical gold may be subject to minimum sizes, fees and delays
- Fragmentation in trading venues / sole platform risk: gold tokens from different issuers may trade on different chains and platforms with different pricing, fees and redemption terms. Consumers will find it hard to know the fair price or compare products, and the same underlying gold could be quoted at different prices in different places. It would make it difficult for consumers to sell or transfer tokens outside of the original platform. There should be portability, outage and continuity protections, with firms required to support portability between providers or token standards, and to maintain contingency arrangements for network, cloud-service or platform outages. These should include off-chain record backups, independent audit trails, and a clear exit or transition route if a token, chain or platform is no longer supported.

There is also a genuine question about appetite for tokenisation if people are driven to gold as a “tangible asset” or younger people’s holdings are in part driven by inheritance which is more likely to be held, but not actively traded. Equally if tokenisation of gold drives investment from those more likely to invest in cryptoassets, then their holdings and motivations may differ again.

The FCA should undertake more research or structured consumer engagement before tokenised-gold products develop at scale. This should include clear education materials followed by segmented surveys, interviews and low-friction simulations or pilots. Testing should examine consumers’ understanding of digital wallets, custody, fees, tax, liquidity, redemption rights and available redress, as well as exploring where the demand for tokenisation of gold may arise from and why people would wish to participate in tokenised gold investments. These findings can be used to shape the tokenisation roadmap, disclosures and safeguards.

Question2: Where is interoperability most important for tokenised gold in wholesale markets, and why? What specific technological, operational

and regulatory considerations need to be addressed for tokenised gold to be a trusted form of collateral among institutional market participants?

Interoperability can play an important part for retail investment too, supporting consumer understanding and reducing the potential for fraud and scams. It is particularly important for settlement, collateral mobility, liquidity across chains and platforms, and the portability of identity and KYC information.

A 'network of networks' approach would help market participants move between systems to access liquidity and reduce fragmentation. The FCA should consider alignment with initiatives and standards including RTGS Synchronisation, DIGIT, Project Guardian, Project Agorá, the EU DLT Pilot Regime and IEEE 3205-2023.

Question 3: Should an appropriately defined set of gold token arrangements be regulated outside of the CIS or AIF regime, and, if so, what specific conditions should determine the scope of that exclusion/exemption? What protections would be needed to ensure these tokens continue to operate in a safe way?

Collective Investment Scheme and Alternative Investment Fund rules cover arrangements for pooled or collective investments from a number of parties that are then managed as a whole.

These comprehensive rules have been determined to ensure protection for the individuals, their contributions and stake in these investments and correspond with protections that should also be afforded to those investing in fractional tokenised gold, particularly with regard to redress, accountability and financial promotions. Equivalent risks should produce equivalent regulatory outcomes, regardless of whether exposure is structured through a token, fund or direct allocated claim.

We agree that there can be an argument for direct, allocated ownership of a specific bar with no pooling to sit outside of these regimes, but that consumers should still be appropriately informed of the nature of the investment they are making.

Any exclusion from the CIS or AIF regimes should be conditional on equivalent consumer outcomes. At a minimum, arrangements should provide clear legal ownership, segregation and recoverability on insolvency; an identifiable regulated person accountable for record-keeping; robust custody and valuation; independent assessment of cyber and liquidity risks; clear pre-sale disclosure of redemption, settlement, fees, compensation and redress; and appropriate stress testing of secondary-market liquidity.

Any exclusion should also require firms to demonstrate that claimed operational savings are passed through transparently to consumers through lower charges or improved services, rather than benefiting providers alone.

Question 4: In what other specific area(s) is greater regulatory clarity needed for retail and wholesale-focused use cases respectively? Where possible, please provide specific suggestions on how this clarity could be achieved in each area.

It will also be necessary for the FCA to clearly explain where and how (or not) the new regime governing cryptoasset activities would also apply given the potential for overlap.

We therefore suggest that the FCA:

- publishes a perimeter map with worked examples, showing which regime applies to which kind of gold token
- requires firms to tell retail consumers plainly, before purchase, whether redress and compensation are available and under which regime

Other areas requiring clarification will include inheritance, correction and recovery. For example, how digital ownership records are corrected following fraud, error or misattribution; how consumers regain access after lost credentials; and how tokenised-gold holdings transfer to heirs once probate is granted. Firms should provide human intervention, manual override and rapid-remediation processes where automated wallet, identity or eligibility controls fail.

Question 5: How can gold tokenisation projects work alongside other industry-led projects or regulatory initiatives to improve the functioning of UK wholesale markets? For example, broader securities tokenisation initiatives or gold market standard and infrastructure initiatives.

From a retail perspective, evolutions in tokenised gold should form part of a coherent, cross-asset roadmap that also connects into wider work on securities tokenisation and the future treatment of other digital commodities (including other metals). The FCA should explain how tokenised gold fits with work on money market funds, gilts, private markets and other digital commodities, and how lessons from the Digital Securities Sandbox will be applied consistently across asset classes.

This will support consistent consumer standards, interoperable infrastructure and a more predictable regulatory pathway instead of fostering a gold-only approach.

The FCA should engage with consumers and consumer representatives as this market and the corresponding rules continue to develop, and encourage consumer engagement and testing to be built into any industry-led progress on standards too.