

GDF & ISDA US TMMF 04/30/2026

Readout

1. Recap of Draft Report Outline and Key Working Group Findings

- a. The session provided a comprehensive recap of the draft report structure and summarized the key findings developed by the working group over the past two months.
- b. The objective of the meeting was to align participants on the main conclusions, confirm that all relevant topics had been covered, and identify any remaining gaps before finalizing the report.
- c. The working group's scope has been to assess whether tokenized money market funds can operate as institutional-grade collateral within existing legal, regulatory, and operational frameworks.
 - i. The group confirmed that current collateral workflows are fragmented and operationally inefficient, particularly for money market funds due to the common process of redeeming fund shares, posting cash, and then sweeping funds back into the same instruments.
 - ii. Tokenized money market funds were identified as a strong opportunity to improve collateral efficiency due to their stable value, liquidity, and suitability as collateral assets.
- d. Legal and Regulatory Considerations
 - i. The group concluded that existing frameworks under the Uniform Commercial Code, specifically Articles 8 and 9, provide the clearest pathway for legal certainty.
 - ii. Tokenized money market funds can qualify as securities or security entitlements, enabling clear transfer and collateral arrangements under these frameworks.
 - iii. The group evaluated three implementation models - digital native, digital twin, and custodial - and determined that emerging frameworks such as UCC Article 12 are not yet sufficiently mature to rely on.
 - iv. The definition of settlement finality was identified as an important issue that requires explicit contractual alignment to avoid inconsistencies across legal, operational, and technological perspectives.
- e. Operational
 - i. Tokenization was found to enable atomic settlement and direct peer-to-peer transfers, thereby eliminating inefficient legacy processes.
 - ii. The group emphasized that implementation should focus on integration with existing systems rather than replacing them, with interoperability identified as a key requirement for scaling adoption.
 - iii. While additional governance, control frameworks, and risk management measures are required, these challenges were considered manageable and not prohibitive.
- f. Sandbox

- i. Sandbox testing demonstrated that tokenized money market funds can operate effectively within existing operational environments and confirmed that interoperability is achievable.
 - ii. Ongoing testing, including cleared margin use cases, continues to validate both the technical and operational feasibility of these models.
 - iii. The findings support a positive conclusion that adoption is feasible and represents a meaningful opportunity for the industry.
- g. Policy & Market Structure Recommendations
 - i. The working group identified the need for standardization of market practices, harmonization of regulatory frameworks, and the removal of asset transfer restrictions to support scalability.
 - ii. The group also emphasized the importance of maintaining technology-neutral regulation to ensure consistent treatment of tokenized and traditional securities.

2. Capital Treatment of Money Market Funds and Call to Action

- a. The group confirmed that tokenization does not change the underlying capital treatment of money market funds, as it is considered a technological enhancement rather than a change in asset characteristics.
- b. A potential concern was identified regarding the existing capital treatment of money market funds, particularly in the banking book, where relatively high-risk weights (e.g., 20%) may not accurately reflect the low-risk nature of these assets.
- c. While this issue is not currently viewed as a critical barrier, it could limit adoption and scalability if not addressed appropriately.
- d. The working group issued a call to action for industry participants, especially large financial institutions, to engage their internal risk and capital teams and raise this issue with relevant regulatory and industry bodies such as ISDA. For firms concerned with this topic, especially GSIBs, please reach out to [Marc Tourangeau](#) and [Asfend Dogar](#) in ISDA's Risk and Capital team; they are working on the larger book of capital advocacy work.
- e. The goal of this advocacy is to assess whether regulatory clarification or adjustment is needed to ensure that capital treatment aligns more closely with the risk profile of money market funds.

3. Next Steps

- a. The working group will incorporate all findings and conclusions into the final report, with drafting continuing throughout May and publication targeted for June.
- b. Additional ad hoc sessions may be scheduled if further validation or discussion is required before finalization.

4. Upcoming Events

- a. GDF Tokenization Forum - June 3rd: The session will include:
 - i. U.S. TMMF Working Group Updates
 - ii. GDF, FIX, Deloitte dFMI Convergence Whitepaper Discussion
- b. **Registration:** Sign up via the event [link](#); upon approval, a Zoom link will be provided to join the session.

The Value Exchange is conducting a [survey](#) on tokenized Money Market Funds. Please participate.