



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

26 June 2026

Summary

The World Federation of Exchanges (WFE) welcomes the joint call for input by the Financial Conduct Authority and Bank of England.

Across our work on crypto-assets and tokenisation, the WFE has consistently advocated for a technology-neutral, outcomes-based approach to regulation grounded in the principle of “same risk, same rules”. Where new products or services replicate the economic functions of regulated activities, they should be subject to equivalent regulatory standards. This is essential to maintaining market integrity, ensuring investor protection, and avoiding regulatory arbitrage.

While we support responsible innovation, including the use of distributed ledger technologies in financial markets, we consider that the most durable and scalable innovations are those developed within established regulatory frameworks. In this context, we emphasise the importance of bringing crypto-asset activities that resemble existing market functions within the regulatory perimeter, ensuring that innovation enhances – rather than undermines – trust, transparency, and resilience in financial markets.

Existing regulatory frameworks for financial markets provide a strong and largely sufficient foundation for addressing many of the risks in new market structures and technologies – many of the risks are not new. Core principles such as market integrity, transparency, investor protection and effective supervision remain valid regardless of the technology or asset class involved.

Our response sets out the WFE’s views across crypto markets, tokenised instruments, prudential considerations, and the role of tokenisation within regulated market infrastructure, with a focus on preserving the integrity and efficiency of the financial system.

Crypto markets

In the context of crypto-asset markets, the WFE has consistently argued that platforms and activities that perform equivalent economic functions to regulated markets should be subject to equivalent regulatory standards ('same risk, same rules').¹ Many of the risks observed in crypto markets – conflicts of interest, opacity, weak governance, market abuse and inadequate safeguarding of client assets – are precisely those that existing market regulation is designed to address. Rather than inventing new rulebooks, regulators should focus on ensuring that crypto trading venues, intermediaries and service providers that resemble exchanges or broker-dealers are brought within the regulatory perimeter and held to comparable standards of authorisation, supervision and accountability.

Mimicked Tokenised Equities

A similar logic applies to so-called "mimicked" or synthetic tokenised equities which the Call for Input raises in point 3.9. The WFE has been clear that instruments designed to replicate the economic exposure of listed equities, without conferring the associated rights or protections, raise significant concerns around investor misunderstanding, regulatory arbitrage and market integrity.² Furthermore, there are concerns about fragmenting the market even further than it already is, particularly in the UK, EU and the US.

We welcome the development of truly innovative products and services – particularly those built on the foundations of our members public, lit markets. However, we are concerned about the way these products are marketed to retail investors, that investor rights are not clear and that issuers carry the reputational risk for these products even though they have no control over them. Therefore, we welcome the FCA's clarifications around the marketing of these products.

Prudential rules

Like many in industry we have been disappointed by the Basel Committee's approach to crypto-asset exposures. We do not consider that these standards adhere to the same risk, same regulation principles that international standard setting bodies all adhere to.³

We would prefer a risk-oriented approach, similar to that in the Bank's Dear CEO letter⁴, that identified specific risk factors to be addressed. Or, for banks to be empowered to undertake risk assessments themselves. And, we would welcome clarification as to whether custody of assets constitutes holding them for the purpose of prudential standards.

A token taxonomy

We also do not think that the definition of a crypto-asset by the Basel Committee, or indeed any international standard setter, is sufficient. We understand that it is tough to get an internationally

¹ <https://www.world-exchanges.org/our-work/articles/wfe-promoting-sound-marketplaces-deficifi-crypto-platforms-exchanges>

² <https://www.world-exchanges.org/our-work/articles/mimicking-tokenised-equities>

³ <https://www.world-exchanges.org/news/articles/wfe-position-targeted-review-committees-prudential-standard-banks-cryptoasset-exposures>

⁴ <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/letter/2026/tokenised-assets-stablecoins-and-other-cryptoasset-exposures.pdf>

agreed definition but the fact that even all the standard setters define crypto-assets and tokenisation differently is particularly regrettable.

The Call for Input asked for any other priority areas that could be identified and this is one. We would welcome international standard setters revisiting this issue. The CFTC's Global Markets Advisory Committee recommendations could be a good starting basis.

Tokenisation in regulated markets

Regarding tokenisation of established assets, the WFE views this as likely a natural evolution much like the transition from paper share certificates to electronic ones.⁵ We do not consider the benefits to be as groundbreaking as others claim – 24/7 trading can already be achieved for example. However, our current view is that tokenisation can deliver meaningful efficiencies in issuance, post-trade processing and asset servicing without fundamentally altering the underlying economic relationships. Existing rules governing securities issuance, custody, settlement and disclosure should therefore continue to apply. In fact, the benefits of tokenisation are best realised when tokenised markets are held to the same regulatory outcomes as traditional markets, ensuring increased accessibility goes hand-in-hand with market integrity and investor protection.

Where adaptations may be warranted is at an operational or technical level – for example, clarifying how existing requirements apply in distributed ledger environments, or ensuring legal certainty around settlement finality and asset ownership. The priority should be to enable innovation within the current framework, rather than treating tokenisation as inherently requiring new or separate regulation.

Where secondary trading occurs on DLT-based market infrastructures, well-designed access and reporting can improve the timeliness and consistency of transaction records, strengthening post-trade transparency and supervisory monitoring. These benefits depend on embedding strong governance, disclosure and supervisory access and do not arise automatically from the technology alone.

Innovation in regulated markets

We are concerned about the current discourse, particularly in the United States, that so-called innovative companies should be exempt from rules designed to protect investors. Innovation and investor protection are complementary rather than competing objectives. Over the past 50 years, exchanges have consistently delivered transformative innovation (such as electronic trading) within robust regulatory frameworks, leading to deeper liquidity, broader participation and more resilient markets. Innovation is not unique to crypto markets and many of the purported benefits already exist in regulated equities markets.⁶

Gains from tokenisation in core trading are currently limited given the efficiency of existing infrastructure, meaningful benefits may emerge in post-trade processes such as reconciliation, collateral mobility and automation provided these developments are integrated within established

⁵ <https://www.world-exchanges.org/our-work/articles/demystifying-tokenisation-embracing-future>

⁶ <https://www.world-exchanges.org/our-work/articles/innovation-advantage-well-regulated-markets>

governance, legal certainty and oversight. Innovation scales and endures when it strengthens trust, accountability and institutional resilience rather than bypassing them.

Tokenised collateral

The WFE and its members are actively exploring the potential of tokenisation in the post-trade environment, particularly in areas such as collateral mobility, reconciliation and operational efficiency. We see tokenised collateral in particular as a promising use case where distributed ledger technologies could deliver tangible benefits without disrupting core market functions.

This work is still at an exploratory stage, and we are closely monitoring developments and practical experiments across jurisdictions. As this work progresses, the WFE intends to share insights and evidence-based findings with policymakers and regulators to help inform future discussions and ensure that any policy considerations remain grounded in real-world market experience and established risk-management principles.

About the World Federation of Exchanges (WFE):

Established in 1961, the WFE is the global industry association for exchanges and clearing houses. Headquartered in London, it represents the providers of over 250 pieces of market infrastructure, including standalone CCPs that are not part of exchange groups. Of our members, 39% are in Asia Pacific, 42% in EMEA and 19% in the Americas region. The WFE's 74 member CCPs and clearing services collectively ensure that risk takers post some USD 1.4 trillion (equivalent) of resources to back their positions, in the form of initial margin and default fund requirements. WFE exchanges are home to over 41,000 listed companies, and the market capitalization of these entities is over \$137 trillion; around \$198.5 trillion in trading annually passes through WFE members (at end-2025).

The WFE is the definitive source for exchange-traded statistics and publishes over 350 market data indicators. Its free statistics database stretches back 50 years and provides information and insight into developments on global exchanges. The WFE works with standard-setters, policy makers, regulators and government organisations around the world to support and promote the development of fair, transparent, stable and efficient markets. The WFE shares regulatory authorities' goals of ensuring the safety and soundness of the global financial system.

With extensive experience of developing and enforcing high standards of conduct, the WFE and its members support an orderly, secure, fair and transparent environment for investors; for companies that raise capital; and for all who deal with financial risk. We seek outcomes that maximise the common good, consumer confidence and economic growth. And we engage with policymakers and regulators in an open, collaborative way, reflecting the central, public role that exchanges and CCPs play in a globally integrated financial system. If you have any further questions, or wish to follow-up on our contribution, the WFE remains at your disposal.

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If you have any further questions, or wish to follow-up on our contribution, the WFE remains at your disposal. Please contact:

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