

CONSULTATION RESPONSE

Wholesale Digital Markets Champion First Report: Summary of consultation responses

A summary of the responses received during the consultation period following the Digital Markets Champion's first report.

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Introduction

Following the publication of the Wholesale Digital Markets Champion (DMC) First Report, we were grateful to receive a broad range of responses from across the wholesale financial markets ecosystem, including financial institutions, market infrastructure providers, technology firms, trade associations, standards bodies, professional services organisations, industry groups and digital asset specialists. Respondents were broadly supportive of the direction set out in the first report and welcomed the establishment of the Taskforce and Action Groups as mechanisms to drive industry coordination and implementation.

There was widespread interest in participating in the DMC Industry Taskforce or Action Groups. We are thankful to the many firms who volunteered their time and expertise, and are pleased that the final composition of the Taskforce represents a wide breadth of the industry. While composition of the Taskforce is now closed, we will continue to engage with wider industry as the work progresses.

Feedback focused on the scope of the DMC programme of work, with recurring themes including interoperability, legal and regulatory certainty, settlement infrastructure, standards, digital identity, digital money and cross-border market development. There was a strong degree of alignment regarding both the opportunities presented by tokenised wholesale markets and the need for continued collaboration between industry, government and regulators to address remaining operational, legal and market-structure challenges. The following sections summarise the principal themes raised through the consultation and the key recommendations put forward by respondents.

Key themes from responses

Interoperability

A consistent theme across responses to the report was that interoperability must remain a central objective of the work of the DMC, as the most critical enabler and success factor for scalable tokenised wholesale markets. These submissions reflected the different forms interoperability discussed by respondents, including connectivity between institutions, platforms and infrastructures; common standards across technologies; interaction between traditional and tokenised systems and different forms of money during the transition; and legal, regulatory and technological interoperability across international markets.

Respondents supported the report's emphasis on the importance of interoperability and international convergence. Many submissions argued that this should not be viewed solely as a technical challenge, but as a broader market-design issue encompassing standards, governance, data, legal certainty and settlement. There was broad support for the report's aims of leveraging existing industry frameworks and standards, including identifiers, data models and legal documentation, rather than developing bespoke approaches. Many responses also advocated for ensuring that tokenised assets, settlement assets and associated market infrastructure can operate seamlessly across multiple platforms, networks and jurisdictions, while preserving asset integrity, legal continuity and operational resilience.

Several respondents emphasised the importance of preventing fragmented liquidity and the emergence of isolated "walled gardens". Submissions emphasised the need for common standards, cross-platform settlement capabilities and clear governance arrangements to support interoperability across multiple infrastructures rather than concentrating activity within individual networks. Several responses highlighted governance as an area requiring further development, including consideration of the ownership and maintenance of interoperability standards, accountability for transaction failures and asset loss at bridges and orchestration layers, and management of risks arising from cross-platform connectivity. Others argued that interoperability should encompass not only messaging and connectivity standards, but also provenance, compliance evidence, rights and obligations associated with digital assets, ensuring trusted information can move alongside assets throughout their lifecycle.

A number of respondents also suggested expanding the DMC's focus beyond interoperability towards broader concepts of composability and digitally native market architecture. These submissions argued that future work should consider common token primitives, programmable financial components and shared behavioural standards that enable assets and services to interact seamlessly across infrastructures. Several respondents further encouraged a technology-neutral approach that accommodates permissioned, public and hybrid network models and supports interaction between tokenised deposits, stablecoins and other forms of digital money. Collectively, respondents suggested that success should be measured not only through technical interoperability, but through tangible improvements in market efficiency, collateral mobility, settlement certainty, operational simplification, cross-platform participation and the ability to support future digital market structures.

Legal and Regulatory Certainty

Respondents widely viewed legal and regulatory certainty as essential for the development of tokenised wholesale markets. Many argued that tokenisation should, where possible, build upon existing legal, regulatory and market frameworks rather than creating entirely new regimes. Responses emphasised the importance of preserving legal continuity, settlement finality, insolvency protections, title transfer arrangements and other established market safeguards as activities migrate to digital environments.

Several respondents also called for greater clarity regarding the legal and regulatory treatment of different forms of digital assets and digital money. This included clearer distinctions between tokenised securities, tokenised deposits and stablecoins; greater certainty over the authorisation requirements applicable to firms operating in these markets; and clearer frameworks for the cross-border recognition of overseas-issued digital assets and stablecoins. Some submissions put forward that existing securities-law recognition does not necessarily provide certainty regarding the use of an asset for wholesale settlement purposes, and recommended the development of recognition, equivalence or mutual-recognition frameworks to support cross-border activity. Others called for clearer allocation of regulatory responsibilities across market participants, with accountability attaching to the regulated activity being performed rather than the underlying technology, infrastructure or network through which that activity takes place.

A number of respondents identified areas where further legal work may be required, including the enforceability of digitally represented rights and obligations, the treatment of entitlement tokens, custody arrangements, insolvency treatment, evidencing and compliance requirements, and the relationship between technical settlement and legal finality. Questions were also raised regarding oracle failures, automated execution mechanisms and the distinction between contractual and property rights in digital markets. Views were also widely shared that regulation should be applied according to the activity performed rather than the underlying technology. Respondents cautioned against extending regulatory responsibilities to validators, node operators, settlement infrastructure or other technology-layer participants where they are not undertaking regulated financial activities. Submissions called for greater certainty around accountability, liability and the legal status of digital market activities, while maintaining consistency with existing financial market regulation wherever appropriate.

Permissioned and Permissionless Networks

A number of submissions centred primarily around the treatment of public blockchain networks. They argued that consideration of permissionless networks should not be deferred to a later phase and that standards should remain neutral between permissioned and public architectures. These responses encouraged public-network and hybrid models to be considered across the proposed architectures, including end-to-end repo use cases, and brought into the near-term repo, collateral and cash-leg work so they can be tested before critical architecture choices are fixed.

Many respondents argued a clear roadmap should also be developed for the use of public blockchain networks in regulated repo transactions, and early design choices should not inadvertently exclude public-network solutions. They also argued regulatory obligations should attach to the regulated activity rather than the underlying infrastructure, with clear legal boundaries between the role of the infrastructure and regulated intermediaries.

Repo Live Use Case

Respondents strongly supported the repo use case and recommended testing the full trade lifecycle, including collateral movement, reconciliation, reporting, financial market infrastructure (FMI) interaction, delivery-versus-payment and cross-platform settlement. Testing should also establish whether transaction and compliance records remain traceable across platforms and networks, including through timestamped records.

Respondents encouraged engagement with Decentralised Finance (DeFi)-native firms and institutional on-chain lending models, and testing a range of settlement assets, including tokenised deposits, regulated stablecoins and central bank money. Further clarity was sought on how these assets would serve different use cases and interoperate, including access to USD stablecoins for cross-border transactions. Neutral, non-bank sterling settlement was also highlighted as a potential shared asset for repo, DIGIT and cross-border settlement.

Respondents recommended testing both DIGIT and privately issued securities, with HM Treasury and relevant authorities providing a clear regulatory disposition at the end of the trial. As repo testing is expected to precede the planned RTGS launch, settlement options should be tested now while ensuring that central bank money synchronisation can be incorporated later without redesigning the transaction model.

Respondents also stressed commercial and institutional readiness, recommending systematic assessment of barriers to participation and scaling. Proposals included a blocker register covering legal, prudential, custody, FMI, tax and accounting issues, with clear ownership, actions and timelines, alongside a readiness scorecard to track outstanding gaps before production deployment.

Several organisations offered to participate directly in testing through their distributed ledger technology (DLT) networks, platforms and settlement arrangements. Respondents also recommended considering a broader range of collateral use cases, including securities lending and wider collateral mobility.

Stablecoins and Digital Money

Respondents highlighted strong support for the timely completion of the UK stablecoin framework, with respondents emphasising the need for greater clarity on the respective roles of GBP-denominated and globally issued stablecoins, particularly USD stablecoins, within wholesale financial markets. Many argued that regulated stablecoins should be recognised as an important near-term component of the digital money landscape, capable of providing an effective settlement bridge while tokenise deposits, wholesale central bank money solutions, and other innovations, continue to mature.

Respondents generally cautioned against treating stablecoins as a secondary settlement asset in the roadmap, instead recommending they be considered alongside tokenised deposits and central bank money as part of a broader ecosystem of interoperable digital settlement instruments. Several submissions called for greater prominence to be given to GBP stablecoins, reflecting their potential role in supporting domestic market activity and innovation.

At the same time, respondents stressed that a significant share of cross-border wholesale activity will continue to require access to USD liquidity, noting that non-GBP stablecoins already benefit from substantial liquidity, operational maturity, and established network effects. As a result, many viewed the development of UK-based stablecoins as complementary to, rather than a substitute for, continued access to internationally liquid stablecoins.

Respondents also sought greater clarity on how different forms of digital money are expected to co-exist, compete, or interoperate, including the respective use cases for stablecoins, tokenised deposits, and emerging wholesale settlement solutions such as Fnality and the proposed digital pound infrastructure.

There were also calls for clearer guidance on the circumstances under which globally issued stablecoins would be considered systemic and subject to enhanced regulatory oversight.

Data Standards

Respondents emphasised the importance of building on existing, internationally recognised data standards to support interoperability, scalability, and cross-border adoption of digital market infrastructure. One respondent highlighted the value of the Digital Token Identifier (DTI), developed under ISO 24165, as a globally adopted standard for identifying digital assets across jurisdictions, including the UK, EU and Canada. It was argued that the DTI should form part of a broader standards framework alongside established identifiers such as the International Securities Identification Number (ISIN), and Legal Entity Identifier (LEI), helping to ensure consistent reference data across tokenised markets and traditional financial infrastructure.

Several respondents stressed that emerging data models should complement, rather than replace, existing identifier frameworks. Responses note that any Common Domain Model or reference data architecture should incorporate DTI, ISIN and LEI identifiers directly to avoid the creation of fragmented or duplicative standards. Suggestions included allocating DTIs to key programme initiatives such as DIGIT, ensuring interoperability between distributed ledger platforms and existing market infrastructure, and incorporating International Organization for Standardization (ISO)-based identifiers into cross-border testing of tokenised repo and collateral use cases.

Other respondents also highlighted the importance of standardisation in supporting trusted data exchange. In the context of client onboarding and digital identity, for example, common standards in data are favoured to improve data quality, interoperability, Know Your Client (KYC) processes (see below also Financial Crime Compliance and Digital Identity) and the efficient sharing of trusted information across financial markets.

Settlement Finality

Settlement finality was acknowledged throughout as one of the most important barriers to institutional adoption. Respondents highlighted the need for a technology-neutral application of the Settlement Finality Regulations (SFR), alongside corresponding updates to the UK Financial Collateral Arrangements (No.2) Regulations 2003 (FCARs) where necessary. They also called for a clear distinction between technical settlement and legal finality, including clarity on when a transfer on a probabilistic-finality network becomes legally irrevocable. Respondents further

emphasised the need for appropriate authorisation of relevant infrastructure, and a clear regulatory path from experimentation to production deployment. Respondents noted that statutory settlement finality for digital securities depends on designation under SFR, linked to Central Securities Depository (CSD)/ International Central Securities Depository (ICSD) authorisation, and recommended that securing the relevant authorisations should be treated as a key programme deliverable with clear ownership, timelines and progress reporting. Large-scale institutional adoption may remain constrained until these authorisations and associated settlement-finality protections are in place.

Financial Crime Compliance and Digital ID

Respondents promoted standards such as those from the Financial Markets Standards Board (FMSB) to address digital credentials and wallets, interoperability, automation, mutual reliance between firms, and jurisdiction-agnostic approaches to identity verification and KYC. The most distinctive work in this space was argued to be that which reflects the perspective of relying parties conducting onboarding and financial crime controls, rather than focusing solely on technology providers or end users. Respondents support digital identity frameworks that enable broader KYC compliance, trusted data sharing, and data quality alongside identity verification.

In supporting financial crime compliance, Digital ID should be part of a broader trust and liability framework that clearly defines who can issue and rely on digital attestations, how ongoing validity is established and maintained, and where regulatory safe harbours may be required across jurisdictions. Proposed Action Group 7's focus on data provenance, traceability and evidencing rights and obligations across platforms was therefore supported, with respondents noting that preserving trusted compliance records throughout an asset or transaction lifecycle will be essential for interoperability and effective financial crime controls

Tokenisation of Other Securities and Real World Assets

Some respondents pointed out the need to look beyond the proposed use case of repo and focusing on the broader opportunity of tokenising other securities and real world assets, such as commodities, FX, equities, infrastructure, real estate and maritime assets. Although the scope of delivery of the DMC's programme is limited to the wholesale securities market with focus on the repo transaction until July 2027, all participants of the Taskforce are encouraged to develop other use cases. The best practice guides produced by the Action Groups will serve as templates for wider asset tokenisation and digital issuance.

List of respondents

Chainlink Labs

Charles Grundy

Coalition for Tokenized Markets (CTM)

Crypto Council for Innovation (CCI)

Digital Currencies Governance Group (DCGG)

Digital Token Identifier Foundation (DTI Foundation)

Dr Ian Hunt (*Digital Asset Advisor and Author*) and Stephen Whyman (*Capital Markets Trader and Advisor*)

Dr Paul Fisher (non-Executive Chair of the Board of Licuido)

Electronic Debt Markets Association (EDMA)

Financial Markets Standards Board (FMSB)

GLMX

Global Blockchain Business Council (GBBC)

Global Digital Finance (GDF)

Investment Company Institute (ICI)

ISDA, ISLA, ICMA, ICAEW

ISITC Europe

Kula

LayerZero Foundation

Lily B Co Ltd

Liquida

Mark Burns

Monee

ORIDON LTD

Pirum

Platform D

Sarah Green (*Professor of Law, Former Law Commissioner*), Charles Kerrigan, (*CMS Digital Assets Lead*) Richard Fox (*Head of Public Policy, Schroders*), Dr Ian Hunt, (*Digital Asset Advisor and Author*) and; Stephen Whyman (*Capital Markets Trader and Advisor*)

Shipping Strategy

Talos

Techt

Tether

TKNFRA/ INTERLOCC

TP ICAP

UAC Labs

Veda

XDC Network
