SUBMITTED VIA EMAIL: tokenisedsecurities@fca.org.uk

23 October 2026

To whom it may concern,

Re: Response to the Financial Conduct Authority Call for Input on Tokenised gold in UK wholesale markets

About Global Digital Finance (GDF)

Global Digital Finance (GDF) is a global membership association advocating and accelerating the adoption of best practices for digital assets and digital finance technologies through the development of conduct standards, policy engagement and collaboration between industry, policymakers and regulators.

Our membership spans the digital finance ecosystem, including financial institutions, market infrastructure providers, digital asset firms, technology providers, payment firms, custodians and other participants in digital markets.

This response reflects GDF's Global Stablecoin Regulatory Playbook, previous UK stablecoin submissions, member evidence and discussion at GDF's Bank of England roundtable on 10 September 2026. Member comments are presented on an aggregated and non-attributed basis unless otherwise agreed.

This response has been prepared on behalf of the GDF membership. As always, GDF, our members and global community remain at the disposal of the Bank of England and the FCA for any further questions or clarifications and would welcome a meeting to discuss this response.

GDF consents to publication of its name as a respondent to this consultation. Individual member contributions are not attributed.

Yours faithfully,

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Executive summary

GDF supports developing a proportionate framework for tokenised gold that makes institutional use commercially viable while protecting the rights of holders. The test should be whether a token provides an enforceable and usable interest in gold, with reliable arrangements throughout its lifecycle.

1. Prioritise practical wholesale uses, including collateral transfers and settlement, supported by evidence of costs, demand and performance under stress.

2. Establish clear treatment of ownership, insolvency, collateral enforcement and settlement, alongside compatible operational standards.

3. Support a targeted route outside CIS and AIF regulation for qualifying whole-bar and fractional ownership arrangements, with effective safeguards. Coordinate this work with collateral and prudential assessments while preserving the separate tests under each framework.

4. Coordinate regulatory clarification, common identifiers, documentation and industry testing. Support equivalent protection across custody models, networks and cross-border arrangements, maintaining competition and clear accountability. Preserve proportionate secondary-market access within the wider cryptoasset framework, with any gold-specific requirements justified by identifiable risks.

Question 1 Benefits and risks

Question summary: Potential UK benefits and the different risks of wholesale and retail adoption.

The strongest initial opportunity is to make existing gold holdings easier to use in institutional transactions. A holder should be able to transfer or pledge an enforceable interest without unnecessary physical movement or repeated manual reconciliation. This could support collateral substitution, secured financing and more efficient management of intraday obligations. Benefits will depend on counterparties accepting the instrument and on the cost of connecting it to their existing systems.

The near-term commercial case is strongest for mobilising gold already held by bullion banks, commodity firms and long-term investors. It should be tested through collateral released and funding costs saved, rather than assuming that firms will buy gold to replace cash or government bonds. Applicable haircuts, financing costs and liquidation capacity will affect that choice. The standardised UK uncleared-derivatives margin schedule assigns gold a 15% haircut, compared with 0.5%, 2% or 4% for relevant credit-quality-step-1 government debt, depending on maturity. These figures are not universal haircuts for every gold collateral transaction.

GDF recommends testing transactions from start to finish, including onboarding, allocation, issuance, transfer, payment, collateral enforcement and redemption. Evidence should compare the total cost and time with current arrangements, including custody, technology, legal work, liquidity and assurance costs. Faster token transfer alone is not a sufficient measure of improvement.

In wholesale markets, risks include a mismatch between token records and legally enforceable ownership, competing claims over the same gold, unreliable valuations, concentration in one issuer or custodian, and limited liquidity when positions must be closed. Automated transfers could accelerate losses if a pricing feed or control fails. The ability to trade continuously can also create a mismatch with the operating hours of vaults, payment systems and dealers.

Controls should include reconciled issuance limits, independent checks of holdings and encumbrances, clear responsibility for correcting errors, and tested arrangements for service interruption. Collateral users should assess stressed liquidation costs and set appropriate haircuts and concentration limits. Tokenisation should not itself justify a lower risk assessment or an assumption of capital relief.

Haircut and liquidation assumptions should cover the longest reasonably foreseeable interval during which a token remains transferable but the underlying gold cannot be redeemed or sold through the relevant channels. Weekend and holiday closures, banking hours and disruption to vault access should therefore be included in stress tests. Continuous trading does not by itself provide continuous executable liquidity or access to redemption.

Market integrity controls should also address conflicts where an issuer or affiliate operates the trading venue, determines execution prices or acts as the sole liquidity provider. Holders should understand how prices are established and which exit routes are available. Secondary-market liquidity should not be presented as a guaranteed substitute for redemption, particularly when normal market-making arrangements are disrupted.

For retail users, smaller investment sizes may improve access, but a small token holding must not obscure high delivery thresholds, fees or limited redemption options. Disclosures should distinguish ownership of gold from exposure to an issuer, explain who can redeem and on what terms, and avoid suggesting that regulatory engagement guarantees a product. Any lending, yield or leverage feature should be identified separately, with its additional risks and permissions assessed.

Fractional ownership is a useful feature and should not, of itself, be treated as an inherent source of risk or as equivalent to participation in an investment fund. Assessment should focus on the substantive legal structure and operational framework, including whether the fractional interest confers clear and enforceable rights in respect of the underlying gold and whether it introduces additional pooling, custody or third-party management risks. Secondary markets can provide convenient exit routes, but a market sale is distinct from exercising the holder's rights against the responsible issuer or custodian. A liquid secondary market should complement an effective redemption mechanism, not replace it.

Question 2 Interoperability and institutional collateral

Question summary: The connections and conditions needed for reliable institutional collateral use.

Interoperability matters most where legal ownership, custody records, collateral systems and the payment leg meet. Institutions need assurance that a transfer recognised by one system produces the intended rights in the others. Connecting ledgers without resolving these relationships could move operational risk rather than reduce it.

GDF recommends industry standards for identifying the gold and the rights represented, identifying the issuer and responsible custodian, recording encumbrances, and reporting issuance and cancellation. A common data model should make it possible to reconcile aggregate token supply against available backing while protecting commercially sensitive positions and personal data. Standards should allow different technical architectures to compete.

For identification, standards should build on the existing Digital Token Identifier (DTI, ISO 24165), Legal Entity Identifier (LEI) and, where applicable, International Securities Identification Number (ISIN). These can connect the token implementation and ledger with the responsible entity and underlying instrument. A bespoke gold-token identifier should not be required where existing standards meet the

need. These identifiers do not by themselves establish ownership, regulatory status, backing or collateral eligibility.

Eligibility schedules, delivery-versus-payment instructions and reconciliation records should reference the relevant identifiers and current supporting data. Names, tickers and contract addresses alone may not establish whether a deployment is supported by the issuer. An identifier should enable counterparties to distinguish issuer-supported implementations from third-party representations. Grouping implementations for operational purposes should not override differences in legal rights or risk. The reference data must still be reconciled with vault and custody records.

The framework should accommodate public and permissionless networks where firms can demonstrate how they meet applicable requirements, manage operational risks and maintain service continuity. The framework should assess the safeguards of the particular arrangement rather than exclude a network solely because of its architecture. Common interfaces should also support connections with existing custody and collateral systems, allowing firms to participate without replacing their entire infrastructure.

Collateral documentation should specify whether the transaction transfers title or creates a security interest, how the receiving party obtains control, what prevents an inconsistent subsequent disposition, and how enforcement proceeds after default. Independent legal analysis should cover relevant jurisdictions and insolvency scenarios. A wallet transfer must not be assumed to resolve these questions automatically.

Documentation readiness is a practical precondition for adoption. Relevant industry bodies, including ICMA, ISDA and ISLA, should assess whether their agreements and supporting opinions adequately cover gold-token arrangements, including control, substitution, enforcement, physical delivery and vaulting. ICMA's June 2026 DLT and repo report identifies commodity-backed tokens such as gold tokens as outside the GMRA Digital Asset Annex in its discussion of digital cash. Firms should not assume existing digital-asset documentation automatically covers a proposed gold transaction.

The payment connection must address failed or delayed delivery, the legal status of the settlement asset and the point at which each obligation is discharged. Atomic execution may reduce principal risk in an appropriately designed transaction, but it does not remove settlement-asset risk, liquidity requirements or all consequences of a network disruption. Participants should retain workable procedures when systems operate at different times.

Subject to applicable rules, settlement arrangements should be able to use central bank money, commercial bank money, tokenised deposits or appropriately regulated stablecoins where the associated risks are adequately controlled. Firms should also retain flexibility over settlement models. Immediate gross settlement may increase prefunding requirements or reduce netting benefits. Guidance should distinguish technical confirmation on a blockchain from legal settlement finality and explain when statutory insolvency protections are available. Continuous transfer of a settlement token should not be treated as evidence that conversion into bank money is continuously available.

Transfers across networks should preserve the same underlying entitlement and avoid duplicate claims. Wrapped or bridged tokens can introduce an additional intermediary and should not automatically receive the treatment of the original instrument. Testing should cover compromised keys, network interruptions, inconsistent records, erroneous transfers and the failure of a technology provider. Recovery powers and any limits on reversing completed transactions should be explicit.

Institutional acceptance also requires dependable prices, sufficient market-making capacity, executable liquidation arrangements and transparent costs. An eligibility standard should assess these features

separately from technical compliance. No common standard should compel a counterparty to accept a token or displace its credit and risk judgement.

Each receiving institution will also need its own approvals, including new-product assessment, relevant issuer and custodian exposure limits, operational integration and legal review. Industry should explore shared legal opinions for clearly specified gold-token structures and jurisdictions, with transparent assumptions and reliance terms. These could reduce duplicated work without replacing an institution's assessment of its actual product, custody chain and counterparties.

Question 3 Treatment outside CIS and AIF regulation

Question summary: Whether a defined exclusion is appropriate and the safeguards it would require.

GDF supports a targeted route outside collective investment scheme (CIS) and alternative investment fund (AIF) regulation for clearly defined arrangements that provide ownership of gold and do not operate as managed investment funds. A targeted exclusion should be supported by evidence and legal analysis. Physical backing alone should not be presumed to place a token outside either regime.

The proposed exclusion should be capable of accommodating both whole-bar ownership and fractional proprietary interests where the required safeguards are met. Its conditions should permit routine administration, including aggregation of purchase or redemption instructions, custody, reconciliation and operational bar substitution that preserves holders' entitlements. This would avoid making a whole-bar ownership model the only practical route to qualification.

These are proposed conditions for an exclusion, rather than assumptions about the current perimeter. Direct ownership, co-ownership or the absence of discretionary investment management does not, by itself, establish that an arrangement falls outside the existing CIS or AIF definitions. Both definitions should be assessed separately, taking account of holders' rights, the operator's functions, the treatment of pooled property and the economic purpose of the arrangement. Any legislative solution should address both regimes where necessary.

We propose that authorities assess a defined category against the following conditions. Holders should have identifiable and enforceable proprietary rights, supported by documentation explaining how those rights transfer. Backing should be allocated, independently verifiable and segregated from the operator's own assets. Gold quality and location should be disclosed. Issuance should follow confirmation of backing, with controls preventing excess issuance and unauthorised use of the gold.

Qualifying proprietary rights should be capable of arising through direct ownership, co-ownership or an appropriately constituted trust or equivalent arrangement. The legal structure should protect the gold from claims of the issuer's general creditors and address insolvency at each material point in the custody chain. Any permitted liens, custody charges or rights of deduction should be narrowly defined and clearly disclosed.

The qualifying arrangement should not permit the operator to invest the backing gold discretionarily, lend or encumber it for financing purposes, or use it to finance its own business. This should be distinguished from a holder's separate decision to pledge or lend its token, which should not automatically change the classification of the underlying ownership product. Any separately offered financing or yield product should undergo its own regulatory assessment and should not compromise the qualifying token's backing or the rights of non-participating holders. Operational substitution of bars, if permitted, should be tightly controlled and preserve equivalent rights and backing throughout.

Redemption arrangements should provide holders with a legally enforceable and operationally credible route to realise their gold entitlement, with clear thresholds, fees, processing periods and narrowly defined grounds for delay or suspension. Intermediary-supported redemption should be permitted where holders' rights are preserved, responsibilities are clear and credible alternatives exist if the intermediary fails. Holding a token should not require every secondary-market holder to maintain a direct account with the issuer. For fractional holdings, arrangements should accommodate aggregation or an appropriately structured sale of the entitlement where physical delivery is impractical. Timing standards should distinguish administrative processing, cash payment and physical delivery, taking account of necessary verification and vault operating hours. Independent assurance should test both physical holdings and the reconciliation of all outstanding claims. Governance should allocate responsibility for outsourcing, changes to product terms, financial crime controls, security and remediation. A credible wind-down plan should allow holders to recover or transfer their interests if an operator fails.

Where an intermediary merely purchases tokens on a trading venue, it is providing a secondary-market sale rather than performing issuer redemption. Where it acts as a redemption agent, its mandate, responsibilities, handling of requests and failure arrangements should be clear. Aggregation or a sale of the underlying entitlement may provide a practical way to realise fractional interests, but should preserve enforceable rights and transparent pricing. The framework should not require delivery of uneconomic fractions of a bar or a fixed fiat redemption value for a gold-denominated entitlement.

We favour clarification through worked examples wherever existing law permits it, followed by narrowly drafted legislative changes where guidance cannot provide sufficient certainty. Any exclusion should state exactly which activities and persons it covers. It should not remove obligations arising under other applicable regimes or create an impression of official product approval. Broader or fund-like products should remain subject to the appropriate protections.

The purpose of a targeted exclusion should be to provide appropriate treatment for ownership products that do not require fund regulation. It should not imply that a product remaining within a fund regime is necessarily unsuitable as collateral. Each structure should be assessed under the requirements applicable to its intended use.

The framework should also specify the consequences of failing an eligibility condition. Material breaches should trigger notification, measures to protect holders and restrictions on further issuance where appropriate. Temporary operational failures should have a defined remediation process, while changes that undermine the basis of the exclusion should require reassessment. These consequences should be established in the relevant legal framework so that firms and holders understand when eligibility is lost and how existing interests will be treated.

Question 4 Further regulatory clarity

Question summary: Other areas requiring clarification for wholesale and retail use, and practical remedies.

GDF recommends a coordinated programme of clarification, with a named authority responsible for each issue and a published sequence of decisions. Firms need to understand which questions can be resolved through guidance and which require changes to rules or legislation. A label such as eligible gold token would be useful only if its legal consequences and limits were explicit.

First, authorities should publish a product and activity map covering direct ownership arrangements, fractional interests, claims against an issuer, managed structures and derivatives. It should explain how

relevant permissions depend on the rights and services involved. Where cryptoasset requirements apply, firms should be able to identify their interaction with custody, distribution and other requirements without assuming that an exclusion from fund regulation settles the entire perimeter question.

The examples should distinguish independently transferable tokens from digital records used solely to evidence an entitlement or support an operational process. Using DLT to maintain a record should not, by itself, change the legal character of the underlying arrangement.

Guidance should also explain when a gold token falls within the qualifying cryptoasset definition and which activities require permission. A token representing a quantity of gold should not be treated as a fiat-referenced stablecoin merely because it is fully backed. Requirements concerning fiat redemption at par, reserve composition or payment functions should not be imported without assessing their relevance, and minting a gold token should not automatically be equated with regulated stablecoin issuance.

Second, wholesale users need clarity on the conditions for recognising gold tokens in particular collateral and prudential contexts. The FCA should coordinate with the Bank of England, PRA and HM Treasury as appropriate. Guidance should distinguish commercial acceptance by a lender from eligibility under a regulatory rule, and identify the evidence required for each. Treatment should reflect the underlying entitlement and additional risks introduced by the structure.

Where a token provides equivalent rights to non-tokenised gold and any additional risks are sufficiently mitigated, tokenisation alone should not result in less favourable treatment. The authorities should publish practical criteria and examples for assessing comparability. Any additional requirements should address identifiable residual risks, while preserving the separate eligibility conditions of each collateral or prudential framework.

The authorities should develop a common evidence framework for ownership, allocation, segregation, reconciliation, redemption and insolvency protection, and explain how that evidence is used for the fund perimeter, collateral eligibility and prudential treatment. Meeting conditions for a proposed CIS or AIF exclusion should not automatically establish eligibility or capital treatment under another regime. The objective is coordinated assessment and reuse of reliable evidence, with any additional test or residual risk identified explicitly.

The PRA's May 2026 letter supports equivalent prudential treatment in general where legal rights are identical and underlying risks comparable, while retaining existing rules as the primary requirements. We ask the authorities to explain how that approach applies to specific gold-token structures. The absence of a fund classification should neither guarantee favourable prudential treatment nor, by itself, justify treating a properly protected gold entitlement like an unbacked cryptoasset.

The coordinated review should address the relevant UK capital and credit-risk-mitigation requirements, margin rules for uncleared derivatives, CCP and central bank collateral frameworks, and the scope of the Settlement Finality Regulations and Financial Collateral Arrangements Regulations. For each use case, authorities should identify whether the required rights and protections are already available, whether guidance is sufficient, or whether a targeted rule or legislative change is necessary. A technology-neutral approach should preserve enforceability, timely realisation and protection against insolvency-related challenges; tokenisation should not confer these protections by assumption.

Third, authorities should clarify the respective treatment of safeguarding physical bullion and controlling tokens or keys. Responsibility should remain clear where these functions are performed by different firms. Guidance should address reconciliation breaks, sub-custody, access restrictions and the

consequences of issuer, custodian or intermediary failure. Relevant legal questions include how ownership and security interests are recognised and enforced across jurisdictions.

Safeguarding requirements should accommodate trust, nominee, omnibus and sub-custody arrangements where individual entitlements can be reliably identified, reconciled and protected, including in insolvency. A separate on-chain wallet or individually segregated bar should not be required for every beneficial owner where equivalent protection can be demonstrated.

Intermediaries should be able to use reliable issuer information and independent assurance when conducting their own due diligence and ongoing monitoring, without each repeating the same physical inspection of the bullion. The frequency and scope of assurance should reflect the scale, activity and risks of the arrangement.

Fourth, retail guidance should give worked examples of distribution responsibilities, promotion restrictions and disclosure requirements, including when consumer protection and redress arrangements apply. Customers should be told explicitly where compensation or other protections are unavailable. Retail access should not be inferred merely from wholesale acceptance or inclusion in a qualifying category.

Finally, guidance should explain the treatment of overseas-issued gold tokens distributed or traded through UK-authorised firms, including expectations for due diligence, access to information, supervisory cooperation and enforcement of holders' rights. Access to international issuers, custodians and liquidity is important to competitive markets. UK-only issuance, vaulting or technology requirements should therefore not be imposed without an evidenced need. Overseas arrangements should be assessed against the required protection outcomes, with reliable equivalent evidence recognised where appropriate and necessary UK accountability retained.

The FCA should confirm how the wider UK cryptoasset framework for secondary-market activities applies to tokenised gold, including overseas-issued tokens. Any tailored gold regime should preserve proportionate access through firms holding the permissions required for their activities and avoid duplicative requirements unless justified by specific risks. Responsibilities should follow each firm's role: issuers should meet obligations relating to issuance, backing, disclosures and their customer relationships, while exchanges and other intermediaries should meet the applicable obligations arising from their own activities, including customer due diligence and financial crime controls. Secondary-market access should not depend on every holder having a direct account with the issuer. This allocation should preserve each firm's applicable legal obligations and should not create a blanket exemption from responsibility for secondary-market activity.

Territorial guidance should also distinguish regulated services from the provision of software, data, connectivity or infrastructure. Technical accessibility from the UK should not, by itself, determine whether a provider performs a regulated function. UK-authorised firms should remain responsible for the outcomes of their own activities when using such services.

A practical engagement route and proportionate implementation periods should allow firms to update contracts and systems without forcing holders into unnecessary redemption. Unresolved tax issues should be referred to HM Treasury and HMRC rather than left as an implied FCA responsibility.

Question 5 Connections with wider market initiatives

Question summary: How gold tokenisation can contribute to connected UK wholesale market development.

Gold tokenisation should be developed as part of usable wholesale market infrastructure. GDF recommends joint work between gold-market participants, collateral users, issuers, custodians, payment providers and technology firms, with clear deliverables and open participation. The objective should be to make assets and settlement services work together without obliging every participant to adopt one provider or network.

Initial work should agree minimum evidence for ownership, backing and redemption, then test an institutional transaction with connected payment and collateral services. A useful test would follow a position through issuance, transfer, collateral allocation, substitution, default management and redemption. It should include failures and recovery, and distinguish simulated results from live transactions.

The work should connect with established bullion standards and custody practices, adapting them where digital transfer creates additional requirements. Common identifiers, reconciliation formats and event records should be reusable across providers. Commercially sensitive information should be protected, but core standards, admission criteria and interfaces should be accessible on fair terms. Market-led standards should not become a means of excluding smaller issuers or new technology.

This should include engagement with the London Bullion Market Association, clearing participants, benchmark administrators, vault operators, assayers, secure transport and insurance providers. Existing expertise should inform verification of weight, purity, provenance, ownership and encumbrances, as well as reliable valuation and delivery arrangements. Firms should disclose insurance coverage, exclusions and any limits rather than assume all losses are insured. These connections should support open participation and equivalent protection from suitable providers, without imposing unnecessary UK-only issuance or vaulting requirements.

There are useful operational connections with tokenised securities, money market funds and settlement assets. Shared work can address delivery against payment, collateral substitution, institutional onboarding and the management of assets across several systems. These connections should not assume that gold, fund units and settlement money have the same legal or prudential treatment. Each asset should retain the requirements appropriate to its rights and risks.

Where a regulatory testing programme is relevant, the authorities should first confirm that the proposed activity is eligible and explain the route into ordinary commercial operation. A project should not be described as covered by the Digital Securities Sandbox merely because it uses similar technology or connects to a participant. Testing should resolve an identified issue and support decisions that benefit the wider market.

The authorities' Tokenisation Roadmap should include the decisions needed for qualifying gold projects to move into commercial use, covering perimeter treatment, any targeted exclusion, safeguarding, settlement and relevant collateral and prudential requirements. Each workstream should identify a responsible authority, a defined output and an indicative timetable, distinguishing existing requirements from proposed changes. This would connect industry testing with the regulatory decisions needed for investment and deployment.

GDF would welcome further engagement with the FCA on convening relevant members and gathering practical evidence. We suggest assessing progress through actual institutional use, settlement reliability, recovery performance, total transaction costs and the time required to mobilise collateral. Lessons should

be published in an anonymised form where possible, including problems encountered and changes needed before wider adoption.