

Progress update: Implementing the recommendations of our 'Digitalisation of UK capital markets' report

Financial market infrastructure and digital bonds

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TheCityUK is the industry-led body representing UK-based financial and related professional services. We champion and support the success of the ecosystem, and thereby our members, promoting policies in the UK and internationally that drive competitiveness, support job creation and enable long-term economic growth. The industry contributes over 12% of the UK’s total economic output and employs almost 2.5 million people – with two thirds of these jobs outside London across the country’s regions and nations. It pays more corporation tax than any other sector and is the largest net exporting industry. The industry plays an important role in enabling the transition to net zero and driving economic growth across the wider economy through its provision of capital, investment, professional advice and insurance. It also makes a real difference to people in their daily lives, helping them save for the future, buy a home, invest in a business and manage risk.

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Forewords

In early 2025, in partnership with Hogan Lovells, we published a landmark report on *[the digitalisation of UK capital markets](#)*. Embracing digitalisation, particularly through distributed ledger technology (DLT), is key to unlocking unprecedented growth and efficiencies, as well as enhancing transparency and security across our markets.

The opportunities presented by tokenised bonds and digitalised financial market infrastructure are immense, offering the UK a chance to future proof its competitiveness and maintain its status as a leading global financial centre. Since publishing our report, there has been some positive progress. The UK has moved from indicative support to more concrete policy action, such as sharing proposals for regulating cryptoassets and stablecoins, including systemic stablecoins; exploring the use of stablecoins within the Digital Securities Sandbox; and launching the procurement process for the UK Digital Gilt Instrument (DIGIT) pilot.

HM Treasury (HMT) has set out a new Wholesale Financial Markets Digital Strategy, bringing various reforms into a more coherent framework, and the UK and US governments have agreed to explore cross-border cooperation on digital assets through the new Transatlantic Taskforce for Markets of the Future. However, we are at a crossroads. Policies are not yet finalised and the regulatory landscape still contains areas of uncertainty. Meanwhile, leadership in technological innovation has become a focal point of international competitiveness, driving rapid global policy and regulatory developments and raising the stakes for the UK to keep pace.

We welcome HMT’s plans to appoint a Digital Markets Champion and hope that this individual will work with us and our industry, alongside wider stakeholders, to deliver a clear, concrete and actionable roadmap that gives industry the confidence to invest and innovate, and helps realise these vital reforms at scale. The digitalisation of UK capital markets is not optional. It is essential for the future competitiveness of our industry, financial regulators’ fulfilment of their secondary objectives, and delivering the government’s economic growth mission. We urge the government, regulators, and industry to continue to act on the recommendations in our original report. By working together, and acting with urgency and purpose, we can ensure the UK remains at the heart of global finance.

Miles Celic OBE

Chief Executive Officer, TheCityUK



Since the publication of our joint report in January 2025, I am pleased to say that we are beginning to see a welcome step change in the evolution of the UK’s digital capital markets. However, there are still a number of vital missing components which we have set out in this progress update.

The UK authorities are driving forward innovation by becoming active market participants and enablers. 2025 has seen numerous important actions, some of which Miles has noted, including the launch of the DIGIT Pilot, expansion of the Digital Securities Sandbox, launch of the Bank of England’s DLT Innovation Challenge, experiments with wholesale central bank money (e.g. Project Meridian Securities), the opening of a stablecoin cohort in the FCA regulatory sandbox, and HMT’s Wholesale Digital Markets Strategy. One of the major obstacles we identified was a lack of legal certainty compared to other major financial centres. While we have seen progress here (such as the adoption of the Property (Digital Assets etc) Act 2025, consultations and a Statutory Instrument on the proposed approach to crypto regulation, including the HMT, FCA and Bank of England approach to stablecoins), our regime will not be live until 2027 and we still lack regulatory certainty for instance around critical collateral eligibility and treatment.

Regulators alone cannot change markets, so it is encouraging to see that many industry players and trade bodies have also been very active in the digital assets market, for example by joining in Bank of England DLT experiments, the Sandbox, developing use cases such as the recent EY/Ownera/Global Digital Finance/Hogan Lovells project on the Tokenisation of Money Market Funds for Collateral Mobility, and the industry and UK Finance pilot project on tokenised sterling deposits.

Other jurisdictions are rapidly developing coherent policies to position themselves as frontrunners in digital capital markets. This update highlights where action is still urgently needed if we are to maintain the UK’s status as a world-leading international financial centre.

Sharon Lewis

Lead Partner, Future of Finance and Co-Chair of Digital Assets and Blockchain Practice, Hogan Lovells International LLP



Executive summary

In January 2025, we set out 20 recommendations to advance the digitalisation of UK capital markets, with a particular focus on financial market infrastructure and digital bonds. We have seen action already taken, or in progress, for almost every one of these recommendations – by both policymakers and industry. That said, these actions are mostly initial steps and there are significant gains yet to be realised.

In this progress report, we identify 10 urgent priorities outstanding for government, regulators, the Digital Markets Champion and industry stakeholders. These priorities include finalising policy proposals on stablecoins and tokenised deposits, promoting use of standards to increase confidence and interoperability, and providing much needed clarity in relation to digital assets as collateral.

Industry-led projects

We recommended that HMT should convene an industry working group to encourage the digitalisation of capital markets. HMT established the Dematerialisation Taskforce and tasked it to report back to government by Summer 2026. The adoption of industry standards plays a critical role in providing trusted pathways for adoption of digital assets across primary and secondary markets. There has been substantial industry endorsement of the ICMA Bond Taxonomy and the Common Domain Model; these have been promoted by international bodies and acknowledged by the FCA.

Priority action required:

- The government appointed Digital Markets Champion should convene an industry working group to help inform a roadmap of next steps required to fast track the digitalisation of capital markets.
- The use of industry-wide standards should be promoted across primary and secondary markets (e.g. ICMA Bond Taxonomy and the Common Domain Model).

Making a success of the FMI Sandbox

Our recommendations relating to the Financial Markets Infrastructure (FMI) Sandbox (the Digital Securities Sandbox (DSS)) were aimed at ensuring openness, agility, international competitiveness and resilience. By the end of November 2025, the DSS had attracted 16 diverse participants, and the regulators are maintaining close dialogue with the industry and responding to feedback. The Chancellor and Deputy Governor for Financial Stability have noted the desire to explore a transatlantic sandbox and/or a recognition regime and the UK and US governments have agreed to consider how to enhance transatlantic digital capital markets. There has been some recognition that firms can use Distributed Ledger Technology (DLT) outside the DSS and the FCA has said that it will support firms wishing to explore the use of tokenised money market funds as collateral outside the sandbox.

Priority action required:

- HMT to consider recognition of international payments and settlement systems and amending the DSS regulations in order to allow international participants in the sandbox.

Medium-term priority:

- Regulators to publish feedback, including to non-participant firms, on how to progress in the sandbox.
- HMT to consider a future digital gilt outside the DSS.

Enabling on chain payments / the digital payments leg

We recommended that HMT and the regulators provide greater clarity on the treatment of stablecoins and tokenised deposits, and that there should be an industry taskforce to determine the appropriate arrangements to enable interoperability of legal and operational systems for digital financial market infrastructure. HMT and the regulators have now published consultations on the approach to crypto, including stablecoins. The Bank of England is conducting various experiments to test interoperability, including under Project Meridian FX and Project Meridian Securities. It has also confirmed that it is engaging with banks to understand whether any potential regulatory response is required to facilitate tokenised commercial bank deposits. The Bank of England has an ongoing commitment to enabling interoperable, resilient and legally sound DLT ecosystems and is also planning to explore the synchronised settlement of tokenised bonds.

Priority action required:

- In order to ensure that there is a viable digital payments leg solution – an essential component of a successful digital capital market – HMT and the regulators need to maintain momentum by adopting their final policies and making Statutory Instruments/rules on the approach to stablecoins and tokenised deposits.
- The Digital Markets Champion should work with industry to determine the appropriate arrangements to enable interoperability of legal and operational ecosystems for digital financial market infrastructure.

Digital bonds

We recommended that the UK uses the launch of a pound sterling gilt and the National Wealth Fund to foster use cases across primary and secondary markets and to incentivise private sector investment in tokenisation. We also proposed that HMT should develop market standards and policy initiatives to establish longer-term confidence, convene industry groups to help establish pathways to facilitate the issuance of digital bonds, and work with international actors to establish interoperable standards for issuance, custody and transfer. HMT in its Wholesale Financial Markets Digital Strategy urged the sector to identify use cases with the support of the Investment Management Taskforce.

Priority action required:

The Digital Markets Champion should:

- Help to ensure that HMT develops the digital gilt to enable collateral mobility and on chain settlement and help build longer-term confidence in digitalised capital markets.
- Join up the work of the sector and the UK Jurisdiction Taskforce to help build pathways to issuance of digital bonds.
- Look for opportunities for UK authorities and industry to work with international bodies to establish interoperable pathways to digital bond issuance, custody and transfer.

One of the most critical recommendations is for HMT and the regulators to provide clarity on collateral arrangements and the collateral eligibility of digital securities. HMT noted the importance of collateral mobility solution in its Wholesale Financial Markets Digital Strategy (July 2025). The Bank of England has confirmed that it will consider industry views on permitting tokenised assets as eligible collateral. The FCA has confirmed that UK European Market Infrastructure Regulation (EMIR) does not distinguish between tokenised and conventional financial instruments when determining eligibility for collateral. These are positive signs and the industry is also busy demonstrating the use case for collateral.

Priority action required:

- As proposed by the Law Commission, HMT should provide clarity on the treatment of digital assets for example in the Financial Collateral Arrangement Regulations.
- The Regulators could also provide guidance that the act of tokenisation does not of itself change the eligibility criteria for use as collateral under existing regulatory frameworks.

Medium-term priority:

- The National Wealth Fund to make use of smart contracts, digital bonds and fund tokenisation. Government to review or clarify how the current wholesale tax regime interacts with tokenised securities.

Recommendations and progress

In the table below, we set out an overview of progress made since the publication of our recommendations in January, and what further action is needed to see them delivered.

To be actioned: Urgent priority Medium term priority In progress

January 2025 recommendation	Progress as at mid December 2025	Action in progress	Action required
Industry-led projects			
1	Convene an industry working group to determine what needs to be in place to encourage the digitalisation of capital markets. (H1)	<div>✓ July 2025: HMT commits to the removal of paper from wholesale markets, starting with dematerialisation of shares and then bonds (<i>Wholesale Financial Markets Digital Strategy</i>). ✓ July 2025: HMT announces intention to appoint a Digital Markets Champion. We expect that the Digital Markets Champion will convene with industry to determine steps required to encourage the digitalisation of capital markets. ✓ October 2025: <i>Dematerialisation Market Action Taskforce</i> established</div>	<div>There is now a timeline for the dematerialisation of shares (by end 2027). Dematerialisation Market Action Taskforce (DEMAT) to report to government by Summer 2026.</div> <div>Digital Markets Champion to convene industry to help inform roadmap of steps required to fast track the digitalisation of capital markets.</div>

January 2025 recommendation	Progress as at mid December 2025	Action in progress	Action required
Industry-led projects			
2	Adopt industry-wide standards for the consistent and safe use of DLT and digital assets across both primary and secondary markets. (H1 2025)	<div>✓ Ongoing: Industry and regulators continue to emphasise interoperability and importance of common standards in their communications on the Digital Gilt Instrument (DIGIT) pilot and Digital Securities Sandbox (DSS) initiatives. ✓ March 2025: <i>The World Bank Treasury launched an AI-powered tool</i> named “SHAstra” to create digital replicas of securities terms and received recognition for its “ASTRA” tool to streamline investment operations, using ICMA’s BDT. ✓ September 2025: The International Central Securities Depositories have <i>announced</i> their intention to align their Issuance & Processing Taxonomy with <i>ICMA’s Bond Data Taxonomy</i> (BDT). ✓ September 2025: <i>The Advisory Group (to the ECB) on Market Infrastructures for Securities and Collateral report on remaining barriers to integration in securities post-trade services</i> recommends the adoption of existing market standards such as ICMA’s BDT. ✓ October 2025: Financial Conduct Authority (FCA) <i>Consultation CP 25/28 on fund tokenisation</i> notes that there are a wide range of efforts to create common token standards and makes reference to ICMA BDT. ✓ October 2025: Bank of England <i>published approach to innovation in AI, DLT and quantum computing</i>, which highlights the role of standards. ✓ October 2025: ISDA and Tokenovate established a <i>taskforce within the Fintech Open Source Foundation (FINOS) to accelerate operationalization of the Common Domain Model (CDM)</i>.</div>	<div>Ongoing: Industry and regulators continue to emphasise interoperability and importance of common standards in their communications, including on the Digital Gilt Instrument (DIGIT) pilot and Digital Securities Sandbox (DSS) initiatives.</div> <div>Promote the use of industry-wide standards e.g. <i>ICMA Bond Taxonomy</i> and the <i>Common Domain Model</i> across primary and secondary markets.</div>

January 2025 recommendation	Progress as at mid December 2025	Action in progress	Action required
Making a success of the FMI sandbox			
3	Look at lessons learned from the EU’s DLT Pilot Regime to ensure that the UK FMI sandbox provides an attractive forum for firms to test new trading and settlement models. (Ongoing)	✓ 16 sandbox applicants have received gate 1 approval for the DSS, including variety of participants and use cases.	Ongoing action: Continue to learn from other jurisdictions.
4	Ensure that clearly defined criteria set out what is required for firms to be able to easily navigate the UK FMI Sandbox requirements. (Ongoing)	✓ March 2025: Bank and FCA published <u>updated guidance</u> on the DSS entry criteria.	Ongoing action: clarity.
5	Remain flexible and maintain a strong dialogue with the industry, to understand practical issues such as development costs. (Ongoing)		Ongoing action: flexibility.
6	Ensure that the projects that are progressed through the DSS do not introduce operational resilience risks that are not managed to a level consistent with the traditional FMIs. (Ongoing)		Ongoing action: resilience.

² Chancellor Reeves speech at the Innovate Finance Global Summit on 29 April 2025 noted “Secretary Bessent and I also discussed how our officials could explore opportunities to support industry to innovate cross-border in line with proposals put forward by US Securities and Exchange Commissioner Hester Peirce about a transatlantic sandbox for digital securities, potentially allowing greater digital collaboration between capital markets in New York and London.”

January 2025 recommendation	Progress as at mid December 2025	Action in progress	Action required
Making a success of the FMI sandbox			
7	Continue to acknowledge that firms can use DLT outside the scope of the DSS. (Ongoing)	✓ July 2025: <u>Wholesale Financial Markets Digital Strategy</u> (WFMDS) does not refer to use of DLT outside the DSS. ✓ DIGIT proposal tied to DSS. ✓ Joint Bank and FCA DSS policy statement acknowledges that firms can use DLT outside the sandbox provided all relevant requirements are met. ✓ October 2025: FCA confirms in CP 25/28 that it will support firms wishing to explore use of tokenised money market funds as collateral outside the DSS.	Ongoing action. HMT and regulators to seek opportunities to reiterate availability of DLT outside the DSS, as confirmed in HMT’s response to the DSS consultation and the FCA’s CP25/28.
8	Explore the possibility of an international dimension to a UK FMI sandbox /cross-border sandbox. (Ongoing)	✓ April 2025: Chancellor acknowledged the possibility of international sandbox at Innovate Finance Global Summit (IFGS) ² . ✓ May 2025: <u>Sarah Breeden speech on the value of a harmonised gauge</u> notes desire for a recognition regime for equivalent payments and settlement systems. ✓ September 2025: HMT established <u>UK-US Transatlantic Taskforce for Markets of the Future</u> to enhance collaboration on capital markets, digital assets and other innovative financial activities.	US-UK Taskforce to report within 180 days. HMT to consider amending DSS regulations in order to allow international participants in the sandbox. Consider also recognition of international payments and settlements regimes.

January 2025 recommendation	Progress as at mid December 2025	Action in progress	Action required
Making a success of the FMI sandbox			
9	Create an industry forum for information sharing that includes non-participant firms, to ensure transparency and broader representation of market participants when considering regulatory guidance and policy changes. (H1 2025)	✓ Bank of England and FCA have a live guidance document for sandbox entrants which they update from time to time.	Ongoing action: Bank of England and FCA continue open and transparent communication with sandbox entrants.
A digital payments leg solution			
10	Provide further clarity on the regulatory treatment of stablecoins, including suitability for settlements of wholesale transactions. (H1 2025)	<div>✓ April 2025: <i>HMT published draft statutory instrument (SI) and policy note</i> on the regulatory regime for regulated cryptoasset activities.</div> <div>✓ May 2025: <i>Sarah Breeden speech on the value of a harmonised gauge</i> for international payment rails.</div> <div>✓ July 2025: FCA published <i>CP25/14</i> consultation paper on stablecoin issuance and crypto asset custody.</div> <div>✓ July 2025: <i>Sasha Mills speech</i> details the Bank of England's plan to consult on an updated systemic stablecoin regime.</div> <div>✓ September 2025: <i>Sarah Breeden Speech</i> sets vision for a ‘multi-moneyverse’ where traditional bank deposits (including tokenised deposits), stablecoins and central bank money coexist and are freely exchangeable at par.</div> <div>✓ October 2025: Andrew Bailey, Financial Times <i>suggests</i> a more flexible approach to stablecoins.</div>	<div>*“Bank is exploring how regulated stablecoins can be utilised as the settlement asset for wholesale financial market transactions in the DSS”.</div> <div>**“The Bank and the FCA are exploring how regulated stablecoins could enable on-chain settlement by providing the payment leg for transactions within the DSS”.</div>

January 2025 recommendation	Progress as at mid December 2025	Action in progress	Action required
A digital payments leg solution			
		<div>✓ October 2025: Bank of England <i>published approach to innovation in AI, DLT and quantum computing</i>.*</div> <div>✓ November 2025: <i>Bank of England consultation paper on systemic stablecoins</i>.**</div> <div>✓ November 2025: <i>Bank of England financial stability paper on holding limits for sterling demonimated systemic stablecoins and a potential digital pound</i>.</div> <div>✓ 15 December 2025: HMT laid draft statutory instrument before Parliament on the regulatory regime for regulated cryptoasset activities: <i>The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025</i>.</div> <div>✓ 16 December 2025: The FCA published a further consultation on the regulatory perimeter, <i>CP25/40: Regulating Cryptoasset Activities</i>.</div> <div>✓ 16 December 2025: The FCA published <i>its proposals relating to admissions and disclosure and Market Abuse for Cryptoassets</i> (CP25/41).</div> <div>✓ 16 December 2025: The FCA published its <i>proposals for a prudential regime for cryptoasset firms</i> (CP25/42).</div>	

January 2025 recommendation	Progress as at mid December 2025	Action in progress	Action required
A digital payments leg solution			
11	Consult further on barriers to adopting tokenised deposits and provide the regulatory clarity to unlock huge investment in the UK. (H2 2025)	<div>✓ April 2025: <i>HMT published draft statutory instrument (SI) and policy note</i> on the regulatory regime for regulated cryptoasset activities.</div> <div>✓ July 2025: FCA published <i>CP25/14</i> consultation paper proposing a crypto regime.</div> <div>✓ September 2025: UK Finance and major UK banks launch <i>pilot project on tokenised sterling deposits</i>.</div> <div>✓ October 2025: Bank of England <i>published approach to innovation in AI, DLT and quantum computing</i>.</div> <div>✓ 15 December 2025: HMT laid draft statutory instrument before Parliament on the regulatory regime for regulated cryptoasset activities: <i>The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025</i>.</div> <div>✓ The FCA published three further consultations relating to its crypto regime (<i>CP25/40</i>, <i>CP25/41</i> and <i>CP25/42</i>)</div>	<div>*Bank of England is “engaging with banks to understand whether any potential regulatory response is needed to facilitate tokenised commercial bank deposits”.</div> <div>Bank of England to publish position on treatment of tokenised deposits.</div>

January 2025 recommendation	Progress as at mid December 2025	Action in progress	Action required
A digital payments leg solution			
12	Set up an industry taskforce to determine the appropriate arrangements to enable the interoperation of operational and legal ecosystems for digital FMLs. (H1 2025)	<div>✓ April 2025: <i>Project Meridian FX</i> demonstrates technical feasibility of interfacing the Bank of England’s Real Time Gross Settlement (RTGS) with a range of external ledgers, including those based on DLT.</div> <div>✓ April 2025: <i>Dave Ramsden speech on digital public infrastructure</i>.***</div> <div>✓ June 2025: Bank of England launched the <i>DLT Innovation Challenge</i> to understand the implications of incorporating DLT into wholesale bank settlement; testing whether wholesale central bank money can be transacted and settled on an external ledger.</div> <div>✓ October 2025: <i>Bank of England is exploring interoperability</i> to allow DLT-based systems to interact seamless with existing infrastructure, including messaging standards and legal frameworks for cross- platform settlement³.</div> <div>✓ November 2025: <i>Bank of England announces findings of Project Meridian Securities</i>, experiments conducted with BIS Innovation Hub to explore whether a synchronization interface can enable atomic settlement in central bank money for transactions involving tokenised securities⁴.</div>	<div>Alongside industry, Bank of England has ongoing commitment to enabling interoperable, resilient, and legally sound DLT ecosystems, especially for tokenised assets and FMLs.</div> <div>***Bank to explore synchronisation: report findings of its synchronisation lab, including synchronised settlement of a tokenised bond in 2026.</div> <div>In the interim the Bank will work closely with industry to inform scope of experiments and design of the synchronisation functionality.</div> <div>Digital Markets Champion to determine the appropriate arrangements to enable the interoperation of operational and legal ecosystems for digital FMLs.</div>

³ “The Bank is considering how regulatory and legal frameworks can support the responsible adoption of DLT, as well as the usability of new forms of digital assets and digital money through various initiatives”, Bank of England Approach to innovation in artificial intelligence, distributed ledger technology, and quantum computing, 15 October 2025.

⁴ This builds on the BIS report on *Wholesale central bank money in the context of technological innovation*, 18 September 2025.

January 2025 recommendation	Progress as at mid December 2025	Action in progress	Action required
Digital bonds			
13	Establish the UK as a leader by taking concrete steps towards issuing a pound sterling digital gilt. (H1 2025)	<ul style="list-style-type: none"> ✓ March 2025: HMT launched the initial procurement for DIGIT. ✓ October 2025: HMT launches second procurement for DIGIT. 	Infrastructure supplier to be appointed by the end of 2025.
14	Ensure that the timeline and project sequencing for a digital gilt are designed to foster secondary market use cases. (H1 2025)	<ul style="list-style-type: none"> ✓ July 2025: HMT <i>announced</i> further features of the DIGIT aimed at fostering secondary use cases. This includes interoperability, transparency, enabling settlement and delivering on chain settlement. 	<p>HMT will take forward the issuance of DIGIT and use the findings to develop further initiatives that will drive market momentum and technological adoption more broadly (WFMDs).</p> <p>The government commits to work with the financial services sector to encourage ongoing development of additional DIGIT features and functionality. This includes supporting solutions that enable collateral mobility; examining the case for listings on DLT; and the development of secondary markets. It is the government's intention to engage with the Digital Markets Champion to develop a cross-sectoral strategy for delivering these features (DIGIT Pilot Update).</p> <p>Digital Markets Champion to ensure that HMT develops the digital gilt to enable collateral mobility and on chain settlement. Establish detailed and ambitious roadmap for DIGIT designed to foster secondary market use cases.</p>

January 2025 recommendation	Progress as at mid December 2025	Action in progress	Action required
Digital bonds			
15	Leverage the opportunities presented by the National Wealth Fund to incentivise private sector investment in tokenisation. (Ongoing)	<ul style="list-style-type: none"> ✓ June 2025: <i>National Wealth Fund publishes 'Financing the Future' strategy</i> outlining expanded mandate and investment priorities, including "innovative financial transactions". ✓ October 2025: <i>FCA consultation</i> setting out a roadmap to advance fund tokenisation. 	Ongoing: National Wealth Fund to use innovative financial transactions such as smart contracts, digital bonds and fund tokenisation.
16	Work with the industry to develop market standards, market infrastructure and wider policy initiatives, to establish longer-term confidence in policy support for digitalised capital markets. (H1 2025)	<ul style="list-style-type: none"> ✓ July 2025: HMT announced intention to appoint Digital Markets Champion. We expect that the Digital Markets Champion will convene with industry to determine steps required to grow confidence in the digitalisation of UK capital markets. ✓ 2 December 2025: <i>Property (Digital Assets etc) Act 2025</i> enters into force. 	HMT to appoint Digital Markets Champion to work with industry.
17	Convene industry groups in the UK to establish clear pathways to facilitate the issuance of digital bonds. (Ongoing)	<ul style="list-style-type: none"> ✓ July 2025: HMT's WFMDs notes that the sector should work to identify the best use cases for DLT, supported by bodies such as the Investment Management Taskforce. 	FCA to continue to work with bodies such as the Technology Group of the Investment Management Taskforce.
			Digital Markets Champion to join up the work of the sector; building on the work of the UK Jurisdiction Taskforce and its Legal Statement on digital securities, industry should seek to develop pathways to issuance of digital bonds.

January 2025 recommendation	Progress as at mid December 2025	Action in progress	Action required
Digital bonds			
18	Work with international bodies to establish common/ interoperable standards for pathways to digital bond issuance, custody and transfer. (Ongoing)	<ul style="list-style-type: none"> ✓ July 2025: HMT's WFMDS acknowledges need for interoperability. ✓ Ongoing: FCA has collaborated with international regulators as a member of Project Guardian's policymaker group and asset and wealth management workstream. ✓ ICMA's Bond Data Taxonomy. ✓ July 2025: <u>UK-Singapore Joint Financial Dialogue</u> reflects of progress of Project Guardian and agrees to deepen collaboration and drive greater adoption of tokenised assets in both markets. ✓ September 2025: HMT established <u>UK-US Transatlantic Taskforce for Markets of the Future</u> to enhance collaboration on capital markets, digital assets and other innovative financial activities. 	<p>FCA ongoing participation in IOSCO, FCA and Bank of England ongoing participation in the FSB and the Monetary Authority of Singapore's Project Guardian.</p> <p>US-UK Taskforce to report within 180 days.</p> <p>UK-Singapore Joint Financial Dialogue</p> <p>Joint EU-UK Financial Regulatory Forum</p> <p>Digital Markets Champion to work with HMT and industry to join the UK sector up with digitalisation in other jurisdictions.</p>

January 2025 recommendation	Progress as at mid December 2025	Action in progress	Action required
Digital bonds			
19	In line with recommendations from the Law Commission, provide regulatory and statutory clarity on collateral arrangements and the collateral eligibility of digital securities. (H1 2025)	<ul style="list-style-type: none"> ✓ July 2025: WFMDS notes the importance of collateral mobility solutions. ✓ October 2025: FCA <u>Consultation CP 25/28 on fund tokenisation</u> section 4.15: FCA confirms that UK EMIR does not distinguish between tokenised and conventional financial instruments when determining eligibility for collateral (Art 5 RTS 2016/2251). ✓ October 2025: Bank of England <u>published approach to innovation in AI, DLT and quantum computing</u> commits to consider collateral eligibility.**** ✓ November 2025: Global Digital Finance report and industry sandbox results for <u>collateral mobility in tokenized money market funds</u> in UK, Ireland and Luxembourg. ✓ November 2025: <u>BIS Bulletin on the Rise of Tokenised Money Market Funds</u> including their role in providing on chain collateral. 	<p>****The Bank of England confirms (October 2025) that it will consider industry's views on permitting tokenised assets as eligible collateral, including the risks and benefits, and the barriers that currently exist to their use, in response to the discussion section in their recent <u>consultation paper on the resilience of CCPs</u>.</p> <p>ISDA and ISLA Survey on tokenised collateral. <u>Trade bodies (ISDA, ISLA and ISSA) report on the case for tokenised collateral</u>.</p> <p>Regulatory statement or guidance that the act of tokenisation, in itself, does not change the eligibility of an asset for use as collateral under existing regulatory frameworks. HMT to provide statutory clarity in the Financial Collateral Regulations, as proposed by the Law Commission.</p>
20	Review how the current wholesale tax regime interacts with tokenised securities. (H2 2025)		HMT and HMRC to review or clarify how the current wholesale tax regime interacts with tokenised securities.

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