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Financial Conduct Authority 1
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By email: tokenisedsecurities@fca.org.uk

3 July 2026

Dear Sir/Madam

Re: EMA submission regarding the FCA and Bank of England Call for Input on the future of tokenisation: a joint vision from the authorities for UK wholesale financial markets

The EMA represents around 100 payments, crypto-asset and FinTech firms engaging in the provision of innovative payment services, including the issuance of e-money, stable coins, open banking payment services, and crypto-asset-related services. A full list of our members is provided in the appendix to this document.

For many years our members have been at the forefront of technology-driven innovation of financial services and markets in Europe. We therefore very much welcome the FCA and BoE's call for input. We trust it will help initiate a dialogue between regulators and industry that informs policy making and, as needed, reform of regulation and infrastructures. We are happy to help develop and shape an environment facilitating further technology-driven innovation of financial services the payment industry has pioneered.

We would be grateful for your consideration of our comments, which are set out below, and would welcome to discuss the issues raised at your convenience.

Yours faithfully,

Dr Thaer Sabri
Chief Executive Officer
Electronic Money Association

Question 1: Where do you see the most potential benefit to the UK market from tokenisation and why? Where do you see the main opportunities for tokenisation for your business?

For the UK market, tokenisation is expected to enhance the efficiency, resilience and competitiveness of financial market infrastructure. The development of tokenised markets should be seen as a means to strengthen the UK's position as a leading global financial centre by modernising settlement infrastructure and reducing friction in post-trade processes.

For EMA members, the most significant benefits from tokenisation lie in the payments and settlement layer that underpins financial markets. The potential for real-time, programmable, 24/7 settlement of financial transactions, across both domestic and cross-border contexts, represents a qualitative improvement over existing infrastructure that would benefit firms, investors and end users alike.

More specifically, the EMA see the greatest near-term opportunities in the following areas:

- The use of regulated stablecoins and electronic money tokens as the cash leg in tokenised securities transactions. Stablecoins are well-suited to this role precisely because they can operate on public and private distributed ledger networks, are transferable between counterparties without the need for parallel interbank settlement, and are not subject to the business-day and downtime constraints that affect traditional banking infrastructure. The decision referenced in paragraph 4.18 of the Call for Input, to expand the Digital Securities Sandbox to allow certain stablecoins to be used for settlement is therefore strongly welcomed.
- Programmable payments linked to smart contract-triggered events. The EMA sees significant commercial opportunity in linking payment execution to predefined on-chain conditions, whether in the context of securities settlement, trade finance, supply chain transactions or creator and platform payouts. The programmability of tokenised money is a distinct advantage over existing payment rails.
- Faster and more efficient cross-border payments. The Call for Input identifies cross-border efficiency as a core benefit of tokenisation. For our members, whose business models frequently involve cross-border payment flows and remittances, the ability to use regulated stablecoins to bypass correspondent banking intermediation and achieve near-instant settlement at lower cost represents a significant practical benefit.
- 24/7 settlement availability. Existing settlement infrastructure operates within defined business hours and is unavailable during nights, weekends and public holidays. Tokenised settlement assets can operate continuously, and we strongly support the Bank's work to extend RTGS and CHAPS settlement hours accordingly.

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

The EMA broadly agrees with the vision and regulatory principles set out in the Call for Input. The principle set out in paragraph 3.17 that regulatory treatment should be dictated by the risks and mitigants associated with the underlying activity and product, rather than the specific ledger technology used, is fundamental.

We support the equivalent treatment of tokenised and non-tokenised assets. Where the legal rights and underlying risks are comparable, tokenised assets should receive equivalent regulatory treatment to their non-tokenised equivalents.

We also support the vision's recognition that the payments and money layer is foundational to the broader tokenised markets ecosystem. We would urge further clarity in the final roadmap that ensures that regulated stablecoins and electronic money tokens are able to compete on equal footing with other payment instruments within that architecture, rather than being subject to conditions that risk creating an uneven playing field. From a substitutability perspective, broad availability of and easy access to these payment instruments can help mitigate financial stability risks, ensuring that market participants are not unduly concentrated in any single settlement asset and that resilient alternatives remain readily accessible across the on-chain ecosystem.

Question 3: Do you agree with the priority areas we have identified, and our long-term ambition in each of these? Are there any other priority areas you think are important?

The EMA agrees with the five priority areas identified in the Call for Input and strongly supports the ambition to enable digital asset ledgers to access programmable settlement in central bank money. In particular, the commitment set out in paragraph 4.18 to expand the DSS to permit the use of certain stablecoins for on-chain securities settlement represents one of the most significant and practical advancements proposed in this paper.

The EMA also welcomes the openness to tokenised primary issuance and the development of a framework for non-natively tokenised securities. The effective functioning of both tokenised primary and secondary markets depends critically on the availability of a reliable, regulated, on-chain payment instrument for the cash leg. In this context, the securities and payment layers should not be considered in isolation, as their interdependence is fundamental to ensuring safe and efficient market functioning.

In addition to the five areas identified, the EMA would propose a sixth priority area: direct access for regulated non-bank payment service providers to tokenised settlement infrastructure. The payments sector has spent many years navigating the consequences of restricted access to important financial infrastructure. Whether through the DSS, the synchronisation service, or other mechanisms, it should be an explicit regulatory objective that regulated non-bank firms, including electronic money institutions and payment institutions, are able to participate meaningfully in tokenised market infrastructure, not merely as indirect users but as direct participants.

Question 4: To what extent is regulation preventing you from offering tokenised securities products in or from the UK? Are there any specific rules and regulations you would like to see changed?

The EMA has no comments to make in response to this question.

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

For EMA members, interoperability is most critical at two distinct but related layers.

The first is interoperability between payment and settlement assets and tokenised securities platforms. If tokenised securities are traded and settled on UK distributed ledger infrastructure but the cash leg of those transactions requires a bank intermediary to bridge the payment into and out of the tokenised environment, the efficiency gains of tokenisation are substantially diminished. The focus should therefore be on ensuring an interoperable settlement infrastructure that allows access to the broadest possible range of on-chain payment assets. The second is international interoperability between the UK and other major financial markets rapidly developing and migrating to tokenised infrastructures . Many EMA members operate in particular across UK and EU jurisdictions and are developing products under both the forthcoming UK stablecoin regime and MiCAR. Regulatory and technical divergence between these frameworks creates fragmentation and compliance complexity. In particular, consideration should be given to whether regulated payment assets issued under one jurisdiction's framework can be used for settlement on tokenised market infrastructures in another jurisdiction. For example, if a regulated euro-denominated EMT can be used for settlement on EU tokenised market infrastructure but the sterling equivalent cannot be used comparably in the UK, or vice versa, firms will face pressure to duplicate products and infrastructure. We would urge the UK authorities to engage proactively with their EU counterparts to ensure that technical standards and operational frameworks are compatible wherever possible.

Question 6: How should safeguarding requirements for SICs be designed to deliver adequate client asset protection, while remaining proportionate, technology-agnostic and supportive of market development?

The EMA supports a safeguarding framework for SICs that is proportionate, technology-agnostic and consistent with the broader direction of the tokenised markets agenda set out in this Call for Input.

The framework needs to be coherent with the existing safeguarding regimes that apply to other regulated digital assets, including the safeguarding requirements applicable to electronic money tokens under the UK e-money regime and, in due course, under the UK stablecoin regime.

The CASS model in general is designed for investments and other long-term products, and does not lend itself well to safeguarding in the payments sector, which involves high volumes, instant transfers of funds or value, and often multiple intermediaries. We would therefore caution against adopting this model without significant assessment of drawbacks as well as benefits.

Fungibility between tokenised and non-tokenised forms of the same asset needs to be preserved. Some respondents to CP26/4, as noted in paragraph 4.28 of the Call for Input, raised concerns that a CASS 17 approach could affect fungibility between traditional and tokenised assets. We share this concern and would urge the FCA to ensure that whichever safeguarding framework is ultimately adopted does not create operational barriers to the exchange, trading or use as collateral of tokenised assets alongside their non-tokenised equivalents.

The framework needs to be technology-agnostic and must not prescribe specific custody architectures. The market for SIC custody is evolving rapidly and different custody models, including self-custody, third-party custody, and multi-signature arrangements, may be appropriate in different contexts. Prescriptive rules that favour one model over another risk becoming outdated quickly and may disadvantage innovative participants.

Question 7: Do you agree with our roadmap of initiatives and next steps? Is there anything else you would like to receive clarity on in our roadmap that is not in this paper, or any parts you would like us to prioritise?

The EMA broadly agrees with the roadmap of initiatives set out in Chapter 4 and the next steps outlined in Chapter 5. The finalisation of the UK stablecoin regime should be the most urgent near-term delivery. The absence of a finalised regime remains a significant planning consideration for firms seeking to participate in the tokenised market infrastructure the Call for Input describes. We urge the FCA to treat this as near-term and to ensure that the final rules provide clarity on the eligibility of regulated sterling stablecoins as settlement assets within the DSS and the synchronisation service.

Access to the synchronisation service for non-bank PSPs must be confirmed at the earliest opportunity. The Bank's target of delivering the synchronisation service by 2028 and sharing design details in early 2027 is noted. We would ask the Bank to confirm, well in advance of that publication, whether regulated non-bank payment service providers, including electronic money institutions, will have direct access to the synchronisation service, or whether access will be bank-mediated.

The expansion of the DSS to allow stablecoin settlement should be implemented promptly. The commitment in paragraph 4.18 to allow certain stablecoins to be used for settlement within the DSS is one of the most significant practical steps in this paper and a matter of urgency. We ask the FCA and Bank to set out a clear timetable for this expansion.

Similarly, extended RTGS and CHAPS settlement hours should be treated as an important enabler for the wider adoption of tokenised settlement models. The ability to access central bank money beyond traditional business hours would enhance the operational efficiency of tokenised settlement arrangements. . We strongly support the Bank's work in this area and welcome the announcement that CHAPS will open from 1.30am from September 2027. We encourage continued progress towards near-24/7 availability and ask that the authorities consider the specific needs of cross-border payment use cases, which often require settlement at times outside traditional UK business hours, as they develop their approach.

Question 8: Are there any new products you would like to discuss with us, in particular any early-stage initiatives and experiments, where you would find early engagement with the regulators particularly useful?

The EMA has no comments to make in response to this question.

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Airbnb Inc
Aircash
Airwallex (UK) Limited
Amazon
American Express
Banked
BCB Digital Ltd
Bitstamp
Blackhawk Network EMEA Limited
Boku Inc
Booking Holdings Financial Services International L
BVNK
Bytedance Payments
Cardaq Ltd
CashFlows
Circle
Coinbase
Crypto.com
Currenxie Technologies Limited
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