FINANCIAL CONDUCT AUTHORITY

## Call for Input

# Tokenised gold

## Opportunities and risks for UK wholesale markets

September 2026

# How to respond

We are asking for comments on this Call for Input by **23 October 2026**.

You can send them to:

**Email:**
tokenisedsecurities@fca.org.uk

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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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# Contents

## Chapter 1

# Executive summary

1.1 We are seeking evidence on whether tokenisation could improve the way gold is traded, transferred, pledged and held in UK markets, while maintaining high standards of market integrity and consumer protection.

1.2 This follows a broader Call for Input we published in May with the Bank of England on "The future of tokenisation: A joint vision from the authorities for UK wholesale financial markets". Responses to that paper mentioned gold, given the international strength of the London spot gold trading market, prompting us to seek more targeted views on tokenised gold.

1.3 Gold tokenisation could make gold easier to transfer and use across markets, particularly as wholesale collateral. It may also support new forms of retail investment and product innovation. As interest in tokenised assets grows, we want to understand whether tokenisation could strengthen the efficiency and competitiveness of UK wholesale markets while preserving the strengths of London's existing gold-market infrastructure.

1.4 This paper explores the legal, regulatory and operational conditions that would be needed to support the safe and effective use of tokenised gold. In particular, we are interested in understanding how tokenised gold can be best incorporated in wholesale market use cases, and how interoperability can be improved through industry-led market standards.

1.5 Tokenised gold may interact with multiple regulatory regimes, depending on the use case and participants involved. We are seeking views on what specific areas may prove challenging. Depending on the feedback, we may be open to considering a range of potential initiatives including additional regulatory clarity, guidance, a bespoke regime, or other actions.

1.6 Prompted by initial discussions with industry, we have considered in more detail whether uncertainty around the collective investment scheme (CIS) and alternative investment fund (AIF) regulatory perimeter may affect the development of certain use cases for tokenised gold. We are also seeking views on this specifically.

1.7 This Call for Input seeks evidence from market participants and other stakeholders on the potential benefits, risks and regulatory implications of gold tokenisation. The evidence received will help inform our future policy approach. The deadline for your input is 23 October 2026.

# Chapter 2

## Overview and strategic context

**2.1** We are exploring gold tokenisation in line with our wider work on the future of tokenisation in UK wholesale financial markets. We are looking at the potential for distributed ledger technology (DLT) to support new growth opportunities, including through the use of gold as wholesale collateral and through appropriately designed gold products that better address retail investor needs.

**2.2** Our objective is not to regulate the segments of the gold trading market that are currently outside of our regulatory perimeter. It is to understand whether, and under what conditions, tokenisation could improve the way gold is traded, mobilised, pledged and held while maintaining high standards of market integrity, in particular anti-money laundering protections. This way, tokenisation could also better create value for the UK's wider wholesale markets.

**2.3** This will require: (i) a resilient, safe and efficient architecture for institutional use (e.g. trading, clearing and settlement) of tokenised gold products; (ii) interoperable infrastructure connecting physical gold custody, on-chain records and financial-market workflows; and (iii) robust vaulting, reconciliation, redemption and other market standards.

**2.4** We acknowledge that different structures currently exist and can create materially different rights and risks. This paper, and the policy options it discusses, concerns only those products that: (i) confer ownership rights in the underlying physical gold; and (ii) have transparent and consistently evidenced backing, clearly defined ownership rights and reliable redemption arrangements.

**2.5** Tokenised gold could be a distinct use case. Unlike shares or debt securities—which are already issued, traded and settled through mature electronic market infrastructures—tokenisation could make a traditionally physical and operationally complex asset easier to divide and transfer across digital markets. Gold, unlike many other commodities and metals, is widely recognised as a store of value that can be used as collateral in wholesale financial markets.

**2.6** At the same time, tokenised gold raises important policy questions around regulatory classification and its impact on market structure, the nature of investors' rights, custody and redemption arrangements, and the application of appropriate consumer protections.

**2.7** Products that assert to be tokenised gold products have experienced significant growth in market capitalisation over the past years and driven price discovery on weekends given their extended market hours. In addition, both established firms and digital native firms are experimenting with new gold-related products and infrastructure. For instance, the CME group recently introduced 1-Ounce Gold futures which trade 24/7, and Kalshi has sought regulatory approval in the US to launch perpetual futures tied to gold, alongside other precious metals.

**2.8** The wholesale over-the-counter (OTC) gold market in London is the biggest for spot gold trading in the world. Its strengths rest on trusted vaulting and custody arrangements, well-established market practices, the London Good Delivery framework and deep networks of dealers, clearing members and investors. These foundations allow gold to be traded at scale and with confidence. Any approach to tokenisation should preserve and build on those strengths.

**2.9** However, current OTC clearing and settlement arrangements also have structural limitations. Allocated gold gives stronger certainty of ownership because specific assets are recorded by the custodian as owned by the account holder. But it is slower and more costly to mobilise, making it more difficult to be used as collateral. Unallocated gold supports liquidity and simpler account-based transfers. But it represents a claim on an account provider, introducing counterparty exposure, and so may be less suitable for collateral purposes. In addition, the metal and cash legs of an OTC gold transaction settle through separate systems, creating timing, reconciliation and operational risks.

**2.10** We expect demand to grow for high-quality collateral, more efficient settlement and tokenised real-world assets. So, there is an opportunity for the UK to lead on the next generation of gold-market infrastructure in an innovative, responsible and risk-aware way. This could reinforce and preserve London's position as a centre for gold trading and custody, while better connecting it to tokenisation initiatives in the wider wholesale markets.

# Chapter 3

# What tokenisation could enable

3.1 Appropriately designed tokenised gold can combine the credibility of physical bullion held under strong custody arrangements with the efficiency of digital transfer, programmable controls and clearer ownership records.

## Wholesale collateral and settlement

3.2 One potential use case is the use of tokenised gold as wholesale collateral. Industry-led pilots have already explored digital representations of gold being transferred through smart contract based tokens. Subject to legal certainty and risk controls, tokenisation could allow institutions to mobilise previously under-utilised gold holdings as collateral in securities lending transactions, repurchase agreements and derivatives transactions. The potential benefits include new forms of usable collateral, intraday mobility, faster settlement, capital efficiency and reduced reconciliation risks.

3.3 Another benefit of tokenisation is the ability to achieve delivery versus payment in wholesale use cases. For example, there could be simultaneous exchanges of gold tokens vs US dollar tokens.

3.4 Further legal and regulatory clarity may help enable this use case and reduce operational friction for UK wholesale market participants. Similar to tokenised assets more generally, the relevant questions include:

- the nature and enforceability of token-holder rights with respect to the underlying physical gold;
- the treatment of the gold tokens in insolvency procedures;
- the ability of a secured party receiving tokenised gold as collateral to exercise control and realise the asset;
- the determination of settlement finality when on-chain transfers are involved; and
- how on-chain records can be reconciled with custody and vault records.

Prudential treatment is also an important consideration and potentially one that can be clarified in a targeted way for gold tokens.

3.5 To effectively scale the use of tokenised gold as wholesale collateral, interoperability is key to connect traditional gold market infrastructure to DLT-based platforms and to a growing number of issuers and users. The desirability of use of gold token products as collateral depends on the willingness of counterparties to accept the same token across a range of collateral exposures, reducing the need for counterparties to hold multiple pools of liquidity. Without common technical and product standards (which we generally expect would be market-led), separate token models may be difficult to move across platforms and counterparties, fragmenting liquidity and limiting collateral use cases.

3.6 So, we are interested in how market-led initiatives can support common and rigorous standards for:

- ownership records
- token issuance and redemption
- segregation and safeguarding of assets
- audit and attestation
- cyber security and operational resilience

We also want to understand how interoperability should work across ledgers and with existing trading, clearing, and collateral-management systems. This includes how governance and accountability should be maintained where several technology and service providers are involved.

## Tokenisation and consumer-facing innovation

3.7 Tokenisation could also improve fractional ownership and investment in gold, facilitate faster transfer and enable new forms of product design. A well-designed gold token could allow investors to buy and sell gold through a mobile app in a cost-efficient way, transact outside conventional market hours and potentially settle transactions faster.

3.8 Tokenisation and DLT technology can therefore help firms to better meet consumer needs and diversify their product offering. However, a token can be distributed through a range of channels, across which the level of regulatory protection, disclosure and recourse may materially differ.

3.9 Unlike the gold ETF market, where disclosure standards and regulatory oversight are well established, inconsistent practice continues to exist in the tokenised gold space. We expect that products distributed to consumers should meet certain minimum requirements. In particular, disclosures for all products should enable holders to compare products and understand:

- arrangements for safekeeping of the underlying gold and any insurance,
- whether and how redemption is available,
- the extent to which the product or structure is regulated and supervised,
- the fees and minimum thresholds involved, and
- the potential outcomes if an issuer, custodian, vault, technology provider or intermediary fails.

## Chapter 4

# Our role and possible policy responses

4.1 Tokenised gold may interact with multiple regulatory regimes, depending on the use case and participants involved. For example, collateral eligibility requirements, prudential rules and the spot cryptoasset regime may all be relevant considerations. Further analyses may also be needed for more complex use cases. We are seeking evidence on how these regimes and their interactions may impact gold tokenisation proposals and what specific areas may prove challenging.

4.2 A clear regulatory perimeter and proportionate rules can help firms invest and innovate. Our role should be to engage with market participants and other stakeholders, provide strategic clarity, and coordinate across the FCA's, the Treasury's and the Bank of England's responsibilities where appropriate.

4.3 We expect most innovation and infrastructure development to be industry-led, with public authorities setting clear expectations, addressing material legal and regulatory barriers and supporting safe experimentation where appropriate.

4.4 We may consider a range of responses. These are not firm proposals and may be used individually or in combination, depending on the evidence received:

1. Evaluating market developments and publishing for example a good and poor practice note. (FCA led)
2. Clarifying the application of the existing rules and supervisory expectations through guidance or other materials. (FCA led)
3. Developing a recognised 'eligible gold token' classification for specified regulatory purposes, supported by objective conditions for example on rights, custody, redemption, governance and technology. (HMT & FCA led)
4. Assessing targeted rule changes or focused legislative changes where there is strong evidence that existing requirements produce unintended or disproportionate outcomes. (HMT & FCA led)
5. Considering whether a bespoke regime for tokenised gold, or tokenised commodities more broadly, would be necessary and proportionate. (all 3 authorities)

4.5 Given that these products are still at an early stage, any approach would need to remain adaptable as market structures develop. It should support competition without lowering regulatory standards and avoid conferring credibility on poorly designed products.

4.6 Although we focus on tokenised gold in this paper, the lessons from this work may also help inform our and the industry's thinking on the tokenisation of other commodities.

## Chapter 5

# Specific considerations around the CIS and AIF perimeter

## Background

5.1 We have heard feedback from industry that uncertainty around the collective investment scheme (CIS) and alternative investment fund (AIF) regulatory perimeter may affect the development of certain use cases for tokenised gold.

5.2 The existing CIS definition is broad and reflects the variety of legal forms a CIS may take. A CIS may be dedicated to property of any description, including assets that are not financial instruments. A gold token will constitute a CIS if it satisfies the three limbs in the statutory definition. There may be a clear position for some arrangements, but for other gold tokens analysis of the legal and operational structure may not be conclusive.

5.3 An Undertakings for Collective Investment in Transferable Securities (UCITS) scheme cannot be dedicated to gold, and a CIS dedicated to gold may constitute an unregulated CIS, limiting the ability to market the product to consumers or certain classes of investor.

5.4 The definition of CIS overlaps considerably with the definition of AIF in the UK's AIFM regulations. The definition of AIF is also broad and is framed in EU law terminology including the concept of a collective investment undertaking. An entity will only be considered an AIF if it satisfies each of the elements of the definition of AIF. An AIF may, or may not, also be a CIS.

5.5 We consulted on proposed changes to our UK AIFM regime in July 2026, alongside a parallel consultation from the Treasury on changes to the underlying UK legislation. The Treasury's consultation included proposals to clarify the legislative definition of an AIF, which incorporate some elements of our existing Perimeter Guidance Manual (PERG) on when a firm is managing a fund that is an AIF.

5.6 Where a gold token is classified as a CIS or AIF, or there is uncertainty as to its classification, this may impact the desirability or feasibility of holding that token for some classes of investor and restrict token adoption.

## Policy considerations

5.7 We are seeking specific views on the impacts of particular forms of tokenised gold being considered to be CIS or AIF, and on potential actions that we and other UK authorities could take, and where it could be appropriate to do so. Our engagement with firms and feedback to our Call for Input on tokenisation in UK wholesale financial markets indicated that clarity on the perimeter could be critical to the development of projects and commercial use of tokenised gold.

**5.8** Categorisation as a CIS or AIF could trigger additional authorisation, distribution, disclosure and supervisory requirements for the firm managing the product. Feedback to the Call for Input illustrated existing and potential tokenised gold products and suggested our tokenisation roadmap should include steps to expressly exclude these products from the CIS and AIF perimeter.

**5.9** We acknowledge that certain use cases, including market infrastructure, are likely to require a high degree of certainty. The prudential treatment of a token and the ability to exchange it as collateral may also vary depending on whether it is classified as gold or a fund unit.

**5.10** The current CIS and AIF regimes offer important protections. Regulatory requirements apply to operators and those that seek to market them. We are interested in understanding whether alternative protections would lead to better consumer and market outcomes. We are also seeking views on the desirability of providing clarity where the status of a product that does not present similar risks is unclear or may be contested.

**5.11** Products that directly represent ownership of an allocated gold bar that can be commercially traded are more likely to fall outside the existing CIS and AIF definitions. In such a product, each investor would have a direct, allocated ownership interest in gold, with no pooling or management of the property as a whole.

**5.12** On the other hand, if customers hold fractional interests in a single gold bar and the bar is managed or disposed of collectively, this would indicate pooling of the form envisaged in the CIS and AIF definitions. The CIS and AIF framework for safekeeping of assets and for investors to exercise rights over their interests may be the most appropriate for such a product.

**5.13** Industry groups have also proposed structures where it is suggested that tokens can represent fractional interests in allocated bars outside the CIS and AIF perimeter. For example, where tokens represent a direct co-ownership interest in the relevant allocated gold bar. Representations to us have argued that certain UK legislation outside of financial services allows for transfer of ownership in undivided shares of goods without requiring that the specific share owned by the transferee is identified. We are open to hearing further from firms and industry groups on such arrangements, and the reason why they would not still meet all elements of the CIS and AIF definitions.

**5.14** We could consider a range of policy options, depending on the feedback received, including:

- Providing clarity or guidance on the existing perimeter and our expectations via, for example, supervisory communications or guidance.
- Working with the Treasury to evaluate and potentially introduce a targeted exemption from the CIS and AIF perimeter for certain tokenised gold products, or gold market infrastructure.

**5.15** Products that are not effectively operated as funds and do not present comparable risks may benefit from clarificatory exemptions or guidance. However, to avoid regulatory arbitrage and address risks associated with promotion of unregulated funds to the public, any wider exemption would need to be limited to products that were more appropriately regulated under a different regime providing more effective protections. We believe any alternative regime would need to address:

1. The legal nature of the holders' interests and ownership rights
2. The nature and quality of the underlying gold
3. The custody, vaulting and segregation of the underlying gold
4. The issuance and redemption arrangements and reconciliation between physical and on-chain records
5. Independent audit and assurance, including of custody records and reconciliation methodology
6. Governance and accountability measures, for example oversight of outsourcing and third-party arrangements and governance over changes to product terms
7. Gold-price benchmark and valuation methodology
8. Dealing arrangements, including where the issuer or an affiliate is the sole liquidity provider
9. Operational resilience and cyber-security measures
10. Financial crime and market integrity controls
11. Disclosure (especially to retail investors), for example of product risks, custody arrangements, redemption rights and fees
12. Orderly wind-down arrangements and protection of holders' interest on a potential insolvency

**5.16** Any consideration of potential exemptions would be at the discretion of, and require close engagement with, the Treasury, including to understand and take account of the Government's wider policy considerations.

**5.17** We also note that should any exemption from the CIS and AIF regimes be introduced, firms still need to consider the specific structure of the gold token in question and whether the definition of a "qualifying cryptoasset" (article 88F of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001) may be relevant.

# Chapter 6

# Questions

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?**

Question 2: **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?**

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?**

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.**

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.**

## Annex 1

# Abbreviations used in this paper

| Abbreviation | Description |
|---|---|
| **AIF** | Alternative Investment Fund |
| **AIFM** | Alternative Investment Fund Manager |
| **CIS** | Collective Investment Scheme |
| **DLT** | Distributed ledger technology |
| **HMT/Treasury** | His Majesty's Treasury |
| **OTC** | Over the counter |
| **PERG** | Perimeter Guidance Manual |
| **UCITS** | Undertakings for Collective Investment in Transferable Securities |

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