

Dubai Financial Services Authority

# Scaling Tokenisation: The Road Ahead

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DFSA.AE

# Disclaimer

This publication was commissioned by the Dubai Financial Services Authority (DFSA) to Ashbury Communications. It brings together perspectives from industry contributors interviewed for the report and publicly available regulatory, industry, and market research.

It is intended to share observations, identify recurring themes, and highlight practical questions for regulators, policymakers, financial institutions, market infrastructure providers, technology firms, investors, and other participants in the tokenisation ecosystem.

This publication is not a consultation paper, statement of regulatory policy, supervisory expectation, legal interpretation, guidance, or commitment regarding future regulatory action. Where this publication discusses the DFSA's experience, observations, priorities, market engagement activities, areas of continuing focus, or participation in industry initiatives, such references are provided for informational purposes only.

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Tokenisation and digital asset markets continue to evolve. Unless another reference date is specified, the information and observations in this publication reflect information available as at 25 October 2026 and may be affected by subsequent market, legal, regulatory, or technological developments. The DFSA is not obliged to update the publication to reflect subsequent developments.



# About This Publication

This publication brings together perspectives and insights from leading practitioners across the financial services ecosystem. It considers tokenisation at an important point of transition from experimentation towards practical use across financial products and market infrastructure, including how tokenised financial assets and related market infrastructure can develop and scale responsibly.

In this context, responsible innovation means supporting the development and adoption of new and evolving products, services, and business models while allowing associated risks to be appropriately identified and managed, consistent with market integrity, financial stability, and investor protection. The publication examines several conditions relevant to the development of tokenised markets, including custody, settlement assets, interoperability, legal certainty, regulatory coordination, and commercial viability.

The publication does not seek to predict a single path for tokenisation or prescribe a particular technological, regulatory, or commercial outcome. Instead, it presents a range of market perspectives, identifies areas of broad agreement and differing views, and highlights questions that will require continued discussion across the public and private sectors.

# Methodology

This publication draws on structured interviews with the contributors listed on page 05 and publicly available regulatory, industry, and market research. The contributors were selected to provide perspectives from across the tokenisation ecosystem, including asset management, banking, payments, market infrastructure, technology, legal and regulatory practice, and risk management.

These sources have been brought together to identify recurring themes and areas of broad agreement, and to show where market views or potential development paths differ. Views attributed to contributors reflect their individual perspectives and do not necessarily represent the views of the DFSA. Market estimates and forecasts illustrate the range of expectations for the development of tokenised markets and may differ in scope, definitions, methodology, and cut-off date. The publication is qualitative and forward-looking; it is not a comprehensive empirical study and does not suggest that the observations presented are representative of the market as a whole.

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# Foreword

Across major international financial centres, attention is turning to the same question: **what will it take to move real financial assets, both safely and at scale, onto shared digital infrastructure?**



**Tokenisation is the process of representing financial or physical assets using programmable infrastructure based on distributed ledger technology (DLT). Tokenised products and infrastructure are moving beyond experimentation. Adoption, though, is concentrated in specific asset classes and use cases.**

Legal and regulatory frameworks are evolving. Yet, there is some fragmentation across markets. International cooperation, regulatory dialogue, and the development of common legal, operational, and technical standards will therefore play an important role in enabling tokenised markets to develop more broadly and at scale across borders.

The focus is shifting from whether tokenisation can work to how it will work and what needs to change in today's markets.

The Dubai Financial Services Authority (DFSA) commissioned this white paper to bring together insights and perspectives shared by industry contributors interviewed for the report. The white paper considers the conditions that may support the responsible scaling of tokenised financial assets and related market infrastructure, including within Dubai International Financial Centre (DIFC).

In the context of digital assets and tokenisation, this means seeking consistent regulatory outcomes where activities and products present similar risks, while recognising additional risks arising from new technologies and operating models.

What stands out from the work reflected in this report is that technology alone will not determine the future of tokenisation. Success will depend not only on technology, but also on trusted market infrastructure, effective governance and risk management, legal and regulatory certainty, interoperability, commercial viability, and cooperation across the public and private sectors.

I would like to thank our external contributors and colleagues across the DFSA for the insights and expertise they have brought to this report.

The DFSA will continue to work with participants across the financial services ecosystem to support the responsible development of tokenised financial markets.

**Mark Steward**
Chief Executive, DFSA

# Contributors



















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Tony Ashraf is responsible for scaling the firm's regional operating platform and leading its digital assets strategy, partnerships, and engagement. In digital assets, Tony leads initiatives spanning tokenisation, market infrastructure, stablecoins and institutional blockchain adoption, working with clients, regulators, and industry partners to explore new opportunities across capital markets and investment products. Tony brings more than two decades of experience across strategy, technology, operations, and client service, with leadership experience across the UK, Europe, Asia, and the Middle East.

**2. Coy Garrison**
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Coy Garrison advises on the legal and regulatory issues raised by cryptocurrencies, tokenisation, and blockchain technology. He spent more than eight years as counsel at the US Securities and Exchange Commission, and has practised at Steptoe & Johnson.

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Reece Merrick leads Ripple's regional business and strategy from its Dubai headquarters, covering cross-border payments, digital assets infrastructure, and large-scale institutional adoption. He has worked in fintech and payments for almost 20 years, and previously served as Ripple's Senior Director of Global Strategic Partners.

**4. René Michau**
Global Head, Digital Asset Advisory
Standard Chartered

René Michau leads the group's engagement across digital asset markets, tokenisation, stablecoins, digital asset banking, trading, and custody. He works closely with regulators, central banks, and industry leaders to shape the future of digital finance, and co-chairs the Institute of International Finance's Digital Assets Forum while serving on the CFTC Global Markets Advisory Committee's Digital Asset Markets Subcommittee.

**5. Henson Orser**
Founder and Chief Executive
Soter Insure

Henson Orser founded Soter Insure in 2024 to provide specialised insurance for the digital asset economy. Headquartered in Abu Dhabi, the firm recently completed a Series B funding round with support from Galaxy Digital, Coinbase Ventures, Franklin Templeton, Brevan Howard Digital and others. He previously served as CEO of the Virtual Asset Regulatory Authority in Dubai. Prior to that he was President and Acting CEO of Komainu, an institutional grade custodian for digital assets, and earlier worked in global markets at Nomura and RBS.

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Herman Schueller oversees the DFSA's supervision of fintech firms, including money services, crowdfunding, and digital assets, as well as cybersecurity and technology risk across all authorised firms. He previously led digital transformation at the Central Bank of the UAE.

# Executive Summary

**Tokenisation is reaching an important inflection point. A growing number of financial products and market infrastructure applications are moving into live use, while adoption is concentrated in particular asset classes and use cases. The question is shifting from whether tokenisation works to the practical conditions required for connected, trusted, and commercially viable markets to develop. Drawing on perspectives from leading market practitioners, this white paper highlights the following themes for discussion:**

## 1

### Network effects are bringing significant benefits within reach

The next phase of tokenisation will depend less on the technical feasibility of individual products and more on whether issuers, investors, intermediaries, infrastructure providers, technology firms, and settlement asset providers can connect across a wider ecosystem. Views differ on the pace and shape of that transition, but market attention is increasingly shifting from standalone use cases towards network-level initiatives and the market infrastructure and participation required to support them.

## 2

### Cross-border coordination and common standards will be key enablers

Tokenised markets have the potential to support activity across borders and time zones. Market participants therefore place significant weight on legal, operational, and technical standards that support connectivity across platforms and jurisdictions.

Detailed regulatory harmonisation may not be realistic in the near term, but greater consistency can reduce fragmentation and provide clearer conditions for investment and participation. This is particularly relevant to internationally connected financial centres such as DIFC, which can convene firms, investors, infrastructure providers, regulators, and standard-setters around shared practical questions.

## 3

### Custody is key to overcoming concerns around safety and security

Issuers and institutional investors are unlikely to deploy tokenisation at scale until they are confident that the associated risks can be appropriately managed. For many institutions, self-custody is unlikely to provide the governance, control, and assurance required for regulated activity. The recent growth of regulated exchange-traded funds with exposure to digital assets has underlined the appeal of tried-and-tested infrastructure among institutional investors looking to diversify into digital assets.

Market participants highlighted persistent concerns about bad actors and weaknesses in the bridges linking blockchains, smart contracts, and decentralised finance (DeFi) protocols.

Regulated custody does not remove those protocol-level risks, but it can help institutions manage their exposure. As more institutions invest in safekeeping and post-trade processing for tokenised assets, institutional investors may gain access to stronger risk management tools, including segregated holdings, professional key management, and better access to appropriately vetted venues and instruments rather than open protocols.



## 4

## Access to digital cash is a priority

Having a widely accepted and trusted form of digital cash on-chain is an important prerequisite for tokenisation to deliver benefits, such as simultaneous settlement where appropriate for institutional participants – for example, to allow them to trade safely during times of uncertainty without waiting for traditional exchange operating hours. An important question is what form this digital cash will ultimately take. Potential settlement models include regulated stablecoins, tokenised commercial bank deposits, and wholesale central bank money.

Many market participants believe that US dollar stablecoins have established themselves as an important component of the digital asset ecosystem. Some also expect their use to increase in jurisdictions experiencing high inflation or exchange-rate instability, although the pace and implications of wider adoption remain uncertain.

Stablecoins currently provide the most widely used form of digital settlement asset on public blockchains, but their role in institutional tokenised markets is still developing. Tokenised deposits and wholesale central bank money may offer alternative or complementary settlement models, depending on the use case and the relevant legal, regulatory, and operational arrangements.

If tokenisation comes to represent a significant share of global bond and equity market capitalisation, trillions of dollars' worth of digital cash may be needed to facilitate trading and maintain liquidity. Based on the Securities Industry and Financial Markets Association's end-2025 figures, 10% of global securities would amount to around USD 32 trillion. The requirement for tokenised cash in settlement would depend on underlying debt and equity market volatility and turnover, but would likely require a combination of settlement assets, rather than reliance on a single form of digital cash.

In its September 2025 report Stablecoins 2030, Citi's base case estimate was for stablecoin issuance to hit USD 1.9 trillion by the end of this decade, with its bull case pushed up to USD 4 trillion. That compares to just USD 289 billion of stablecoins outstanding on 25 October 2026, according to rwa.xyz.

## 5

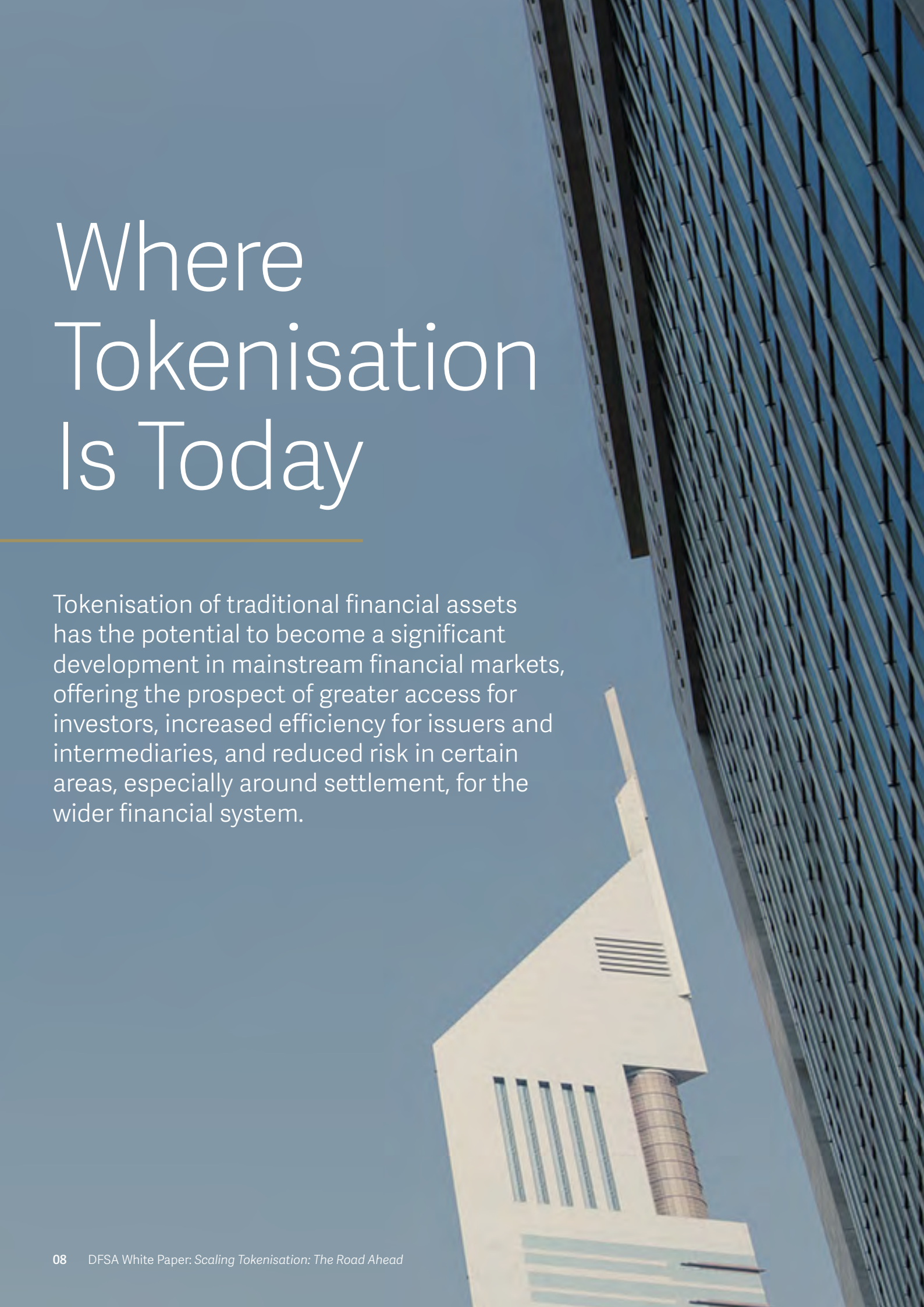
## Interoperability will be crucial to achieving scale

Many regulated financial firms have undertaken significant work on tokenised cash and securities on private, permissioned blockchains through their own proprietary systems or as part of a consortium. However, many market participants are concerned that limited interoperability between these platforms – regardless of whether they are public or private – is a barrier to liquidity and adoption at scale. In this context, interoperability extends beyond technical connectivity to include workable operational processes, legal certainty, and regulatory coordination across platforms and jurisdictions. Widespread adoption is therefore likely to require greater interoperability between blockchains, between trading platforms – including traditional exchanges and regulated digital asset platforms – and between tokenised and traditional market infrastructure. Achieving interoperability will require not only technical connectivity, but also common legal, operational, and technical standards.

Some market participants compare scaling tokenisation to building the internet for finance. Enabling tokenised securities to interact with DeFi protocols would introduce further legal, operational, governance, and risk management questions.

# Where Tokenisation Is Today

Tokenisation of traditional financial assets has the potential to become a significant development in mainstream financial markets, offering the prospect of greater access for investors, increased efficiency for issuers and intermediaries, and reduced risk in certain areas, especially around settlement, for the wider financial system.



# The Economic Case for Tokenised Assets

**A Global Financial Markets Association report [1] examined the potential impact of DLT in capital markets. It cited an estimate of approximately USD 20 billion in annual global clearing and settlement cost savings and identified greater collateral mobility as a potential source of significant capital efficiency.**

Representing ownership rights in financial or physical assets as tokens on a distributed ledger enables those assets to be issued, held, traded, and settled digitally. It may enable atomic or near-instant settlement in use cases where such approaches provide operational and economic benefits, permit wider fractional ownership of big-ticket items, and facilitate greater composability of collateral (i.e. the ability of different protocols and digital assets to seamlessly integrate and interoperate with one another). These features may reduce funding and capital costs across the financial system by improving collateral mobility and utilisation, which market participants frequently identify as among the most significant potential sources of economic value. This could, in turn, lower the cost of raising capital for corporations and allow companies to put those assets to work in a real-time settlement world.

## Early-stage adoption

Financial institutions have spent much of the past decade exploring how DLT could be applied to established financial assets and market processes. As of 25 October 2026, rwa.xyz data indicated approximately USD 39 billion in distributed tokenised asset value, excluding stablecoins, of which approximately USD 14.7 billion related to tokenised US Treasury funds. [2] Adoption therefore remains at an early stage, with limited secondary-market activity. At the same time, a growing number of tokenised products and infrastructure applications are operating in live environments.

In payments, stablecoins such as USD Coin (USDC), a form of digital money designed to maintain a stable value and backed one-to-one by high-quality financial assets and cash at the bank, have already gained traction, with circulation exceeding USD 71.5 billion as of 25 October 2026, according to CoinMarketCap. [3]

They support increasingly significant cross-border payment flows, with notable uptake among populations of countries that lack currency stability. Their rapid growth demonstrates that programmable digital money can attract adoption at significant scale. A Bank for International Settlements (BIS) working paper found that inflows into dollar-backed stablecoins can place downward pressure on short-term US Treasury yields, with stronger effects during periods of Treasury-market stress. [4]

## Commercial use cases

Within asset management, tokenised money-market funds and treasury funds have emerged as one of the more established commercial use cases, and are largely used to move money into and out of positions on-chain. Products such as the BlackRock USD Institutional Digital Liquidity Fund (BUIDL), which has USD 2.17 billion of assets under management as of 25 October 2026, and the Franklin OnChain US Government Money Fund (BENJI) with around USD 681 million at the same date show that tokenisation can deliver operational benefits – including near-instant settlement, 24/7 transferability, and programmability – while remaining within familiar regulated investment structures. [5]



## Several trends are now unfolding:

### Shifting focus



The focus is shifting from the issuance of digital tokens representing particular assets to overall financial market infrastructure, requiring additional governance and resilience.

### Converging assets



Tokenised money and tokenised assets are converging. Scalable tokenised securities markets require equally scalable digital settlement assets, whether in the form of tokenised commercial bank deposits, wholesale central bank money, or regulated stablecoins.

### Technical challenges



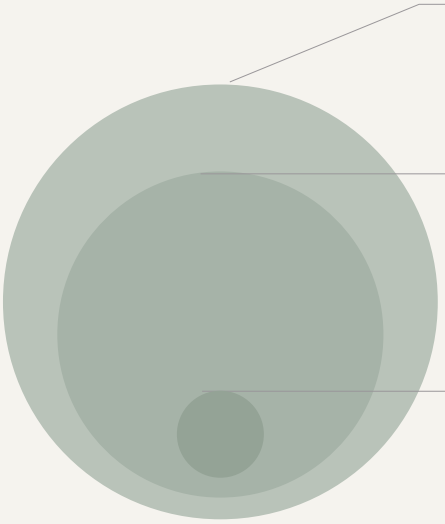
Interoperability has become a central technical challenge. Rather than asking whether tokenisation works, institutions are now asking how different blockchain platforms, payment systems, digital asset exchanges, and traditional market infrastructures can operate together. Different chains will suit different use cases, and these systems need to be able to work together seamlessly. Achieving that outcome will depend not only on technical connectivity, but also on the development of common legal, operational, and technical standards.

### Integrated ecosystem




Finally, tokenisation is becoming increasingly integrated with existing financial institutions rather than developing as a parallel ecosystem. [6]

**Forecasting the future size of tokenised assets**



USD 30.1 trn
Standard Chartered and Synpulse by 2034

USD 22.8 trn
Boston Consulting Group by 2030

USD 5.5 trn
Citi Institute by 2030

Forecasts for the future size of tokenised assets vary considerably. Citi Institute's base case is for the global market in tokenised financial assets to reach USD 5.5 trillion by 2030. [7] Boston Consulting Group's latest analysis projects approximately USD 22.8 trillion of tokenised securities, commodities and alternatives by 2030, on the way to USD 88 trillion by 2035. [8] A Standard Chartered and Synpulse paper estimated that demand for tokenised assets could reach USD 30.1 trillion by 2034. [9] Despite these differences, the forecasts generally anticipate substantial market growth over the coming decade.

### Why hasn't this happened already, and what will it take to achieve network scale?

The principal reason is that tokenisation is not solely about creating tokenised products, but also about adapting or rebuilding elements of existing financial market infrastructure. For network effects to emerge, market participants will need to see simultaneous development towards that end across the ecosystem, including issuers, investors, trading venues, custodians, settlement-asset providers, and legal and regulatory frameworks, supported by a viable commercial case.

**Stablecoins** addressed an immediate market need – programmable digital cash – and benefited from strong demand across crypto trading and decentralised finance.

**Cryptocurrencies** gained traction as a speculative asset class fuelled by global retail enthusiasm for a more disintermediated and decentralised financial system following the global financial crisis.

**Tokenised securities** enable financial assets to be represented and managed through programmable smart contracts, allowing them to operate on a 24/7 basis. Tokenisation, however, must compete with reasonably efficient, secure, and trusted incumbent markets that already process hundreds of trillions of dollars annually.

The practical questions are therefore:

- **What problems does it really solve?**
- **Why should market participants switch infrastructure if the expected benefits do not outweigh the costs?**
- **Who pays for the cost of switching and who bears responsibility if things go wrong?**
- **How do we progress from successful but isolated pilots to network effects?**

# Institutional Investment and the Shift Towards Infrastructure

Over the past two years, tokenisation has attracted growing strategic interest from some of the world's largest financial institutions, extending its earlier concentration among fintech and crypto-native firms.

Three interconnected areas of investment:



1. Tokenised investment products and securities
2. Tokenised money and payments
3. Market infrastructure supporting tokenisation

## The Big Players Arrive

**One clear indication that tokenisation has entered the financial mainstream is the commitment of some of the world's largest asset managers. The launch of BlackRock's tokenised money market fund, BUIDL, in 2024, marked a significant development. As of 25 October 2026, it had USD 2.17 billion of assets under management, making it the world's largest tokenised fund. That fund forms part of BlackRock's broader and substantially larger digital assets business.**

In his most recent annual letter to shareholders, Chairman Larry Fink pointed to two other key businesses. By March 2026, BlackRock was managing USD 65 billion of stablecoin reserves, alongside nearly USD 80 billion of digital asset exchange-traded products (ETPs). These ETPs give institutional investors exposure to leading cryptocurrencies, such as Bitcoin and Ethereum. [10]

Having built these two new franchises in the last couple of years, BlackRock is studying opportunities to grow further. Tony Ashraf, Managing Director, Head of Technology & Operations and Head of Digital Assets, Middle East & Africa at BlackRock, says: "We have been engaged in digital assets and tokenisation for many years, but the area that we are most focused on now is how does tokenisation transform capital markets and allow us to better service our clients."

In his annual letter, Fink points out that half the world's population carries a digital wallet on their phone and sees the potential for that same wallet to let them invest in a broad mix of companies as easily as sending a payment. He believes that tokenisation could help accelerate this future by updating the plumbing of the financial system.

That won't happen overnight. While several investment managers are building products that bridge digital assets and traditional finance, many current tokenised products primarily serve investors already familiar with DLT and looking to invest without leaving the digital asset environment.

### Still a niche market

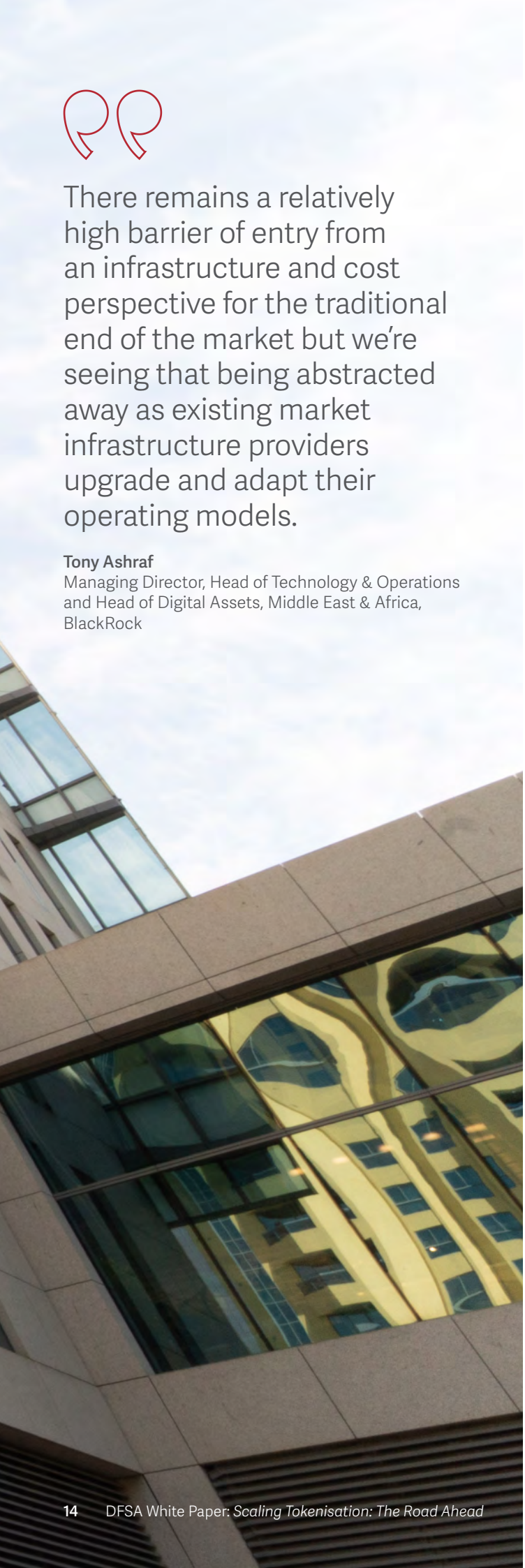
BlackRock did not design BUIDL for mainstream institutional clients. Rather, BUIDL provides a high-quality, interest-paying alternative to stablecoins for digital asset investors. Similarly, Aviva Investors launched a tokenised class of its USD Liquidity Fund in July 2026 on the XRP ledger, a decentralized, open-source, public blockchain. [11] Such examples, however, remain rare.

Changing investor demographics may increase demand for digital access to a wider range of financial products. That alone, however, may not be sufficient to persuade mainstream institutions to shift away from centralised and intermediated systems that operate dependably – if, perhaps, a little slowly – towards tokenised representations traded on decentralised exchanges with new custody, settlement, and record-keeping arrangements.



We have been engaged in digital assets and tokenisation for many years, but the area that we are most focused on now is how does tokenisation transform capital markets and allow us to better service our clients.

**Tony Ashraf**
Managing Director, Head of Technology & Operations and Head of Digital Assets, Middle East & Africa, BlackRock



> There remains a relatively high barrier of entry from an infrastructure and cost perspective for the traditional end of the market but we're seeing that being abstracted away as existing market infrastructure providers upgrade and adapt their operating models.

**Tony Ashraf**
Managing Director, Head of Technology & Operations and Head of Digital Assets, Middle East & Africa, BlackRock

"We know the technology works," says Ashraf. "The challenge is how we scale it and bridge the established TradFi models, with the emerging opportunities that DeFi presents. There remains a relatively high barrier of entry from an infrastructure and cost perspective for the traditional end of the market but we're seeing that being abstracted away as existing market infrastructure providers upgrade and adapt their operating models."

On 15 July 2026, the Depository Trust & Clearing Corporation (DTCC) announced that it had successfully converted assets held at the Depository Trust Company (DTC), its custody subsidiary, into tokens that were then used in limited production trades. Executed over several hours, these trades ranged across:

- collateral pledge,
- security lending,
- US Treasury/repo delivery-versus-payment (DVP),
- equity DVP,
- equity delivery-versus-delivery (DVD),
- equity token transfer, and
- central counterparty (CCP) margin workflows. [12]

More than 30 firms took part, including traditional financial institutions such as BlackRock and JPMorgan, digital natives, as well as exchanges such as NYSE, Nasdaq, and Ondo. Digital conversions took place on Besu (DTCC's private network) and on Canton Network, as part of DTCC's multi-chain strategy to ensure interoperability, resiliency, scalability, and choice.

These trades formed part of DTCC's preparations for the planned launch of its tokenisation service in October 2026, enabling the issuance of tokenised representations of securities under DTC custody. Tokenised assets will maintain the same investor protections, entitlements, and ownership rights as traditional securities, while enabling greater efficiency, programmability, and security.

DTC provides custody and asset servicing for over USD 100 trillion of securities, and the potential scale of the tokenisation initiative has attracted a broad range of firms since the US securities regulator issued a no-action letter in December 2025.

## Big banks investing broadly

Global banks are also investing broadly. Amid the initial rapid growth of stablecoins, JPMorgan first began offering deposit tokens – which represent US dollar deposits held inside the bank – to its own branches for immediate internal transfers and then to institutional account holders. Like other banks, it used to run its own deposit coin on its own blockchain to ensure Know Your Customer (KYC) compliance. That raised concerns that while banks might achieve some useful efficiencies within walled gardens, these would not leap the barrier of interoperability to widespread adoption.

Then in November 2025, the bank made its coin, the US dollar deposit token JPMD, available to institutional clients on Base, a public Ethereum layer-2 blockchain built by and within Coinbase. That move provided an alternative form of liquidity for institutional trading between Ethereum Virtual Machine (EVM) wallets with near-instant settlement. [13]

Other major international banks are pursuing complementary strategies. Standard Chartered has participated in several digital asset initiatives, such as Project Guardian led by the Monetary Authority of Singapore, while expanding custody and settlement services for tokenised assets.

In 2026, Standard Chartered partnered with BlackRock and OKX (a leading crypto exchange) to enable BlackRock's BUIDL fund to be used as regulated collateral, marking one of the first instances of a global systemically important bank providing custody for tokenised collateral in institutional markets. [14]

"We see huge potential across repo and collateral mobility more broadly," says Reece Merrick, Managing Director, Middle East & Africa at Ripple. Repo markets move trillions of dollars of liquidity every day and are the daily plumbing of global finance.

"Moving repo transactions on-chain with atomic settlement changes the underlying economics, not just the speed. When collateral and cash move simultaneously, it removes the need for the bilateral credit relationships that underpin much of today's repo infrastructure and makes intraday repo viable in ways that simply aren't possible under T+2 cycles," says Merrick.

Aviva Investors' partnership with Ripple cites repo as a key use case, underlining the growing institutional appetite to use the technology. [15]

**Things are starting to move. The question becomes: can they move together?**





# From Isolated Use Cases to System-wide Market Architecture

The debate around tokenisation of financial assets has changed significantly over the past two years.

## From Single Assets to Connected Markets

**A growing number of pilots and live applications have demonstrated the technical feasibility of tokenising individual financial instruments. The key question is no longer whether blockchain technology can digitise individual financial instruments, but how those applications can develop into connected, liquid, and commercially viable markets.**

But digitising an individual asset delivers only modest benefits if the surrounding market infrastructure remains fragmented or continues to rely on conventional processes.

"The biggest issue is liquidity," says Henson Orser, Founder and CEO of Soter Insure. "Tokenisation itself does not create liquidity. Liquidity comes from the network effect. The US is lucky enough to have over 300 million people, with a decent number trading crypto, so liquidity emerged there. If banks allow more people to access tokenised assets in a compliant manner, and with ticket sizes as low as USD 100, then the democratisation of the marketplace happens definitionally."

Moving beyond isolated use cases will require established financial firms, regulators, policymakers, and financial market infrastructure providers to work towards an integrated ecosystem in which tokenised assets, tokenised money, legal frameworks, market infrastructure, and common legal, operational, and technical standards evolve together.

Interoperability across this ecosystem involves more than connecting different technologies. At a technical level, networks, platforms, messaging systems, and token standards need to work together. Operationally, institutions need workable processes for exchanging data, establishing identity, and supporting transactions across systems. Legal frameworks need to provide sufficient certainty over ownership, transfer, settlement finality, and enforceability, while regulatory coordination is needed to support activity across platforms and jurisdictions.

These connections must also have practical value. Their use at scale will depend on sufficient liquidity, market participation, and commercial incentives, as well as the ability to operate securely and resiliently alongside existing financial market infrastructure.

So, the question now is:

**Can tokenisation become part of the core infrastructure of global financial markets and deliver benefits that justify the cost of the upgrade?**

## From Digitising Assets to Modernising Markets

**This vision is evident in recent thinking from the Bank for International Settlements (BIS) around a "unified ledger", where the trilogy of tokenised central bank reserves, tokenised commercial bank deposits, and tokenised government bonds together lay the foundations of a new monetary and financial system. [6]**

The BIS, eight central banks, and more than 40 private sector institutions are collaborating on this vision through Project Agorá [16], which is exploring the use of tokens representing money and securities on an interoperable network of programmable platforms that integrate messaging, reconciliation, and settlement. That could transform cross-border payments and securities markets, potentially changing how cross-border payments and securities transactions are processed.

Similarly, the International Organization of Securities Commissions (IOSCO) has concluded that while adoption remains limited for now, commercial interest in tokenisation is expanding across asset classes. It may bring new operational vulnerabilities and cybersecurity risks, and it could also amplify existing risks. IOSCO encourages regulators to consider applying its policy recommendations for crypto and digital assets in the context of tokenised financial assets.



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**Henson Orser**
Founder and CEO, Soter Insure



## A Broader Institutional Vision

**The changing perspective is also evident among the world's largest financial institutions.**

Asset managers increasingly view tokenisation as a way to transform fund administration, distribution, and collateral management – rather than simply creating digital investment products. The development of tokenised money-market funds illustrates how blockchain-based infrastructure may improve operational efficiency while maintaining familiar regulatory structures. More importantly, some of these funds are also being used as collateral, illustrating how tokenisation may extend into core market functions. There are also other potential post-trade use cases.

"Everyone talks about compressed settlement cycles, but I keep thinking about proxy voting – especially in the US," says Coy Garrison, Senior Director and Deputy General Counsel for Crypto at Robinhood. "There are multiple intermediaries, and in many cases proxy rules still require physical mailing, which can take months. Often the tabulator doesn't know if a quorum will be reached or can't say when the outcome will be known on a contentious vote. You could code voting into tokens and do all that on-chain. It would make issuers' and shareholders' lives so much easier. There are real, tangible benefits that people will see over time."

### Wider ambitions

Banks, similarly, have broadened their ambitions. Rather than focusing solely on tokenised securities, institutions such as Citi, HSBC, JPMorgan, Société Générale, Standard Chartered, and UBS are investing simultaneously in tokenised deposits, digital payments, custody, securities services, and settlement infrastructure.

DTCC, Euroclear, and other central securities depositories have also repositioned tokenisation as an extension of existing post-trade infrastructure rather than a competing ecosystem. Their emphasis is on preserving legal certainty, investor protection, and market resilience while improving efficiency through DLT.

# What Would Tokenisation at Scale Look Like?

**Market participants across the ecosystem identified several characteristics of a mature tokenised financial ecosystem.**

1. **Tokenisation would become largely invisible to end users.** Investors would purchase, hold, and transfer financial assets through familiar channels without needing to understand the underlying technology – much as internet users rarely consider the protocols that enable digital communications.
2. **Tokenised assets would move across regulated financial institutions, trading venues, and payment systems.** Interoperability between different blockchain platforms and conventional market infrastructure would become more important than the unique selling point of any particular distributed ledger.
3. **Settlement would become faster and increasingly programmable.** Securities and payment could be exchanged simultaneously, reducing settlement risk, improving liquidity management, and allowing collateral to move more efficiently across markets. However, the benefits of atomic settlement should be assessed against any additional liquidity and prefunding requirements, and the possible loss of netting and central clearing efficiencies.
4. **Tokenised assets would integrate naturally into broader financial activities,** including securities financing, repo transactions, derivatives margining, and treasury operations.
5. **Finally, tokenisation could support more globally connected financial markets**, opening them up to a wider range of participants while maintaining regulatory oversight, legal certainty, investor protection, effective governance, enhanced cybersecurity, and fraud detection.

On 1 July 2026, Robinhood launched its Stock Token offering, representing economic interests in the stocks of US companies such as Amazon, Apple, Google, Nvidia, and Tesla to users in 120 countries. Stock Tokens trade 24/7 on Robinhood Chain, a permissionless blockchain using the Arbitrum platform. Investors can simply buy, sell, and hold tokens in their Robinhood Wallets. But they can also choose to submit them to certain automated market-making protocols to earn yield.

"Tokenisation is going to be huge for retail," says Garrison at Robinhood. "We look at it through two prisms of access. The first is for jurisdictions that don't have easy access to US equities. Tokenisation is the vehicle to give them access, and that is a wonderful thing. It promotes ownership and gets more people involved in the capital markets. The second is allowing people to lend their stock easily, swap it, or use various protocols in the DeFi world to earn income. They can't do that now if it is just stuck in the DTCC."

In this vision, success is measured less by the existence of digital tokens than by the efficiency, resilience, interconnectedness, and capability of the financial system itself.

"In the longer term, as tokenisation becomes more embedded, the distinction between 'assets' and 'digital assets' could simply disappear," says Merrick. "Everything of value is represented on-chain, with programmable rules embedded within the tokenised assets for when atomic settlement occurs, releasing trapped capital, and structurally reducing the cost of managing counterparty risk."

### What does that mean in practice?

"It means real-time balance sheet management for a bank, intraday liquidity across instruments for an asset manager, and access to previously institutionally-gated yield instruments for a retail saver," says Merrick. "It's a transformation of the entire financial services industry."

The same dynamics could extend beyond banks and asset managers to corporate treasury functions, where real-time visibility over liquidity and collateral across multiple currencies and jurisdictions could meaningfully reduce funding costs.

René Michau, Global Head, Digital Asset Advisory, at Standard Chartered, compares that transformation to the development of the internet.

"Today we use the TCP/IP protocols for pretty much everything we do, and yet no-one ever mentions them. They're the standards that let computers talk to each other over the internet," Michau says.

"We won't talk about tokenisation either, but we will know it's there when we have a 24/7 financial infrastructure that doesn't rely on all of these disparate databases managed by different banks."

# The Importance of Ecosystem Development

**One of the greatest obstacles still facing tokenisation is the so-called "cold start" problem.**

Cryptocurrencies gained traction at a moment of disillusion with traditional finance after the global financial crisis, benefitting from fears that governments would inflate their way out of the debts taken on to support economic growth in its aftermath.

By contrast, proponents of tokenising financial assets want to modernise markets that already function effectively and that process hundreds of trillions of dollars annually through mature legal and operational frameworks.

Individual participants have limited incentives to migrate, unless tokenised markets provide immediate and measurable benefits. Ecosystem participants interviewed for this white paper are looking for simultaneous progress across multiple dimensions.

**They believe:**



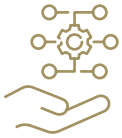
## Institutional confidence

**must increase** through regulatory clarity and legal certainty. In DIFC, relevant legal developments include the establishment of the Digital Economy Court in 2021 and the introduction of the Digital Assets Law in 2024.



## Market liquidity

**must develop** through participation by multiple investors taking opposing views on the same tokenised instruments and holding them for different time horizons.



## Trusted digital settlement assets,

potentially including regulated stablecoins, tokenised commercial bank deposits, and wholesale central bank money, **must become** widely available.



## Technology standards

**must ensure** interoperability rather than fragmentation.



## Legal certainty surrounding ownership, custody, and settlement finality

**must be established**. This requires clarity in the legal characterisation of the token and the rights it represents, including whether the token constitutes the asset itself, an authoritative record of title, or a contractual claim against an issuer or intermediary. Where an off-chain register remains legally authoritative, arrangements should ensure consistent reconciliation with the on-chain record. Legal frameworks should also address settlement finality and the reversal of smart contract transactions, insolvency and client asset segregation, and the enforceability of collateral and security interests.

"This is not just about re-platforming the existing financial system," says Michau at Standard Chartered. "It's about creating a platform that allows much less liquidity fragmentation, much more efficient liquidity, probably a much larger global capital market."



## Regulatory and Market Initiatives

**A range of international initiatives, including Project Guardian, Project Helvetia, and Project Agorá, increasingly examine end-to-end financial workflows rather than individual products.**

Project Guardian, led by the Monetary Authority of Singapore, is one of the world's most influential collaborative initiatives. It brings together banks, asset managers, and regulators to explore tokenised bonds, funds, foreign exchange, and digital money. Its emphasis on common standards and cross-border interoperability reflects the industry's growing focus on global ecosystem development.

The European Union's DLT Pilot Regime has applied since March 2023, providing a controlled regulatory sandbox to experiment with blockchain-based trading and settlement. Following modest uptake, the European Commission proposed in December 2025 to shift regulation from merely allowing tokenisation towards actively encouraging it by allowing a wider set of participants to pursue DLT-based securities depository activities at unlimited scale.[17]

In 2025, the Eurosystem launched Appia alongside Pontes, its complementary DLT solution for enabling the settlement of DLT-based transactions in central bank money. Appia takes a broader, longer-term perspective, bringing together public and private sector stakeholders to support the development of integrated, innovative, and resilient tokenised wholesale financial markets in Europe. The Appia roadmap, published in March 2026, sets out work intended to deliver a blueprint by 2028.

The United Kingdom's Financial Conduct Authority and the Bank of England launched a Digital Securities Sandbox in 2024 as a live, regulated environment where firms can test the issuance, trading, and settlement of tokenised securities. In May 2026, they went further, asking the financial services industry to outline the regulatory clarity it needs to invest in and scale up tokenised financial market infrastructure. [18]

Regulators and policymakers are increasingly exploring how tokenisation can support market development while maintaining appropriate safeguards, recognising its potential benefits for both market efficiency and competitiveness.

**By bringing market perspectives together, the DFSA aims to support continued discussion of the legal, operational, technical, and regulatory conditions that may help connected tokenised markets develop responsibly.**

# The Road Ahead: Considerations for Scaling Tokenisation Responsibly



## Institutional-Grade Custody for Tokenised Assets

**Across multiple engagements, participants consistently indicated that tokenisation of financial assets is unlikely to achieve network scale until institutional investors are confident that their tokenised assets can be held and managed under arrangements that appropriately address the associated risks.**

"There were a large number of exploits across the DeFi ecosystem in April of this year, most notably the KelpDAO LayerZero exploit that took wrapped Eth from one protocol and exchanged those illiquid ill-gotten assets for pristine collateral in another protocol, arguably one of the safest. Interoperability led to weakness for the whole system," says Henson Orser, Founder and Chief Executive at Soter Insure. "It was a wake-up call that has led a number of sophisticated investors who had been looking at DeFi to pull back and reassess." [19]

Institutional-grade custody is seen as part of the answer. Custody of digital assets goes far beyond simply storing tokens in digital wallets. Control of tokenised assets requires cryptographic pairs of public and private keys. A public address, derived from a public key, identifies a wallet on a blockchain. It does not by itself establish who controls the wallet or who legally or beneficially owns the assets held through it. In regulated markets, the custodian or relevant service provider will generally be required, where applicable, to establish and verify the identity of its client and apply the relevant KYC and anti-money laundering checks, together with any other applicable controls.

The private key is used to authorise asset transfers into and out of the wallet. Blockchain network validators verify the digital signature – without seeing the private key used to create it – before executing and recording the transfer on the distributed ledger.

Industry participants highlighted the need for custodians and other relevant service providers to use technologies and controls such as multi-party computation (MPC), hardware security modules (HSMs), and segregated cold and hot storage to protect clients' assets and reduce single points of failure in key management.

Institutional-grade custody extends beyond private-key security to the full lifecycle of asset control and servicing.

**Effective arrangements should:**

- **establish** the authoritative ownership record;
- **ensure** segregation of client assets, reconciliation between on-chain and legally authoritative records, and appropriate controls over the use of client assets; and
- **provide** for wallet governance, key recovery, business continuity, corporate actions, and protocol changes.

They should also address legal ownership and beneficial entitlement, the treatment of client assets in insolvency, and the governance of functions such as minting, burning, pausing, freezing, and clawback.

**Custodians must also be able to:**

- **manage** forks, protocol upgrades, and network outages;
- **address** concentration risks arising from reliance on custodians, cloud services, oracles, and bridge providers; and
- **support** auditability and independent assurance.

Responsibilities for sub-custodians and other service providers should also be clearly defined, including the allocation of liability for transfer, smart contract, validator, or bridge failures.

Custody may become an important area for banks in the future digital financial system, given that they are strongly regulated and capitalised, traditionally trusted, and capable of managing operational complexity. However, relatively few banks currently have the infrastructure required to provide custody for tokens representing conventional securities.

## Financial Stability and Systemic Risk

**At its current scale, tokenisation appears unlikely to pose a material risk to financial stability. However, its financial stability implications could increase as tokenised markets grow, become more interconnected with traditional finance, and extend across trading, settlement, collateral, and funding markets.**

Tokenisation may reduce certain risks and frictions, including settlement exposures, reconciliation costs, and delays in moving collateral. At the same time, faster and more automated markets could transmit stress more quickly. Greater interconnectedness may create dependencies across platforms, custodians, settlement assets, smart contracts, oracles, cloud providers, and bridge operators. Vulnerabilities relating to liquidity and maturity mismatch, leverage, asset quality, operational disruption, and concentration could therefore become more significant as tokenised activity scales.

The impact on financial stability will depend on how tokenised markets are designed and connected to the wider financial system. Appropriate governance, operational resilience, trusted settlement assets, effective liquidity and collateral management, legal certainty, and transparency over interdependencies will be important in ensuring that greater efficiency and connectivity do not also accelerate the transmission of shocks.

## Regulatory Coordination and Common Standards

**Tokenised financial assets move on rails built in and for the crypto world. As a result, regulators worry about the resilience and capacity of blockchain infrastructure to handle tokenisation at scale. Many have also taken a cautious approach to cryptocurrencies. [20]**

Some participants suggested that regulatory caution may create a negative feedback loop, contributing to the slow development of the custody, pre-trade price discovery, trading, settlement, and post-trade infrastructure that are needed to scale tokenisation.

Regulators, however, have also come to appreciate the benefits of tokenisation. When it comes to security tokens, the Basel Committee applies the same risk weights as to the assets they represent. Legal frameworks that apply property law to security tokens in jurisdictions such as the UK and DIFC have also addressed how property rights apply to digital assets, recognising that they signify ownership over the underlying assets.

Several national and regional regulators are now encouraging firms to embrace tokenisation. Many market participants suggest that a global market, however, will require co-ordination.

"We need local regulatory frameworks that meet a highest common denominator, so that instead of digital corridors we have a whole global network," says Orser.



We need local regulatory frameworks that meet a highest common denominator, so that instead of digital corridors we have a whole global network.

**Henson Orser**
Founder and Chief Executive, Soter Insure



"The lesson of exploits from the crypto world is that if there is one weak link from a jurisdiction that has loose standards, the entire ecosystem can be contaminated. I like to think of it as a jigsaw puzzle without any missing pieces that can subsequently supply the benefits from the global network effects."

The Principles for Financial Market Infrastructures provide an important reference point for assessing tokenised arrangements that perform financial market infrastructure functions. Such arrangements should be evaluated against established standards relating to legal basis, governance, credit and liquidity risk management, settlement finality, operational resilience, access, efficiency, and transparency.

While distributed ledgers and smart contracts may automate certain processes, they do not remove the need for accountable institutions to manage risks and support market integrity. Tokenisation may therefore reconfigure existing financial market infrastructures rather than replace them, resulting in hybrid arrangements in which regulated institutions and technology operate together.

## Cash on-chain

Across the tokenisation ecosystem, multiple players stressed the need for a widely trusted and accepted settlement asset. That means having digital money represented on-chain through settlement models such as tokenised commercial bank deposits, regulated stablecoins, and wholesale central bank money.

Central banks are exploring how wholesale central bank money could support tokenised transactions. Some commercial banks have been developing tokenised deposits, but so far these mainly circulate on private, permissioned blockchains and serve clients with particular institutional networks.

Stablecoins have gained traction partly because of their potential to support financial inclusion, including by enabling micro payments between individuals using self-hosted wallets on smartphones. However, their contribution to financial inclusion also depends on:

- access and connectivity,
- digital and financial literacy,
- costs,
- consumer protection, and
- reliable on- and off-ramps.

"Stablecoins already operate in the world of the public ledger, where the ledger is outside any one institution, and everybody works to keep it up to date," says Michau. "They are available 24/7 and are freely transferable globally over the internet. In workflow terms, stablecoins already provide a simple mechanism for exchanging and storing value."

Some regulators are also heading in this direction. In the US, the GENIUS Act, signed into law in July 2025, provides a regulatory framework for privately issued payment stablecoins that are backed one-for-one by permitted reserves to serve as a regulated medium of exchange. [21]

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>
> In workflow terms, stablecoins already provide a simple mechanism for exchanging and storing value.

**René Michau**
Global Head, Digital Asset Advisory, Standard Chartered



## Interoperability

To achieve institutional-scale adoption, industry participants argue that financial firms must enhance interoperability to allow tokenised assets, digital cash, and financial market infrastructures to operate seamlessly across different blockchain networks, institutions, and jurisdictions.

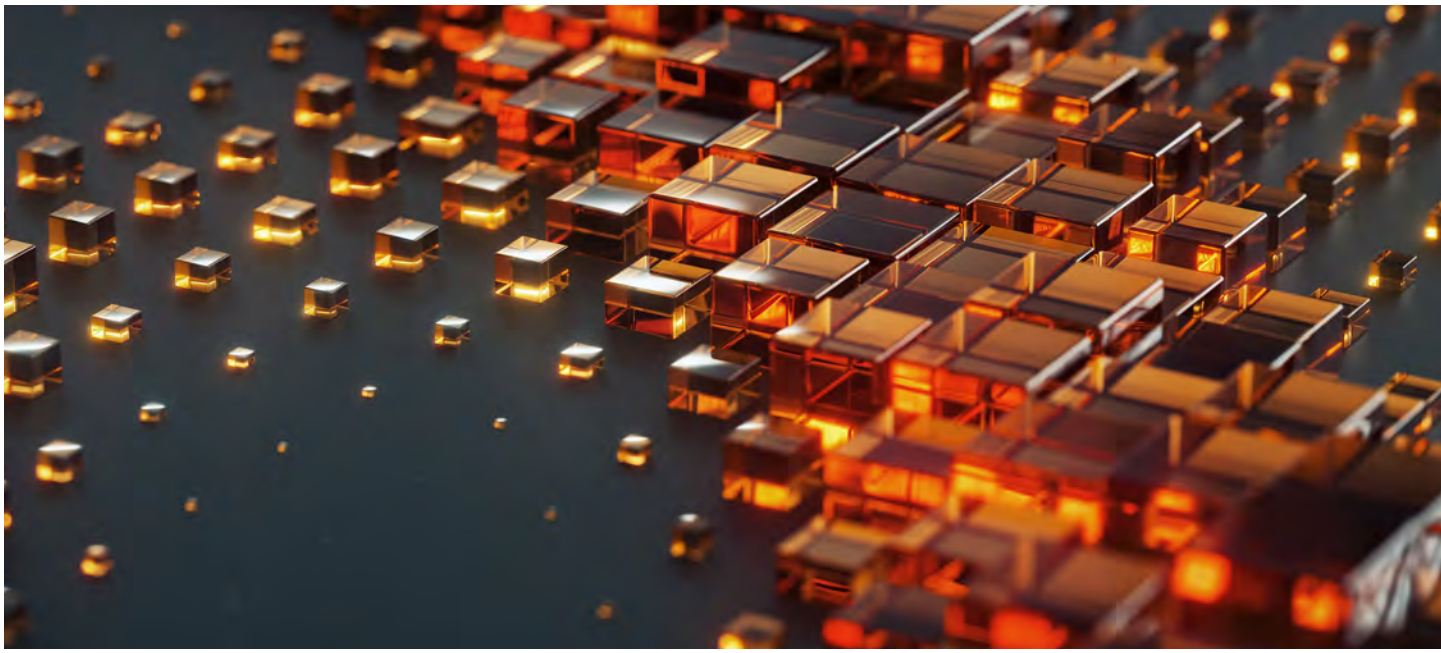
Today, tokenised assets are issued on a growing number of public and permissioned distributed ledger platforms, including Ethereum, Canton Network, XRP Ledger, Hyperledger Besu – as well as proprietary bank-led networks. Absent interoperability, these platforms risk becoming isolated "digital islands", fragmenting liquidity and forcing market participants to maintain multiple technology stacks.

Tokenisation proponents are pressing banks to build an interoperability layer capable of connecting diverse blockchain ecosystems with existing financial infrastructure. This includes supporting common messaging standards such as ISO 20022, standardised token formats, application programming interfaces (APIs), and secure protocols that allow assets and data to move safely between networks while preserving legal ownership and transaction integrity.

"The internet is a good analogy," says Merrick. "In the early days of dial-up, there were similar issues of fragmentation, with competing, incompatible protocols and no guarantee anything would interoperate. What resolved that wasn't a single network winning, it was common standards and bridges that made interoperability possible without forcing everyone onto one infrastructure."

Several initiatives indicate continued progress in that direction. In April 2026, the US SEC approved NYSE's plans for a new digital platform for tokenised versions of stocks within the Russell 1000 Index and select major benchmark ETFs that will eventually enable 24/7 trading, instant settlement, and stablecoin-based funding. [22–23] In March, the SEC approved a Nasdaq proposal for trading tokens in similar high volume stocks in partnership with Kraken's xStocks ecosystem, through a gateway allowing interoperability between traditional finance and decentralised networks. [24]

**Nasdaq aims to go live in the first half of 2027. NYSE hopes to roll out an expanded 22-hour weekday trading schedule for tokenised stocks by the end of 2026.**



# Conclusion



**Tokenisation is at an important inflection point. Selected financial products and market infrastructure applications are moving into live use, but adoption remains nascent and fragmented.**

The next phase will be shaped not by technology alone, but by the interaction of legal certainty, trusted settlement assets, institutional-grade custody, interoperability, commercial incentives, effective governance, investor protection, and cross-border coordination.

There is unlikely to be a single route to scale. Different products, institutions, platforms, and jurisdictions may develop in different ways. Market participants nevertheless converge on several practical priorities:

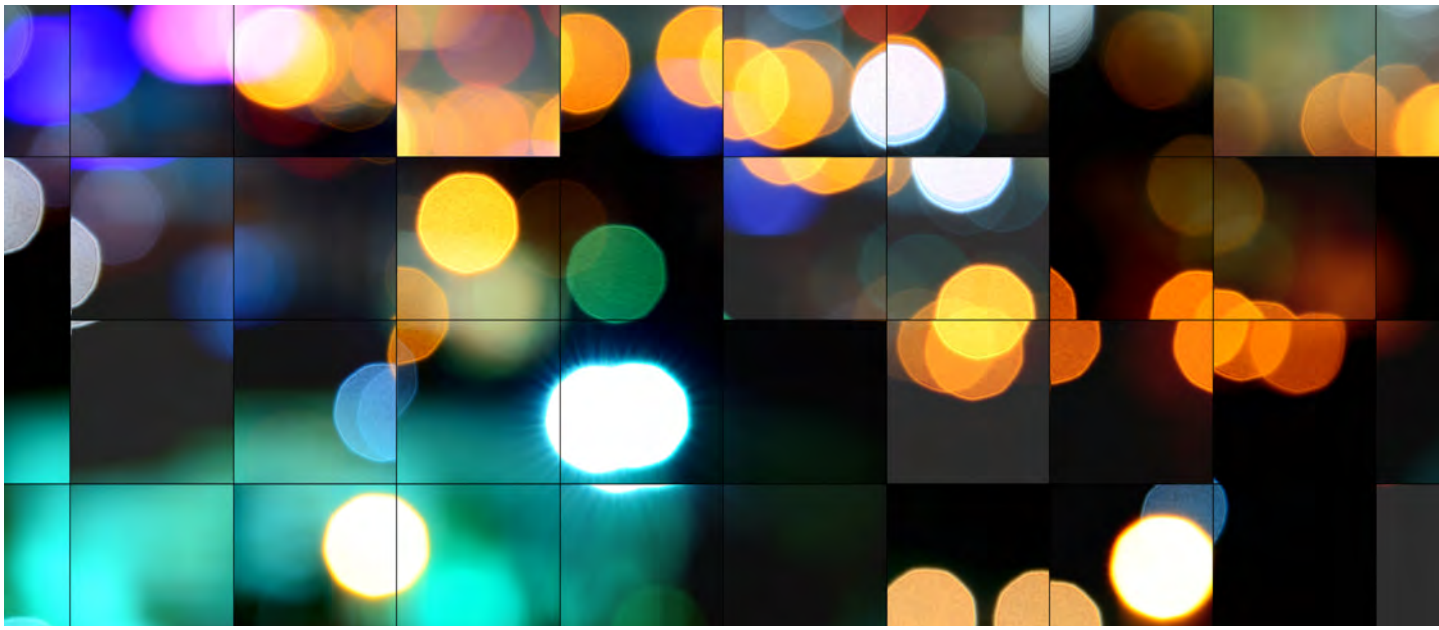
- safer custody and risk management;
- legal and regulatory frameworks that support connectivity rather than fragmentation;
- trusted forms of digital settlement; and
- interoperability across networks, institutions, and jurisdictions.

The choices made in these areas will influence whether tokenisation remains a collection of individual applications or becomes part of mainstream financial market infrastructure.

No single firm, regulator, or jurisdiction can answer these questions alone. Progress will require informed discussion among industry, investors, policymakers, regulators, market infrastructure providers, technology firms, and standard-setters, with space for different views on how tokenisation should develop.

The DFSA has brought leading market perspectives together in this white paper to help set that discussion in motion. DIFC's international financial community provides a strong platform from which to examine how trusted and connected tokenised markets may develop and support new forms of financial activity.

**The road ahead will require practical market experience, legal and regulatory clarity, and sustained collaboration across jurisdictions.**



# Glossary

| Abbreviation | Definition |
|---|---|
| **AML** | Anti-Money Laundering |
| **API** | Application Programming Interface |
| **AuM** | Assets under Management |
| **BENJI** | Franklin OnChain US Government Money Fund |
| **BIS** | Bank for International Settlements |
| **BUIDL** | BlackRock USD Institutional Digital Liquidity Fund |
| **CCP** | Central Counterparty |
| **CFTC** | Commodity Futures Trading Commission (US) |
| **DeFi** | Decentralised Finance |
| **DFSA** | Dubai Financial Services Authority |
| **DIFC** | Dubai International Financial Centre |
| **DLT** | Distributed Ledger Technology |
| **DTC** | Depository Trust Company |
| **DTCC** | Depository Trust & Clearing Corporation |
| **DVD** | Delivery versus Delivery |
| **DVP** | Delivery versus Payment |
| **ECB** | European Central Bank |
| **ETF** | Exchange Traded Fund |
| **EVM** | Ethereum Virtual Machine |
| **GENIUS Act** | Guiding and Establishing National Innovation for US Stablecoins Act (2025) |
| **GFIN** | Global Financial Innovation Network |
| **HSM** | Hardware Security Module |
| **IOSCO** | International Organization of Securities Commissions |
| **ISO 20022** | International Organization for Standardization messaging standard for financial data |
| **JPMD** | JPMorgan US dollar deposit token |
| **KYC** | Know Your Customer |
| **MPC** | Multi-Party Computation |
| **NYSE** | New York Stock Exchange |
| **SEC** | US Securities and Exchange Commission |
| **UAE** | United Arab Emirates |
| **USD** | United States Dollar |
| **USDC** | USD Coin |
| **XRP Ledger** | A decentralised, public blockchain |

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## About the DFSA

The Dubai Financial Services Authority (DFSA) is the independent regulator of financial services conducted in or from the Dubai International Financial Centre (DIFC), a purpose-built financial free zone in Dubai, UAE. The DFSA regulates and supervises financial services firms and markets in the DIFC. These include asset managers, banks, custody and trust services, commodities futures traders, fund managers, insurers and reinsurers, traders of securities, and fintech firms.

The DFSA supervises exchanges and trading platforms for both conduct and prudential purposes, overseeing an international securities exchange (Nasdaq Dubai) and an international commodities derivatives exchange (Gulf Mercantile Exchange).

The DFSA is also responsible for supervising and enforcing anti-money laundering and countering the financing of terrorism requirements applicable in the DIFC.

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