Tokenisation update

July 2026

Welcome

Jo Mauger
Director, PwC Channel Islands

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Paul Silcock
Director, PwC Channel Islands

Introducing today's speakers: Guernsey

James Moseley, Digital Assets Lead, PwC UK

Jawad Khan, Senior Manager, PwC Channel Islands

James and Jawad will lead a focussed session discussing the evolving tokenisation landscape in asset and wealth management, focusing on governance, oversight, risks, and regulatory developments affecting boards.

Introducing today's speakers: Jersey

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David Clare, Digital Assets Lead, PwC Channel Islands

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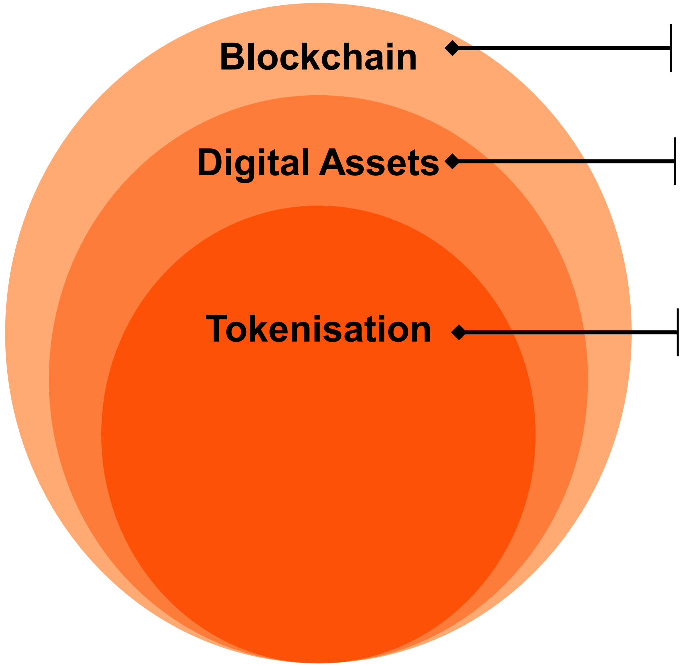
Agenda

1. The evolving regulatory outlook including UK and Channel Islands perspectives
2. The need to have control frameworks for on-chain activities
3. Practical steps to enhance effective board oversight in a fast-changing environment
4. To conclude

Blockchain, digital assets and tokenisation

Explaining Tokenisation



Blockchain **is just a database…**
…but secure, immutable and transparent

Digital assets are **a representation of an asset or value**, **housed within a digital environment** (typically cryptographically), and **secured on a blockchain-enabled platform**.

Tokenisation is **the creation of tokens or pieces of code**…

…**on a blockchain** which **records information** about **underlying assets and liabilities**, as well as their **attributes, status, ownership and transaction history**.

The Value to Financial Markets

Speed
Settlement of transactions can occur in seconds or minutes not days, freeing up liquidity and reducing risk

Cost
Transactions are less disintermediated and more automated reducing settlement cost.

Access
Products can be fractionalised, allowing investment in smaller clips, traded 24/7 and admitted quickly to secondary markets providing routes to investment and distribution that are costly or prohibitive in traditional markets.

Transparency
The psuedoanonymity of DLT allows asset ownership and transfer to be tracked maintaining the singleness of ownership and bring transparency to markets.

Finance is moving on-chain: Explaining Digital Assets

Digital Assets describes a new paradigm for constructing, exchanging and owning financial products which is powered by Blockchain technology in a different, web 3 ecosystem of individuals, corporates and infrastructure providers

A new blockchain-powered infrastructure

Validator Nodes

Layer 1 / 2 Blockchains
("Settlement Infrastructure")
e.g. Ethereum, Solana, XRP

Smart Contracts
Contracts as code that provide a secure mechanism for the settlement and transfer of ownership of assets through the Layer 1 blockchains

Web 3 Infrastructure Providers
New infrastructure providers, including token-RWA linkage (e.g. ChainLink), DvP settlement/ clearing (e.g. Cleartoken) for partially on-chain transactions and Tokenisation technologies (e.g. Vertalo)

Custodians and Digital Wallets
Ownership of assets is verified through cryptographically secure digital wallets either held individually or via a custodian

Digital Asset Exchanges
(e.g. Coinbase)

Banks, Brokers and Asset Managers

Decentralised Finance

Corporates & Retail

Professional Services

- Forensics/ tracking/ tracing companies
- Market analysts and monitoring firms
- Smart Contract audit and specialised cyber
- Legal, regulatory, accounting and Tax
- Management Consultants and Tech Design

Enabling a range of digital products

Crypto Assets

Native Digital Assets which cover a broad range of use cases from stores of value/ mediums of exchange (e.g. BTC), utility tokens to pay for settlement (e.g. ETH), equity-tokens that confer voting or dividend rights and NFTs (digital rights)

Digital money

Central banks, banks and payment firms are advancing **stablecoin, tokenised deposit and wholesale CBDC** initiatives. The focus is on **settlement efficiency, interoperability and regulatory assurance**.

Tokenised assets and funds

Tokenised Real-World Assets are digital representations of traditional financial instruments either as mirror copies or native digital instruments, including **collateral, ETFs, Equities, Private Credit and Real Estate**

What are financial services firms doing in the UK?

Tokenisation pilots are well underway with 2026 being a pivotal year for scaling solutions

Unbacked Cryptoassets	Digital Money	Funds	Credit	Other Asset Classes	Internal Solutions
• Significant growth of Crypto ETFs, ETNs and other wrapper products. • Early spot trading of crypto (in tradition financial institutions) to support structured wealth products or direct access. • Scaled cryptonative exchanges, crypto derivative clearing infrastructure and treasury products. • Boutique/ specialised hedge funds or crypto opportunities strategies.	• Rapid growth in Stablecoin issuance (and issuers). • Bank-issued stablecoins emerging bilaterally and through consortia. • Stablecoin adoption by FS firms for cross-border payments and settlement mechanisms for tokenised assets. • Continued progress on tokenised deposits (e.g. JPMD) and industry-consortia for interoperability (e.g. GBTD). • Continued work on Central Bank Digital Currencies with accelerated plans for the digital Euro and progress on a blueprint for the digital Pound.	• Growing issuance of tokenised ETFs and MMFs. • Emergence of natively tokenised MMFs. • Progress in building infrastructure to support composable finance and hyper-personalised access to investment products. • Growth of crypto wrapped products (inc. ETNs).	• Progress with collateral tokenisation initiatives. • Initiatives such as UK DIGIT progressing for issuance of tokenised sovereign bonds. • Tokenised Private Credit (c. $18bn in early 2026). • Tokenised bond issuance pilots by banks.	• Progress on tokenised equities and corporate credit through various initiatives. • Tokenised Real Estate investments. • Tokenised Insurance contracts and tokenised fund use in Pensions. • Tokenised securitisations and asset / lending 'vaults' to provide on-chain access to diversified portfolios.	• Use of private blockchains and internal tokenisation solutions to power cheaper, better trade finance and FX offerings within global banks. • Emergence of faster cross-border transfers, retail disintermediation and payments solutions powered by stablecoins.

Established financial services firms are all rapidly developing use-case led tokenisation strategies while challengers are looking to disintermediate traditional models with blockchain-first solutions

Jersey's opportunity – structure, trust and execution

Jersey strength	Why it matters for tokenisation
Private markets expertise	Strong alignment with tokenisation of funds, private capital, real assets and other less liquid structures.
Institutional governance	Experienced boards, fiduciary discipline and service provider oversight are central to credible tokenised models.
Bridge from traditional to digital	Existing structures can adopt tokenised rails selectively, without requiring a wholesale move to fully decentralised models.
Regulatory credibility	Investors and boards will prioritise legal certainty, AML/CFT discipline, custody standards and investor protection.
Permissioned use cases	Jersey is well suited to professionally governed, compliant and controlled tokenisation environments.
Oversight as a differentiator	Strong board challenge over custody, transfer controls, valuation, conflicts and resilience can become a competitive advantage.

Jersey's opportunity is to be a trusted domicile for well-governed tokenised private market structures — not simply a jurisdiction where digital assets are allowed.

Funds and Digital Assets

Funds have been the focus of much of the early scaling in Digital Assets both with the evolution of Crypto funds and the tokenisation of traditional funds

1

Crypto Funds
Investors are increasingly interested in exposure to crypto currencies with fund wrappers providing accessible investment routes.

With >$100bn of crypto funds in issuance, the majority (e.g. IBIT, FBTC) are Bitcoin-only with other strategies spanning Ethereum and less liquid cryptoassets emerging in smaller volumes.

2

Tokenised Funds
Tokenised funds offer cheaper, faster and broader access by allowing subscription and transactions on a distributed ledger.

Why

- Tokenised funds are **cheaper** to administer and cheaper to investors (typical fees are 10-50bps with natively tokenised funds trending lower).
- Tokenised funds improve **access** with minimum ticket sizes dropping as low as $20 in some cases supporting secondary market trading, price discovery and further liquidity with minimal effort
- Tokenised funds enable new use cases and sources of investment including **retailisation**, **intra-day yield instruments** and **low-cost collateral or settlement assets.**

Tokenised Money Market Funds (Traditional)
Funds that offer tokenised units in traditional money market funds subscribed to in FIAT (real currency) with the subscription and redemption dynamics managed by a transfer agent such as Securitize.

Examples include: BUIDL (Blackrock), BENJI (Franklin Templeton) and MONY (JPM)

Natively Tokenised Funds
Funds that exist only in tokenised form where the distributed ledger represents the only legal record of unit ownership. These are typically also only subscribed to in Digital Money (primarily stablecoins).

Examples include: BAGEY (Baillie Gifford's Tokenised Corporate Bond Fund), USTB (Superstate), Euro Liquidity Fund (abrdn with Archax) and a number of WisdomTree funds.

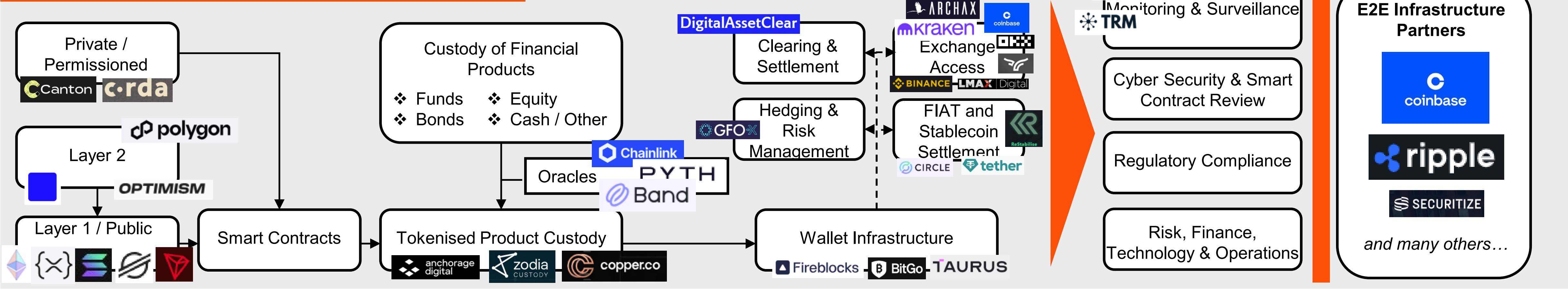
Tokenised Private Markets
Typically non-natively tokenised funds that wrap private equity / credit to provide broader exposure (e.g. Hamilton Lane Equity Opportunities Fund, KKR or Credix and Centrifuge Pools in private credit)

Real Estate and Alternatives
Tokenised commercial real estate (e.g. Kasa / RealT), Gold (e.g. PAXG) or other real world assets (e.g. the Tokenised Kentucky Bourbon Whiskey Fund)

The Tokenisation Ecosystem – New risks and opportunities

Different firms and intermediaries play distinct roles in powering the future of tokenised financial markets

Tokenised Financial Product Operating Model



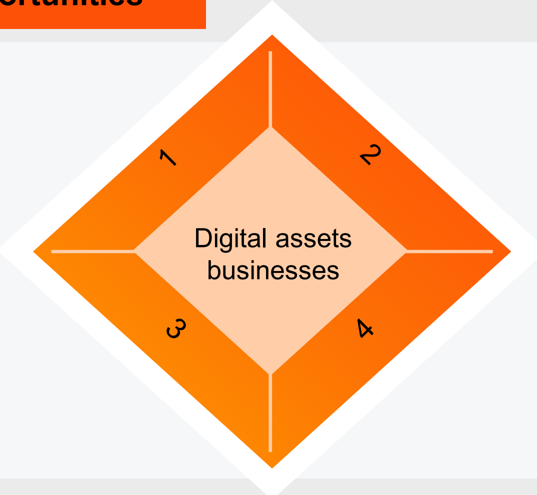
Presenting new challenges and opportunities

Operational

- 24/7 Markets
- A complex technology ecosystem with:
  - ➢ Many intermediaries (but not the traditional ones);
  - ➢ Different governance; and
  - ➢ Constant change

Compliance

- Highly fragmented regulatory environment underpinning a borderless business
- Greater retail participation, cross-sector convergence and a moving target
- Lack of a 'culture' of compliance in core market participants



Business

- Different liquidity, volatility and access dynamics
- Heightened transparency with privacy challenges / concerns
- Corporate and personal identity / KYC challenges
- Changes to customer-base, cost-of-sale and products

Risk

- Liquidity and volatility driven challenges with heightened event risk, different distributions and limited price history
- Changing profiles for credit, settlement and operational risk
- Limited (but evolving) access to hedging instruments
- Significant changes to speed and automation of risk management needed with embedded cyber considerations

➢ Firms will need to adapt to manage these fundamentally different operational paradigms in a tokenised world

➢ There will be a long transition period with dual-running infrastructure and processes to service the existing and future financial markets with a high degree of inter-reliance

➢ Combined with agentic commerce, AI-coding and other technological innovations the landscape will continue to evolve at pace

Key questions to ask

Tokenisation represents a significant opportunity for firms but also introduces significant change and transitional risk

1 How do the products work?

- Are the products natively tokenised or 'mirror' solutions?
- How are subscriptions, coupons and redemptions managed (in relation to funds) and how well understood is the transfer agent / platform?
- Are the products competitive and what are others doing?
- What is the utility of the product beyond investment? Collateral / liquidity eligibility, regulatory authorisation, programmable features?

2 Where are we building our tokenisation capabilities?

- Which markets are we serving?
- Which jurisdictions are governing the activity and what is the current (and possible future) state of the regulatory and legal regimes?
- What is the regulatory engagement plan?

3 Are all three lines of defence appropriately staffed and equipped to manage the risk?

- How does the CRO integrate tokenised asset risk into the existing Risk Appetite, ERM framework and second line oversight process?
- How is compliance adapting policy, processes and training to cater for rapidly changing digital asset regulation?
- Does Internal Audit have the subject matter expertise and scale to support reviews?

4 How are operations and technology adapting to support tokenised assets?

- Is there an appropriate model (where applicable) to manage the increased velocity and 24/7 nature of tokenised markets?
- How well integrated are tokenised solutions into legacy technology architecture?
- Does the infrastructure have the stability, resilience and security to safely support scaled tokenised assets?

5 Who are we working with?

- Who are the new venues, third parties, service providers and implementation partners?
- Are these entities or networks reputable, scalable and safe?
- Are solutions substitutable, are their back-up or continuity plans and how is reliance on the Web3 ecosystem stressed?

Q&A

Thank you

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