

Consultation Response

FCA and Bank of England Call for Input on the Future of Tokenisation

3 July 2026

The Association for Financial Markets in Europe (AFME) welcomes the opportunity to comment on the **Future of Tokenisation – A joint vision from the authorities for UK wholesale markets**. The Association for Financial Markets in Europe (AFME) is the voice of the leading banks in Europe's financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent over 150 leading global and European banks and other significant market players. Our members play a vital role in Europe's financial ecosystem, underwriting around 90% of European corporate and sovereign debt, and 85% of European listed equity capital issuances. Importantly, AFME members are market makers, providing liquidity, which is essential for ensuring financial markets can function efficiently. We also represent law firms and other associate members which advise market participants and support AFME's legal and regulatory initiatives.

We summarise below our high-level response to the consultation, which is followed by answers to the individual questions raised.

Executive Summary

We are highly encouraged by the UK authorities' proposed Vision, which adopts many recommendations outlined in AFME's [UK DLT Vision and Strategy](#) from last year. However, as market dynamics are accelerating at-pace internationally, we would suggest that the proposed Vision needs to be more ambitious in the following areas in order for the UK to secure a lead on tokenisation:

- Fostering the commercialisation of DLT-based capital markets, by committing to a clear roadmap from experimentation to at-scale production;
- Committing to an innovation-friendly and technologically-neutral prudential treatment of DLT-based assets;
- Developing a best-in-class tokenised collateral framework;
- Making tokenised deposits central to market development;
- Accelerate work on making available DLT-based central bank money through the Real-Time Gross Settlement (RTGS) synchronisation capability with DLT ledgers, preferably before 2028;
- Maintaining existing custody rules for DLT-based securities and allowing existing custodians to undertake activity without seeking a variation of permission; and
- Promoting practical interoperability, including on a cross-border basis, as a policy objective.

We would encourage our response to be read alongside our recent report titled [Future European DLT-based Financial Market Architecture: Vision and Recommendations](#).

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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?

Tokenisation brings unprecedented opportunities to upgrade wholesale financial market architecture, and significant benefits to the entire ecosystem. For our members, the main opportunities relate to (i) supporting issuers and investors with more efficient issuance and lifecycle management, (ii) enabling more efficient secondary market intermediation and post-trade processing, and (iii) improving collateral and liquidity management through tokenised collateral and synchronised settlement, while maintaining robust risk management and client protection outcomes. In particular, that tokenisation can benefit the UK market in the following areas:

- **Economic growth and competitiveness:** for the first time, DLT makes it possible for all types of different economic assets (financial assets, real estate, industrial assets, etc.) to be recorded (as 'tokens') in a shared database: a distributed ledger. This opens up the opportunity for large-scale economic growth and innovation, as different assets can be linked and exchanged through a streamlined process, underpinning a token economy. A token economy can bring safer, faster, and cheaper transactions across sectors, while driving innovation, accessibility to goods, services, and capital markets, and economic growth. In addition, DLT can facilitate the creation of new business and operating models in a way that does not require innovations to conform to existing business arrangements and rules. Benefits from changes in wholesale markets – including cost reductions and efficiencies - will be passed onto real economy actors, issuers, and investors.
- **Enhancing market liquidity and depth:** DLT presents a unique solution by offering the ability to streamline issuance processes, and compress execution and program settlement times, as well as innovate market structure. Streamlined issuance processes enabled by DLT can allow smaller and medium-sized corporates to tap capital markets more easily, enabling the shift from bank-based financing to market-based financing. In turn, this should also improve incentives for domestic and UK companies to raise capital in the UK, and enhance the depth, liquidity and integration of UK capital markets.
- **Collateral mobility:** in the near term, we see one of the clearest and most actionable, commercial opportunities in the use of fungible tokenised securities as collateral across CCPs, uncleared OTC derivatives and central bank operations. Tokenisation of collateral could materially improve collateral mobility and intraday funding by enabling faster and more precise movement of collateral (including near-instant, atomic, and programmable settlement), supporting extended operating hours/near 24/7 where appropriate, reducing sequencing risk in collateral substitutions, and unlocking trapped collateral and capital. To realise these benefits at scale, tokenised and non-tokenised forms of the same asset should remain economically and legally fungible and receive equivalent treatment across regimes, including in relation to haircuts and margin requirements, consistent with "same activity, same risk, same regulatory outcomes". Adoption should not fragment liquidity or collateral pools (whether between tokenised and non-tokenised assets, or across different ledgers, custodians and platforms), as this would undermine the efficiency gains tokenisation is intended to deliver.
- **Promoting innovation, competition, and development of new services:** tokenisation allows for international financial institutions to fully take advantage of the efficiencies offered by DLT and develop their existing roles and business models in a safe and regulated manner. In the UK, the Digital Securities Sandbox (DSS) creates a live regulated environment that allows participants to explore novel issuance, transaction, and settlement capabilities offered by DLT. In addition, the use of DLT can also help issuers and investors reduce costs, automate corporate actions, and also introduce new financial products and capabilities for sovereign and corporate issuers and investors.
- **Reducing settlement risk and optimising capital use:** through the possibility for programmable and atomic settlement, tokenisation can shorten settlement cycles, reduce

settlement risk, and improve the efficiency of capital flow. Furthermore, trade confirmation, affirmation, allocation and settlement could be combined into a single step, and reconciliations would become practically superfluous. Benefits include reduced counterparty risk and potentially reduced settlement failures and penalties.

- **Improving resilience of market structure (by reducing single-points-of-failure):** the use of DLT in wholesale financial markets can help reduce systemic risks by allowing participants to update a shared database (ledger) through multiple nodes and distributing the provision of post-trade, communication, and information services across a wider range of eligible actors. Therefore, DLT can help mitigate operational impact from events such as terrorist attacks, systemic cyber incidents, and outages which - in the current system - have evidenced that concentration of services in few actors can negatively lead to the build-up of market risks and ultimately, lock counterparties in positions in operational and/or liquidity stress. The distributed and shared nature of the system can also make it easier to recover both data and processes in the event of an attack (assuming that not all the validating nodes are corrupted at the same time). This could also help reduce the need for costly recovery plans.
- **Improving data transparency and symmetry:** DLT can facilitate the recording of securities and transparency on holdings in ways that reduce market abuse and fraud, improve AML/CTF monitoring, and enhance investor protection objectives. By allowing different market participants and real economy actors to connect to the same database, DLT can also enhance data symmetry and information accessibility.
- **Enhancing digital sovereignty and international competitiveness:** ambitious leadership on tokenisation will help position UK as a front-runner in attracting investments from technology companies and incumbent financial institutions, bring associated benefits to UK markets, and influence future DLT-based capital markets internationally.

While tokenisation can reduce costs and improve efficiency, these benefits will scale only if there is legal certainty, prudential equivalence between tokenised and traditional assets, reliable cash-leg settlement (anchored in central bank money), and operational readiness across CCPs, custodians and settlement systems. Cross-jurisdictional coordination will also be important to avoid fragmentation and support scalable cross-border activity.

The benefits should also be weighed against additional costs, including pre-positioning liquidity to meet atomic settlement demand and extended hours for risk management and oversight, in addition to ensuring operational resilience and smart-contract integrity. Public support for an ambitious phased approach, calibrated to the most valuable use cases, is therefore sensible.

AFME's [DLT-based capital market report](#) provides data on asset-class specific developments. The report has identified significant growth in tokenised markets across key asset classes, covering fixed income, US treasuries, funds, and repos over the few last years, but observes that UK markets have yet to take off. Therefore, we urge UK policymakers to be ambitious in delivering on this vision for wholesale markets.

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

We generally agree with the proposed vision and regulatory principles set out in the paper, and are highly supportive of the UK's ambition to take a lead on tokenisation. We note that other major financial centres – for example USA, Hong Kong, and Singapore – have launched ambitious regulatory reform programmes to enable the growth of DLT-based markets and are beginning to witness the development of those markets to commercial scale. Whilst the DSS provides a sandbox in which to test these reforms, it will not allow the development of markets at the scale required to build client demand required to drive the investment needed.

We therefore urge the UK to take urgent action to facilitate the growth and commercialisation of DLT-based markets, in particular in providing regulatory clarity outside of the DSS with a view to establishing a permanent regime for using DLT. We encourage the authorities to complement this 5–10 year vision with clear interim milestones that enable firms to prioritise investment and execute against regulatory expectations. We also support an outcome-based approach rather than prescriptive technical rules, to preserve room for evolving solutions while maintaining robust standards for resilience, governance and client protection.

In addition, we believe that the regulators should consider adding an additional principle on international regulatory alignment to support interoperability with DLT based ecosystems in other jurisdictions, and to enable the growth of cross-border markets, including collateral markets (see below). Many target instruments (including gilts, corporate bonds and fund units) are held and traded globally. Divergence across major regimes risks fragmenting liquidity and trapping collateral. The UK should prioritise international coordination and, where appropriate, principles-based and mutual deference where outcomes are equivalent.

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?

We broadly agree with the identified priority areas, and highlight a number of additional considerations and recommendations that should be taken into account below. In addition, we also support the inclusion of “tokenised collateral”, given its importance, as a standalone priority area and “access and availability of tokenised deposits” as an additional priority area. We highlight the necessary commitments from the authorities to deliver on the relevant priority areas below.

Regulating the issuance and settlement of digital securities:

- We are highly supportive of the DSS. However, for the UK’s DLT-based markets to reach commercial scale, the DSS needs to be translated into production-scale adoption with full legal and regulatory certainty. To avoid a “cliff-edge” from sandbox participation to steady-state authorisation, firms need earlier visibility on end-state requirements, timelines, and any transitional provisions.

Recommendations:

- To address outstanding gaps in the legal and regulatory framework, the UK should consult on 1) settlement finality, 2) conflict-of-laws for cross-border holdings, 3) recognition of on-chain records, and 4) operational resilience expectations for DLT-based financial market infrastructures (covering third-party and cloud implications).
- Provide clearer guidance on when on-chain issuance triggers full CSD / digital securities depository (DSD) obligations, to reduce legal risk for issuers and platforms and support scalable issuance models.
- In parallel, the UK should publish a “Roadmap from Experimentation to Production”, including:
 - A clear sequencing of upcoming prudential and capital treatment workstreams, with timely milestones to avoid extended “regulatory certainty gaps” that could slow safe adoption.
 - Permanent frameworks for DLT-based securities (and, where relevant, commodities);
 - Stock take of lessons learned from the DSS, and how they might pave the path towards a permanent digital FMI regime; and
 - A pathway for regular, repeat DIGIT issuance programmes (moving from one-off pilots to routine market activity).

Prudential Treatment of tokenised assets:

- We support the technology-neutral approach articulated in the Call for Input (as well as by the PRA in the Dear CEO). A gilt, bond, equity, fund unit, or loan that is represented as a token on a distributed ledger remains fundamentally the same instrument. The PRA's prudential framework should therefore continue to apply on the basis of the nature of the underlying asset rather than the technological medium through which it is recorded or transferred.
- In practice, the current Basel SCO60 framework remains a barrier. The binary classification approach based on DLT design and archetype can create a “cliff effect” whereby otherwise low-risk exposures may fall into Group 2b and attract a 1,250% risk weight, making underwriting and market activity uneconomical.
- Furthermore, while specific to cryptoassets, the risk that the PRA and FCA regimes will materially differ in the interim could drive cryptoasset activity towards solo-regulated firms. This could impede investment in digital asset capabilities in larger firms, delaying the development of market-wide tokenisation.

Recommendations:

- We urge the authorities to confirm explicitly that tokenising an asset does not, in and of itself, alter the regulatory treatment of the underlying asset or any collateral associated with it. Enshrining this principle of regulatory equivalence will provide banks and other market participants with the certainty needed to continue to invest in tokenisation infrastructure at scale while preserving the integrity of the prudential standards that safeguard UK financial stability and aligning the UK regime with other globally important regulatory regimes (such as the US).
- The UK should also use the ongoing BCBS work to advocate for a more risk-sensitive approach – to be agreed at the international level - that reflects the underlying asset risk and legal rights, rather than ledger design and blockchain archetype.

Tokenised collateral:

- The UK should position itself as a global leader in tokenised collateral. Tokenisation offers significant potential for greater efficiencies and faster and more precise movement in collateral and repo markets, with global DLT repo transactions averaging \$384bn on a daily basis.¹ This indicates very meaningful benefits and evidences growing market appetite, including for supporting 24/7 trading, reducing “give-before-get” risks in substitutions and potentially unlocking trapped collateral and capital.
- The framework for tokenised collateral should uphold legal and regulatory certainty, settlement finality, and systemic stability, and preserve the risk-management, legal enforceability, and liquidity foundations of traditional collateral frameworks: economically equivalent activity should be treated consistently under “same activity, same risk, same regulatory outcomes”.
- Given the UK’s global role in repo, securities financing and derivatives markets, the UK is well placed to help set international standards for tokenised collateral markets. In addition, tokenisation could improve cross-border collateral mobility, and frameworks should maintain robust requirements, interoperability standards, and harmonised haircuts/valuation to avoid fragmentation.
- In addition, we note that custody is a key enabler for the operationalisation of DLT-based collateral. It will be important that the custody treatment of DLT-based assets aligns closely with that for traditional custody to avoid leading to fragmentation between forms of collateral.

Recommendations:

¹ See [AFME DLT-based Capital Market Report \(2025FY\)](#)

- Grant collateral eligibility to DLT-based assets for the purpose of central bank operations. Where tokenisation does not change the fundamental character of the underlying asset and the token conveys appropriate rights/entitlements, tokenised eligible collateral should receive the same regulatory treatment (including haircuts) as the non-tokenised form. Regulated firms should be able to rely on their existing risk frameworks to assess tokenised collateral across core areas such as legal enforceability, custody/segregation arrangements, credit/custodial risks, and operational/information-security risks.
- Publish a clear roadmap for how tokenised collateral will interact over time with central bank and clearing house infrastructure (eligibility, operations, margining, tri-party arrangements, and securities lending), to provide certainty and encourage investment in supporting infrastructure. This is particularly important for cleared derivatives.
- Explicitly preserve core Securities Lending/SFT legal mechanics, particularly title transfer under the global master securities lending agreement (GMSLA) and the associated rights/controls for reuse/rehypothecation, so tokenised lending/collateral delivers the same legal enforceability, close-out certainty, and risk outcomes as traditional structures.

Access and availability of tokenised deposits:

- We support anchoring wholesale tokenised markets in central bank money and welcome the Bank's work on RTGS synchronisation and extended operating hours. However, a synchronisation capability targeted for 2028 may be too slow if tokenised assets and private settlement solutions scale earlier. If public-sector cash-leg infrastructure lags, activity may migrate to alternative cash legs or overseas venues. In this context, tokenised deposits can support synchronised settlement and liquidity formation as an interim bridge, while also remaining a central pillar of wholesale settlement given the role of commercial bank money in wholesale markets.
- Commercial bank money underpins most wholesale financial transactions, and performs a highly complementary role to central bank money. As markets become increasingly tokenised, the UK should recognise tokenised commercial bank deposits as a core settlement asset within the future digital financial system.
- Tokenised deposits can combine rapid transfers and programmability with the strengths of existing payments systems (liquidity, integration with established payment/settlement infrastructure, robust KYC/AML controls, and widespread institutional usage).
- Tokenisation also enables synchronised settlement, reducing operational complexity, settlement risk, liquidity costs and collateral inefficiencies created by separate cash and securities infrastructures.

Recommendations:

- Ensure that the regulatory treatment of tokenised deposits across prudential, payments, settlement and liquidity frameworks is aligned with traditional deposits. This should include the definition of Regulated Activities within the Financial Services Markets Act and confirmation that tokenised deposits do not constitute specified investments or cryptoassets. Additional clarity on how accelerated settlement of underlying fiat movements can be achieved under the regulatory framework would be useful.
- In consultation with the industry, provide guidance on interoperability conditions between tokenised deposits, central bank money and other regulated settlement assets, while maintaining legal certainty, resilience and financial stability.
- In parallel, accelerate work on making available the synchronisation capability, preferably before 2028, in line with other major jurisdictions (e.g. Eurosystem Pontes will go live in Q3 2026). The UK should develop synchronisation arrangements that support the use of commercial bank money (including tokenised deposits) alongside central bank money, and provide a practical pathway for industry participation.

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?

As outlined above, we have identified outstanding barriers associated with the following areas of regulation, that may require further remedy / consultation: 1) settlement finality, 2) conflict-of-laws for cross-border holdings, 3) recognition of on-chain records, and 4) operational resilience expectations for DLT-based financial market infrastructures (covering third-party and cloud implications). We would encourage the regulators to identify simple, targeted amendments to the regulatory framework to provide clarity on their applicability to tokenised activity, such as those being considered in the EU under the Market Integration and Supervision Package (MISP) proposals.

As a general principle, the regulators should seek to incorporate DLT-based / tokenised financial products into the existing regulatory framework on the basis of the “same activity, same risk, same regulatory outcome” principle. It is key that this principle is extended to the availability of an Overseas Persons Exemption, which typically exempts non-UK firms from authorisation when dealing with institutional or wholesale market clients, as well as the custody and safeguarding of tokenised assets (see Q6). In other instances, this may be as simple as clarifying that an existing regulation applies to DLT-based versions of the relevant assets, or that on-chain records can be considered as official books and record where they meet the relevant requirements.

In addition, as part of the future digital FMI regime (superseding the DSS), AFME is highly supportive of enabling network-based settlement on a permanent basis. The DSS usefully allows participants to perform settlement services on an activity-level, testing novel issuance, transaction, and settlement capabilities using DLT. By allowing this on a permanent basis, the UK would foster more competition for the provision of services and innovation, rather than merely replicating the existing capital market architecture - and its shortcomings – on DLT. In particular, the structure of CSDR – relying on centralised functions – needs to be revisited as authorities consider moving from a centralised and entity-based framework to an activity- and network-based framework that fully reaps the programmability capabilities offered by DLT.

Question 5: Where and how is interoperability most important for your firm? What domestic and international initiatives – including international standards - be most valuable?

AFME is highly supportive of interoperability between DLT asset ledgers, and with the traditional issuance and settlement systems. Existing financial institutions serving as underwriters and market makers, as well as custodians, can act as the lynchpin connecting current and future market architectures. Indeed, there are many interoperability solutions already being taken up at scale (e.g. Canton, Regulated Layer 1, etc.) to facilitate interconnectivity between market ledgers. In addition, we also view that the Bank of England’s RTGS synchronisation solution can also help to connect different market ledgers (with central bank cash accounts).

The policy and legal framework should, as a priority, evolve to recognise the asset transferability and control mechanisms (e.g. locking, minting, burning, and token wrapping) and operational settlement finality (incl. for DvP, PVP, DvD, etc.) provided by DLT platforms. Experiments through the RTGS synchronisation initiative can help provide insights into asset movements and control, and whether policy improvement and further legal assurances are needed going forward.

Authorities should also prioritise policy measures that will encourage interoperability across DLT-based market structures/operations, technology, and associated laws/regulations, thus reducing related market fragmentation and costs. Interoperability should be framed in terms of practical outcomes, not solely DLT-to-DLT connectivity. In particular, we encourage the authorities to define minimum expectations for:

- Asset servicing and lifecycle management (e.g., corporate actions and event processing); and
- Connectivity between emerging DSS participants (including DSDs) and existing FMIs, including CSDs, CCPs and payment systems, to support coexistence and preserve liquidity, at least for the short- to medium-term transitional period.

To ensure market integration and avoid fragmentation, interoperability should be a foundational principle, pursued practically. This would tangibly support market developments, liquidity formation, and compatibility with legacy infrastructure, beyond isolated pilots.

To support DLT-to-DLT Interoperability, we specifically recommend:

- The Bank of England to participate in experimenting with interoperability solutions, including possibly connecting its RTGS ledger to different solutions, and maintain a role in establishing and agreeing protocol interoperability standards with the industry.
- The UK authorities to work with the industry to pursue international alignment on developing common technical standards for cross-ledger/multi-ledger activity (e.g., covering technology, data, privacy, regulatory reporting, audit/assurance, custody/settlement (asset safeguarding), asset servicing, lifecycle management, operational resilience/prudential (safety and soundness), AML/CTF, private international law and tax) would also help promote cross-ledger/multi-chain activities towards more interoperability, market integration, and global liquidity.
- The UK authorities to progress interoperable DLT-based payments capabilities at pace (including industry initiatives supporting extended operating hours/near 24/7 where appropriate), covering settlement interoperability between tokenised deposits, commercial bank money and central bank money.

For DLT-to-traditional system interoperability, we further recommend:

- The UK authorities to support internationally recognised standards, including ISO 20022, CPMI-IOSCO principles for financial market infrastructures, and LEI-based identity frameworks, alongside common digital token standards (token models, interfaces, and event schemas) to ensure on- and off-chain interoperability.
- Exploration of mandating connectivity between existing CSDs with DSS participants (e.g. DSDs).

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.

In line with our [letter](#) to HMT and the FCA on the draft statutory instrument amending the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 and the consultation on cryptoasset perimeter guidance, and subsequent consultation [response](#) to the FCA, we welcome the FCA's decision not to apply a different CASS framework to SICs at this stage. However, despite the improvements laid out in the proposed Vision, the UK approach as expected will still require more work for regulated firms than in other jurisdictions (e.g., the EU) to engage in tokenisation. This may undermine the UK's competitiveness.

Given the FCA's commitment to assess applicants authorised under RAO Art. 40 in respect of the new safeguarding activity against the existing CASS 6 regime, we suggest there is no longer any clear policy rationale for requiring firms that are already authorised to safeguard and administer specified investments to seek a variation of permission in order to be

authorised to safeguard RSICs. We therefore support the grandfathering of permission for Art. 40 firms for undertaking this new activity (i.e. persons authorised under article 40 of the RAO are automatically deemed to be authorised to conduct activities under article 9N with regard to RSICs), rather than mandating a variation of permission for such firms. We remain of the view that existing client asset protection rules are sufficient for DLT-based securities subject to those rules, in line with the “same activity, same risk, same regulatory outcomes” principle. This includes the custody of SICs where ownership is derived from control, which from a regulatory perspective should follow the same treatment as for traditional bearer instruments, although the technical solutions to protecting those assets will differ.

We encourage the FCA to provide further clarity that robust key management approaches—such as multi-party computation (MPC) and other fractional key arrangements—can satisfy “control” expectations where they deliver equivalent client protection outcomes. We also encourage the FCA to avoid mandating trust-based custody structures absent a clear and evidenced need, as this could increase complexity and deter established custodians from entering the market.

Safeguarding frameworks should also preserve fungibility between tokenised and non-tokenised forms of the same instrument. Divergent custody regimes for economically equivalent instruments can force parallel operating models, increase operational complexity, and fragment liquidity—particularly where instruments are used for exchange, trading and collateral management.

As issuance, trading and post-trade models evolve with the development and maturation of a network-based financial market architecture, we will continue to assess whether any adjustments to client asset protection rules are needed.

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?

We encourage the authorities to complement the roadmap with specific interim milestones that make it actionable over the next 12–24 months, including consultation sequencing, infrastructure delivery milestones, industry readiness benchmarks, and decision points that trigger the next phase.

In our view, two areas warrant prioritisation: (i) the DSS-to-steady-state authorisation pathway, to avoid a cliff-edge and provide clarity on end-state requirements and transitional arrangements; and (ii) tokenised collateral mobility, including clarity on interaction with central bank operations and CCP frameworks. We also reiterate that a synchronisation capability targeted for 2028 may be too slow if market activity scales earlier; interim solutions (including tokenised deposits) can help bridge this gap while maintaining the long-term anchor in central bank money.

Given limited DLT-based market activities in the UK thus far, speed is of the essence for the UK to lead on tokenisation. We therefore welcome a commitment from the authorities to implement necessary actions at-pace.

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?

We would welcome early engagement with the authorities on the following areas, where clarity would materially support near-term build decisions:

- DIGIT design parameters, including instrument structure, issuance size, eligible participants, interoperability with private platforms, cash settlement model, and potential eligibility as high-quality collateral.

- Tokenised collateral eligibility and operations, including interaction with sterling monetary framework (SMF) eligibility, CCP margin frameworks, settlement mechanics, and interoperability with legacy collateral systems (including tri-party and securities lending arrangements).
- Tokenised deposits as a wholesale settlement asset, including confirmation of perimeter treatment and how synchronised settlement can be achieved in practice alongside central bank money.
- Cross-border tokenised settlement, including how settlement finality, collateral eligibility and regulatory deference could be approached to support scalable cross-border activity.