

THE DIGITAL ASSETS EDGE

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ISSUE 002 - JANUARY 2026

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Joni Pirovich, founder and CEO of Crystal aOS, discusses why compliance remains the biggest barrier to institutional crypto adoption



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BNY extends digital cash capabilities

BNY has taken its first step to tokenise deposits by enabling the on-chain mirrored representation of client deposit balances on its digital assets platform.

Through the launch, BNY will further its ambitions to support programmable, on-chain cash for institutional market infrastructure.

Beginning with collateral and margin workflow use cases, BNY extends its cash capabilities with the launch, by creating on-chain digital book entries that represent participating clients' existing demand deposit claims against the bank.

This capability operates on BNY's private, permissioned blockchain and is governed by the company's established risk, compliance, and control frameworks. Early participants include a range of financial institutions and digital natives.

In the future, BNY plans to support rules-based, near real-time cash movements to reduce settlement friction and enhance liquidity and operational efficiency for its institutional clients.

Carolyn Weinberg, chief product and innovation officer, at BNY, says: "Tokenised deposits provide us with the opportunity

to extend our trusted bank deposits onto digital rails — enabling clients to operate with greater speed across collateral, margin, and payments, within a framework built for scale, resilience, and regulatory alignment."

Steve Kurz, global co-head of digital assets at Galaxy, adds: "Tokenised deposits aim to bring real programmability and 24/7 settlement efficiency into the core of the banking system. We're pleased to be working with BNY on this capability as it comes to market and see it as a pragmatic step toward always-on markets that institutions can engage with today."

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Digital Asset and Kinexys by J.P. Morgan to collaborate

Digital asset and Kinexys by J.P. Morgan, the firm's blockchain business unit, have outlined intentions to collaborate on the native issuance of Kinexys by J.P. Morgan's JPM Coin on the Canton Network.

JPM Coin is the first bank-issued, USD-denominated depository token, designed to provide institutional clientele with the ability to make payments using a digital representation of J.P. Morgan US dollar deposits, on a public distributed ledger.

The partnership is said to lay the foundation for regulated, interoperable digital money, with the goal of moving seamlessly across financial markets.

Set out in the collaboration's terms, integration will take a phased approach throughout 2026, with focus initially centred on establishing both the technical and business frameworks necessary to support the issuance, transfer, and redemption of JPM Coin on Canton.

The partnership also outlines plans to explore further integrations of other Kinexys Digital Payments products, expanding the offering to those participating in the Canton Ecosystem.

Ledgible partners with Ownera

Ledgible, the enterprise digital asset tax, accounting, and data-reporting platform, has partnered with Ownera, a firm which deals with the application layer for institutional tokenisation. Through this partnership, Ledgible's institutional reporting and compliance capabilities are now accessible on the Ownera SuperApps platform, which the firm says, enables financial institutions to scale digital asset activity with clarity, control, and regulatory confidence.

Production-grade tax, accounting, and regulatory reporting now available across Ownera's FinP2P network through a single integration.

By joining Ownera's SuperApps platform, Ledgible reaches major financial institutions processing over US\$5 billion in monthly trading volume through a single technical integration.

Institutions operating across multiple blockchains, asset classes, and counterparties can now maintain consistent reporting and compliance workflows through Ledgible's application, accessing real-time tax calculations, regulatory data pipelines, and audit-ready accounting records across their entire digital asset footprint.

Kell Canty, CEO and co-founder, says: "Institutional adoption of digital assets depends on more than execution and settlement — it requires reporting, transparency, and compliance that regulators and financial institutions can trust. Partnering with Ownera allows us to deliver those capabilities directly within an interoperable

ecosystem already trusted by leading financial institutions."

Ownera's SuperApps platform operates on the principle that institutions should access specialised applications through a single connectivity layer rather than integrating bilaterally with multiple vendors.

Ledgible's reporting capabilities complement Ownera's core transaction and settlement infrastructure, allowing institutions to add compliance functionality as their digital asset activity scales.

The platform model reduces operational complexity while expanding institutional choice.

Ami Ben-David, founder and CEO, Ownera, adds: "Ledgible demonstrates how the Ownera SuperApps platform delivers network effects for institutional digital assets. Institutions need specialised capabilities in areas like tax reporting and regulatory compliance — expertise that complements transaction infrastructure. Ledgible connects once to Ownera Routers and immediately reaches major financial institutions, processing approximately US\$5 billion in monthly volume.

"Those institutions gain access to production-grade reporting through their existing connection. As we continue building the application layer for institutional tokenisation, partnerships like this show how institutions connect once and access best-in-class solutions across the ecosystem."

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Zodia Custody offers support for AUDM stablecoin

Zodia Custody, has announced it is providing custody support for AUDM, the Australian dollar-backed stablecoin issued by Macropod, an Australian licensed stablecoin issuer.

The custody support enables the firm's institutional clients to access and hold AUDM within its cold-storage solutions, providing security and regulatory assurance for large-scale institutional participation.

Through providing custody support for AUDM it is unlocking institutional access to a programmable settlement asset designed to transform payments for both traditional finance and crypto-native businesses.

AUDM offers a programmable settlement asset that can power tokenised payments, onchain financial instruments, and seamless cross-border transactions.

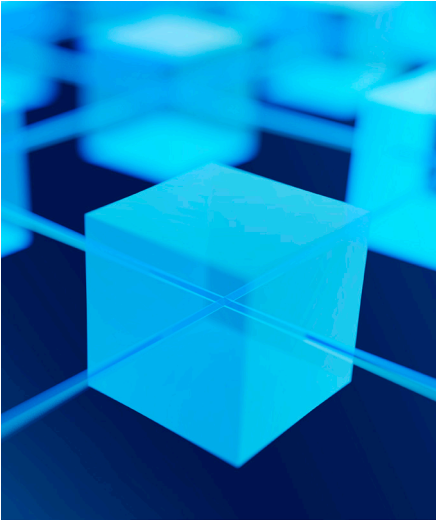
Macropod has secured an Australian Financial Services License (AFSL) and is listed on the Independent Reserve.

Ryan Hodges, managing director, Australia, at Zodia Custody remarks: "By becoming the first custodian to support Australia's first regulated stablecoin, we are providing institutions with the infrastructure they need to confidently participate in the evolution of programmable finance, enabling real-time settlement, tokenised cash

instruments, and capital-efficient treasury operations. This demonstrates our unwavering commitment to the exciting and fast-growing Australian digital asset industry."

Drew Bradford, CEO of Macropod/ Catena Digital, notes: "We're pleased to see AUDM supported by Zodia Custody, following the successful development of use cases through the successful deployment of use cases through the Reserve Bank of Australia's Project Acacia.

"This integration reinforces the importance of institutional-grade custody especially as stablecoins move into mainstream financial infrastructure."



Brale expands stablecoin offering to Algorand

US-regulated stablecoin issuance and orchestration platform, Brale, has announced the expansion of its stablecoin-as-a-service offering to the Algorand Foundation's Layer-1 network, the Algorand blockchain.

Brale provides regulatory coverage, reserve management, and banking connectivity, allowing businesses to both create and manage their own stablecoins.

Algorand says the integration strengthens its current ecosystem of stablecoins — encompassing USDC, xUSD, and EURD — intended to provide institutions with a path to launch both regulated and branded stablecoins, connecting to banking and DeFi rails.

Min Wei, Algorand Foundation's chief business officer, says: "Algorand was designed for institutional-grade applications and Brale's infrastructure complements that perfectly."

Brale CEO and founder, Ben Milne, notes that the integration enables "institutions to deploy programmable, compliant money in global markets with ease at incredible speed".



Wyoming launches state-issued stable token

The state of Wyoming has announced its Frontier Stable token (\$FRNT) is now live, marking the launch of the inaugural state-issued stable token in the US.

\$FRNT, designed under the Wyoming Stable Token Commission, is said to combine the security and oversight of state-managed reserves with the efficiency and transparency of blockchain technology.

Wyoming has selected Franklin Templeton as reserves management partner, with the company affiliate, Fiduciary Trust Company International, as custodian in a bid to ensure institutional standards.

\$FRNT, due to its state-issuance, provides a greater level of public accountability, transparent oversight, and alignment with the law, in comparison to privately issued stablecoins, according to Frankie Templeton.

Wyoming Governor Mark Gordon believes the launch of \$FRNT is indicative of the state's position as a financial innovator, and harnessing such technologies could "expand access, lower costs, and strengthen public trust".

Jenny Johnson, CEO of Franklin Templeton, adds: "Our collaboration with the state of Wyoming demonstrates what's possible when the public and private sectors work together to create a compliant, trusted framework for digital assets."

Executive vice president and head of innovation at Franklin Templeton, Sandy Kaul, also shared that the company was "thrilled to support this landmark programme".

The stable token's issuance and operations leverage LayerZero for cross-chain interoperability and Fireblocks for blockchain infrastructure.

Galaxy becomes development company for Liquid Collective

Blockstream Capital Partners (BCP) has entered into an agreement to acquire a division within Numeus Group's digital asset trading and investment business. The transaction includes the absorption of select Bitcoin focused trading strategies with a focus on yield generation, as well as a 10 person derivatives trading team led by chief investment officer Deepak Gulati, a specialist in volatility and derivatives markets.

Komainu, an existing BCP investment, will provide the necessary corporate support, exchange connectivity, collateral management, and custodial services, the firm notes.

The acquisition aims to expand BCP's Bitcoin trading and yield generation capabilities, says BCP. By integrating specialised expertise in Bitcoin derivatives and volatility strategies, with an execution and real time risk analytics platform, BCP will capture alternative yield opportunities across both stable and highly volatile market environments.

Gulati comments: "The Blockstream Capital Partners team has the ambition, expertise, and platform to set the standard for how institutions access and manage their Bitcoin exposure, and I'm thrilled to help accelerate that build."

PeterPaul Pardi, managing partner of Blockstream Capital Partners, says: "Core to the growth of our business is industry-leading talent, proprietary trading strategies, and adding to our best-in class risk management.

"Deepak brings a rare blend of institutional TradFi rigor and hands-on digital assets trading expertise.

"By acquiring Numeus's trading business, we're adding proven crypto-derivatives and volatility capabilities that institutions increasingly demand, while strengthening our platform offering."



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Lloyds and Archax complete public blockchain transaction

Lloyds says it has completed the first public blockchain transaction using tokenised deposits in the UK. The firm says tokenised deposits being issued on a public blockchain is a milestone for digital finance and it is a global debut for sterling deposits.

The transaction involved Lloyds Bank issuing tokenised deposits on the Canton Network, a blockchain designed for regulated financial markets.

Lloyds Bank Corporate Markets, part of Lloyds Banking Group, utilised these deposits to purchase a tokenised gilt from Archax. Archax then moved the underlying funds back into its regular Lloyds account,

demonstrating how transactions can flow between blockchain and traditional banking systems.

The firm says this transaction highlights how tokenisation can bring traditional instruments, such as gilts, into the digital ecosystem.

The UK government is also exploring the possibility of issuing its own digital securities, including launching a pilot Digital Gilt Instrument (DIGIT).

As part of this transaction, Lloyds also ran its own validator node on the Canton Network, which verifies and secures transactions on the network.

Broadridge sees DLR transactions increase 466%

Global fintech company Broadridge Financial Solutions has announced its distributed ledger repo (DLR) platform processed an average of US\$368 billion in daily repo transactions in November, with volumes totalling US\$7.4 trillion — a daily average increase of 466 per cent during the same month in 2024.

Horacio Barakat, head of digital innovation at Broadridge, says: “Tokenisation has moved from concept to real-world transformation, redefining the future of global capital markets.”

He adds: “With platforms like DLR operating at institution scale, we’re unlocking new levels of efficiency, liquidity, and investor access.”

The company says they are proud to be helping unlock new tokenisation opportunities across global capital markets.

Binance launches TradFi perpetual contracts

Cryptocurrency exchange Binance has announced the launch of its first regulated TradFi Perpetual Contracts, settled in Stablecoin.

The product category intends to give users the ability to access traditional assets through USDT-settled perpetual contracts.

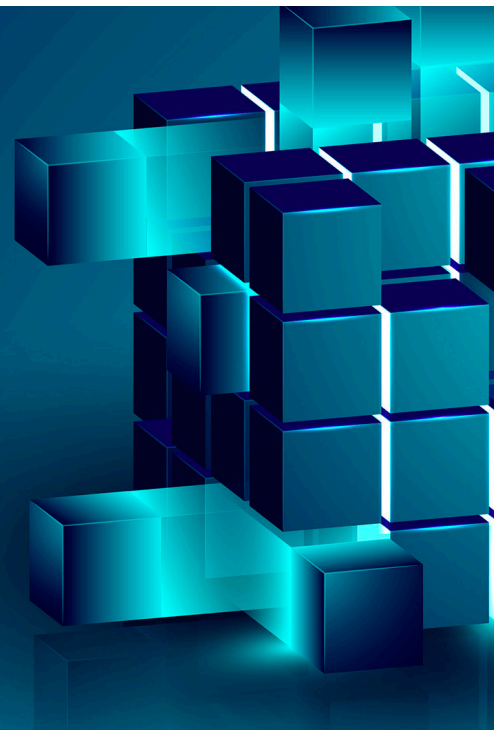
This expansion of the company’s derivatives offerings is said to provide 24/7 access to diversified TradFi market exposure, potentially offering new trading opportunities.

Inaugural TradFi Perpetual Contracts, XAUUSDT and XAGUSDT, correspond to gold and silver, respectively, with Binance

reportedly working on broadening its offering with additional trading pairs.

Commenting on the launch, Jeff Li, vice president of product at Binance, says: “The launch of TradFi Perpetual Contracts marks a key step in bridging traditional finance and crypto innovation.”

Under the Abu Dhabi Global Market framework (ADGM), Binance says it is the first digital assets trading platform to obtain a comprehensive set of licenses, with the company’s perpetual contracts offered by Binance entity Nest Exchange, and regulated by the Financial Services Regulatory Authority of ADGM. ■



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AUTOMATING TRUST

Joni Pirovich, founder and CEO of Crystal aOS, sits down with The Digital Assets Edge to discuss why compliance remains the biggest barrier to institutional crypto adoption, and how agentic AI could turn regulatory burden into scalable infrastructure



You went from crypto lawyer to tech founder. What made you realise the solution was not advising clients on compliance, but building the infrastructure to make it automated?

I've always been driven to do things better. When ChatGPT was released, it opened my eyes to how legal, risk, and compliance work could change for the better.

I'd been running my crypto-specialist law firm for a few years, advising on high-stakes, billion dollar matters as a sole principal, exhausted but energised from working in a field I love, and desperate for efficiencies.

I tinkered for a while with AI and had a lightbulb moment when I built my first chat application — it helped me do my legal work faster and better, and more affordably for my clients.

My clients thought I was superhuman and to some extent I was.

The app helped amplify my output — both quality and quantity — as a lawyer, but the brain fatigue by end of day also amplified.

I realised that AI needed to shape how humans could serve many rather than have humans take on more work and more 1:1 matters.

And so began the concept of tethering AI agents to domain-expert lawyers and building out a better system which has eventuated in the Crystal agentic Operating System.

You have described Crystal aOS as an 'agentic operating system' — can you walk us through what that means in practice for a crypto firm trying to navigate compliance?

In practice, an agentic operating system is the layer that lets a regulated business safely put AI in charge of routine compliance work — without losing human control.

Normally, compliance teams use AI like ChatGPT as a smart assistant.

A human asks a question, reviews the answer, decides what to do next, and moves the process forward step by step.

An agentic system is different. Instead of a human directing every step, the firm defines the process once, and an AI agent runs that process on an ongoing basis — across documents, systems, and tasks.

For example, take annual anti-money laundering (AML) and counter-terrorist financing (CTF) policy updates.

Today:

- A Compliance Officer uploads the policy into a chat tool.
- Asks for suggested changes.
- Manually checks the output.
- Prepares a summary for approval.
- Distributes updates and tracks completion of training.

With Crystal aOS, the firm defines that workflow once.

- An AML/CTF AI agent monitors legal and regulatory changes.
- When an update is due, the agent drafts changes, prepares a comparison, and packages them for review.
- Humans approve or reject the outcome.
- Every step is logged and auditable.

The critical point is control and safety. AI is not trusted to act freely. Crystal aOS puts guardrails in place so:

- AI agents operate only within approved knowledge and permissions.
- Outputs are evaluated for consistency and accuracy.
- Humans remain accountable for decisions.
- Regulators can see a full audit trail of what happened and why.

So when we say agentic operating system, we mean:

A system that turns compliance processes into supervised, AI-run workflows — reducing manual work while keeping humans, boards, and regulators firmly in control.

What specific compliance pain points are they trying to solve? What is the cost of non-compliance they are trying to avoid?

Legal, risk, and compliance operators haven't been able to scale themselves — they're still the bottleneck in fast-growing regulated businesses, even if amplified with AI legal tools. Bottlenecks throttle productivity and business growth. We remove the bottleneck by enabling one human to many agents, and in so doing we allow businesses and innovation to remain on top of compliance and thrive.

Non-compliance can lead to fines and even shutdowns by regulators but the true cost is loss of customer confidence and compliance teams burning out or opting out of the firm. With Crystal aOS, compliance becomes scalable, continuous, visible, and auditable, rather than reactive and understaffed.

That allows firms to maintain a genuine culture of compliance without slowing the business down.

How does Crystal aOS handle the challenge of multi-jurisdiction compliance? If a firm operates across the US, EU, UK, and Asia Pacific, how does your platform manage those conflicting requirements?

Crystal aOS allows law firms to productise their expertise into compliant AI services for clients. Fundamentally, Crystal aOS is regulation/domain-agnostic at the platform level.

Either a crypto firm client or a law firm client can create knowledge sets (e.g. US crypto

“It’s great to see regulators moving away from regulation-by-enforcement agendas against well-meaning actors and allocating resources to stop bad actors”

securities laws), link them to AI agents and deploy the agents into agentic workflows to manage legal, risk and compliance.

If a law firm client has created the knowledge set, agent and workflow, they can licence it to their clients for use in each client’s Crystal aOS environment.

We maintain a global crypto legal and compliance knowledge base that can be accessed by chatting with or using the Crystal master agent, and have a collection of agentic, automated and manual tools to keep the database updated regularly for 195 jurisdictions.

What is your roadmap for expanding from crypto compliance into traditional financial services compliance? How will those two worlds need to coexist?

We’re starting with crypto firms because they have the highest regulatory intensity, fastest change, and strongest demand for scalable compliance. If our system can operate safely there, it can operate in most (if not all) regulated businesses. The natural next adjacency is traditional financial services as

those firms start to offer crypto products and services but that also expect a more mature, battle-tested system.

Australia’s ASIC just expanded digital asset relief for stablecoin intermediaries. You recently commented that industry has historically viewed tokens differently than regulators — can you explain that gap and whether ASIC’s approach is closing it?

The gap between industry and Australian Securities and Investments Commission (ASIC) has been longstanding but is closing.

The gap is one where industry is calling for fit-for-purpose regulation of harms specific to crypto without square-peg-round-hole regulation-making-by-enforcement-actions against high-signal good actors, and ASIC seeks to use existing laws and existing powers to keep investors and markets safe.

In short for the stablecoin relief, there is a technical view that a stablecoin is not a financial product so does not need relief. More importantly though, there is overwhelming support in industry for stablecoin specific law, like what we’ve

seen in the US with their GENIUS Act passed in 2025, because the harms that could occur to consumers and markets from stablecoins are not dealt with by existing laws.

ASIC’s issuance of the relief closes the gap in a sense because the outcome of the relief brings us back to the industry position and draft law has been proposed for stablecoins late in 2025 but continues to be subject to consultation.

Are regulators moving fast enough, or is there still dangerous regulatory arbitrage happening?

Most regulators are moving as fast as they can with the tools they have. Most need larger budgets and better resources to keep pace with innovation and more so for how it is being mis-used.

It’s great to see regulators moving away from regulation-by-enforcement agendas against well-meaning actors and allocating resources to stop bad actors.

For DAOs specifically, what is the biggest compliance challenge they face that traditional entities do not?

A true decentralised autonomous organisation (DAO) is not an entity, and is often described as alegal — neither clearly legal or illegal but just outside reach of the law. This ‘non-entity’ status has been the major challenge for legal recognition and taxation of DAOs that traditional entities don’t have any issue with.

As DAO treasuries custody billions of value, and DAO governance have varying levels of control over treasury spending and protocol safety, governments and regulators have been cautious to ensure the new economic form of capital formation and global governance with global impact has appropriate protections for users and markets.

What needs to happen for institutional adoption to truly accelerate — is it regulatory clarity, infrastructure, or something else?

Leading institutions like BlackRock and J.P. Morgan have been public about how fast and extensively they wish to adopt blockchain technology and digital asset innovation as the new global financial infrastructure. I'm not sure institutional adoption will accelerate en masse. I think those lagging probably lack an internal digital assets champion to lead the change and will fall further behind without a champion or a plan. The sagacious few early movers like BlackRock will soak up market share as laggards leave or liquidate in the next few years.

If you could wave a magic wand and fix one thing about global crypto regulation tomorrow, what would it be?

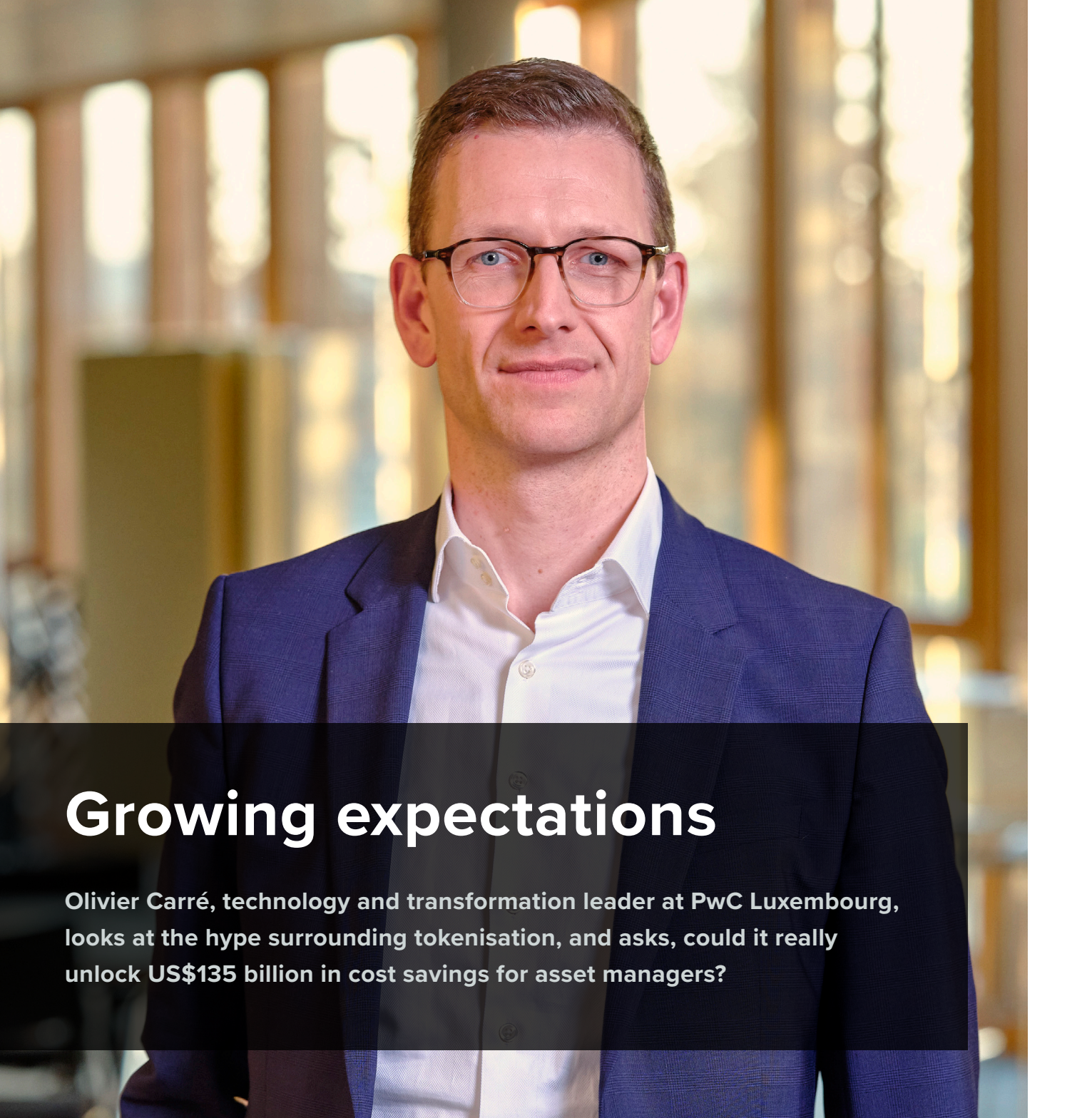
If I could wave a magic wand, I'd mandate that every government, regulatory body, and courthouse publish laws, guidance, and case judgments to a common repository so that AI applications can easily and accurately search and retrieve from that repository. This should be a unified public good rather than left to the private sector to solve many times over and still in a fragmented sense.

For firms reading *The Digital Assets Edge* who are sitting on the sidelines waiting for more clarity, what would you tell them?

In the same way that perfection is the enemy of progress, "waiting for more clarity" is the enemy of ongoing relevance. Firms not engaging in digital assets innovation, which is also converging heavily with AI, risk irrelevance of skills and their business model in this next era of agentic commerce powered by programmable digital finance.

There's more clarity now than last year, and there's never been more clarity than now. Firms sitting on the sidelines need to get moving yesterday. ■



A portrait of Olivier Carré, a man with short brown hair and glasses, wearing a blue blazer over a white shirt. He is standing in front of a blurred background of vertical light sources, possibly a window or a modern interior.

Growing expectations

Olivier Carré, technology and transformation leader at PwC Luxembourg, looks at the hype surrounding tokenisation, and asks, could it really unlock US\$135 billion in cost savings for asset managers?

Tokenisation has emerged again recently as one of the most discussed innovations in asset management, and private markets in particular, attracting as much scrutiny as excitement.

With tokenised investment funds AuM projected to grow at 41 per cent compound annual growth rate (CAGR) to US\$715 billion by 2030 according to PwC's latest Asset and Wealth Management Revolution report, the industry faces an inflection point.

Advocates promise efficiency, transparency, and wider access. Critics warn of liquidity illusions, regulatory uncertainty and investor confusion.

For all the hype, the central question remains: can it deliver real value, or is it merely another wrapper in search of a use case?

The appeal of tokenisation rests on three pillars.

On efficiency, the operational benefits of tokenisation are compelling, with research by Calastone suggesting that tokenised fund structures could reduce the operating costs of asset managers by up to 23 per cent, unlocking an estimated US\$135 billion in global savings. Automated compliance, faster settlement and reduced reliance on intermediaries all contribute to the gain.

On access, fractional ownership lowers entry thresholds.

This is particularly attractive to retail and mass-affluent investors who have historically been excluded from private markets.

For investors, this can improve auditability and enhance confidence in a sector often criticised for opacity and complexity.

The illusion of liquidity

Despite its promise, tokenisation is not without pitfalls.

Tokenised funds are often promoted as enabling 24/7 tradability, but without regulated platforms and committed market makers, activity remains thin.

The result is an illusion of liquidity, where investors may be able to list assets for sale but find no buyers on the other side.

The promise of tokenisation

At its core, tokenisation involves converting fund units into blockchain-based tokens, enabling digital ownership and transfer. The investment strategy and risk profile of the underlying investments remain unchanged. What is transformed is the way investors access, trade and transfer those assets.

Momentum has rapidly accelerated, with real-world asset (RWA) tokenisation estimated to have surpassed US\$24 billion in June 2025, up from about US\$14.2 billion at the end of 2024.

From tokenised money market funds (MMFs) to blockchain-based feeder structures, adoption is gathering pace.

Amid the excitement, compliance and business purpose are essential, and these must remain front and centre.

An investors' business case: Efficiency, access and transparency

“Another challenge lies in perception. Tokenisation reimagines delivery, but it does not alter fundamentals”

Recent research by PwC found that 53 per cent of asset and wealth managers report growing retail demand for private markets exposure, driven by growing interest in tokenised assets such as private equity and infrastructure.

On transparency, blockchain creates an immutable record of ownership and transfer.

Regulators have taken notice, with the European Securities and Markets Authority (ESMA) warning that tokenised securities may leave retail investors confused about their actual rights and protections. Lower entry thresholds may widen participation, but they do not reduce the underlying risks, and mis-selling remains a serious concern.

Another challenge lies in perception. Tokenisation reimagines delivery, but it does not alter fundamentals.

The underlying investment remains the same, but the wrapper is new. Marketing tokenised products as inherently superior risks misleading investors on risk and reward. Operational resilience is also under scrutiny.

solutions, tiered suitability frameworks and regulated secondary platforms are all prerequisites for sustainable growth. A tiered access model offers one way forward. Retail investors could be offered tokenised versions of mainstream products such as Undertakings for Collective Investment in Transferable Securities (UCITS) and ETFs — diversified, liquid, and tightly regulated.

protection and deliver efficiency gains without sacrificing resilience.

A solid framework and trust are the critical success factors

Tokenisation marks a structural evolution in private markets.

Its potential for cost savings and broader access is evident, but so are the risks of liquidity illusion, investor misunderstanding and regulatory misalignment.

The responsibility lies with asset custodians and managers to guide this transition.

If tokenisation is introduced gradually starting with mainstream regulated products and moving gradually towards alternatives, it can balance innovation with protection.

Ultimately, the success of tokenisation will hinge on its digital efficiency, and its ability to command investor trust.

Striking that balance could deliver long lasting benefits for both investors and the industry at large.

Encouragingly, progress is being made. Luxembourg has taken a leading position with successive blockchain laws, most recently 'Blockchain Law IV', which enables the issuance of fund shares on distributed ledger technology.

Singapore's Monetary Authority (MAS) has also developed a comprehensive framework for digital assets, including tokenised funds.

So, the choice of an innovative domicile with access to a large number of potential investors in a harmonised manner is the next frontier for many innovative organisations embracing tokenisation. ■

“Ultimately, the success of tokenisation will hinge on its digital efficiency, and its ability to command investor trust”

Regulated providers, custody arrangements for digital wallets, cybersecurity protection and the robustness of distributed ledger infrastructure are all critical to confidence. Without credible safeguards, the very efficiencies tokenisation promises could be undermined by new vulnerabilities. The excitement around tokenisation must therefore be tempered with realism, as innovation without protection risks creating complexity rather than clarity.

Infrastructure first, hype later

For tokenisation to move from the experimental stage to the mainstream, infrastructure must come first and hype second. Reasonably regulated custody

Mass-affluent investors might access tokenised feeder or interval funds, provided robust suitability checks are in place.

Institutional investors, with greater sophistication and risk tolerance, are best positioned to engage with fully tokenised private markets.

For asset managers, the benefits lie in operational efficiency and expanded distribution.

Tokenisation can reduce the friction of subscriptions, redemptions and transfers, while creating new channels to reach retail and mass-affluent investors.

But to succeed, it must evolve responsibly. It must enhance investor access without diluting



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WHAT'S THE RISK?

Karl Loomes, group editor of The Digital Assets Edge, examines how risk is distributed across the stablecoin stack — from issuers and banks to liquidity providers and users — and why treating stablecoins as ‘digital cash’ can obscure where exposure really sits



Often considered to be 'digital cash', the ease and convenience of stablecoins often underlies a deeper truth — they are complex technological and financial instruments, whose correct and efficient functioning relies on myriad institutions and rails to work well.

From issuer to end user, every element is linked and essential. When talking about risks however, the story is less uniform. While there are some risk factors, such as legislation and technical issues, that are essentially universal across participants, for the most part, each player faces its own unique concerns.

In the beginning

With stablecoins, it all starts with the issuer. These firms mint their respective stablecoins, backing them up with (usually) high-quality liquid assets (HQLAs), in order to maintain their stated peg. For fully reserved fiat-backed models, issuers aim to maintain reserves at least equal to tokens outstanding. This is the very nature that equates stablecoins to digital cash. In effect, an issuer makes a promise that a stablecoin token can always be exchanged for real money at a specific rate. This promise is where most of the risks for an issuer lie.

Redemption risk. As the name suggests, one key risk issuers face is when demand to exit a stablecoin (and therefore redeem their tokens for cash) exceeds the issuer's ability to process the requests. This does not mean the underlying assets are not in place, more that throughput, operational capacity, and/or gating mechanisms hinder the process. With pegged assets still existing, this is more likely to cause friction than outright failure, with delays, caps, and redemption prioritisation coming into play. This can, of course, impact the next risk facing issuers.

Confidence risk. As with traditional cash and commercial banks, if sentiment and confidence in a currency or institution start

to plummet, it can cause a run. Stablecoins are no different. As with all markets, fear and greed often outweigh fundamentals. The near-instant ability to exit a stablecoin (as opposed to traditional funds, for example), can lead to a self-fulfilling prophecy. Demand to redeem the coins can come in fast, due to a real or perceived problem, and when other holders think there is trouble, they rush to redeem their own tokens before things really do go wrong — bringing about the very problem they were concerned of.

Liquidity risk. While redemption risk can be seen as problems with throughput, liquidity risk related to the pegged assets themselves. Even if the right value of assets for minted tokens is held, problems can still arise. At times of financial stress and uncertainty for example, even the most liquid of assets (such as short-term US Treasury bonds and notes) may struggle to find a buyer. The issuer is obliged to exchange cash for the redeemed token, but if it can not sell assets quickly enough, it fails in this. At the very least, the issuer may be forced to 'sell them cheap', suffering a loss in order to meet redemption demand.

Control risks. By their nature, issuers usually hold almost all technical and legal control over stablecoins — the ability to mint, burn, and freeze tokens, for example, and to control blacklist addresses. Errors, misuse, as well as external forces and actions (both legitimate and illegitimate) are all risks an issuer faces.

Regulatory risk. Though regulatory risk may impact all aspects of the stablecoin stack, the issuers are arguably currently most under the spotlight. In many ways this is still an emerging technology, with regulators playing catch up in their response. A shift in the laws and requirements governing stablecoins can hit issuers hard, from additional costs to business-ending activity restrictions. Add to this the global nature of stablecoins and the varying regional regulations they may face, and this risk is exacerbated even further.

Taken together, issuer risks underline a simple but often overlooked point: stablecoins are only as stable as the issuer's ability to honour its promise under pressure. Most failures are unlikely to come from outright fraud or missing assets, but from friction — delays, uncertainty, or loss of confidence at precisely the wrong moment.

Where the money actually sits

If issuers make the promise, banks and custodians are where that promise is put into practice. These institutions hold the cash and other assets that back stablecoins, provide the accounts through which redemptions are settled, and ensure assets are safeguarded in line with legal and regulatory requirements.

In theory, this layer should be the most stable part of the system — after all, stablecoins are typically backed by cash, government bonds, or similar low-risk instruments held with regulated financial institutions. In practice, however, banks and custodians introduce their own set of risks, many of which only become visible during periods of stress.

Access risk. Perhaps the most misunderstood risk in the stablecoin stack is access risk. This arises not because backing assets are impaired, but because they are temporarily unreachable. Accounts can be frozen, payments delayed, or transfers blocked due to operational issues, compliance checks, sanctions screening, or regulatory intervention. From the outside, this can look identical to liquidity risk faced by issuers, but the distinction matters: the money exists, yet cannot be used.

Bank failure risk. Stablecoin reserves are often concentrated across a relatively small number of banking partners. While these banks are typically well-regulated, their failure or entry into resolution can immediately trap backing assets, even if only temporarily. Importantly, this risk sits outside the issuer's

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direct control. An issuer can be solvent, well-capitalised, and operationally sound, yet still be unable to access reserves because a banking partner has failed. In such cases, the stablecoin itself becomes a casualty of traditional financial system fragility.

Operational risk. Banks and custodians run complex systems involving payments, reconciliations, authorisation processes, and human decision making. Outages, processing backlogs, staffing issues, or internal controls can all delay the movement of funds. This risk is amplified by a mismatch in expectations — stablecoins operate continuously, while much of the underlying banking infrastructure does not. The result is a structural tension between always-on digital assets and time-bound, jurisdiction-specific financial plumbing.

“Understanding where risk sits and crucially, where it does not, is now a prerequisite for treating stablecoins as anything more than a convenience layer”

Concentration risk. Efficiency often drives issuers to centralise reserves with a limited set of banks, custodians, or money market structures. While this simplifies operations, it also creates single points of failure.

If one institution experiences issues — whether operational, regulatory, or reputational — the impact can ripple across the entire stablecoin

system. Concentration turns what might otherwise be a manageable counterparty issue into a systemic vulnerability.

Regulatory spillover risk. Banks and custodians operate under national regulatory regimes that may not align neatly with the global nature of stablecoins.

Changes in supervisory posture, heightened scrutiny of crypto-related activity, or outright restrictions can disrupt reserve access without directly targeting the issuer. These indirect interventions can be just as disruptive as issuer-focused regulation, particularly when they occur with little warning.

Taken together, banking and custodian risks highlight a central reality: stablecoins are only as reliable as the traditional financial infrastructure that supports them.

Even when reserves are high quality and fully funded, disruption can occur if access, control, or legal certainty breaks down at this layer of the stack.

Where stability is tested

If issuers make the promise and banks and custodians hold the backing, liquidity providers are where stablecoins are tested in real time. These firms — market makers, trading desks, and liquidity venues — ensure stablecoins can be bought and sold at their intended value across exchanges, blockchains, and payment rails. Their role is often invisible when things are working well, but it is here that stress first becomes visible to the market.

Market stress risk. Liquidity providers are exposed when demand to sell overwhelms normal trading conditions. In periods of uncertainty, order books thin rapidly, spreads widen, and even modest sell pressure can move prices.

For stablecoins, which are expected to trade at or very close to par, this creates an immediate signal that something may be wrong — regardless of whether reserves remain intact.

Withdrawal risk. Liquidity provision is discretionary. Market makers are not obliged to stand in during periods of stress, and when volatility increases or information becomes uncertain, they may step back to protect their own balance sheets. This withdrawal can be rational from the liquidity provider’s perspective, but it removes the very mechanism that keeps stablecoins trading smoothly. The result is often a sudden deterioration in price stability.

Depeg risk. When liquidity dries up, stablecoins can trade below their intended value even if redemptions remain available. These price deviations are not just technical anomalies; they act as confidence shocks. A temporary depeg can prompt holders to exit preemptively, feeding into redemption demand and accelerating pressure elsewhere in the system.

Feedback loop risk. Stablecoin markets are highly reflexive. Falling prices create fear, fear leads to selling, and selling worsens price dislocation. Liquidity providers sit at the centre of this feedback loop. Once market dynamics turn, restoring stability can require far more liquidity than was needed to maintain it in the first place.

Exposure to upstream failures. Liquidity providers are also indirectly exposed to issuer, banking, and custodial risks. Rumours of reserve problems, access issues, or regulatory action can be enough to alter trading behaviour, even before any concrete failure occurs. In this sense, liquidity providers often react to risk rather than cause it — but their reaction is what makes risk visible to everyone else.

Liquidity provider risk illustrates a critical point: stablecoins do not fail quietly.

Long before redemptions halt or reserves are questioned, stress shows up in the market. Prices move, spreads widen, and confidence erodes. For institutions watching closely, liquidity behaviour is often the earliest warning sign that something in the system is beginning to strain.

Where the risk finally lands

If issuers make the promise, banks and custodians hold the backing, and liquidity providers keep the system functioning day to day, users are where stablecoin risk ultimately crystallises. These users — banks, asset managers, trading firms, payment companies, and corporations — may not control the system, but they rely on it. When something breaks elsewhere in the chain, it is users who feel the impact first and most directly.

Access risk. For users, the most immediate risk is losing access to funds when they are needed. A stablecoin can be fully backed, actively trading, and legally sound, yet still be unusable if transfers are blocked, redemptions are delayed, or intermediaries restrict activity. For institutions using stablecoins in settlement, treasury, or collateral workflows, even short interruptions can have knock-on effects far beyond the digital asset itself.

Timing risk. Stablecoins are often adopted to improve speed and efficiency, but this creates its own exposure. Institutions may find themselves solvent but illiquid at critical moments, unable to move or redeem funds in time to meet obligations. This timing mismatch is particularly acute during periods of market stress, when access constraints and liquidity pressures tend to emerge simultaneously.

Intermediary risk. Most institutional users do not interact directly with stablecoin issuers. Instead, they rely on exchanges,

brokers, custodians, or payment providers to access and move funds. Each additional intermediary introduces counterparty, operational, and governance risk.

If any one of these entities fails, restricts activity, or changes its policies, users may be left exposed despite holding what appears to be a low-risk asset.

Legal and claims risk. In the event of a failure elsewhere in the system, users face uncertainty around their legal position. Questions over ownership, priority of claims, and jurisdiction can delay access to funds or alter recovery outcomes. Unlike traditional bank deposits, stablecoin holdings often sit outside well-established resolution frameworks, leaving users exposed to legal ambiguity during stress events.

Operational dependency risk. Stablecoins rely on a long chain of interconnected systems — blockchains, wallets, compliance tools, banking rails, and internal controls. A failure in any one of these components can disrupt the entire workflow. For users, this means that stablecoin risk is not confined to market movements or issuer behaviour, but embedded in the operational complexity of the system itself.

User risk highlights the final and most important reality of the stablecoin ecosystem: control and exposure are rarely aligned. Institutions may adopt stablecoins to reduce friction and increase efficiency, yet remain dependent on decisions and systems they do not control.

When stress emerges, it is users who absorb the practical consequences, regardless of where the original fault lies.

Risk does not disappear

Taken as a whole, the stablecoin stack reveals a simple but uncomfortable truth:

risk is not removed by tokenisation, nor by reserve disclosures or real-time settlement.

It is redistributed. Each participant in the system carries a different form of exposure, and while those risks may sit in different places, they are tightly interconnected.

When stress emerges at one point in the chain, it rarely stays contained.

What makes stablecoins particularly challenging from a risk perspective is that failure is more likely to manifest as friction than collapse.

Delays, access restrictions, price dislocations, and operational uncertainty are all enough to undermine confidence, even when no assets are missing and no rules have been broken.

For institutions using stablecoins as settlement tools, treasury instruments, or operational cash, these second-order effects matter just as much as solvency.

The danger, then, is not that stablecoins are inherently unsafe, but that they are often treated as simpler than they are.

Labelled as 'digital cash', they are frequently assumed to behave like cash in all circumstances.

In reality, they sit somewhere between money, infrastructure, and financial product, relying on a web of private firms, traditional financial institutions, and technical systems to function as intended. For institutions looking to scale stablecoin usage, the key question is not whether the token itself is stable, but whether the full chain supporting it is resilient under pressure.

Understanding where risk sits and crucially, where it does not, is now a prerequisite for treating stablecoins as anything more than a convenience layer. ■

THEATRE IS OVER

Why the repo market needs tokenisation to survive

Glenn Handley, founder and CEO of SecFin Solutions, looks at why T+1 settlement and structural balance sheet pressures leave tokenisation not as an efficiency play, but as a necessity for systemic survival



The end of the pilot phase

The financial services industry has spent the better part of a decade trapped in a cycle of 'innovation theatre'. We have attended countless conferences, sat through glossy presentations on the future of money, and watched as proof of concepts (PoCs) were launched with fanfare only to be quietly decommissioned six months later. For the serious practitioner — the trader, the treasurer, the collateral manager — distributed ledger technology (DLT) has largely been viewed as a solution in search of a problem.

I am here to tell you that this era is over.

Having spent 35 years in the trenches of global securities finance markets — trading through six major financial crises from the exchange rate mechanism (ERM) debacle of 1992 to the liability-driven investment (LDI) implosion of 2022 — one develops a specific perspective. It is not that of a technologist, but of a plumber. At SecFin Solutions, we focus on the mechanics of liquidity and collateral, caring less about the theoretical 'future of money' and more about whether the pipes work, whether the pressure is sustainable, and whether the system can handle the flow when the valves are opened wide.

The market intelligence I am receiving today indicates that our plumbing is breaking. We are witnessing a convergence of structural pressures that legacy infrastructure simply cannot handle. The repo market is facing a 'velocity Crisis', where collateral velocity has degraded to levels that threaten systemic seizure. Simultaneously, the regulatory enforcement of T+1 settlement is applying Formula 1 compression to an engine designed in the 1980s.

The argument for tokenisation is no longer about efficiency or modernisation. It is about mathematical survival. We are running a US\$100 trillion market on a shrinking base of mobile collateral. The only way to solve this

equation without adding dangerous leverage is to increase the velocity of assets through atomic, intraday settlement.

The anatomy of fragility: The velocity crisis

To understand why the system is creaking, we must look beyond the headline rates of SOFR or SONIA and examine the underlying physics of the market. The most critical metric for the health of the repo market is not the price of money, but the speed at which collateral moves.

The mathematics of collateral velocity

Collateral velocity measures how many times a single unit of high-quality liquid assets (HQLA) — such as a US Treasury bond or a UK gilt — is rehypothecated to support funding obligations. Before the 2008 Global Financial Crisis, estimated collateral velocity was approximately 3.0x. This meant that for every US\$1 billion of physical collateral issued, the market could support US\$3 billion of secured funding transactions.

Today, based on market analysis and data tracked by SecFin Solutions, that velocity has degraded to approximately 2.1x. We are effectively attempting to run a global financial system with exposure stacks exceeding US\$100 trillion on a base of approximately US\$7 trillion of actual, mobile collateral.

The implication of sub-2.0x velocity

This decline is a flashing red warning light. As velocity drops, the friction of moving collateral increases. When velocity approaches 2.0x, the system loses its elasticity.

Liquidity hoarding

In a low-velocity environment, dealers become terrified of being caught short. If they cannot rely on the market to return

collateral efficiently, they stop lending it out. This creates a feedback loop where hoarding further reduces velocity, leading to sudden seizures in funding markets.

The zero-haircut trap

We are currently seeing a disturbing trend where roughly half of the UK gilt repo market is trading at zero haircuts. This is a sign of desperation. To maintain deal flow in a constrained environment, lenders are eroding their risk buffers. In a low-velocity world, if a counterparty defaults, the lack of a haircut means there is no cushion.

The 'Great Unwind' failure

Compounding this is the failure of central banks to normalise balance sheets effectively. As the Federal Reserve drains reserves via quantitative tightening (QT), the reliance on the private repo market to redistribute liquidity increases. But a market hobbled by 2.1x velocity cannot circulate this liquidity fast enough. We are removing the central bank safety net at the exact moment the market is losing its grip on the collateral bars.

The 'antique' reality of T+1 vs. 'The Atomic Future'

While regulators present the transition to T+1 settlement as modernisation, I argue it is a 'faster horse' when we need an internal combustion engine.

The friction of compression

Moving from T+2 to T+1 compresses the time available for trade matching, allocation, and funding by 50 per cent. In the US, this is manageable due to a unified depository (Depository Trust & Clearing Corporation). In Europe, forcing T+1 onto a fragmented landscape of multiple central securities depositories (Euroclear, Clearstream, Monte Titoli, etc.) without fixing underlying interoperability is a recipe for a massive spike in fail rates.

The most glaring flaw is the FX mismatch. Most FX trades settle on T+2. If a European asset manager buys a US Treasury settling T+1, they must execute the FX trade to fund that purchase on T+0 or T+1.

This pushes FX execution into the illiquid late-afternoon window or forces reliance on Continuous Linked Settlement (CLS) systems that may not have capacity, creating a structural funding gap.

The atomic alternative: Intraday repo

Contrast the friction of T+1 with the reality of atomic settlement. Atomic settlement implies that the exchange of cash and securities happens simultaneously and instantaneously. But the real revolution is Intraday Repo.

In a T+1 world, the smallest unit of time you can borrow money for is one day. In a tokenised, atomic world, you can borrow money for hours, or even minutes. A European asset manager facing a funding gap could tokenise their existing gilt holdings, pledge them into an intraday repo facility for four hours to bridge the FX settlement gap, and then release them. This turns a funding crisis into a routine, automated optimisation.

At SecFin Solutions, we estimate that for a mid-sized NBFI, the drag caused by T+1 pre-funding and settlement fails can amount to 15-20 basis points of lost yield annually. Atomic settlement eliminates this drag, allowing firms to run 'just-in-time' liquidity.

Proof of production: The Eurosystem DLT trials

Skeptics often dismiss DLT as vapourware, arguing it cannot handle wholesale market volumes. In 2024, the Eurosystem (the European Central Bank and national central banks) proved them wrong.

The numbers that kill the 'pilot' narrative

Between May and November 2024, the Eurosystem conducted trials for wholesale settlement in central bank money using DLT.

The results were unequivocal: over 200 transactions settled with a total value of €1.59 billion.

This involved 64 institutions, including major commercial banks like BNP Paribas and Goldman Sachs, and market infrastructure providers like Clearstream and Eurex.

They settled real transactions, using real central bank money, across real borders.

The Holy Grail: Intraday DvP repo

Perhaps the most critical milestone for the repo market was the successful execution of intraday delivery versus payment (DvP) repo transactions by Goldman Sachs, Clearstream, and HQLA*. In these live transactions, cash was borrowed against collateral held on a DLT platform.

The trade was agreed, executed, settled, and unwound within the same trading day.

This validates the core thesis: DLT is not just about recording ownership, but about enabling mobility. It proved that collateral can be moved across the fragmented European custodial landscape without being trapped in multiday settlement cycles. It proved that 2.1x velocity can be uncapped.

Following these trials, the European Central Bank (ECB) committed to a dual-track strategy: Pontes (a short-term solution for DLT settlement) and Appia (a long-term vision for a unified European ledger).

The central banks are building the rails. We are now in the build phase.

The new systemic risks:

NBFIs and stablecoins

The repo market has fundamentally changed since 2008. Banks are no longer the sole holders of collateral. The rise of non-bank financial institutions (NBFIs) and stablecoins has created new nodes of risk in the plumbing.

NBFIs — pension funds, insurers, hedge funds — now control nearly half of global financial assets, estimated at £47 trillion. Unlike banks, these entities do not have direct access to central bank discount windows. They rely entirely on the private repo market for liquidity.

The LDI crisis of 2022 was a velocity crisis. Pension funds held plenty of assets, but couldn't transform them into cash fast enough to meet margin calls.

Tokenisation offers the only viable solution. If pension funds held tokenised assets that could be instantly pledged via smart contracts, the time to liquidity would be reduced from days to seconds.

Stablecoins:

The transmission mechanism

Stablecoins are fast becoming a critical component of the repo ecosystem. Major issuers are now among the largest holders of US Treasury bills. However, a run on a major stablecoin is no longer just a crypto event; it is a repo market event. If holders redeem billions overnight, the issuer must liquidate T-bills or reverse repo positions instantly, sending shockwaves through short-term yields.

Conversely, qualified stablecoins could serve as the digital cash leg for the repo market, offering 24/7 settlement capability and solving the banking hours problem that restricts traditional repo.

Strategic roadmap: *Survival of the fastest*

The market is bifurcating. On one side are the 'antique' players relying on T+1 and spreadsheets. On the other are the 'atomic' players building connectivity to DLT platforms and optimising intraday liquidity.

The done-away clearing model

The US Securities and Exchange Commission's (SEC's) mandate for central clearing of US Treasuries is the catalyst that will force the industry's hand.

By June 2026, trillions of dollars of repo transactions must be centrally cleared. This will crush the economics of the current bilateral model.

To make clearing economic, the market must adopt the done-away model, where execution happens on agile digital platforms but trades are done away to a central counterparty (CCP) for netting.

This requires seamless, real-time connectivity. Tokenisation is the architectural glue that makes this possible, allowing for instantaneous pledging of margin to CCPs.

Actionable steps for market participants

Drawing on my experience advising firms through SecFin Solutions, here is the survival checklist:

Digital gap analysis

Measure your collateral velocity. If you cannot move an asset from custody to a counterparty in under 30 minutes, you are obsolete.

Diverse connectivity

Ensure your systems can talk to aggregators like HQLA^x, J. P. Morgan's Kinexys, and the emerging Eurosystem rails.

Hybrid risk models

Current value at risk (VaR) models assume one-day holding periods. In an atomic world, you need intraday risk models that account for smart contract risk alongside credit risk.

End the zero-haircut addiction

Prepare for positive haircuts. The clearing mandate will make zero-haircut trades unsustainable. Review every such position on your books today.

The mathematical inevitability

The repo market is a creature of mathematics defined by rates, haircuts, time, and velocity.

Velocity is falling due to balance sheet constraints.

Time is the enemy; settlement latency creates risk.

Capital is becoming scarcer as central banks withdraw liquidity.

Tokenisation is the only available technology that positively alters all three variables simultaneously.

It increases velocity by allowing assets to be reused intraday; it reduces time to zero through atomic settlement; and it frees up capital by enabling precise, automated collateral management.

The Eurosystem trials have proven the technology works at scale.

The 2.1x velocity crisis proves the current system is failing. The mandatory clearing deadlines prove the clock is ticking.

Innovation theatre is over. It is time to stop applauding the concept of digital assets and start using them to rewire the machine before it seizes up completely.

Table 1: The Evolution of Repo Infrastructure

Feature	Traditional Repo (Antique)	Tokenised Repo (Atomic)
Settlement Time	T+1 or T+2 (Days)	T+0 / Atomic (Instant)
Collateral Velocity	Low (~2.1x) - Trapped in settlement cycles	High (Uncapped) - Reused intraday
Liquidity Buffer	Static, "Dead" Capital	Dynamic, Yield-Generating
Margin Calls	Manual, Daily, Slow	Programmable, Real-Time
Counterparty Risk	Settlement Risk (Herstatt Risk)	Eliminated via DvP
Availability	Banking Hours Only	24/7/365

Table 2: Key Data from Eurosystem DLT Trials

Metric	Value	Implications
Total Value Settled	€1.59 Billion	Proven scale for wholesale markets
Total Transactions	> 200	Not just a "one-off" test
Participants	64 Institutions	Broad market consensus/readiness
Key Use Case	Intraday DvP Repo	Validates the 'Holy Grail' of repo efficiency
Settlement Asset	Central Bank Money	Removes commercial bank credit risk

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Glenn Handley, founder and CEO, SecFin Solutions



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Going up to fifth gear on the Collateral Highway

Securities financing is going through a seismic transformation, sparked by fast-moving macro events, ever-shifting regulations, and rapid digitalisation. Miguel Ferreira and Marije Verhelst discuss how Euroclear's Collateral Highway is adapting to the changing dynamics

A lot has happened in 2025 — how is this impacting your business?

Miguel Ferreira: 2025 was another year marked by uncertainty and volatility across financial markets and that continues to shape our priorities. As a financial market infrastructure, our core mission remains ensuring stability, security, and resilience for the ecosystem we serve.

At the same time, we are committed to supporting the development of capital markets globally. We doubled down on our customer-centric approach to ensure we not only address current needs but anticipate future ones — delivering products and services that combine innovation with industry-leading client experiences.

To navigate volatility effectively, we have adopted more dynamic and flexible working practices, optimising resource allocation to focus where we can create the greatest impact. This adaptability is key to maintaining trust and delivering value in an environment that demands both resilience and agility.

Marije Verhelst: We are, without a doubt, operating against a volatile market backdrop. Markets have been affected by several developments — including the introduction of

US trade tariffs, ongoing conflicts in Ukraine and the Middle East, the credit downgrade of France, and rising concerns regarding the credit risk exposures at various US regional banks. Additionally, the shift in central bank policy away from quantitative easing towards quantitative tightening is still exerting influence on market dynamics.

Furthermore, regulatory capital requirements set out under Basel III are intensifying these trends. As a result, the past 12 months have been particularly active for Euroclear's Collateral Highway. In 2025, triparty outstandings grew by 10 per cent year-on-year.

Can you tell us about your current strategic priorities for the Collateral Highway?

Ferreira: When we launched the Collateral Highway over a decade ago, it was truly revolutionary — and it has continued to evolve in both capability and scale ever since. In 2025, we were proud to reach a major milestone: mobilising €2 trillion of collateral daily.

Looking ahead, our strategic priority is clear: to keep expanding the Collateral Highway with innovation at its core. That means enhancing connectivity, improving efficiency, and introducing new solutions that empower clients to optimise collateral across borders

and asset classes. We see the Highway not just as infrastructure, but as a dynamic platform that will continue to shape the future of collateral management.

Verhelst: Euroclear's Collateral Highway remains a cornerstone of our strategic agenda, and accordingly, the group is making substantial and sustained investments in its continued development — a commitment that is set to endure.

This ongoing multi-year investment programme is designed to advance three key objectives: delivering an outstanding client experience; establishing the market standard for excellence in collateral allocation and optimisation; and equipping our clients with best-in-class data analytics and digital solutions. These tools will empower customers to unlock new revenue streams and make more informed decisions, all in real time.

Can you explore how some of your initiatives in 2025 tally with these three objectives?

Verhelst: In partnership with Transcend, a fintech innovator, we launched Euroclear Collateral Optimisation Services (ECOS). By combining our robust collateral management infrastructure with Transcend's

sophisticated optimisation technology, ECOS offers clients a comprehensive collateral optimisation solution.

This enables enhanced liquidity management and cost efficiencies — particularly crucial as institutions face unprecedented demand for high-quality liquid assets (HQLA) and mounting funding costs.

“We have been fully committed to the T+1 transition from the very beginning because we see market harmonisation as a cornerstone of open and efficient markets”

Miguel Ferreira

We have also enhanced our client communications by adopting Taskize, the foremost operational collaboration platform.

Further integrations with email and Symphony messaging are scheduled for the first quarter of this year. Thanks to this partnership, client queries can now be addressed and resolved significantly more swiftly.

Entering a new year, what is on the horizon for 2026?

Ferreira: 2026 will be a pivotal year — one where clients truly experience a transformation in how they interact with us. Building on the strong foundations laid in 2025, our multiyear investment programme is now gaining real momentum and the ambitious vision we set out is becoming tangible.

Verhelst: To begin with, we are set to significantly simplify and streamline our legal documentation. This means reducing the number of documents required and ensuring they are clearer and written in concise, plain English. We will move away from static, PDF-style forms in favour of automated electronic forms that can be completed online.

ECOS is also due to receive substantial upgrades, with the introduction of additional optimisation criteria. These enhancements will be further strengthened by the integration of client data, the implementation of new industry standards for collateral optimisation and the addition of tools to better simulate and optimise inventories across trading venues and custodians.

Furthermore, Self Select — the service that enables clients to directly manage their collateral allocations — will soon be accessible through EasyWay, our web-based platform. This will allow users to allocate specific securities to particular trades with ease. AutoSelect is set for an upgrade as well, with improvements to its optimisation features.

We anticipate that these enhancements could help reduce fails by as much as 25 per cent, leading to lower credit usage for collateral givers.

Euroclear is further strengthening its collateral data strategy by ensuring that all categories of collateral data are accessible through a range of flexible channels.

The introduction of new, data-driven services is underway, beginning with a Collateral Reference Data platform designed to provide seamless and scalable access to securities information. In addition, a fully automated external pricing service is set to streamline client onboarding, enabling users to connect their preferred pricing sources directly to their collateral schedules with ease.

The UK will remain a central focus throughout 2026, with triparty continuing as a cornerstone of Euroclear’s Crest modernisation initiative. Planned enhancements to Delivery by Value (DBV) are expected to enable users to fully leverage the Bank of England’s short-term repo facilities, maximising efficiency and flexibility in collateral management.

Looking beyond 2026, what about other upcoming enhancements coming up?

Verhelst: First and foremost, one of our principal strategic objectives is the launch of a cutting-edge digital collateral client onboarding and contract management platform. This new platform will enable clients to sign legal agreements and various forms electronically, while also digitising the drafting, negotiation and implementation of collateral schedules. Such enhancements will streamline the client journey, making engagements more efficient, intuitive, and transparent.

We are also progressing with the expansion of our modernised Collateral Reference Data Services, providing clients with flexible access to Securities Reference Data utilised by the Euroclear Collateral Highway.

This includes adaptable data access and contemporary connectivity options via APIs, while Managed File Transfer delivery will be upgraded to a new, flexible infrastructure, capable of handling intraday requests. These improvements are specifically intended to grant clients versatile access to accommodate their individual data requirements.

Regarding our existing services, we are enhancing AutoSelect to offer greater flexibility. Users will have more tools to organise Autoselect throughout the day in a way that best suits their operational needs.

**T+1 is just around the corner in Europe.
How are you supporting clients with the transition?**

Ferreira: We have been fully committed to the T+1 transition from the very beginning because we see market harmonisation as a cornerstone of open and efficient markets.

To ensure a smooth shift, we have dedicated resources across all levels — technology, operations, and client engagement — so that the transition on 11 October 2027 is as seamless and uneventful as previous settlement cycle transitions.

Verhelst: The EU, the UK, and Switzerland are set to implement T+1 settlement simultaneously on 11 October 2027, leaving affected financial institutions with just two years to prepare. There remains considerable work for the industry to complete ahead of this deadline and our primary objective is to ensure a seamless transition.

We are working closely with various industry associations and taskforces and we are making substantial investments in our settlement and collateral services. These planned enhancements are all aimed at extending and streamlining the operational day, increasing the efficiency of settlement and triparty processes, and improving credit efficiency.

Euroclear is keen to expand its collateral eligibility — can you share what is happening?

Verhelst: We remain firmly dedicated to broadening the scope of eligible collateral. A prime illustration of this commitment was making Korean treasury bonds (KTBs) Euroclearable. Remarkably, in less than two

years since South Korea achieved this status, 50 per cent of KTBs held at Euroclear are now actively utilised for collateral management.

Furthermore, APAC securities currently represent 20 per cent of all sovereign bond collateral held at Euroclear. Our ongoing mission is to develop and deepen international markets.

Euroclear is also doubling down on digital assets. What exactly are you doing?

Ferreira: Euroclear has always embraced innovation — leveraging new ideas and technologies to develop markets both locally and globally. Digital assets are the latest chapter in that journey. We are actively exploring the opportunities they present, as well as the challenges their adoption will bring.

A great example is the launch of our digital native notes, which use distributed ledger technology (DLT) for the primary issuance process while ensuring these instruments remain fully eligible for financing. While the industry's ultimate direction is still evolving, one thing is certain: any solutions delivered within the Euroclear ecosystem will meet the highest standards of safety, security, and resilience.

Verhelst: The digital asset landscape is still to mature, yet the potential applications for tokenisation are remarkably promising. Tokenisation has the capacity to revolutionise collateral management by enabling counterparties to use tokens — digital representations of real-world assets — as collateral. One of the principal advantages lies in the enhanced liquidity and collateral availability that can be unlocked by bridging temporal gaps.

We are actively pursuing several initiatives centred around digital assets. Earlier this year, we unveiled Project Pythagore, a collaborative venture with the Banque de France, aimed at

tokenising Negotiable European Commercial Paper (NEU CP). Should this initiative prove successful, it will mark a significant stride towards the modernisation of short-term debt markets through the adoption of DLT. The project is designed to deliver both operational and administrative efficiencies, while maintaining the highest standards of transparency and security for market participants.

“The digital asset landscape is still to mature, yet the potential applications for tokenisation are remarkably promising”

Marije Verhelst

In the UK, we are a proactive participant in the Digital Securities Sandbox — a regulated, live environment overseen by the Financial Conduct Authority and the Bank of England.

This sandbox is evaluating how emerging technologies can support the issuance, trading, and settlement of digital securities. ■



OpenTrade chooses Markitanova

Anya Markitanova has been selected as vice president of sales and business development at OpenTrade.

Markitanova brings a background in business development and commercial strategy leadership with experience in blockchain and digital assets across topics including custody, liquidity provision, tokenisation, and real-world asset (RWA) distribution.

She previously held a Business Development role at Archax, where she focused on regulated custody and RWA-backed instruments.

Prior to that, Markitanova was heading business development at WyzePay, a wallet and payments infrastructure provider.

She was a senior exCo member for the London Business School Blockchain Society for nine months before this and a global digital trade compliance officer for EAME in Barcelona for almost four years beginning in 2017.

Markitanova says via LinkedIn: “Very happy to grow the RWA-backed yield market alongside Ronnie Jaworek, Jeff Handler, David Sutter and the rest of the team! Also very grateful for the learning opportunities and the mentorship on all things RWA from Nick Donovan!”

Markitanova holds an MBA from London Business School, and knowledge of the regulatory landscape from her experience in law and policy.

Nakamura appointed head of trading

Gosuke Nakamura has joined OpenTrade as head of trading, bringing 20 years of experience across traditional finance and digital assets.

In his most recent role, he was head of Trading-Treasury Department at M2, where he directed over-the-counter (OTC) trade market making and risk management activities.

Prior to this he was a trader at Zerocap, where he worked on OTC trading within cryptocurrency and foreign exchange markets.

Previously as head of trading at Eqonex, he oversaw trading activities, including OTC trading and liquidation risk management.

BNY appoint Thwaites

BNY has appointed Toby Thwaites as director of product within the firm’s digital assets team. Based in New York, Thwaites joins the firm following his time as head of product at Arda Global.

He has worked in digital assets since 2017, during which he was positioned at several firms, including ClearToken, Copper, and NYDIG.

Thwaites was educated at the Grenoble Ecole de Management, obtaining a bachelor’s degree in economics, finance, and international business, before receiving a master’s degree in political economy and political science from the London School of Economics and Political Science.

Commenting on his appointment, Thwaites shared he was excited “by the opportunity to execute and deliver solutions with a great team at BNY”.

Ownera appoints Kamat

Ownera, a firm that provides digital infrastructure solutions, has appointed Chetan Kamat as head of client solutions.

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In his new role, Kamat will be responsible for supporting clients including banks, central securities depositories (CSDs), custodians and digital asset market participants in bringing tokenisation and interoperability strategies into live production using Ownera's technology. He will lead solution architecture, client engagement and partner delivery across regulated digital asset workflows, with a focus on controls, compliance and scalable operating models.

Prior to joining Ownera, Kamat served as regional product head and business development lead for treasury at Intellect Design Arena.

He has also held senior roles across major financial institutions, including portfolio manager for legal and regulatory change at Lloyds Banking Group, regulatory programme director at Barclays, and transformation lead for fixed income post-trade systems and derived market data at Citi.

Commenting on the appointment, Ownera says: "Chetan brings deep experience across treasury and capital markets, alongside a strong track record in product leadership and business development. Please join us in giving Chetan a warm welcome, we're excited for what we'll accomplish together!"

Kamat writes via LinkedIn: "I am excited to be joining a wonderful team and to build on the strong product and solutions foundation created by Ami Ben-David. I am excited to work closely with Anthony Woolley, Natasha Benson, Yuval Carmel, and the wider Ownera team."

Binance appoints Erk

Binance has appointed Tarik Erk as its new regional head for MENAT, overseeing the Middle East, North Africa and Turkey and senior executive officer Abu Dhabi. Originally from Buffalo, New York, Erk brings over a decade of experience across regulatory compliance, market expansion, product launches, and government affairs within the digital asset and financial services sectors.



Muldoon joins Ogier as Partner

Racheal Muldoon has joined Ogier, a Cayman Islands corporate offering with crypto and fintech, as a partner in London, subject to her being admitted as an attorney-at-law by the Grand Court of the Cayman Islands.

Muldoon has joined Ogier's Corporate team, where she will advise on high-value, cross-border matters involving digital assets, fintech, Web3 and emerging technologies, with a particular focus on Cayman Islands structures used by technology companies, investment funds, founders and institutional investors operating internationally.

A senior barrister by background, the firm says Muldoon brings extensive experience advising governments, regulators, financial institutions and technology innovators on complex issues spanning AI, blockchain, digital assets and financial technology.

She is internationally recognised for her role in shaping legal precedent in the digital assets space, including securing the world's first proprietary injunction relating to NFTs, and the first grant of permission by courts in England and Wales to serve legal proceedings via blockchain airdrop.

Nathan Powell, global head of corporate at Ogier, says: "Racheal's appointment represents a significant enhancement of our Cayman corporate capability in London and reinforces Ogier's position as a leading adviser to clients operating in technology driven and digitally native markets.

"Her market-defining experience in crypto, fintech and emerging technologies aligns closely with our clients' needs as they navigate regulatory complexity and global expansion."



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INDUSTRY APPOINTMENTS

His background closely aligns with Binance's mission to build a secure, compliant, and globally trusted digital finance ecosystem while accelerating growth across MENAT, according to the firm.

Erk began his digital asset career in 2017 at Paxos in New York City, following roles at major financial institutions including JPMorgan Chase and Commerzbank.

Commenting on his appointment, Erk says: "I am proud to take on this exciting opportunity at Binance as the company continues to navigate evolving regulatory frameworks and strengthen its presence across the MENAT region. I look forward to exploring new growth opportunities and helping shape the future of digital finance within the region and beyond."

Sage Capital welcomes Keogh

Jason Keogh has joined Sage Capital Management as a sales director, with responsibility for driving global growth from hedge funds, asset managers, trading firms, and brokerages.

With over 30 years' experience in the financial markets, the firm says Keogh is a seasoned sales, trading, and business development professional with deep expertise across TradFi, fintech, and digital assets.

He joins Sage Capital Management from Fusion Capital, where he was international sales director for the last two years, managing a global sales team.

His experience spans global banks including Credit Lyonnais, Oppenheimer, and Raymond James; brokers such as Sucden Financial, Old Mutual, and StoneX; and fintech and digital asset firms including EXANTE and Skarb.

The firm adds that his extensive knowledge across multiple asset classes and broad global network of clients, contacts, and

counterparties enables him to identify opportunities and deliver tailored solutions in rapidly evolving market environments.

Commenting on his appointment, Keogh says: "Sage Capital Management has built an excellent reputation as a one-stop-shop multi-product digital asset firm.

"I wanted to join the business because of its compelling product offering, experienced team, robust regulatory framework, and strong balance sheet.

"From everything I have seen to date, Sage Capital Management ticks all the boxes for what the market is looking for — and I am excited to play a significant role in its next growth phase."

Nathan Sage, CEO, Sage Capital Management adds: "Jason is very well known and highly respected in the industry, with a proven track record in driving revenue growth, building strategic partnerships, and managing client relationships across a diverse portfolio of high net worth and institutional clients."

Blockchain Ireland appoints O'Loughlin

Blockchain Ireland has announced that Michael O'Loughlin, a managing partner at Argonautic Global, has joined its board of directors.

O'Loughlin has worked at several fintechs and associations, including Token.io, CGI, and the Arab Monetary Fund, in addition to a number of articles written for Forbes, focusing on digital assets.

His current role predominantly focuses on investments across fintech, AI, and emerging financial infrastructure, bringing over two decades of experience in banking, regulation, venture capital, and technology innovation with him to his new position.

O'Loughlin has advised the Saudi Central Bank on fintech ecosystem development and regulatory framework, in addition to working with a series of government, regulators, and financial institutions across Europe, the Middle East, and the US.

He was educated at Technological University Dublin, where he obtained a bachelor's degree in management and German, and Hochschule für Technik und Wirtschaft Berlin, doing international business, international marketing, and international law. ■



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