
EACH Response: Financial Conduct Authority & Bank of England Joint Vision – Tokenisation for UK Wholesale Markets

July 2026

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Introduction

The European Association of CCP Clearing Houses (EACH) represents the interests of Central Counterparties (CCPs) in Europe since 1992. CCPs are financial market infrastructures that significantly contribute to safer, more efficient and transparent global financial markets. EACH currently has 19 members from 14 different European countries. EACH is registered in the European Union Transparency Register with number 36897011311-96.

EACH appreciates the opportunity to respond to the Financial Conduct Authority and Bank of England's call for input. We consider this initiative both timely and important in supporting the safe and effective adoption of tokenisation across the UK financial system. For CCPs, these developments could:

- Enhance the operational efficiency of collateral and cash management
- Improve the speed and flexibility of cross-border collateral transfers
- Support more efficient settlement through the availability of digital cash and, where appropriate, wholesale central bank digital currencies.

We also believe that this technological innovation will complement the existing core functions of central clearing. The benefits of multilateral netting, centralised risk management and robust market infrastructure remain fundamental irrespective of the underlying technology.

EACH also believes that the regulatory framework should remain technology-neutral and risk-based. Where tokenised assets confer the same legal rights and present the same risks as their conventional equivalents, they should receive the same prudential and regulatory treatment. This principle should apply equally to tokenised representations of existing assets and, where appropriate, digitally native assets. In parallel, authorities should continue to explore whether additional forms of tokenised collateral, including appropriately regulated stablecoins, could become eligible without compromising existing risk management standards.

Finally, EACH considers interoperability to be a key enabler of successful tokenisation. Given the cross-border nature of wholesale financial markets, we believe that UK initiatives should seek to remain interoperable with EU and international tokenisation ecosystems. In particular, EACH would welcome continued coordination with initiatives such as the European Central Bank's Appia programme and the Bank for International Settlements Project Agorá, helping to ensure that emerging tokenised market infrastructures can operate seamlessly across jurisdictions, avoid fragmentation and support efficient cross-border clearing, settlement and collateral management.

1. 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?

EACH believes that the joint work by the FCA and the Bank is both important and timely. As set out in the call for input, there are clear benefits to tokenisation and coordinated action by the UK authorities can support the UK financial system to reap these benefits.

The benefits will accrue across the financial system and the trade lifecycle. Where CCPs and clearing is concerned, we see the following benefits:

- **Greater collateral mobility:** DLT may prove particularly useful in enabling more timely and more flexible collateral transfers as margin is able to move in near real-time at any hour without the friction of overnight settlement cycles.¹ This would allow CCPs to manage liquidity more efficiently, **ensuring that collateral is available precisely and only where and when it is needed and support markets that are increasingly trading 24/7.** This would in turn enable CCPs and clearing members to respond even more swiftly to geopolitical events in different jurisdictions and time zones, thereby enhancing their ability to maintain market stability and mitigate risks. Additionally, clearing members of CCPs as well as their clients could manage the delivery and withdrawal of their collateral at the CCP more efficiently. On a technical level, **DLT has the potential to streamline cross-border collateral transfers across different jurisdictions in a cost-efficient way.**
- **Streamlining payments:** As the consultation recognises, DLT and digital cash will support increases in efficiencies for settlement as well as cash payments at CCPs. Availability of wholesale CBDC and/ or settlement on DLT in central bank money further supports CCPs in extending digital services to their clients.
- **Digital asset infrastructure:** Atomic and near-instantaneous settlement should deliver 24/7 trading and settlement operations and will drive the parallel development of round-the-clock central clearing capabilities. A digital asset infrastructure reflecting this has the capability to:
 - Reduce funding costs for clearing members;
 - Automate reconciliation;
 - Automate/real-time margin calculation and collateral optimisation through smart contracts; and
 - Permit reallocation of collateral more quickly as interoperable settlement infrastructure across different currency accounts can reduce currency conversion lags.

¹https://www.eurex.com/resource/blob/4304182/afad77fd7010811b4d9e86f4b7027f18/data/whitepaper_the-role-of-central-counterparties-in-a-dlt-environment.pdf

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We also believe that the above technological strengths complement the core function of central clearing, in particular the liquidity, risk and operational benefits provided by multilateral netting and central risk management.²

Regarding regulatory treatment, EACH supports the view of the Bank of England and the FCA that **the same risk should mean the same regulatory treatment**. Where assets are already accepted as collateral in “untokenised” form, the tokenised version should also be acceptable provided that the risks are the same. This overarching principle should apply to both “digital twins” and digitally native assets.

Tokenisation should not be used to bypass standards on settlement finality, custody, collateral eligibility, prudential treatment, operational resilience or CCP risk management. An outcome-based approach focused on legal rights, economic exposure and risk outcomes will best support interoperability of real world and tokenised assets and avoid liquidity fragmentation.

In addition, we would welcome further work to review the eligibility as collateral of assets that are not currently accepted as collateral, such as stablecoins, provided that this does not lead to a lowering of regulatory standards.

2) 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?

EACH generally agrees with the vision and regulatory principles set out and emphasise that the introduction of new and more efficient technology should not result in the lowering of standards.

3) 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?

Tokenisation can introduce legal uncertainty into transactions depending on how DLT is being used: the most immediate areas of ambiguity relate to title, possession and control of an asset. This is apparent across different existing regulations such as Settlement Finality Regulations (“SFR”) and Financial Collateral Arrangement Regulations (“FCAR”) that underpin trading, clearing and settlement infrastructure. EACH urges the authorities to prioritise modernising these files to support adoption of tokenised financial instruments in the ecosystem.³⁴

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

International coordination and interoperability should be clearly stated as a guiding principle to help firms scale, as new and existing infrastructure will operate in a hybrid environment for

² <https://eachccp.eu/wp-content/uploads/2023/03/Decentralized-Clearing-An-Assessment-of-the-impact-of-DLTs-on-CCPs-February-2023.pdf>

³ <https://www.legislation.gov.uk/ukxi/1999/2979/contents>

⁴ <https://www.legislation.gov.uk/ukxi/2003/3226/body/made>

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at least the foreseeable future, here DLT-based and traditional infrastructures (such as EU RTGS, T2, T2S and UK RTGS) need to coexist seamlessly without fragmenting liquidity or undermining existing settlement finality, collateral and CCP risk management standards. Indeed, for CCPs with multi-currency books, compatibility between UK RTGS, ECB TARGET and FED RTGS is really important and will be essential for any cross-border settlement. Strong interoperability across platforms, currencies and borders is essential to avoid fragmentation, duplicative liquidity needs and operational friction as well as foster innovation and scalability.

5) How should safeguarding requirements for SICs be designed to deliver adequate client asset protection, while remaining proportionate, technology-agnostic and supportive of market development?

No EACH answer

6) 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 agree with the roadmap and next steps, in particular the timeline for publishing policy considerations on tokenised collateral in the second half of 2026, as this will provide regulatory clarity to the industry.

7) 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?

No EACH answer

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