

Call for Input

The future of tokenisation

A joint vision from the authorities for
UK wholesale financial markets

May 2026

How to respond

We are asking for comments on this report by **3 July 2026**.

You can send them to:

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Disclaimer

We may be asked to disclose a confidential response under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Rights Tribunal.

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Foreword

Wholesale financial markets are central to the UK's economy and to the UK's position as a leading global financial centre. Digital technology, and tokenisation in particular, has the potential to transform markets, improving existing processes, and bringing entirely new assets onto the market. We are at a critical moment in the adoption of this technology. Harnessing it will improve efficiency, resilience and transparency. It will support UK growth and competitiveness.

The Government's **Wholesale Financial Markets Digital Strategy** sets out an ambition for the UK to be at the forefront of innovation in wholesale finance, supported by trusted institutions, effective regulation and world class market infrastructure.

The Financial Conduct Authority, the Bank of England, along with HM Treasury and the Government's Wholesale Digital Markets Champion, are committed to supporting innovation. This Call for Input, published jointly by FCA and Bank of England, sets a shared vision from the authorities for how these technologies can effectively be adopted in UK wholesale financial markets. It sits squarely within the government's wider strategy.

The Call for Input focuses on how the UK's authorities will support the adoption of tokenised securities, and how market infrastructure can facilitate their issuance, trading, settlement and safekeeping. This sits alongside maintaining the high standards of market integrity, financial stability and consumer protection on which the UK's reputation is built.

We encourage the sector to engage on the points raised in the paper. Your support is crucial to our work to tokenise our markets.

This is a fast-moving area, and our approach and strategy will need to be nimble and adapt as technology changes. We are committed to that, and to working with the sector to make this happen.

Nikhil Rathi
Chief Executive
Financial Conduct Authority

Andrew Bailey
Governor
Bank of England

Chapter 1

Executive summary

- 1.1** The Financial Conduct Authority (FCA) and Bank of England (the Bank), including the Prudential Regulation Authority (PRA), are committed to enabling the benefits of tokenisation in the UK's wholesale financial markets. We already have a number of initiatives to support the adoption of this new technology. At the same time, we recognise that there is more to do and that coordinated action by the authorities is crucial to achieve meaningful adoption of tokenisation in UK markets.
- 1.2** This call for input represents a first step in this process. Responses to this paper will inform a joint Roadmap, building directly on the Treasury's Wholesale Financial Markets Digital Strategy (WFMDS) and is intended to support the wider role of the newly appointed Wholesale Digital Markets Champion. It is aimed at firms across the wholesale ecosystem and the focus is on tokenised securities (such as bonds, cash equities, and fund units), though we will look beyond this in future.
- 1.3** Digitalisation is already reshaping wholesale financial markets. Tokenisation – the digital representation of assets and their ownership using distributed ledger technology (DLT) – could be one of the most consequential changes to wholesale financial markets for decades. The Bank and FCA recognise the potential benefits tokenisation can deliver for UK markets including operational efficiencies, improved liquidity, risk reduction, and enhanced transparency.
- 1.4** Our approach supports tokenisation whilst preserving the established regulatory principles that underpin the integrity of UK capital markets. Trusted markets, financial stability, and a well-designed regulatory system are a positive differentiator for the UK. We also seek to support new tokenised infrastructures to coexist and interoperate with non-tokenised ones – tokenisation does not mean that all markets will become fully tokenised over time.
- 1.5** We want to facilitate discussion on our approach, which is why we have published this as a call for input. At the same time, we want to give a clear steer on where regulation is unlikely to materially change as certain risks remain equivalent. This paper therefore:
- Sets out a potential framework to consider the future use of tokenisation in wholesale markets, both the long-term end state and the transition to that.
 - Makes clear the most important infrastructure, policy and regulatory principles and operational considerations that we propose to follow in any future changes to policy and regulations.
 - Makes specific proposals in areas including the regulatory regime for issuing and exchanging digital assets, prudential and collateral treatment, and central bank money settlement of digital asset transactions.
 - Offers an initial roadmap of initiatives that will support market evolution, to help industry engage with us.

- 1.6** Our approach leverages the close coordination between the FCA’s regulatory role and the Bank of England’s regulatory and operational responsibilities. Alongside setting expectations and supervising firms, we are using our operational role in settlement, collateral and central bank money to test and shape how tokenised markets could function safely at scale. In the context of tokenisation, our role is to ensure regulatory standards are maintained, regulation and infrastructure enables issuance and settlement, and policy provides meaningful use cases for tokenised assets.
- 1.7** Tokenisation is a technology where the UK can be a world leader. We are a top 3 trading centre in most wholesale market categories and a major centre for fintech. We have a newly implemented, world-leading central bank payment system (our real-time gross settlement (RTGS) service), a stable and trusted legal framework that is already providing necessary support for these transactions, and a regulatory regime that is adapting its rulebook to do the same. We want to work with industry to fulfil that potential, and we therefore invite feedback on our vision, principles, and future work, as set out in the next steps and questions at the end of this paper.

Priority areas

- 1.8** Through our discussion with stakeholders, we are aware of several priority areas where industry has indicated greater clarity is needed, on the Bank and FCA’s approaches to tokenised securities as regulators and supervisors, as well as the Bank’s plans as a supplier of payment services and sterling liquidity to the wholesale market. This table, discussed in more detail in Section 4, provides that clarity by summarising our collective ambition and the specific commitments we are making across these topics. It also demonstrates how the actions we are taking will support the Treasury’s Digital Gilt Instrument (DIGIT) Pilot, which can provide a practical demonstration of how UK markets can adopt tokenisation.

Area	Our ambition	Our commitment now
Regulating the issuance and settlement of digital securities	A comprehensive regulatory regime for the issuance and settlement of digital securities, that supports UK capital markets.	We already have 16 firms using the DSS. We will continue to work with firms to ensure the Digital Securities Sandbox (DSS) supports innovation and we will ensure there is a clear pathway for firms inside the DSS to move out into permanent authorisation. We will consider, with the Treasury, whether to extend or further modify the DSS, or make changes to the wider CSDR framework.

Area	Our ambition	Our commitment now
<p>Prudential Treatment of tokenised assets</p>	<p>Equivalent prudential treatment of tokenised and non-tokenised assets (subject to equivalent risks and regulatory outcomes) across 3 areas:</p> <ul style="list-style-type: none"> • Prudential treatment • Tokenised collateral in central bank operations • Tokenised collateral for central clearing at CCPs 	<p><i>Prudential Treatment</i></p> <p>For PRA regulated banks, building societies and designated investment firms we have confirmed that tokenised assets should, in general, receive the same prudential treatment as their non-tokenised equivalents, where legal rights are identical and underlying risks are comparable.</p> <p>The PRA will be consulting on the final prudential treatment of cryptoassets (including tokenised assets) for these firms. This will follow the completion of the Basel Committee’s current targeted review of its prudential standard. In the interim, the PRA has set out its supervisory expectations, most recently through the Dear CEO letter published alongside this paper.</p> <p><i>Tokenised collateral in central bank operations</i></p> <p>We will consider the eligibility of tokenised assets as collateral in SMF operations in a phased approach – including DIGIT. The Bank is, in parallel, upgrading the securities and collateral management system supporting SMF operations in 2027. This will help enable the capability to connect directly to tokenised asset ledgers in the future.</p> <p><i>Tokenised collateral for central clearing at CCPs</i></p> <p>The Bank has confirmed that tokenised assets should, in general, receive the same treatment as their non-tokenised equivalents, where legal rights are identical and underlying risks are comparable. The Bank will continue industry engagement on the potential for tokenised collateral to be accepted by CCPs, including by setting out views in a discussion paper this year.</p>
<p>Access to innovative central bank money settlement</p>	<p>Digital asset ledgers can access programmable settlement in central bank money.</p>	<p>The Bank has already launched a live Synchronisation Lab (currently with 18 participants), building on the renewed RTGS service. The Bank will deliver a synchronisation service enabling settlement of new digital asset ledgers in sterling central bank money via RTGS, with delivery targeted for 2028. We intend to share further detail on design, regulatory and assurance requirements, and applications in early 2027.</p> <p>We are consulting on extending RTGS and CHAPS settlement hours, including moving towards near-24/7 settlement, and welcome views on how this could support scaling and new business models, particularly from tokenised use cases.</p> <p>The Bank will publish an assessment of the benefits of tokenised central bank money, including a potential wholesale CBDC, in 2027.</p>

Area	Our ambition	Our commitment now
<p>Market functioning and issuance</p>	<p>We have clean and resilient markets, where tokenisation directly and indirectly encourages primary issuance in the UK and provides capital to the real economy.</p>	<p>We remain open to tokenised primary issuance, and this paper provides further detail on the parameters within which this needs to take place.</p> <p>We will allow non-natively tokenised securities, in the same way we allow equivalent structures (eg CFDs, depository receipts) in traditional finance. We will continue to support tokenisation in funds and asset management building on our guidance published in April.</p>
<p>Specified investment cryptoasset (SIC) custody</p>	<p>A safeguarding framework for SICs that ensures adequate protection of clients' SICs and operates effectively in a market where tokenised and non-tokenised structures coexist.</p>	<p>The FCA are not taking forward the proposal to apply CASS 17 to SICs. We will consider whether and how the safeguarding framework for SICs should adapt to address SIC-specific risks and support tokenised market structures.</p>
<p>Supporting HMT's DIGIT Pilot</p>	<p>A successful DIGIT issuance to catalyse UK-based DLT infrastructure and the adoption of DLT in UK financial markets.</p>	<p>The Bank and FCA regard DIGIT as a key initiative and demonstration of the UK authorities' commitment to enabling the adoption of tokenisation in capital markets. We are committed to supporting the success of the DIGIT issuance, including by taking steps to maximise its utility. Practical steps we are taking include considering the eligibility of DIGIT as collateral in SMF operations, supporting issuance through the DSS, and working to help identify options for cash settlement.</p>

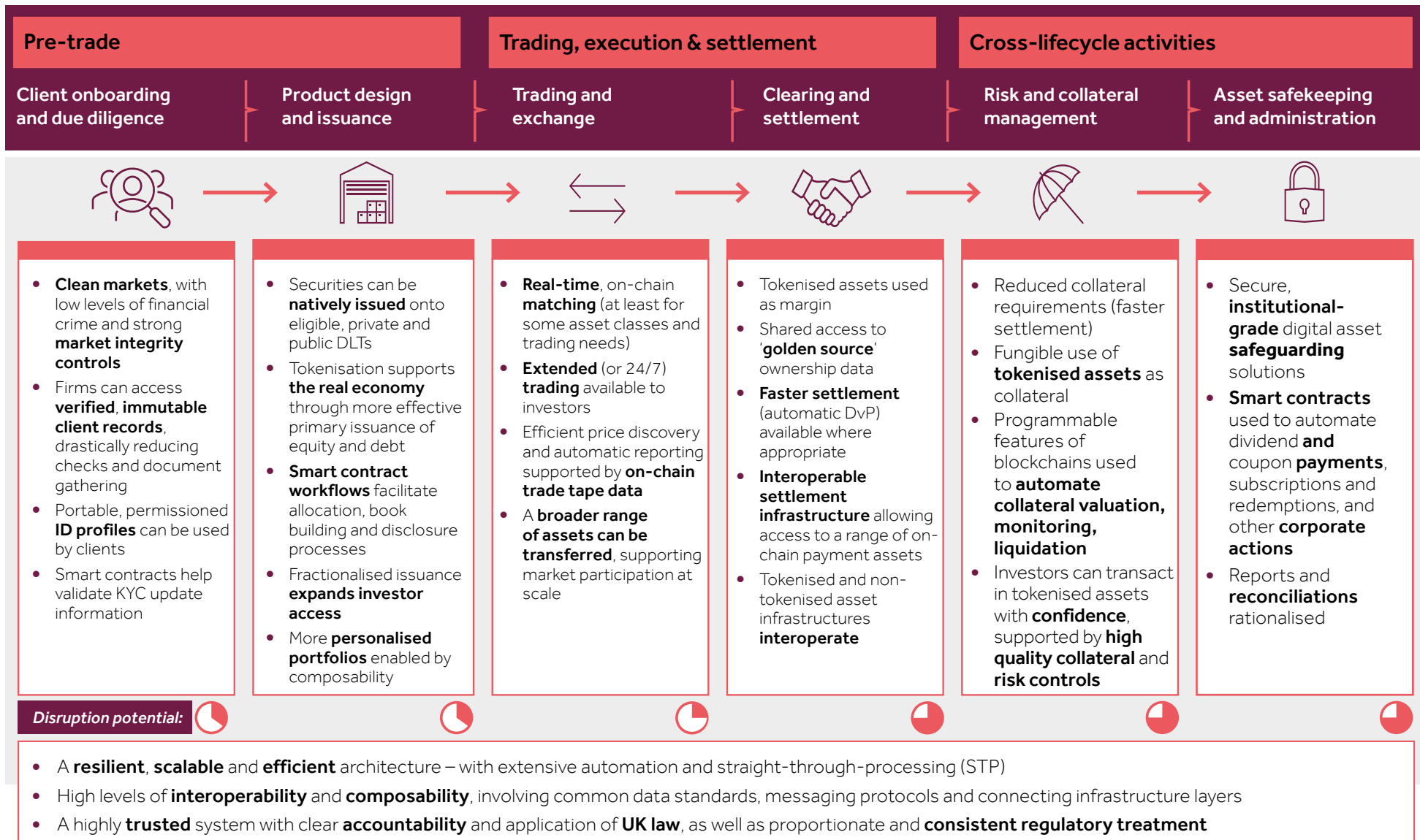
Chapter 2

Context

Our vision

- 2.1** UK wholesale financial markets are highly mature, globally connected and play a critical role in capital raising and risk management. We want the UK to have world-leading trusted and efficient market infrastructure for wholesale financial services. This is central to preserving and consolidating the UK's position as the world's largest net exporter of financial services and an international hub for securities trading and settlement, as well as unlocking new markets and growth. The rapid advancement of tokenisation presents an opportunity to deliver significant enhancements to this key sector.
- 2.2** Some of the potential benefits we most frequently hear from firms include faster settlement and collateral movement, 24/7 trading and settlement, decomposition of cashflows, improved liquidity, efficiency savings through removal of duplicate ledgers and reconciliations, automation through smart contracts, and the development of new products and services.
- 2.3** Our vision is for a digitally enabled wholesale markets ecosystem in which:
- Tokenised securities, cash and collateral move more efficiently across the trade lifecycle, helping improve issuance, trading, clearing, settlement and post-trade processes. This is delivered in an ecosystem that is efficient, safe and resilient and anchored in central bank money settlement.
 - Tokenised and non-tokenised asset infrastructure interoperates, supported by common rules and standards. Existing market infrastructures will continue to play an important role, while new digital infrastructures develop alongside them.
 - Private sector innovation thrives on trusted public sector foundations, including robust regulatory frameworks and high resilience standards. Markets are clean, with low levels of financial crime, high standards of accountability and strong market integrity controls.
 - Investors can transact in tokenised assets with confidence and secure redress where needed, underpinned by robust and credible laws, regulations, and active UK engagement in international standard setting.
 - Tokenisation can support deeper, more liquid capital markets by broadening the range of assets that can be financed and transferred, enabling new distribution models in asset classes such as commodities, and supporting market participation at scale.
 - Tokenised securities support the real economy through more efficient credit creation and more effective primary issuance of equity and debt.
- 2.4** Figure 1 sets out a high-level view of a desirable future state for tokenisation in capital markets, including the areas where we might see most change and disruption to existing arrangements. As identified in the [Wholesale Financial Markets Digital Strategy \(WFMDs\)](#), there is particular opportunity in post-trade processes and collateral, but that opportunity extends throughout the different parts of the capital markets value chain. We believe this is a realistic medium-term (5 to 10 year) vision for some segments of capital markets, noting that in many areas traditional and digitalised structures will coexist – potentially indefinitely.

Figure 1: Long-term vision for tokenisation in selected UK wholesale markets



The role of the regulators and industry

- 2.5** Whilst interest in tokenised wholesale markets is growing, activity often focuses on early-stage experiments rather than scaled, end-to-end adoption. Engagement with industry indicates this is driven by uncertainties about the future regulatory stance in a number of areas, more than a lack of appetite. In this report the Bank and FCA seek to provide clarity in the following areas:
- Clarifying regulatory expectations for the settlement of tokenised securities including setting out how the DSS will evolve to give the operators of digital asset ledgers a path to long-term operation.
 - Supporting equivalent treatment of tokenised and non-tokenised assets both prudentially and as eligible collateral where risks are comparable.
 - Providing access to innovative central bank money settlement.
 - Advancing digital market infrastructure to provide a sterling atomic settlement capability in central bank money.
 - Supporting the Treasury's DIGIT pilot: using the DIGIT pilot to bring together digital market infrastructure, on-chain settlement, balance sheet treatment, and regulation in a controlled environment.
 - Developing a custody framework for SICs that ensures adequate protection of clients' SICs and operates effectively in a market where tokenised and non-tokenised structures coexist.
- 2.6** Public authorities can enable and coordinate this transition by providing clarity, direction, and trusted foundations. However, wholesale markets will only be transformed if firms engage and invest in response. The vision is therefore intended to support a partnership between the public and private sector where UK authorities set robust foundations for market-led progress.
- 2.7** Over time these improvements can support deeper, more resilient, and competitive UK capital markets, reinforcing the UK's position as a leading global financial centre. But investment and experimentation in digital market infrastructure is accelerating internationally, and those jurisdictions that provide clarity, coherence and confidence will be best positioned for investment and growth. This paper seeks input on the FCA and Bank's shared strategic direction.
- 2.8** Modernisation is not optional, but essential to ensure the UK remains a trusted, dynamic hub for international capital in an increasingly complex and technologically driven world. By articulating a long-term vision, we aim to provide regulatory and policy clarity to industry, so that firms can engage, plan and invest with confidence.

Chapter 3

Principles for regulation and infrastructure

- 3.1** This vision cannot be attained unless certain outcomes are met. Well-functioning markets require high standards and trusted entities that can meet those standards. DLT is not the only technology we see potentially disrupting and enhancing wholesale financial markets. However, it presents particular challenges to the application of existing rules and policies, primarily because of its decentralised nature. We have therefore considered where tokenisation could create novel challenges and set out some principles and operational considerations below that we propose to follow in any future policy or regulatory adjustments.
- 3.2** **An identifiable person is accountable for financial services regulated activities.** For all existing regulated financial services activities, and at each stage in the value chain, there must continue to be a responsible, identifiable, regulated person standing behind the activity. This is of value not only to regulators, but also to other market participants, who normally want someone to enforce commercial terms against and hold responsible, and the broader well-functioning markets this creates. This does not mean that all players in the capital markets ecosystem need to be regulated persons. But there needs to be an accountable person for the regulated activity being delivered. Likewise, these regulated persons could make use of DeFi solutions, so long as they are able to maintain regulatory standards while using these.
- 3.3** This does leave open a question of who, precisely, this responsible person is. There can be cases where regulated financial services activity is taking place, but there is no identifiable person doing it, such as on a decentralised exchange (DEX) or a public permissionless ledger,¹ and we would therefore need to decide who the requirements default to in that circumstance. For settlement activity in digital securities, where activity is within scope of the UK CSDR, this may be a Digital Securities Depository (DSD), through the flexibility provided by the DSS (or the future settlement regime to replace it). The rules that DSDs must comply with in the DSS ensure that securities markets such as bonds and equities continue to function on infrastructure that meets certain resilience requirements. The regulatory perimeter may also need to adjust in order to apply proportionate and consistent expectations to some form of tokeniser acting for issuers.
- 3.4** **Operational resilience needs to be maintained.** Whilst tokenisation has operational resilience benefits, for example given the irreversibility of (most) blockchains once they have reached final agreement on the state of the ledger, it may also give rise to some risks. For example, there have been many instances of blockchains being subject to cyber-attacks due to code weaknesses. There are also new risks, such as from 50+1 attacks, where an attacker takes control of the majority of the voting power and can therefore determine what is considered to be the correct version of the ledger.

¹ Noting that some DeFi protocols do in practice have a responsible party.

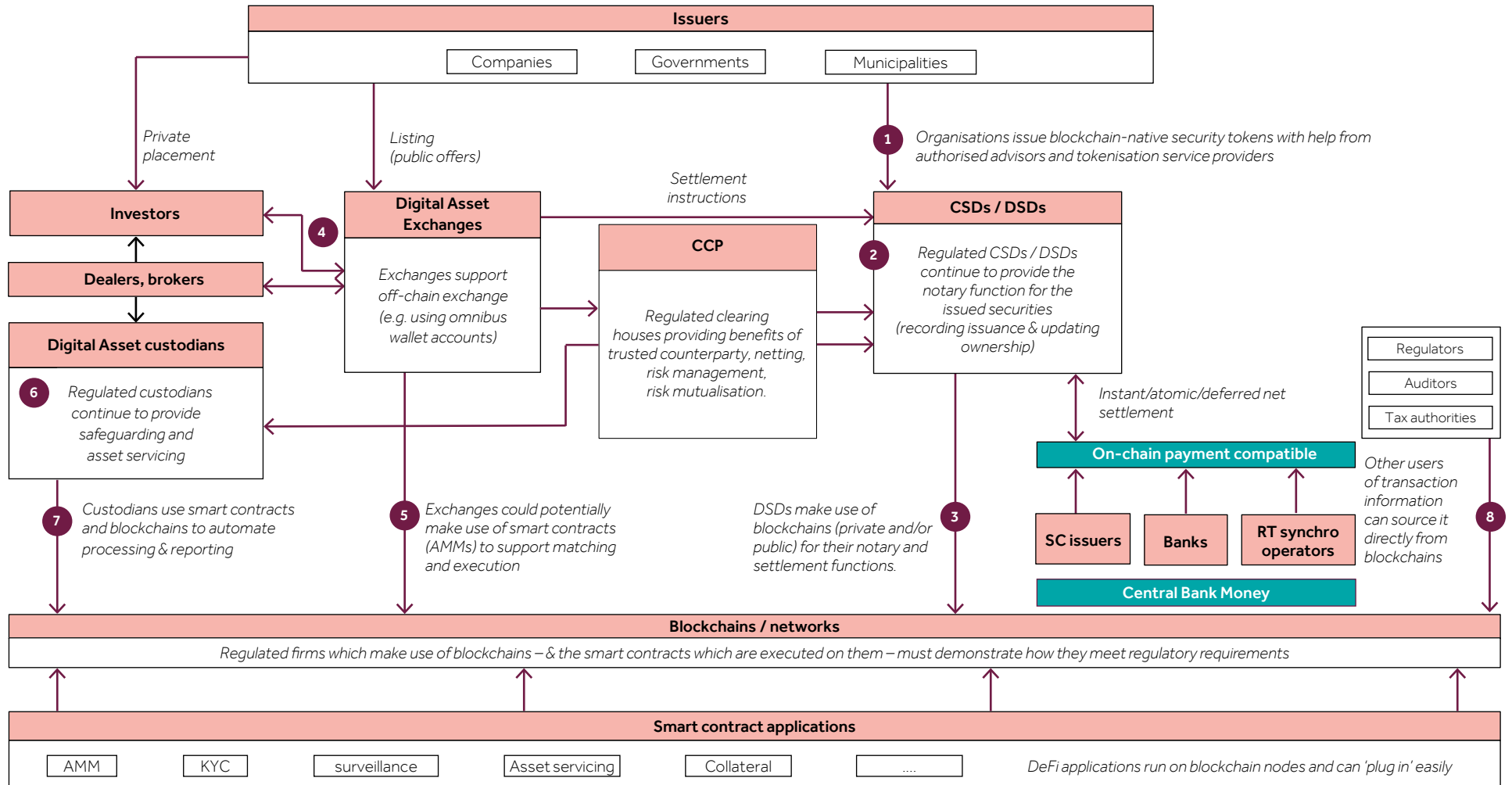
- 3.5** It is therefore crucial that we have and maintain high standards for operational risk management, cybersecurity and operational resilience requirements. Where regulated firms make use of blockchains they should, for example, conduct an initial and ongoing assessment of those blockchains' suitability in areas such as governance, cybersecurity and performance levels, and undertake appropriate exit planning.
- 3.6** **There should be fair, orderly and resilient trading conditions for tokenised securities.** For example, there should be the ability to halt or suspend trading or remove assets from regulated venues in conditions of major market disruption or distress, and to enforce short selling bans. There should also be systems and controls to detect, disrupt, respond to, and (where possible) proactively prevent market abuse.
- 3.7** **To ensure the cleanliness of markets, concepts like (Know Your Client (KYC), anti-money laundering (AML) and sanctions implementation should be maintained.** We must also maintain our standards for AML and counter-terrorist financing. When using global tokenised infrastructures, firms must be able to confirm and demonstrate compliance with UK Money Laundering Regulations (MLRs) as well as relevant foreign AML regimes. All primary and secondary market participants must be subject to KYC checks, although it may be that the technology resolves some of the issues with relying on KYC conducted by a third party. This could, for example, be implemented by demonstrating that any blockchains which they use should only support wallets for KYC permitted-list blockchain addresses and support programmable freezing and clawback functionality. It may also be that other emerging methods such as remote attestation or zero-knowledge proof could help achieve the same outcomes, though the limitations of these are yet to be fully understood.
- 3.8** **The ability for issuers of securities and their holders to have a direct relationship needs to be maintained.** Through the primary issuance of equity or debt, money flows from the financial system into the real economy, and there is a relationship between the value of these securities and the underlying enterprises. Equally, the relationship with providers of finance matters to the underlying issuers. Information flow between shareholders and bondholders on the one hand, and the issuer on the other, needs to be maintained, with information transparency standards upheld so that investors can make informed decisions, and corporate governance standards allowing companies to act in line with the interests of their shareholders.
- 3.9** **The risks of some non-natively issued tokens need to be addressed.** Currently, where equity tokens are marketed to retail customers, we have observed that they are generally what we term 'equity exposure tokens': tokenised derivatives, debt instruments or depository receipts, with the underlying non-tokenised security isolated. Unlike some non-native models, these are not undertaken with the agreement of the original issuer. This breaks the link between issuers and investors, and they do so in a way that can create counterparty risks or lead to regulatory arbitrage (for example, allowing effective public trading of private companies). As we are neutral between different technologies, these are treated in the same manner as a non-tokenised CFD, ETN, etc. This means that existing rules still apply – for example, restrictions on retail access to CFDs, or the Public Offers and Admissions to Trading Regulations – and these instruments must be clearly distinguishable from the underlying securities and their risks clearly disclosed and managed.

- 3.10 To ensure confidence in markets, intermediaries have to act in the interest of their clients.** Best execution requirements currently require intermediaries to take all sufficient steps to reach the best possible result for their client when executing orders, with some limited exceptions for eligible counterparties trading with each other. Intermediaries are also expected to manage conflicts, act honestly, fairly and professionally, and communicate in a way that is fair, clear and not misleading. We think such standards are just as relevant in a tokenised environment, though the precise conflicts and risks may differ (for example, best execution may need to account for differences in price across different chains). Clients should have the ability to take action when such standards are not met, and protocols should still allow for redress and the enforcement of court judgments.
- 3.11 There needs to be a legally accountable person responsible for maintaining a clear record of ownership and ensuring settlement finality.** Securities within scope of the UK CSDR, such as bonds, equities, and ETF units that are admitted to trading on a regulated venue should be settled either on a CSD, or – where a firm wants to settle on-chain – a DSD. Securities not subject to the CSDR (e.g. private shares, and most fund units) can be recorded and settled outside of CSDs and DSDs, using either traditional registrars or incorporating newer solutions like public blockchains. In these cases, it is still important that an identifiable entity remains responsible for maintaining standards. This is the case, for example, in relation to funds, where a legally accountable person remains responsible for ensuring the integrity of the fund register.
- 3.12** Ultimately, there will need to be an appropriate end state regime for DSDs currently in the DSS, and in general for entities responsible for securities within scope of the UK CSDR. Consideration will also be given to regulatory expectations for the entity responsible for settling securities transactions outside the scope of the UK CSDR. As we design these future regimes, we may need to consider whether the scope of the UK CSDR needs adjusting.
- 3.13** Beyond maintaining a record of ownership, it will also be important for the responsible person to ensure settlement finality for both securities transactions and the movement of collateral. For regulated settlement platforms, settlement finality must be clearly defined and legally enforceable. There should be a deterministic, auditable point of transaction commitment that market participants can rely upon. In addition, to maintain trust between market participants and support the enforceability of collateral, custody and settlement procedures must be secure. This includes confidence that smart contracts and operational processes utilising public networks can be relied upon, in periods of market stress, to allow the movement of collateral between counterparties. This may be more challenging when assets are not settled in a CSD or DSD.
- 3.14** How settlement finality is achieved may vary. While CSDs are required to be designated under the settlement finality regime, for DSDs and non-systemic activity, the responsible person may contractually specify the point at which transactions are considered final.
- 3.15** While the settlement of a securities transaction in a CSD currently needs to involve the transfer of cash or securities, or both, we will use the DSS to test a broader range of on-chain settlement assets: noting that a strong wholesale financial market infrastructure needs to be grounded in, even where not exclusively using, central bank money.

- 3.16 Fragmentation of liquidity must be minimised.** A lack of technological, legal or economic interoperability can lead to liquidity fragmentation, both between tokenised and non-tokenised securities, between different tokenised versions of the same security, and between UK and international infrastructure. This could significantly limit the benefits of tokenisation in capital markets or indeed pose risks. One solution could be blockchain interoperability standards, enabling blockchain networks to exchange data, assets, and messages. There is a risk of regulators picking winners. Some standards – for example [IEEE 3205-2023](#) for cross-chain communication – are already emerging and becoming widely adopted.
- 3.17 Regulators will be neutral between DLT and non-DLT, and different types of DLT.** Regulatory treatment should generally be dictated by the risks and mitigants associated with the underlying activity and product, not the specific (ledger) technology being used. We believe we can provide sufficient regulatory certainty to industry through regulatory requirements based on outcomes (such as resilience and privacy), rather than prescriptive, technical requirements. If tokenised securities do play a major role in the market, this should be because of their underlying benefits, and not because of regulatory arbitrage.
- 3.18** We are open to our regulatory outcomes being achieved using a range of technologies. For example, technological advances mean that public chains can now also maintain privacy standards. Automated on-chain monitoring can play a key role in market abuse systems and controls (although is unlikely to replace human judgment entirely). Smart contracts may be able to automate [MiFID](#) transaction and trade reporting. What matters is that the outcomes are achieved, not which technology is used.
- 3.19 Wholesale settlement should remain anchored in central bank money.** As the ultimate risk-free asset in sterling, central bank money provides an important foundation that underpins trust in the financial system and enables efficient and interoperable settlement across private forms of money. It supports the important principle of “singleness of money”: whereby different forms of money are freely exchangeable at par. Consistent with [Principle 9](#) of the Committee on Payments and Market Infrastructures’ (CPMI) Principles for financial market infrastructures (PFMIs)², we believe it is essential to maintain this anchoring role of central bank money. Our provision of central bank money must keep pace with technological advances in financial markets. Public infrastructure also has an important role to play in enabling industry innovation and steering it towards outcomes that support monetary and financial stability. The Bank will continue to evolve our RTGS service to enable programmable settlement, experiment with new technologies for wholesale settlement and assess the financial market settlement landscape in the UK and internationally.
- 3.20** Figure 2 shows a simplified, stylised visual of how our vision statements and regulatory principles could come together.

² CPMI’s PFMI Principle 9 states: An FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimise and strictly control the credit and liquidity risk arising from the use of commercial bank money.

Figure 2: A scenario for intermediaries and infrastructure in tokenised securities



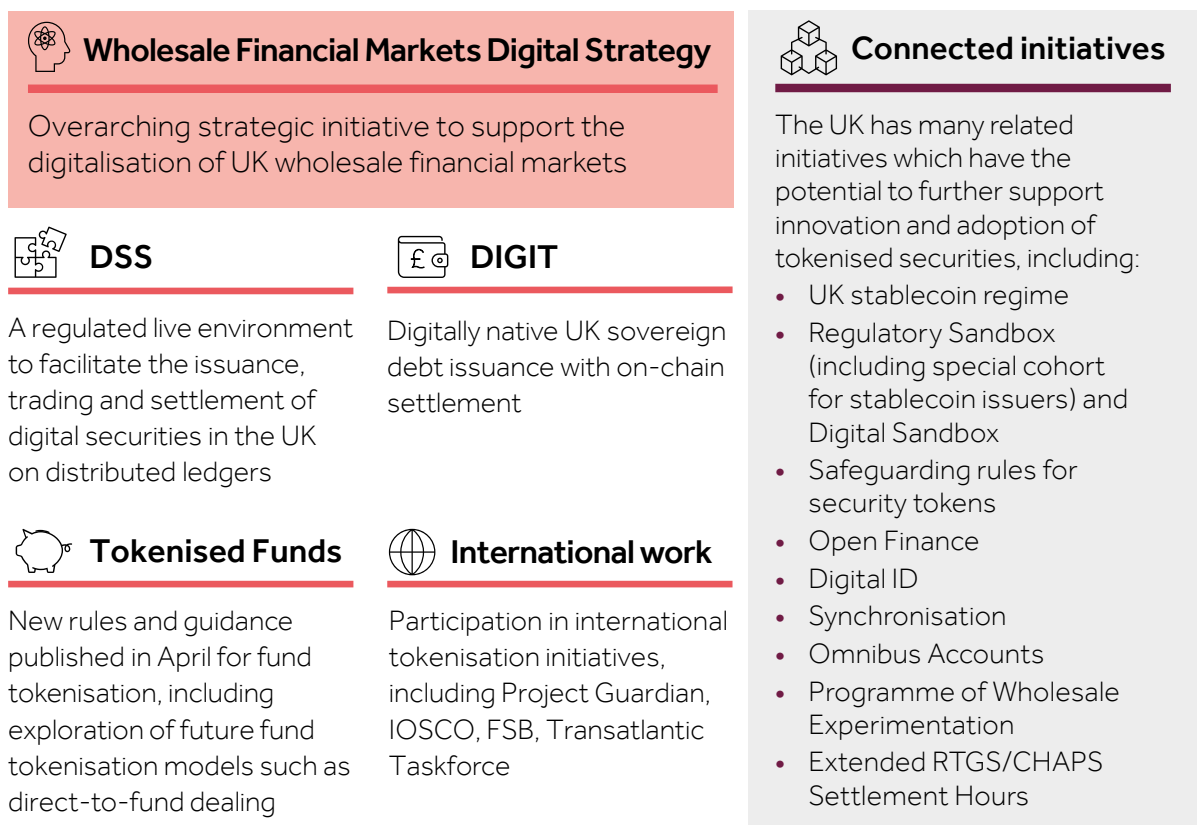
Importantly, in this end state, while there is extensive use of blockchains and smart contract workflows to support financial services activities such as registry, settlement, asset safekeeping and administration, **regulated firms continue to be responsible and accountable** for these activities

Chapter 4

Initial roadmap of initiatives

- 4.1** The UK already has an extensive set of initiatives, with the FCA, the Bank – including the PRA – and the Treasury all acting to support the transition towards a tokenisation-enabled infrastructure for wholesale financial markets.

Figure 3: Summary of existing UK initiatives to support tokenised securities



- 4.2** In this chapter we highlight activities to date and our forward-looking plans. This is intended to provide clarity on our thinking in this area and let industry give feedback on what additional clarification is required to unlock the potential of tokenisation. Feedback on this paper will inform a final cross-authority strategic roadmap later this year. This will set out more detail on the proposals below as well as a detailed plan for implementation.

Clarifying regulatory expectations across the market lifecycle

- 4.3 What we have done so far:** The DSS is actively informing the future regulatory regime for digital securities by allowing entrants to test the issuance, trading, and settlement of tokenised securities in a live, regulated environment. 16 entrants have already passed Gate 1 and are working towards Gate 2 when live activity commences. This is real activity of meaningful size, with real money and real assets that can be used outside the DSS. Activity in the DSS has been set at meaningful levels, for example £8-13bn for gilts and £17-28bn for sterling corporate bonds in aggregate. We also actively welcome firms to launch tokenised products outside the DSS, for financial instruments that are not within scope of the UK CSDR.
- 4.4 What we are committing to now:** We are committed to defining regulatory expectations to clarify the long-term path to operation for digital assets. To this end we will work to set out the future settlement regime including which activities and instruments should be required to settle in CSDs. We will take into account the development of settlement models, in order to achieve a proportionate regime that ensures consistent treatment across tokenised and non-tokenised settlement. We will ensure that DSDs participating in the DSS will have a smooth path to authorisation outside the DSS.

Supporting equivalent treatment of tokenised and non-tokenised assets

- 4.5 What we have done so far:** The PRA is continuously assessing how to enable the equivalent prudential and regulatory treatment of tokenised assets, subject to appropriate risk mitigants. Primarily, the PRA engages internationally through the Basel Committee on Banking Supervision (BCBS) to determine the future global framework for the prudential treatment of cryptoassets. The PRA has issued Dear CEO Letters – such as the one published alongside this paper – to provide the direction of travel for UK markets until the implementation of a final framework. In November 2025, the BCBS announced a targeted review of parts of the cryptoasset prudential standard (SCO60), which we are helping to shape as a member of the BCBS.
- 4.6** In CP25/42, the FCA proposed that, for MiFID Investment Firms, tokenised financial instruments would be subject to treatment set out in MIFIDPRU Prudential sourcebook for traditional finance instruments.
- 4.7 What we are committing to now:** we aim to set the conditions for the equivalent treatment of tokenised and non-tokenised assets to enable greater use cases for tokenised assets and support the coexistence of traditional and digital assets.

- 4.8 Prudential treatment of tokenised assets.** The PRA has published a Dear CEO letter alongside this Call for Input to confirm that, for PRA-regulated banks, building societies and designated investment firms, tokenised traditional assets should, in general, receive the same prudential treatment as their non-tokenised equivalents where legal rights are identical and underlying risks are comparable. As one example, these PRA-regulated firms may apply the prudential treatment described above to digital issuances within the DSS. This may include the UK Government's DIGIT pilot, which in line with the above, we would expect to receive a prudential treatment aligned with traditional government debt securities, provided that the underlying risks are comparable. This regime will be in place until the PRA consults on and finalises its prudential framework for the treatment of banks' cryptoasset exposures (including tokenised assets) following the completion of the Basel Committee's current targeted review of its prudential standard. We will look to implement the UK domestic prudential framework following the completion of this review.
- 4.9** For firms that are prudentially regulated by FCA (solo regulated firms), tokenisation of traditional financial instruments where the legal rights are identical and the underlying risks are comparable should result in prudential requirements that are identical to their non-tokenised equivalents. The FCA is considering whether the prudential rules for all solo regulated firms require further clarity. We will continue to engage with industry as more practical use cases emerge and tokenised markets continue to develop.
- 4.10 Tokenised collateral eligibility in Central Counterparties (CCPs).** The Bank also will consider whether a broader range of assets could be accepted in tokenised form as collateral in the market. The policy preference is to allow tokenised versions of assets already acceptable as regulatory collateral to qualify, provided risks of the overall tokenisation arrangements are appropriately mitigated. As a next step, the Bank will set out its policy considerations for discussion in Q3/Q4 on how tokenised collateral assets that are already acceptable as regulatory collateral by CCPs could be eligible under UK EMIR. With the repeal and replacement of the wider UK EMIR regime now underway, we will have the opportunity to ensure uncleared margin rules also support the use of tokenised collateral where appropriate. To provide greater certainty, we will set out further policy for consideration later this year on how tokenised collateral can operate under the existing regulatory framework. The FCA and the PRA are similarly reviewing tokenised collateral eligibility, recognising the benefits of using tokenised Money Market Funds (MMFs) and tokenised gold as uncleared over-the-counter (OTC) collateral, subject to developing standards with industry.
- 4.11 Tokenised collateral eligibility in Bank operations.** We will consider the eligibility of tokenised assets as collateral in the Bank's own SMF operations in a phased approach – including the consideration of the Treasury's DIGIT. In parallel, we are upgrading the securities and collateral management system supporting our SMF operations in 2027. This will help enable the Bank to have the capability to connect directly to digital asset ledgers in the future to accept tokenised assets in digitally native form.

Access to innovative central bank money settlement

- 4.12 What we have done so far:** The Bank has made already significant investments in its hard and soft infrastructures to ensure access to settlement in central bank money to innovative players – including those leveraging DLT.³ In 2017 we became the first G20 central bank to provide access to non-bank payment service providers (NBPSPs).
- 4.13** Since 2021, the Bank's omnibus account provision has enabled recognised payment system operators to pool participant funds in a single account in RTGS, allowing innovative payment systems, including DLT firms, to settle obligations securely and efficiently in central bank money. Our renewed RTGS service, RT2, also laid the foundations for enabling programmable settlement in central bank money. We have recently launched a synchronisation lab to validate design choices for a live synchronisation service in RT2. The lab allows 18 prospective synchronisation operators to demonstrate what services they could offer to industry, and support ecosystem readiness.
- 4.14** Alongside enhancements to RTGS, the Bank has an ongoing programme of wholesale experimentation to build practical evidence on how new technologies and market designs could enable the evolution of UK wholesale markets. The box below summarises key projects and objectives of the programme.
- 4.15 What we are committing to now:** Our ambition is for digital asset ledgers to be able to access programmable settlement in central bank money. Central bank money settlement is an important foundation that underpins financial stability and facilitates efficient and interoperable settlement across private forms of money. The Bank will deliver a **synchronisation service**, allowing new synchronisation operators to orchestrate atomic – or instantaneous – settlement of new digital asset ledgers with central bank money held in RTGS accounts. We are targeting 2028 for delivery. We expect to share more information about this in early 2027 – including the final design, regulatory and assurance requirements, and information about how to apply.
- 4.16** The Bank is taking forward work to **extend RTGS/CHAPS settlement hours**. This will be a critical enabler to realising the opportunities of synchronisation where use cases require central bank money settlement at all times of day. The Bank has already announced it will be opening CHAPS from 1.30am from September 2027 and is consulting on further extensions to settlement hours.
- 4.17** Over the next few months, the FCA will also publish **policy statements and final rules for the UK stablecoin regime** and prudential and safeguarding rules for qualifying cryptoassets. The Bank's regime for systemic stablecoins will also be published this year.
- 4.18** Finally, the **DSS** already allows firms to use tokenised bank deposits for the on-chain settlement of securities, but this will shortly be expanded to allow certain stablecoins to be used for settlement within the DSS, as part of assessing the potential for their longer-term use when successful DSDs transition into the steady state regulatory environment.

³ 'Hard' infrastructure generally refers to physical or tangible infrastructure that facilitate the workings of the modern economy, while 'soft' infrastructure generally refers to rules, regulations, and standards.

- 4.19** These commitments are a natural progression to our existing work on broadening access to wholesale settlement in central bank money. In sum, they represent a comprehensive regulatory and technical infrastructure which allows tokenised assets to be issued, traded, and settled.

The Bank's wholesale experimentation programme

The Bank is proactively experimenting with new technologies to build practical evidence on how to support the evolution of UK wholesale markets.

Recent experimentation has focused on testing potential applications of a synchronisation interface in RTGS. Project Meridian Securities demonstrated how synchronisation could enable atomic settlement of tokenised securities in central bank money using RTGS. Our ongoing Meridian FX APAC experiment, a collaboration with the Monetary Authority of Singapore and the Bank of Thailand, will explore how synchronised settlement mechanisms can support FX settlement across both traditional and tokenised payment systems.

We are also collaborating to understand and test other methods of tokenised settlement in central bank money to enable benefits for financial market participants while meeting public policy priorities.

The DLT Innovation Challenge examined whether wholesale central bank money could be safely used on external distributed ledgers. The work assessed areas including settlement finality, network and asset control, scalability and interoperability. The findings provide evidence and a framework to inform the Bank's thinking on the conditions under which on-chain settlement using central bank money could be compatible with its policy objectives and risk tolerance.

The Bank is also participating in Project Agorá, a public-private initiative, led by the Bank for International Settlements, alongside six other central banks and more than 40 financial institutions. It has completed a prototype, demonstrating how tokenisation can help address the long-standing inefficiencies in cross-border payments while preserving safety and integrity of settlement in central bank reserves. The findings will help inform how our approach to tokenised settlement can enhance efficiency and enable cross-border interoperability.

In 2027, the Bank will publish a summary report of our learnings across our wholesale experimentation programme as well as other UK and international initiatives (Synchro Lab, Agorá) and identify how the Bank's settlement services can evolve to further support tokenised wholesale settlement.

Supporting the Treasury's DIGIT pilot

- 4.20** The Bank and FCA are committed to supporting the Treasury's objectives for the DIGIT Pilot, including catalysing the development of UK-based DLT infrastructure and the adoption of DLT across UK financial markets. As part of this, the Bank is prioritising work to assess DIGIT's eligibility as collateral in the SMF.
- 4.21** The DIGIT Pilot is a key pillar of the government's Wholesale Financial Markets Digital Strategy (WFMDs). Launched by the Treasury, DIGIT will support the Government's commitment to maintain the UK as a world-leading and global financial centre in two primary ways:
- enable the Government to explore how DLT can be applied to UK sovereign debt issuance processes.
 - Catalyse the development of UK based DLT infrastructure and the adoption of DLT across UK financial markets.
- 4.22** The pilot's design features include DIGIT being digitally native, short-dated, issued on a platform operating within the DSS, delivering on-chain settlement and independent of the Government's main debt management programme. DIGIT will be issued onto a platform operating within the DSS. The Treasury awarded its tender for DLT services to HSBC in February 2026. The Treasury has also set out a range of design features as a part of the pilot, including on chain payments, and interoperability.
- 4.23** The Bank and FCA are committed to supporting the success of the DIGIT issuance, including by taking steps to maximise its utility. Practical steps we are taking include considering the eligibility of DIGIT as collateral in SMF operations, enabling issuance through the DSS, and working to help identify options for cash settlement. The Treasury and the Bank have also discussed how to ensure the infrastructure supporting DIGIT it is held to high standards of resilience. And there is plenty of space for the development of interoperable infrastructure that could extend the market functionality of this.

Market functioning and issuance

- 4.24** **What we have done so far:** Last month, the FCA published a policy statement ([PS 26/7](#)) on tokenisation in fund and asset management, following the authorisation of the first tokenised Undertakings for Collective Investment in Transferable Securities (UCITS) fund in 2025. This policy statement set out a framework to move UK fund tokenisation from experimentation to scaled adoption within the existing authorised funds regime, and also introduced an optional "direct to fund" (D2F) dealing model which could reduce costs and operational frictions. It also set out a framework for the use of digital assets – including stablecoins – for settlement of the "cash leg" of transactions in fund units, the use of public networks as the primary record of unitholder positions, and clarified that our rules on authorised fund investment and borrowing powers did not distinguish between tokenised and non-tokenised forms of underlying asset. Consistent with the principles in this paper, we confirmed that the fund manager must always retain authority over the fund register, regardless of the technology used to operate it.

- 4.25 What we are committing to now:** We confirm that, for non-natively tokenised securities, our regulatory treatment is normally in line with the legal structure used, except where the technology or particular risks of the product in questions necessitate a different approach. For example, where a token is structured as a CFD, ETN or depository receipt, then these tokens are treated for public offers and prospectus purposes as CFDs, ETNs, or depository receipts. We will progress further work on how we can ensure that tokenised markets are clean and resilient and on how we can ensure that the link to the real economy, including information and capital flow, is maintained. We will also be working with industry to build upon the reforms to fund tokenisation set out in PS 26/7 and explore more advanced use cases including those taking advantage of the wholesale commitments set out in this paper.

Specified investment cryptoassets custody

- 4.26 What we have done so far:** The FCA explained in [CP26/4](#) that CASS 6 rules do not account for the unique characteristics of SICs, such as the need to control cryptoassets on behalf of a client, typically through means of access such as private keys. As the market for SIC custody is at an early stage of development and custody models continue to evolve, we recognised a need for an approach that can adapt as these markets develop. In that context, CASS 6 in its current form would not achieve our desired policy outcome of adequately protecting clients' SICs and ensuring that these assets can be returned as quickly and wholly as possible in the event of a firm's insolvency.
- 4.27** The FCA assessed a range of potential approaches to address this gap. These included amending CASS 6, applying CASS 17 (our proposed rules for safeguarding qualifying client cryptoassets) with targeted modifications to reflect the features of SICs, or creating a bespoke sourcebook with a mixture of rules from CASS 6 and CASS 17. Given that SICs share characteristics with both specified investments in traditional finance and cryptoassets, we sought an approach that would be suitable for both traditional finance and crypto-native firms. These considerations informed our decision to propose applying CASS 17 to SIC custody.
- 4.28** Feedback to our proposals focused on how the application of CASS 17 would operate in practice for SIC custody and whether a single, blanket approach is appropriate across all SICs, given differences between digitally native SICs and tokenised equivalents of traditionally issued securities. Respondents also raised concerns about potential operational, legal and systems complexity for firms operating mixed custody models, and some suggested this could affect fungibility between traditional and tokenised assets for the purposes of exchange, trading and collateral management. Views differed on whether these issues would be better addressed through closer alignment with CASS 6 (subject to targeted amendments for SIC-specific risks) or through application of CASS 17 as proposed. Some respondents also questioned the workability of a trust-based model in all SIC custody scenarios, particularly where arrangements involve complex custody chains or third-party infrastructure.

4.29 What we are committing to now: In light of this feedback, we are not taking forward our proposal to apply CASS 17 to SIC custody at this stage, and instead are using this paper to seek further input to inform our next phase of work. As a result, firms seeking to provide SIC custody, which will need to be authorised for safeguarding activity under Article 9N, will be assessed against the applicable CASS 6 requirements for traditional safe custody assets. Firms should be aware that, while they will be assessed against the applicable requirements at authorisation, we are considering whether a different safeguarding framework may be needed for SIC custody in the longer term, reflecting SIC-specific risks and the development of tokenised market structures. As a result, firms may need to make changes to their safeguarding arrangements, systems or controls as policy develops. This approach applies only to SIC custody. Our final CASS 17 rules for custody of qualifying cryptoassets will be detailed in our upcoming cryptoasset Policy Statements, based on feedback received to CP 26/4.

Chapter 5

Next steps and questions

- 5.1** This paper is intended to begin a more intensive period of coordinated work between the Bank and FCA and the industry. We will therefore engage with industry as we build out and refine our strategy and associated policy deliverables into a finalised roadmap by the end of the year. That roadmap will include timelines for specific rules changes, which we would hope to mostly consult on in 2027. The recently appointed Wholesale Digital Markets Champion will play a key role in bringing together government and regulators and coordinating further input from the industry. This will give an opportunity to evolve the vision set out in this call for input.
- 5.2** Effective modernisation is a shared endeavour. Industry leadership is needed to translate policy ambition into real-world change. Our ask for firms is to:
- Respond to this Call for input, with reference to the questions below.
 - Use this statement of intent to support internal business cases and investment appetite to build and scale tokenised infrastructure
 - Actively work with their customers to help them take advantage of the opportunities that tokenised assets could present both as a means of funding and source of collateral
 - Engage with us on any specific regulatory questions and blockers.
- 5.3** In particular we want to encourage innovation in wholesale financial services, leading to the design and implementation of larger scale tokenisation initiatives in the UK. Some of these might be suitable for the DSS, while others could proceed outside of the DSS.
- 5.4** We will hold workshops over the next few months, publish a response statement over the summer, and then a full roadmap for Bank and FCA work on digitalisation of wholesale markets later this year. This will be informed by work with industry as part of the taskforce/engagement groups.
- 5.5** The deadline for responses to this paper is 3 July 2026. You can respond at tokenisedsecurities@fca.org.uk

Questions

Question 1: **Where do you see the most potential benefit to the UK market from tokenisation and why? Where do you see the main opportunities for tokenisation for your business?**

Question 2: **Do you agree with the vision and regulatory principles we have set out in this paper?**

- Question 3:** Do you agree with the priority areas we have identified, and our long-term ambition in each of these? Are there any other priority areas you think are important?
- Question 4:** To what extent is regulation preventing you from offering tokenised securities products in or from the UK? Are there any specific rules and regulations you would like to see changed?
- Question 5:** Where and how is interoperability most important for your firm? What domestic and international initiatives – including international standards - be most valuable?
- Question 6:** How should safeguarding requirements for SICs be designed to deliver adequate client asset protection, while remaining proportionate, technology-agnostic and supportive of market development? Please consider whether and where safeguarding requirements should differ by type of SIC, how clients' ownership rights can be protected in the absence of external parties, such as a registrar, CSD or digital securities depository that ensures legal ownership of SICs is accurately recorded and updated, and how safeguarding frameworks should support fungibility, interoperability and clear accountability as tokenised issuance, trading and post-trade models evolve.
- Question 7:** Do you agree with our roadmap of initiatives and next steps? Is there anything else you would like to receive clarity on in our roadmap that is not in this paper, or any parts you would like us to prioritise?
- Question 8:** Are there any new products you would like to discuss with us, in particular any early-stage initiatives and experiments, where you would find early engagement with the regulators particularly useful?

Glossary

Key term	Definition
Atomic settlement	The ability for settlement to happen instantaneously.
CSD	Central Securities Depository
UK CSDR	Central Securities Depositories Regulation
DIGIT	Digital Gilt Instrument
DLT	Distributed ledger technology. Note that we use DLT and blockchain virtually interchangeably, although some DLT solutions are not in fact blockchains.
DSD	Digital Securities Depository
DSS	Digital Securities Sandbox
OTC	Over the counter trading
SICs	Specified investment cryptoassets
Tokenisation	Tokenisation is a way of representing an asset, or ownership of an asset, by recording it on distributed ledger technology (DLT)
UK EMIR	The European Market Infrastructure Directive, as transitioned into UK law

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Pub ref: 2-009084

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