3rd July 2026

CryptoUK
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Submitted by email: tokenisedsecurities@fca.org.uk

Dear FCA and Bank of England,

Response to: Call for Input: The future of tokenisation – a joint vision from the authorities for UK wholesale financial markets

CryptoUK and its members welcome the opportunity to respond to the FCA and Bank of England's Call for Input on how the UK authorities can support the adoption of tokenised securities and how market infrastructure can support their issuance, trading, settlement and safekeeping.

CryptoUK is the UK's self-regulatory trade association representing the cryptoasset sector. Our members comprise over 150 of the leading companies across the sector and across the UK. Many of our members are also international and engage with regulators and policy frameworks on a global basis.

Tokenised markets are inherently global. Firms, liquidity providers and infrastructure providers will decide where to commit capital, develop products and build the infrastructure to serve tokenised markets. If the UK framework is slower, less certain or more prescriptive than comparable regimes, activity will not wait for UK rules to settle; it will be built elsewhere, with UK authorities supervising less of the activity and UK firms having less influence over the standards that emerge. International competitiveness is therefore not separate from market integrity. The UK's ability to set high standards depends in part on those standards being usable enough to keep responsible activity within supervised UK markets.

This response provides answers to each question raised in the Call for Input. Before turning to those questions, we have summarised the response through the ten policy areas used throughout the Appendix. The common position across those areas is that the UK should preserve market integrity, investor protection, financial stability and international competitiveness while making the route to tokenised market activity usable in practice. Function, risk and evidence should determine regulatory treatment, and tokenised arrangements should not be required to reproduce legacy processes where equivalent or better outcomes can be evidenced through different methods.

Authorised Fund Tokenisation And D2F

Authorised fund tokenisation is the clearest near-term proof point. The UK has begun to establish a basis for tokenised authorised funds, direct-to-fund dealing, primary on-chain records and tokenised eligible assets. The priority now is to make those routes usable in live workflows: subscription and redemption, investor record-keeping, wallet-native distribution, service-provider coordination and settlement. Investor protection should remain the controlling standard, but the framework should allow different operational methods where the same regulatory outcomes can be evidenced.

DSS And Permanent Settlement Regime
The Digital Securities Sandbox should become a functional route to live activity and permanent authorisation, not only an admission process. Despite 16 firms having passed Gate 1, no live transactions have yet been completed after approximately 18 months of operation. Firms need clear Gate 1 to Gate 2 criteria, target feedback timelines, commercially meaningful activity-limit principles, escalation routes for third-party dependencies and a defined path from sandbox evidence into permanent DSD or FMI authorisation standards.

Settlement Modernisation
Settlement remains one of the main constraints on tokenised markets. Tokenised securities, fund units and collateral cannot scale if the asset leg is programmable but the cash leg depends on narrow settlement hours, unclear settlement-asset eligibility or disconnected payment infrastructure. Central bank money should remain the anchor for systemic sterling settlement, but RTGS synchronisation is not expected until 2028 and other settlement assets will be needed where relevant risk outcomes are met. The roadmap should therefore cover RTGS synchronisation, tokenised deposits, regulated stablecoins, wholesale CBDC assessment and settlement-hours progression as connected workstreams.

Tokenised Money
The UK should develop coherent tokenised-money infrastructure in which regulated stablecoins, tokenised deposits, tokenised MMFs, tokenised gilts, RTGS synchronisation and any future wholesale CBDC each perform their respective functions without being treated as legally interchangeable. The market need is for regulated workflows that allow users to move between payment, settlement, treasury, collateral and yield-bearing states where the relevant standards are met. That requires clarity on stablecoin settlement, tokenised deposit treatment, tokenised MMF access, stablecoin yield or rewards, and tax or accounting issues that could otherwise prevent routine payment, settlement or treasury use.

Tokenised Collateral
Tokenised collateral should be treated as a priority because it determines whether tokenised assets can be used across wholesale markets rather than remaining standalone products. Firms will not build collateral systems, legal opinions, CCP rulebook changes, margin documentation, custody models and default-management processes on inferred permission alone. The authorities should publish UK EMIR and uncleared margin guidance, Bank SMF criteria and common evidence expectations, including the treatment of tokenised MMFs and tokenised gilts where legal and economic rights are comparable and tokenisation-specific risks are controlled.

DIGIT And Tokenised Gilts
DIGIT and tokenised gilts should be designed as reusable infrastructure proof points, not only as isolated pilots. Their value should be measured by the evidence and standards they generate for issuance, settlement, custody, FSCS treatment, provider criteria, collateral eligibility, lifecycle servicing, secondary-market transfer and interoperability with conventional gilt markets. The roadmap should preserve optionality for permanent tokenised gilt infrastructure by defining required capabilities rather than hard-coding one platform, provider model, settlement architecture or network type before evidence supports that choice.

SIC Custody And Ownership Records
SIC custody and ownership-record treatment need a defined timetable. The CFI confirms that firms seeking to provide SIC custody will need to be authorised for safeguarding activity

under Article 9N and will be assessed against the applicable CASS 6 requirements for traditional safe custody assets. At the same time, the FCA is not taking forward its proposal to apply CASS 17 to SIC custody at this stage, and is considering whether a different longer-term safeguarding framework may be needed to reflect SIC-specific risks and the development of tokenised market structures. That creates a risk that firms delay investment or build against requirements that later change. The FCA should establish a dedicated SIC custody workstream covering interim CASS 6 treatment, FSCS, CASS 8, ownership-record integrity, targeted DLT overlays, mixed custody chains and transitional treatment.

Primary Issuance And Tokenised Equities
Tokenised primary issuance and tokenised equities could give UK issuers an additional supervised capital-formation route and make issuance, ownership records, voting, stewardship and corporate-action processing easier to connect with digital market infrastructure. That opportunity depends on resolving legal and practical barriers, including company law, register integrity, title systems and the distinction between native issuance, digital twins, SPV or proxy structures, contractual claims and synthetic exposure. CryptoUK would welcome an HMT, FCA and Bank workstream to identify where legislative or regulatory change is needed.

Interoperability
Interoperability will determine whether tokenised markets develop as usable infrastructure or as fragmented pilots. The roadmap should cover technical standards, authoritative records, legal finality, DvP and PvP, settlement assets, custody and control, collateral eligibility, reporting, supervisory data, audit and assurance, third-party standards and cross-border recognition. Standards should reduce fragmentation and protect users, but they should not hard-code incumbent rails, a single technology model or a domestic-only approach where comparable regimes can support mutual recognition or equivalent outcomes.

Accountability, Operational Resilience And Financial Stability
Accountability, operational resilience and financial stability should be applied by reference to regulated activity, control, legal effect and client or market-facing function. A regulated firm should not avoid responsibility by pointing to a blockchain or smart contract, but the framework should not require a separate accountable person behind every non-discretionary automated step. Public DLT reliance, DeFi-adjacent infrastructure, continuous trading, settlement-hours reform, valuation, margin and collateral management should be assessed through evidence-based standards that recognise both new risks and genuine reductions in legacy operational risk.

Across these areas, CryptoUK encourages the FCA, Bank of England, PRA and HMT to publish an integrated dependency map with deliverables, owners, evidence requirements, feedback loops and timelines. The priority should be to convert pilot evidence and early engagement into guidance, waiver or modification criteria, rule changes and authorisation standards. If the UK can convert this discipline into practical pathways for settlement, collateral, custody, interoperability, operational resilience, DIGIT, fund tokenisation and market functioning, it can become a genuine global leader in responsible tokenised market activity.

Yours sincerely

Nick Brooks
Policy Director, CryptoUK

Appendix

Call for Input Questions:

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 is most valuable where it makes regulated market processes faster, cheaper, more accessible, more transparent, more programmable and more competitive while preserving regulatory outcomes.

The FCA has estimated that firms spend £493m a year meeting UK transaction reporting requirements (CP25/32). Programmable assets with automated and shared transaction records would allow reporting and compliance obligations to be satisfied at lower cost and with lower operational barriers for both existing firms and those seeking to enter or scale in UK markets.

Although this Call for Input focuses on wholesale financial markets, several of the infrastructure improvements it contemplates, including tokenised fund units, direct-to-fund dealing, fractionalised issuance models and more efficient settlement, can also improve the terms on which retail investors access capital-market products. Where tokenised architecture reduces intermediary layers, lowers minimum investment thresholds or supports wallet-native subscription and redemption, it can broaden participation without lowering investor-protection standards. CryptoUK would encourage the authorities to ensure that the wholesale infrastructure agenda remains connected to the retail access benefits it can enable.

The most immediate UK opportunities are authorised fund tokenisation, direct-to-fund dealing, ledger-connected settlement, tokenised money, tokenised collateral and digitally native sovereign debt, alongside the financial stability benefits that can arise where tokenised infrastructure is implemented within appropriate safeguards. These use cases can also support broader tokenised securities markets as legal and market infrastructure matures. The detailed blockers and requested changes for the main delivery dependencies are addressed in Question 4, with roadmap sequencing addressed in Question 7.

Authorised Fund Tokenisation And D2F

Authorised fund tokenisation is a practical near-term proof point. The FCA's recent Policy Statement (PS26/7) and the recent launch of a UK authorised tokenised fund gives the UK a foundation for tokenised funds, direct-to-fund dealing, primary on-chain records and tokenised eligible assets. Implementation can reduce reconciliation burdens, shorten operational chains, support more efficient subscriptions and redemptions, and improve information flows between investors, fund managers and service providers. It should also allow wallet-native and other new distribution models without replicating every legacy transfer-agency or platform process.

Settlement Modernisation

Tokenised securities and fund units will not deliver their full benefit if the asset leg is programmable but the cash leg remains disconnected, slow or operationally complex. Settlement modernisation is therefore a core market-utility benefit of tokenisation: it can support faster settlement, reduce reconciliation and make regulated products easier to integrate into digital financial workflows.

Tokenised Money
The UK should develop coherent tokenised-money infrastructure in which regulated stablecoins, tokenised deposits, tokenised MMFs, tokenised gilts, RTGS synchronisation and any future wholesale CBDC each perform their respective functions without being treated as legally interchangeable. The market utility lies in regulated workflows that combine instant or near-instant settlement with yield-bearing cash-management functionality, allowing users to move between payment, settlement, treasury, collateral and yield-bearing states where the relevant standards are met.

Tokenised Collateral
Tokenised collateral can improve collateral mobility, auditability, substitution, intraday liquidity management and the efficient use of high-quality assets across margin, repo, securities lending, securities financing transactions and other collateral operations. Eligibility should still depend on legal and economic substance and evidence of tokenisation-specific risks, including custody and control, finality, valuation, liquidity, liquidation, smart-contract assurance, operational continuity and enforceability in default.

DIGIT and Tokenised Gilts
DIGIT and tokenised gilts could provide an official-sector proof point for tokenised safe-asset infrastructure. Their value should be measured not only by first issuance, but by reusable evidence and standards for issuance, settlement, custody, collateral eligibility, lifecycle servicing and interoperability. Over time, tokenised UK Government debt could support collateral markets, fund tokenisation, treasury management and broader access to sterling safe assets, provided the design remains connected to market utility.

Primary Issuance And Tokenised Equities
Tokenised primary issuance could, with appropriate safeguards, give UK issuers an additional capital-formation route and make issuance, ownership records and lifecycle events easier to connect with digital market infrastructure. Tokenised equity models may also support more efficient issuer-investor communication, corporate-action processing, voting and stewardship, provided tokenisation does not weaken ordinary listing, disclosure, shareholder-rights or investor-protection standards. The immediate opportunity is not to replace existing equity-market infrastructure, but to create a supervised pathway for testing where tokenised issuance can improve market access and operational efficiency while preserving the legal and governance protections attached to the underlying instrument.

Accountability, Operational Resilience and Financial Stability
Tokenisation can also contribute to financial stability where it is implemented within appropriate safeguards. Faster collateral movement, automated eligibility checks and intraday rebalancing can make margin and collateral processes less procyclical by reducing dependence on manual operational chains that can slow or fail under stress.

Shared, auditable records may also reduce reconciliation failures and single points of operational dependency, while making high-quality assets easier to mobilise where they are currently immobilised by operational or intermediary constraints rather than risk requirements. These benefits are conditional on legal certainty, settlement finality, custody and control, operational resilience and effective regulatory oversight. Where those conditions are met, the financial-stability case for tokenisation reinforces the market-efficiency case rather than standing in tension with it.

Across these use cases, the shared opportunity is market utility rather than tokenisation for its own sake. Tokenisation has value where it makes regulated market activity easier to issue, hold, settle, safeguard, finance and use across connected securities, cash-settlement, custody and collateral infrastructure without lowering regulatory standards. CryptoUK therefore encourages the FCA, Bank and HMT to treat these opportunities as a coordinated delivery agenda: clear stablecoin-settlement criteria for fund-unit and tokenised securities workflows; usable tokenised MMFs and tokenised eligible assets; a route from DIGIT to permanent tokenised gilt infrastructure; and coordinated funds, settlement, collateral, custody and sovereign-debt workstreams.

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

CryptoUK broadly agrees with the vision and regulatory principles set out in the Call for Input. We particularly welcome the authorities' principles-based and technology-neutral approach and the recognition that tokenised and traditional market infrastructures are likely to coexist for an extended period. Accountability, operational resilience, market integrity, financial-crime controls, settlement finality and technology neutrality are necessary conditions for tokenised securities to become credible market infrastructure. The important next step is to make those principles operational in a way that preserves regulatory outcomes without requiring tokenised systems to reproduce legacy market processes where different methods can deliver the same protections.

Accountability, Operational Resilience and Financial Stability
Accountability is essential to credible tokenised markets. A regulated firm should not avoid responsibility by pointing to a blockchain, smart contract, protocol or infrastructure dependency. Accountability should attach to regulated activity, material control, discretion, legal effect and client or market-facing services, including where a person determines legal rights, operates market infrastructure, safeguards assets, controls access or is responsible for remediation.

The accountable-person principle should not require a separate accountable body behind every automated technical step. Where a smart contract, ledger update or automated process is non-discretionary, auditable, resilient, legally effective and not controlled by a person able to alter outcomes, the regulatory question should be whether the regulated firm relying on that function can evidence its suitability, not whether a second accountable person stands behind the automation itself.

We welcome the FCA's statement in PS26/7 that the use of public DLT networks should not automatically be treated as outsourcing, including permissionless networks. Public networks often lack the identifiable service provider, contractual

obligations, audit rights and exit rights assumed by outsourcing rules. The risk still needs to be assessed, but through a DLT reliance assessment covering the network's role, governance and concentration risks, finality, operational history, dependencies, monitoring, fallback plans and disclosures. DeFi-adjacent infrastructure should be assessed by reference to control, discretion, client relationship, legal effect and regulated activity, not by label.

Market integrity should sit within the same framework. Tokenised assets may trade continuously while reference markets, collateral markets, valuation processes or connected settlement assets operate on different schedules. This creates opportunities to exploit timing mismatches or market dislocations across on-chain and off-chain venues. Existing market-abuse, surveillance, reporting and information-sharing expectations should apply clearly to misconduct spanning those environments, and settlement-hours reform should be connected to the broader question of how market-integrity, valuation and collateral-management frameworks operate when tokenised and traditional markets run on different schedules.

SIC Custody And Ownership Records
The authoritative ownership record is a useful test case for these principles. Where a DSD, CSD, registrar, tokeniser or other regulated person determines the legally authoritative record, an accountable person should stand behind record integrity, legal effect, correction, dispute handling and continuity. Where a smart contract automatically updates balances according to pre-defined valid settlement rules, the regime should specify the outcomes the record must evidence: legal recognition, settlement finality, reconciliation, governance of upgrades or administrative keys, cyber assurance, continuity and procedures for lost keys, fraud, sanctions, insolvency and court orders, rather than mandating a particular technical architecture.

The same-risk/same-outcome principle should be applied in both directions. Where DLT creates additional risk, that risk should be controlled directly through targeted standards. Where tokenised arrangements preserve the same legal or economic substance, they should not receive worse treatment solely because the method of delivery differs. Where DLT reduces a legacy risk, for example through shared records, automated reconciliation, deterministic settlement or stronger auditability, the regime should be capable of recognising that risk reduction rather than defaulting to the treatment calibrated for the legacy process.

CryptoUK therefore supports the authorities' principles, subject to a more precise implementation framework. That framework should cover accountable-person trigger criteria, automated ownership-record standards, DLT reliance assessment requirements, a proportionate operational-resilience file, a control/activity taxonomy for DeFi-adjacent infrastructure, same-risk/same-outcome calibration guidance by risk family and a cross-authority review of legal barriers to tokenisation for asset classes where existing legislation is the constraint.

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?**

CryptoUK broadly agrees with the priority areas and long-term ambition identified by the FCA and Bank. The ambition should be assessed by whether tokenised assets

become usable in real markets: issuable, settleable, safeguarded, financeable, interoperable and recognised where appropriate for collateral and prudential purposes. The priority areas should be managed as interdependent workstreams, not separate initiatives, with common standards for tokenisation, interoperability, audit and assurance, and third-party providers. Those standards should be aligned and recognised internationally where possible. Where those priorities depend on specific regulatory blockers, guidance requests or delivery sequencing, those points are addressed in Questions 4 and 7.

Tokenised Collateral
Tokenised collateral should be treated as a priority because it determines whether tokenised assets can be used across wholesale markets rather than remaining standalone products. A tokenised version of an otherwise eligible collateral asset should be capable of equivalent treatment where legal and economic rights are comparable and tokenisation-specific risks are mitigated.

Appropriately regulated stablecoins also have a role in on-chain financing and tokenised real-world asset collateral workflows where prudential, liquidity, redemption, valuation and legal-enforceability risks are addressed. The long-term ambition should therefore be asset-specific collateral pathways rather than a single tokenised-collateral category: tokenised MMFs, tokenised gilts or DIGIT-derived assets, stablecoin-linked collateral workflows and broader money-market instruments should each be assessed against the standards relevant to their legal character and risk.

DIGIT And Tokenised Gilts
DIGIT should be prioritised as reusable infrastructure evidence, not only as an issuance pilot. The first issuance can properly be controlled in scope, but the long-term ambition should be a defined route to permanent tokenised gilt infrastructure that firms can build against. The authorities should explain how DIGIT evidence will feed into DSS progression, the permanent DSD regime, settlement-asset standards, custody and FSCS treatment, and Bank collateral eligibility.

Settlement Modernisation
Settlement architecture should remain a priority because tokenised securities, fund units and collateral will not scale if the cash leg remains disconnected from the asset leg. The long-term ambition should be a coherent settlement pathway in which central bank money remains the anchor for systemic sterling settlement, while RTGS synchronisation, tokenised deposits, regulated stablecoins and any future wholesale CBDC each have a defined role where relevant risk outcomes are met.

Authorised Fund Tokenisation And D2F
Authorised fund tokenisation should be a near-term priority because PS26/7 gives the UK a practical base for DLT fund registers, optional D2F dealing, primary on-chain records and tokenised eligible assets. The long-term ambition should be to move from successful early implementations to a repeatable pathway that firms can build against, rather than requiring each project to be handled through case-by-case supervisory engagement.

Tokenised Money

Tokenised money should remain a priority because it connects settlement, fund tokenisation, collateral, treasury management and market functioning. The long-term ambition should be a regulated architecture in which qualifying stablecoins, tokenised deposits, tokenised MMFs or equivalent money-market instruments, and tokenised gilts or DIGIT-derived safe assets can be available on-chain and used in the workflows for which they are suited, while retaining their distinct legal character. The authorities should focus on the conditions for firms to offer, hold, transfer and convert between these instruments in regulated workflows without collapsing their legal treatment.

SIC Custody And Ownership Records
SIC custody and ownership-record clarity should be treated as an enabling priority. Tokenised securities cannot become widely usable if custody, control, FSCS, CASS treatment and authoritative ownership records remain uncertain. The long-term ambition should be a safeguarding framework for SIC custody preserving CASS 6-equivalent outcomes, targeted DLT overlays and CASS 8 treatment for control or instruction without custody, tested against DIGIT, tokenised fund units, collateral and mixed custody chains. The FCA should resolve this with sufficient lead time before 25 October 2027 to avoid firms investing in system builds that may require significant change if a different ruleset is subsequently applied.

Prudential treatment should remain visible across these priorities. We welcome the PRA's Dear CEO letter confirming that tokenised traditional assets should generally receive equivalent prudential treatment where legal rights are identical and underlying risks are comparable, and note that the domestic framework will depend on the outcome of BCBS decisions. Tokenised assets should not receive favourable capital, liquidity or collateral treatment merely because they are tokenised, but tokenised form alone should not result in worse treatment where legal rights, economic exposure and underlying risks are comparable and tokenisation-specific risks are controlled. CryptoUK therefore encourages the FCA, Bank, PRA and HMT to publish an integrated dependency map across DSS, settlement, collateral, DIGIT, SIC custody, authorised funds, tokenised money and prudential treatment, with anticipated timelines and milestones for each workstream.

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?

Regulation is already enabling some tokenisation pathways through the DSS, PS26/7, the developing stablecoin regime and RTGS synchronisation work. However, it is also preventing or inhibiting tokenisation in specific respects where firms cannot yet identify the permissions, evidence standards or permanent-regime treatment needed for live deployment. For many use cases, significant uncertainty remains around these pathways. For DSS-scope FMI activity in particular, regulation is the route to market: despite 16 firms having passed Gate 1, no live transactions have yet been completed after approximately 18 months of operation. If firms can enter the DSS but cannot progress to live activity against clear standards, the gateway itself can inhibit deployment.

The most helpful changes would convert uncertain or case-by-case treatment into transparent, capability-based pathways:

Policy area	Current blocker	Change requested
DSS and permanent settlement regime	Gate 1 to Gate 2 standards. Commercially meaningful activity limits. Third-party dependencies. Banking/account access. Permanent DSD route.	Publish progression criteria, metrics and feedback timelines. Publish commercially meaningful activity-limit principles and escalation routes. Define the permanent DSD regime by FMI outcomes.
Settlement modernisation	Cash-leg uncertainty across stablecoins, tokenised deposits, RTGS synchronisation, wholesale CBDC and tokenised fund-unit subscription and redemption workflows. RTGS synchronisation unavailable until 2028. Unclear settlement-asset eligibility. Unclear bank/payment-institution processing route. Draft statutory instrument and UK qualifying-stablecoin definition still to be clarified.	Publish settlement-asset standards. Publish stablecoin waiver or modification criteria. Clarify draft statutory instrument and UK qualifying-stablecoin definition. Clarify the bank/payment-institution route for qualifying-stablecoin redemption or conversion into fiat. Publish RTGS synchronisation access, finality, failed-leg, liability and participation criteria. Set out path to longer sterling settlement availability.
Tokenised money	Stablecoin yield/rewards treatment remains unclear. Tokenised MMF access remains underdeveloped. Tax and accounting treatment may prevent routine payment, settlement or treasury use. Regulated payment, settlement, treasury and cash-management functionality remains incomplete.	Assess stablecoin yield/rewards treatment by legal character/risk. Assess tokenised money-market instruments by legal character/risk. Make qualifying tokenised MMFs usable in regulated workflows. Coordinate with HMT/HMRC where tax or accounting treatment could prevent routine stablecoin payment, settlement or treasury use.
Tokenised collateral	Implicit permission is not enough for CCP rulebooks, Bank SMF eligibility, uncleared margin	Publish UK EMIR guidance for CCP collateral and uncleared margin, Bank SMF criteria and common

Policy area	Current blocker	Change requested
	documentation or collateral operations.	evidence expectations, including tokenised MMF treatment.
SIC custody and ownership records	CASS, FSCS, control and authoritative ownership-record uncertainty can make tokenised securities less usable than conventional equivalents.	Establish a SIC custody workstream covering CASS 6-equivalent outcomes, DLT overlays, CASS 8, FSCS, transitional treatment and ownership-record integrity.
Primary issuance and tokenised equities	Tokenised equity, debt and real-asset models raise questions about registers, rights, prospectus/listing routes and title systems. Firms and investors need to distinguish native issuance, digital twins, SPV/proxy structures, contractual claims and synthetic exposure.	Create an HMT/FCA/Bank legal-barrier workstream and early-engagement pathway. Publish a neutral taxonomy and evidence framework explaining legal, custody, counterparty, disclosure and register-synchronisation risks without prescribing one legal analysis for every structure.

DSS And Permanent Settlement Regime

The DSS is valuable, but it needs to become a functional route to live activity and permanent authorisation. Firms that have passed Gate 1 still face dependencies around banking or account access, custody treatment, settlement assets, supervisory feedback, counterparties, commercially meaningful activity limits and smaller-firm funding or participation constraints. The authorities should publish Gate 1 to Gate 2 criteria, target feedback timelines, aggregate progression metrics, common blocker data and escalation routes for third-party dependencies that block DSS deployment, including banking or account access.

The authorities should also clarify the DSS perimeter so it does not become the default route for activity that does not perform CSDR-scope FMI functions. The permanent DSD regime should be based on FMI outcomes such as ownership-record integrity, settlement finality, resilience, governance, auditability, rectification and redress, without requiring every legacy CSD process where equivalent outcomes can be evidenced.

Settlement Modernisation

Settlement remains one of the principal practical constraints on tokenised markets. Tokenised securities and fund units cannot scale if the asset leg can move on DLT but the cash leg depends on narrow settlement hours, unclear settlement-asset eligibility or firm-by-firm supervisory engagement. Central bank money should remain the anchor for systemic sterling settlement, but it is not currently widely available for tokenised transactions, and RTGS synchronisation is not expected until 2028. The regime should therefore avoid treating RTGS synchronisation or future tokenised

central-bank-money arrangements as the near-term answer to every tokenised settlement use case before the infrastructure is available and evidenced.

For fund-unit and tokenised-securities workflows, the FCA and Bank should publish settlement-asset standards and standard waiver or modification criteria for qualifying fiat-backed stablecoins before final stablecoin standards are in force. Those criteria should address finality, failed-leg treatment, operational resilience, redemption, liability allocation and the bank/payment-institution processing route. At present, that processing route is not a functioning pathway for many firms: banks are generally unwilling to process stablecoin-linked settlement flows, and regulated payment institutions do not have a clear route for handling qualifying stablecoin redemption or conversion into fiat. The authorities should therefore consider whether a cheque-clearing-style redemption or conversion model could allow qualifying stablecoin payments to be converted into fiat and credited to customers without creating avoidable dealing, arranging or safeguarding uncertainty. The RTGS synchronisation work should also provide usable access, assurance, finality, failed-leg, liability and participation criteria, with sequencing addressed in the roadmap.

Tokenised Money

The tokenised-money issue is coherence across payment, settlement, treasury and yield-bearing money-market functions. Stablecoins, tokenised deposits, tokenised MMFs and tokenised gilts are legally distinct and should remain so, but DLT reduces the operational separation between settlement, treasury management and yield-bearing exposure. The regulatory objective should not be to select one route to the exclusion of others, but to define the conditions under which each instrument can be used safely for the function it performs.

The authorities should preserve optionality for qualifying stablecoin yield or rewards models and tokenised MMFs or equivalent money-market instruments, each subject to its own legal character and risk controls. If stablecoin yield or rewards are restricted, that restriction should be explained by reference to risk, not product form alone. Tokenised MMFs should also be made practically usable, with clear rules for access, transferability, custody, disclosure, stress controls and redemption-risk management.

Adoption also depends on tax and accounting treatment. If routine stablecoin payment, settlement or treasury use creates disproportionate tax reporting burdens, or if company treatment turns on accounting classification in a way that does not reflect cash-like operational use, regulated firms may avoid otherwise viable tokenised-money workflows. CryptoUK addressed these issues in detail in its response to HMRC's Call for Evidence on the Taxation of Stablecoins. The FCA and Bank should treat this as a delivery dependency for HMT and HMRC coordination rather than as a separate tax-policy question in this response.

Tokenised Collateral

Tokenised collateral also requires explicit guidance. Firms will not build collateral systems, legal opinions, CCP rulebook changes, margin documentation, custody models and default-management processes on inferred permission alone.

The authorities should publish guidance for tokenised collateral under UK EMIR, uncleared margin rules and Bank of England SMF collateral eligibility. The guidance should distinguish asset types rather than treating tokenisation as automatic eligibility or automatic exclusion. Where a tokenised asset represents the same or equivalent legal and economic rights as an eligible conventional asset, it should be capable of equivalent treatment if tokenisation-specific risks are mitigated. Evidence should cover custody and control, settlement finality, valuation, liquidity, haircuts, liquidation, smart-contract assurance, operational continuity, enforceability in default and recovery or rectification. PS26/7 gives a useful starting point for tokenised MMFs in uncleared UK EMIR collateral, but firms still need practical guidance on fund classification, custody, transferability, valuation, haircut treatment, default-management and OTC collateral workflows.

SIC Custody And Ownership Records

Custody and ownership-record uncertainty can prevent tokenised securities from scaling even where issuance, settlement and investor demand exist. The FCA should establish a dedicated SIC custody workstream preserving CASS 6-equivalent outcomes for specified investments, targeted DLT overlays where technology creates additional safeguarding risk, CASS 8 treatment for control-without-custody and CASS 17 only where the activity is genuinely cryptoasset custody.

This should be addressed early enough to guide authorisation and system design. Firms applying for Article 9N authorisation or building custody systems need to know before 25 October 2027 whether the FCA expects CASS 6-equivalent segregation, a safeguarding model for SIC custody or transitional treatment. FSCS should be addressed in the same workstream, limited to specified investments with equivalent custody risk. Digitally native SICs should also have registrar-equivalent ownership-record integrity covering legal recognition, reconciliation, correction, dispute handling and recovery.

Primary Issuance and Tokenised Equities

A neutral tokenisation taxonomy would support those pathways across asset classes. Firms and investors need to distinguish native issuance, digital twins, SPV or proxy structures, contractual claims and synthetic exposure because each model raises different legal, custody, counterparty, disclosure and register-synchronisation risks. The objective should not be for the authorities to prescribe one private-law analysis for every structure, but to give firms a common vocabulary and evidence framework for identifying the risks created by each model.

For primary issuance and tokenised equity models, the central issue is whether existing company-law, listing, prospectus, registrar, CSD/DSD and market-infrastructure rules can support tokenised issuance under English law without weakening the rights attached to the underlying instrument. For equities, company-law requirements may affect whether shares can be issued natively on DLT, who maintains the authoritative register, how shareholder rights are validated and exercised, and how voting, stewardship, disclosure and corporate-action processes operate. Tokenised structures that replicate equity economics should not weaken voting, stewardship, disclosure or issuer-investor rights merely because exposure is tokenised or held through an intermediary, proxy or SPV structure.

CryptoUK would welcome the FCA and Bank of England engaging with HM Treasury, HM Land Registry and other relevant stakeholders to identify where legislative change or cross-authority coordination is needed to enable effective tokenisation. The review should cover equities, real estate and other asset classes where the constraint sits in the legal infrastructure rather than in FCA or Bank rules alone. For registered-title assets, the issue is whether existing title systems can recognise or interact with tokenised records in a legally effective way. This would also allow the UK to assess whether reforms comparable to those already taken in other jurisdictions are needed.

Where a tokenisation service provider acts for an issuer and performs functions material to legal title, ownership recording, settlement or investor rights, any regulatory expectations should attach to the function and risk it performs. Purely technical infrastructure providers should not be brought into the perimeter by label alone.

Across these areas, the priority is to convert uncertainty into transparent, capability-based pathways. The FCA, Bank, PRA, HMT and relevant public bodies should publish the evidence standards, waiver or modification criteria, guidance and cross-authority workstreams needed for firms to move from case-by-case engagement to live regulated deployment.

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

Interoperability is most important where fragmentation would prevent tokenisation from producing real market utility: between tokenised and non-tokenised versions of the same asset, between tokenised infrastructures, between securities and settlement ledgers, between custody and control models, between different forms of tokenised money, and between UK and international regimes. Technical standards alone are insufficient; tokenised securities will still fragment unless legal title, settlement finality, insolvency treatment, custody, collateral, prudential treatment, tax, reporting and regulatory recognition also interoperate across platforms and jurisdictions.

Interoperability
The authorities should develop open, internationally aligned and outcome-based standards across tokenised-securities market infrastructure. These should cover authoritative records, legal finality, DvP and PvP, settlement assets, custody and control, collateral eligibility, asset identifiers, token metadata, lifecycle events, smart-contract assurance, audit and assurance evidence, reporting, supervisory data and third-party standards, without selecting a single chain, protocol, vendor or incumbent operating model.

Market integrity should be built into the same roadmap. Surveillance and information-sharing standards need to follow activity across on-chain and off-chain venues, reference markets, collateral flows, settlement assets and valuation inputs. This is particularly important where tokenised assets can trade continuously but underlying markets, valuation processes or settlement systems operate on different schedules, creating cross-market and cross-platform manipulation risks that existing frameworks may not adequately capture.

Settlement Modernisation
Settlement interoperability is central to the market utility of tokenised securities. Tokenised markets need reliable connections between DSDs and CSDs, securities and cash ledgers, RTGS and synchronisation operators, tokenised deposits, regulated stablecoins, central bank money, any future wholesale CBDC, tokenised MMFs and foreign payment systems. The UK should use work such as Project Meridian, Meridian FX APAC and Project Agorá to develop standards for DvP, PvP, finality, failed-leg treatment, liability allocation and foreign payment-system connectivity. Where infrastructure is immature, the response should be published criteria, testing and transition, rather than permanent exclusion.

SIC Custody And Ownership Records
Custody interoperability determines whether tokenised securities can be held and used across mixed chains involving CSDs, DSDs, custodians, issuer records, smart contracts and investor wallets. Relevant standards should cover CASS 6-equivalent outcomes, targeted DLT overlays, CASS 8 control-without-custody, FSCS consistency where custody risk is equivalent, registrar-equivalent ownership-record integrity, recovery, rectification and use in repo, securities lending, collateral and settlement workflows.

Tokenised Collateral
Collateral interoperability is also essential. A tokenised asset will have limited institutional value if it cannot be valued, controlled, pledged, substituted, liquidated and recognised across CCPs, Bank SMF operations, uncleared OTC margin, repo, securities lending and other securities financing transactions, triparty arrangements, custodians and settlement systems. Standards should cover eligibility, valuation, haircuts, concentration limits, legal title, enforceability, control, finality, resilience and liquidation mechanics across tokenised and conventional systems, with additional controls where equivalence between tokenised and conventional forms is imperfect.

DIGIT And Tokenised Gilts
DIGIT should serve as an interoperability test for tokenised sovereign debt alongside its role as an issuance pilot. The key question is whether tokenised gilt infrastructure can connect to cash settlement, custody, collateral, lifecycle servicing, secondary-market transfer, conventional gilt markets and future DSD or accountable settlement infrastructure. The authorities should publish reusable DIGIT lessons where confidentiality permits.

Domestic and international initiatives should inform the UK roadmap without becoming mandatory templates, and regulatory interoperability should be treated as market infrastructure. Domestically, the DSS and permanent DSD regime, RTGS synchronisation work, DIGIT, PS26/7 authorised fund tokenisation, the stablecoin regime and the SIC custody workstream should produce reusable interoperability evidence and standards rather than isolated permissions. Internationally, the UK should explain how work such as IOSCO, FSB, PFMI, Project Guardian, Global Layer One, Project Agorá, Project Meridian, the EU DLT Pilot Regime and comparable Swiss and Luxembourg approaches shape domestic criteria, and where divergence is justified. Equivalence, mutual recognition and MoUs are practical tools for preventing duplicated compliance builds and fragmented liquidity, provided recognition remains outcome-based across legal title, finality, custody,

market integrity, financial crime, prudential treatment and supervision. The long-term success of tokenised markets will depend on the ability of firms to operate across jurisdictions through equivalent, mutually recognised or otherwise interoperable regulatory regimes.

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 depositary 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.**

Safeguarding requirements for specified investment cryptoassets (SICs) should follow the legal and economic substance of the asset and the role performed by the firm. A tokenised or digitally native security remains a specified investment. DLT representation should not, by itself, move clients into a weaker safeguarding, fungibility or compensation outcome than would apply to the same security in traditional form. Where DLT creates additional safeguarding risks, those risks should be addressed through targeted operational overlays rather than by mechanically applying the whole cryptoasset custody framework to every SIC.

SIC Custody And Ownership Records
CryptoUK supports a safeguarding model for SIC custody built around CASS 6-equivalent outcomes for specified investments, targeted DLT safeguards where technology creates additional risk, CASS 8 treatment for control-without-custody arrangements, and CASS 17 only where the activity is genuinely cryptoasset custody.

Arrangement	Core treatment	Overlay or boundary
Tokenised traditional SIC held in custody	CASS 6-equivalent safeguarding outcome	On-chain reconciliation, key and control governance, transfer-finality and recovery procedures where relevant
Digitally native SIC held in custody	CASS 6-equivalent specified-investment outcome	Registrar-equivalent ownership-record integrity plus targeted DLT operational safeguards
SIC control-without-custody	CASS 8 mandate treatment	Permission logging, revocation, incident controls, control mapping and liability allocation

Arrangement	Core treatment	Overlay or boundary
Blockchain-native non-security cryptoasset	CASS 17	Full cryptoasset safeguarding framework
Client-lent or title-transfer arrangements	Outside ordinary custody trust treatment	Clear client consent, disclosure and treatment under securities lending, repo or other SFT rules

This architecture preserves the value of CASS 17's crypto-specific safeguards without applying CASS 17 by default to assets that are specified investments in substance. CASS 17-style controls for private keys, wallet governance, smart contracts, reconciliation and recovery can be useful as an overlay. The governing question should remain whether the asset is a specified investment and what safeguarding, control or mandate role the firm actually performs.

Members have emphasised that segregation of client assets from firm assets should remain the starting point for SIC custody. The uncertainty is not whether client assets should be protected but how the FCA expects firms to evidence equivalent protection where the ownership record, transfer control or recovery mechanism is implemented through DLT. Firms applying for authorisation under Article 9N are currently being assessed against CASS 6, but the FCA has indicated that a different framework may follow. This creates a situation where firms may either delay investment in system builds or invest against requirements that subsequently change, a concern that becomes acute as the 25 October 2027 go-live date approaches.

Digitally native SICs require particular attention because there may be no traditional registrar, CSD or DSD standing between the issuer and the ledger. Equivalent specified-investment treatment should remain available where equivalent legal and operational functions can be evidenced, provided the framework requires registrar-equivalent ownership-record integrity. The regime should specify which record is authoritative for legal title, how that record is legally recognised, when settlement is final, how client records reconcile with the asset record, who is accountable for record integrity and continuity, how errors are corrected, and how lost keys, fraud, sanctions, insolvency, court orders and disputed transfers are handled.

The ownership-record function can be performed by different models: an issuer, appointed registrar agent, DSD, tokenisation service provider, smart-contract framework or other accountable arrangement. The regulatory objective is legal-record integrity and enforceability, not a mandated technical design. Controls such as freezing, forced transfer, burn-and-reissue or administrative rectification may be appropriate in some designs, but the rules should define the required outcome and governance standards rather than prescribe a single mechanism.

The targeted DLT overlay should be evidence-based and technology-neutral. Firms should maintain control maps showing who can initiate, approve, block, freeze,

upgrade, burn, reissue or reverse assets; whether any party has unilateral control; which parties hold key shares or signing authority; what quorum is required; how authority is changed or revoked; and how compromise, loss or unauthorised transfer is remediated. Rather than mandating HSM, multi-sig, MPC or any single custody architecture, the FCA should require evidence that the chosen architecture preserves client-asset protection, accountability, auditability, operational resilience and recoverability.

CASS 8 should remain available where a firm controls, instructs or can influence movement of a SIC but does not hold the asset and the client retains legal and beneficial title. A control-only arrangement should not be reclassified as full custody merely because control is implemented through private keys, smart-contract permissions or wallet architecture. CASS 8 treatment should be supported by crypto-specific safeguards: clear mandate terms, limits on the firm's authority, revocation or modification procedures where technically possible, logging of instructions and approvals, controls against unilateral expansion of permissions, incident reporting and liability allocation for misuse of control rights.

Where a firm actually holds client SICs, or has unilateral transfer control and is the client-facing custodian, it should be accountable for safeguarding even if it uses sub-custodians or other third-party infrastructure. A sub-custodian or outsourced provider that actually holds assets or has unilateral transfer control should be treated according to that safeguarding function; a firm that only provides key-management infrastructure, holds a non-controlling key share or provides technical services without holding assets or determining legal title should not automatically be treated as a custodian. The boundary should be functional: who holds the asset, who can transfer it, who owes duties to the client, who maintains the legal ownership record, and who is responsible if something goes wrong.

FSCS treatment should be resolved as part of the SIC custody workstream. The ask is limited to specified investments and equivalent custody risk. A tokenised gilt, bond, equity or fund unit should not lose equivalent compensation protection solely because the ownership record or transfer mechanism uses DLT. Treating tokenised and non-tokenised forms of the same instrument differently for FSCS purposes could distort adoption of tokenisation in UK capital markets and is particularly problematic as firms transition towards models where digital and traditional custody are increasingly integrated. Where the FCA considers different FSCS treatment necessary, it should identify the specific additional risk and explain why targeted safeguards cannot address it.

The framework should also preserve market use. Tokenised securities should remain capable of use in settlement, collateral, repo, securities lending, securities financing transactions, fund investment and mixed custody chains where equivalent traditional securities can be used. A custody framework that makes a tokenised gilt, tokenised fund unit or other SIC materially less financeable, transferable or interoperable than its conventional equivalent would undermine the market-utility case for tokenisation.

The FCA should therefore establish a dedicated SIC custody workstream with defined milestones. It should confirm interim CASS 6-equivalent authorisation treatment where SIC substance is equivalent to a traditional specified investment, publish transitional treatment for firms applying under Article 9N or building custody

systems, consult on a safeguarding framework for SIC custody, include FSCS in that workstream, clarify CASS 8 control-without-custody treatment, define ownership-record integrity standards for digitally native SICs, and test the framework against DIGIT, tokenised gilts, tokenised fund units, collateral, SFTs and mixed traditional/tokenised custody chains. Given the 25 October 2027 go-live date, firms need sufficient certainty on the applicable rules in good time to avoid unnecessary system rebuilds or delayed authorisation applications.

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?

CryptoUK agrees with the direction of the proposed roadmap. To support firm planning and investment, the final strategic roadmap should give greater visibility on deliverables, owners, evidence requirements, feedback loops and dependencies, including how pilots become permanent infrastructure and how sandbox evidence becomes authorisation criteria. In particular, CryptoUK would welcome: further engagement with HMT and relevant stakeholders to remove legal and operational barriers to tokenisation across all asset classes; guidance on common standards that firms should apply in relation to tokenisation and related activities; and prioritisation of rules applicable to safeguarding SICs.

The roadmap should distinguish near-term clarification from medium-term infrastructure build-out and longer-term permanent-regime integration:

Timing	Priority deliverables
2026	DSS progression criteria and dashboard; Stablecoin settlement modification or waiver criteria; Settlement-asset standards; Bank/payment-institution processing route for qualifying stablecoin settlement; Tokenised collateral guidance for UK EMIR and uncleared margin; SIC custody workstream; Tokenisation taxonomy; Common standards for tokenisation, interoperability, audit/assurance and third-party providers; HMT legal-barrier review.
2027	RTGS synchronisation design detail; Tokenised central-bank-money assessment; Wholesale CBDC decision criteria; Bank SMF tokenised collateral criteria; DIGIT post-pilot lessons and reusable standards; Permanent DSS/DSD consultation; Stablecoin regime finalisation, coordinated with tokenised fund and DSS settlement use cases; SIC custody consultation and transitional treatment; Tokenised-securities interoperability roadmap.
2028	RTGS synchronisation delivery; Integration with the permanent settlement regime; Expanded collateral eligibility pathways;

Timing	Priority deliverables
	Settlement-hours progression; Cross-border interoperability and recognition routes; Permanent tokenised primary-issuance pathways; Evidence-based pathways for public, hybrid and automated infrastructure.

DSS And Permanent Settlement Regime

The DSS should be measured by progression and learning, not admission alone. The roadmap should include Gate 1 to Gate 2 criteria, target feedback timelines, gateway progression metrics, common blocker data (including banking/account-access dependencies), commercially meaningful activity-limit principles, escalation routes for third-party dependencies and explicit attention to smaller-firm participation and funding constraints.

The permanent DSS/DSD workstream should explain how successful sandbox activity and evidence become permanent authorisation criteria, waiver or modification criteria, rule changes or permanent-regime design. The permanent regime should be based on FMI outcomes, including ownership-record integrity, settlement finality, resilience, auditability, governance, rectification and redress, without requiring every legacy CSD method where equivalent outcomes can be evidenced.

Settlement Modernisation

The settlement roadmap should include dated deliverables for RTGS synchronisation, tokenised deposits, regulated stablecoins, wholesale CBDC assessment and settlement-hours reform. These settlement deliverables should also cover tokenised fund-unit subscription and redemption workflows where PS26/7-authorised fund tokenisation depends on a connected cash leg. The 2027 RTGS synchronisation work should set out access, assurance, finality, failed-leg, liability and participation criteria, including for non-bank or crypto-native firms where appropriate. The 2027 tokenised central-bank-money assessment should explain which problems are expected to be solved by RTGS synchronisation, tokenised deposits, regulated stablecoins or wholesale CBDC respectively, and how those routes fit together. The bank/payment-institution processing route for qualifying stablecoin settlement should be included in the same roadmap.

Tokenised Collateral

Tokenised collateral should have dated deliverables. In 2026, the authorities should publish UK EMIR guidance for CCP collateral and uncleared margin, including initial asset-type pathways and the treatment of tokenised MMFs against existing UCITS-eligibility requirements. In 2027, the Bank should publish Bank of England SMF collateral eligibility criteria for tokenised assets, including how DIGIT and tokenised gilts can evidence legal title, settlement finality, custody and control, valuation, haircuts, liquidity, ledger connectivity and resilience. In 2028, collateral work should connect to RTGS synchronisation, the permanent DSS/DSD regime and expanded asset-specific eligibility pathways.

Collateral eligibility should be neither automatic nor excluded by tokenised form alone. The roadmap should show how tokenised assets can qualify where legal and economic rights are comparable and tokenisation-specific risks are mitigated,

including tokenised MMF collateral workflows for uncleared UK EMIR and OTC collateral treatment and the treatment of broader money-market instruments where relevant. It should also clarify whether and on what terms appropriately regulated stablecoins could be used in on-chain financing or collateral workflows.

DIGIT And Tokenised Gilts
DIGIT should have a clear route from pilot to reusable standards. The roadmap should explain what the pilot is intended to prove, how evidence will be used, and how lessons on cash settlement, custody, FSCS, provider criteria, collateral eligibility, lifecycle servicing, secondary-market transfer, interoperability with conventional gilt markets and DSS permissions will feed into permanent DSD or accountable settlement infrastructure.

The roadmap should preserve optionality for permanent tokenised gilt infrastructure by defining required capabilities rather than hard-coding one platform, provider model, settlement architecture or network type without evidence.

SIC Custody And Ownership Records
SIC custody needs a defined timetable. The FCA should confirm interim CASS 6-equivalent authorisation treatment where a SIC is equivalent in substance to a traditional specified investment, establish a SIC custody workstream in 2026, and consult on a safeguarding framework for SIC custody in 2027. That workstream should include FSCS, CASS 8, ownership-record integrity, targeted DLT overlays, mixed custody chains and transitional treatment, with the applicable rules confirmed in good time before 25 October 2027.

Accountability, Operational Resilience and Financial Stability
The roadmap should also connect settlement-hours progression to market-integrity, valuation and collateral-management expectations for tokenised assets that may trade continuously while reference markets, collateral processes or settlement infrastructure operate on more limited schedules. By 2028, the authorities should identify evidence-based pathways for public, hybrid and automated infrastructure where required outcomes are met.

Interoperability
The roadmap should include a tokenised-securities interoperability workstream covering technical standards, authoritative records, legal finality, DvP and PvP, settlement assets, custody and control, collateral eligibility, asset identifiers, token metadata, lifecycle events, smart-contract assurance, reporting, supervisory data, audit and assurance, third-party standards and cross-border recognition. It should also address interoperability between different forms of tokenised money without treating them as legally identical.

Across all workstreams, the roadmap should assign an owner, timing, dependencies, evidence template and feedback mechanism. The authorities should publish lessons from pilots and early engagement where confidentiality permits, convert successful evidence into guidance, waiver criteria, rule changes or authorisation standards, and ensure that common standards are aligned and recognised internationally where possible.

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?**

CryptoUK would welcome early engagement on product pathways that combine tokenised securities, cash settlement, collateral, custody and interoperability. Engagement should be transparent and repeatable, so firms understand the evidence expected, the authorities involved and the route by which successful pilots become guidance, waiver criteria or rule changes.

Primary Issuance And Tokenised Equities
Early engagement should also cover tokenised primary issuance and tokenised equities: how rights attach to the token, which record is authoritative, how voting and stewardship work, who is accountable for register integrity, and how prospectus, listing, disclosure and investor-communication requirements apply. Where voting or corporate-action processes are delivered digitally or through smart contracts, early engagement should test how those processes are made legally effective, auditable and compatible with existing proxy and corporate-action arrangements. This should include a measured review of fractionalised tokenised interests near the boundary between securities, funds/CIS, contractual claims and synthetic exposure.

Settlement Modernisation
Stablecoin settlement pilots should be used as an early-engagement pathway for qualifying fiat-backed stablecoins in subscriptions, redemptions, fees, operational settlement and delivery-versus-payment workflows before final stablecoin standards are in force. Those pilots should test the evidence needed for settlement-finality treatment, waiver or modification criteria, bank and payment-institution processing, and redemption or conversion into fiat, including the cheque-clearing-style model discussed in response to Question 4. Broader sequencing between regulated stablecoins, tokenised deposits, RTGS synchronisation and any future wholesale CBDC is addressed in response to Question 7.

Tokenised Money
Early engagement should test how firms can offer access to different tokenised-money instruments in a single regulated workflow: qualifying stablecoins or tokenised deposits for payment and settlement, tokenised MMFs for yield-bearing treasury functionality, and tokenised gilts for safe-asset exposure or collateral mobility. The objective should be interoperability and clear product selection, not treating the instruments as legally interchangeable.

DIGIT And Tokenised Gilts
DIGIT-related products should be another priority. A usable tokenised gilt or DIGIT-like instrument could support custody, repo, securities lending, collateral mobility, secondary-market transfer, fund products, treasury management, settlement, analytics, audit, reconciliation and reporting tools. Early engagement should identify legal status, custody, FSCS, collateral, cash-settlement, tax, prudential, provider and reporting treatment, and the route for firms outside the first pilot perimeter to qualify over time.

Tokenised Collateral

Tokenised collateral workflows should be tested with CCPs, custodians, triparty agents, funds, banks, DSDs, repo and securities lending participants, other securities financing counterparties and OTC counterparties. Useful pathways include collateral mobility tools, tokenised MMF and gilt collateral workflows, intraday substitution, automated eligibility checks, valuation and haircut controls, and default-management processes. These pilots should produce evidence templates for legal title, enforceability in default, custody and control, settlement finality, valuation, liquidity, haircut methodology, smart-contract assurance, operational continuity, recovery or rectification and liquidation mechanics.

Interoperability
Settlement and interoperability services should have an early-engagement route where they connect DSDs, CSDs, custodians, trading venues, payment providers, tokenised deposits, regulated stablecoins, RTGS synchronisation, foreign payment systems and conventional infrastructure. Pilots could test DvP and PvP, cross-ledger messaging, settlement-asset convertibility, asset identifiers, token metadata, smart-contract assurance, supervisory data, lifecycle reporting and cross-border recognition, with lessons mapped to the broader interoperability roadmap.

Early engagement should create a repeatable route for firms to test controlled pathways and for authorities to convert evidence into standards. CryptoUK encourages a single tokenised-product evidence template, a cross-authority escalation route, standard stablecoin settlement waiver or modification criteria, and a process for publishing anonymised pilot lessons.

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