SCALING TOKENIZATION TO SUPPORT SIU

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From sandbox to scale: unlocking the EU's tokenised securities framework

The EU has built the most advanced regulatory framework for tokenised securities globally, yet the architecture is not yet fully sufficient to support largescale tokenised capital markets. While the foundations are firmly in place, the conditions for industrial scale adoption remain a work in progress. In this context, the EU has implemented the DLT Pilot Regime, establishing a statutory regulatory sandbox that permits the issuance, trading, and settlement of tokenised securities through DLT based market infrastructures while providing for targeted exemptions from certain traditional rules. Despite this significant regulatory innovation, practical market uptake has been limited.

A 2025 review by ESMA revealed only a handful of authorised DLT market infrastructures and relatively low activity levels. The barriers to scale are not rooted in the legal validity of tokenisation itself, but rather in restrictive transaction thresholds, the temporary nature of the sandbox, and the absence of an on-chain cash settlement mechanism. The DLT Pilot Regime also sits within a broader EU policy agenda to foster integrated and innovative capital markets, reflected in the European Commission's Market Integration and Supervision Package (MISP), which seeks to deepen market integration and create conditions conducive to financial innovation.

When analysing the development of tokenised securities in Europe, the current framework's limitations and the proposed MISP fixes become clear. While secondary trading is legally viable, the original DLT Pilot Regime choked growth by imposing strict market capitalisation thresholds, aggregate activity caps, and rigid limits on eligible instruments. MISP directly addresses this by proposing to remove asset specific caps, significantly raising the aggregate market value limit for DLT financial instruments from €6 billion to €100 billion, and creating a simplified, more flexible regime for smaller operators handling up to €10 billion.

Settlement remains highly complex because of hurdles in defining exactly when legal settlement finality occurs on chain, navigating the interplay with legacy post-trade infrastructures, and enabling on-chain Delivery versus Payment (DvP). The Commission's proposal to replace the Settlement Finality Directive with a modernised Settlement Finality Regulation aims to bridge these gaps by recognising DLT arrangements. Furthermore, digital custody is increasingly manageable, but it presents unique supervisory friction points around private-key management, the segregation of client assets on shared ledgers, and operational resilience.

Tokenisation introduces novel supervisory challenges that strain traditional, nation-centric oversight. Disintermediated market structures, where traditional middle-tier institutions are bypassed, blur the lines of liability and operational risk. When an error or exploit occurs on a decentralised ledger, it becomes difficult to legally assign fault between autonomous smart contract code, distributed network nodes, and the underlying platform operators. Managing these core vulnerabilities of distributed ledgers and smart contracts requires specialised technical competencies that currently vary among national competent authorities (NCAs), leaving the financial ecosystem exposed to fragmented supervision and systemic operational blind spots. This vulnerability is further compounded by the unique digital operational resilience profile of DLT platforms, where validation failures among shared network nodes, and complex smart contract dependencies present acute IT integrity risks that legacy operational frameworks were never designed to police.

To address this supervisory fragmentation, the EU supervisory convergence model must evolve to better take into account the new DLT realities of market infrastructure. To ensure consistent supervision whilst fostering innovation in a competitive environment, ESMA must work to ensure that these emerging risks and vulnerabilities are addressed in a consistent manner by NCAs. Crucially, DORA should provide the common operational resilience framework underpinning the supervision of DLT market infrastructures. By applying existing supervisory convergence tools to DORA, these bodies can for example issue joint regulatory guidelines on smart contract auditing, coordinate Common Supervisory Actions specifically targeting DLT custody and private key security. Such structured cooperation ensures that all NCAs benchmark operational resilience and software vulnerabilities against the exact same rigorous European standards.

EU MISP reforms advance tokenised markets. Scale hinges on laws, digital settlement and Convergence.

Ultimately, the MISP reforms prove that the EU is moving toward an institutional grade ecosystem for tokenised capital markets. However, achieving true scale will depend on the final legislative implementation, the seamless availability of wholesale digital settlement money, and the successful coordination of convergent supervisory standards across all Member States.

THOMAS VLASSOPOULOS
Director General, DG Market Infrastructure & Payments – European Central Bank (ECB)

From experiment to scale: building an integrated tokenised ecosystem for Europe

Tokenisation is not just another technology experiment. It is a strategic opportunity to shape the next generation of capital markets infrastructure. The recent statement on digital finance by the Eurogroup+ highlights the momentum that has built up behind this idea in Europe[1].

Financial institutions are piloting the use of distributed ledger technology (DLT) to issue, trade and settle financial instruments. The promise is considerable: efficiencies through automated processes, risk reduction, innovative use cases and broader market access.

For the EU the opportunity is even greater. Tokenisation offers a rare opportunity to move capital markets away from a fragmented issuance, trading and post-trade landscape towards one that is integrated– or at least interoperable – from the outset.

Seizing this opportunity will not happen automatically. Despite the proliferation of initiatives, tokenisation has not reached scale. And in attempting to grow, digital finance must avoid rebuilding in tokenised form the fragmentation that Europe is still seeking to overcome in traditional capital markets.

Two conditions are therefore essential. First, the European DLT ecosystem needs a safe settlement asset. Second, it needs integration – overcoming potential silos as market actors build proprietary networks in pursuit of their own network effects. The Eurosystem is addressing both challenges through its work on Pontes and Appia.

Through Pontes, the Eurosystem is making central bank money available for the settlement of DLT-based transactions. For transactions between financial institutions, it is of fundamental importance to settle in an asset that does not carry credit risk, is not subject to price fluctuations and is flexibly available at the size that markets need. This is why also tokenised markets need the safety, trust and scaleability that central bank money can uniquely offer. Making it available natively in tokenised form will allow the industry to innovate and scale up on a sound basis.

Scale will not come from technology alone. It requires trust, interoperability and common standards.

Private settlement assets also have an important role to play, much like they do in the traditional system, not least as not everyone has access to central bank money. Yet for private settlement assets to scale, they also need the underpinning of central bank money. Take tokenised deposits, for example: to transfer them across different banks while keeping the efficiency of tokenisation, tokenised central bank money is needed as a bridge to allow the banks to settle between each other.

Central bank money also has a broader connecting function. Today it links the components of the traditional financial system. Tomorrow, it can bridge traditional and tokenised worlds, ensuring that liquidity does not split into fragmented pools operating on incompatible terms.

Settlement, however, is only part of the challenge. Europe's experience with T2S shows that a common settlement platform can deliver substantial integration. But it also shows that settlement alone is not enough. Fragmentation persists along the rest of the value chain, in issuance, trading and asset servicing. A tokenised ecosystem risks the same fate unless integration is pursued more broadly.

This is where Appia becomes essential. Appia seeks to ensure that tokenised markets develop around common standards, shared utilities and interoperable architectures rather than isolated platforms pursuing closed network effects. This would ensure reachability, open access and compatibility across the services of multiple providers.

None of this can be achieved by the Eurosystem alone. Pontes and Appia are carried out in close partnership with the market, through tests with private-sector participants who bring the use cases, the technology and the business insight. This collaborative approach ensures that public infrastructure remains open, adaptable and supportive of genuine innovation.

Other public authorities also have a crucial role. Legal certainty and regulatory clarity on the treatment of digital assets – including tokenised deposits – are indispensable. Building on the Commission's review of the DLT Pilot Regime, the priority now is to develop a bespoke EU-level framework for tokenised assets, which would enable their seamless issuance and transfer across the Union. Above all, we must avoid legal fragmentation along national lines.

Tokenisation can reshape European finance for the better. But scale will not come from technology alone. It requires trust, interoperability and common standards. Pontes and Appia can provide the anchor and the rails, but completing the journey will require a shared commitment from public authorities and market participants alike: not to replace yesterday's market silos with tomorrow's digital ones.

1. *Statement of the Eurogroup+ on digital finance, Brussels, 9 July 2026.*

NATASHA CAZENAVE
Executive Director – European Securities and Markets Authority (ESMA)

Building a credible pathway for tokenisation in the EU

Tokenisation is increasingly moving from experimentation towards practical market applications. Global issuance of tokenised assets has grown significantly in recent years, suggesting that Distributed Ledger Technology (DLT) gradually becomes part of mainstream financial market infrastructure.

Against this backdrop, ESMA seeks to understand and accompany market developments, while ensuring that the EU supervisory and regulatory framework enables market participants to seize the opportunities offered by DLT, enhancing innovation and the competitiveness of EU capital markets without compromising investor protection, financial stability or market integrity.

The DLT pilot regime has been a valuable testing ground: six authorised infrastructures have so far facilitated issuance worth €546 million. We are observing renewed interest from incumbent market infrastructures, likely anticipating the higher thresholds proposed under the Market Integration and Supervision Package (MISP).

The adjustments proposed under the MISP – including the recalibration of the DLT pilot regime, targeted amendments to the CSDR and refinements to settlement finality rules – represent an important step in addressing existing constraints. Yet, a sandbox approach, however well-designed, cannot on its own allow tokenisation to scale.

In ESMA's views, robust settlement arrangements are an essential precondition. This is why we support the Eurosystem's Pontes and Appia initiatives, as they address the need for settlement in central bank money. Tokenised commercial bank money and MiCA-authorised e-money tokens could also play an important role.

More fundamentally, legal certainty is an essential factor to support technological innovation. The absence of a sufficiently clear and harmonised legal framework remains one of the principal obstacles to wider adoption. Important questions persist regarding the legal recognition of DLT-based registries, the transfer of legal title, settlement finality, custody arrangements and cross-border enforceability. If left unresolved, these issues risk encouraging siloed national approaches and creating costly workarounds that could undermine the objective of deeper market integration pursued by the MISP. Interoperability initiatives will therefore need to be backed by a sound legal framework, ensuring that competition between market operators and infrastructure providers fosters innovation without creating new sources of market fragmentation or liquidity segmentation.

> A sandbox approach cannot on its own allow tokenisation to scale.

An equally important objective is to facilitate the tokenisation of existing securities. EU CSDs currently hold securities worth several trillion euros, representing a substantial pool of assets that could benefit from tokenisation over time. Allowing the migration of part of this existing stock would support efficient use of established market infrastructures, particularly as other jurisdictions continue to advance towards production at scale. The SEC's decision to grant conditional exemptive relief for certain DLT-based settlement arrangements illustrates how targeted regulatory flexibility can facilitate innovation while maintaining appropriate safeguards.

Looking ahead, one possible avenue worth contemplating would be a dedicated 28th regime for tokenised securities, defining a common set of legal effects capable of supporting tokenisation across the Single Market. Incremental experimentation, beginning with standardised use cases and informed by the experience gained through the DLT pilot regime and ESMA's tokenisation mapping exercise, could help establish the evidence base for such a framework.

Throughout this process, close dialogue and cooperation between public authorities and market participants will remain critical. ESMA will continue to engage with private stakeholders and relevant authorities, including the ECB, the Commission, EBA, Member State and third-country competent authorities. Market-wide monitoring will also need to keep pace as tokenisation shifts from a nascent phenomenon towards a potentially important component of core market infrastructure.

Ultimately, tokenisation should not be viewed only as a technological mutation, but as a market infrastructure transformation. Its long-term success will depend on whether Europe can combine innovation with legal certainty, coherent market design and effective supervision. Achieving this balance would allow tokenisation to evolve from isolated use cases into a genuine driver of further integration, greater competitiveness and more resilient European capital markets.

IVAN ODONNAT

Director General, Directorate General Financial Stability and Operations – Banque de France

Settlement assets for tokenised financial markets: the Eurosystem's roadmap

Tokenisation is moving rapidly from experimentation to production across financial markets. As distributed ledger technology (DLT) matures, the key challenge is no longer whether tokenised finance will work, but how to scale it. while and Europe's strategic autonomy. At stake is preserving financial stability as well as monetary sovereignty and the alignment of settlement assets with the two-tier monetary system.

This means extending, in the tokenised ecosystem, a robust and interoperable settlement architecture capable of supporting safe and efficient delivery-versus-payment (DvP) across a broad range of transactions – one in which tokenised central bank money and tokenised private settlement assets coexist seamlessly, each fulfilling distinct but complementary functions. Central bank money should remain the anchor of the monetary system, while private money issued by regulated financial intermediaries should continue to play its essential settlement role in financial markets and in financing the real economy.

Today, central bank money plays a unique role in systemic payment and securities infrastructures by providing the safest settlement asset for payment-versus-payment (PvP) and delivery-versus-payment (DvP) transactions, thereby minimising credit, liquidity and settlement risks. Such a role should remain unchanged in a tokenised environment. Providing access to wholesale central bank digital currency (wCBDC) for wholesale DLT transactions is therefore essential to ensure that tokenisation delivers efficiency gains without weakening the foundations of financial stability.

However, central bank money is not intended to satisfy every settlement need, and private settlement assets should, as in today's financial system, continue to play an essential complementary role alongside wCBDC. Private settlement assets may include for instance tokenised deposits or regulated euro-denominated stablecoins, provided that they are robust, appropriately regulated and capable of supporting safe and efficient settlement. The existence of large-scale non-European stablecoins further highlights the importance of ensuring the development of attractive and competitive euro-denominated settlement assets within tokenised financial markets. Together, both public and private tokenised settlement assets should replicate the strengths of today's monetary system, while supporting use cases such as cross-border payments, corporate treasury management and the broader development of tokenised finance.

The future of tokenisation depends not only on technology but also on trust in settlement assets.

The Eurosystem's Pontes and Appia initiatives provide a coherent roadmap for translating these principles into operational reality. Pontes will enable the settlement of DLT-based financial transactions in tokenised central bank money by Q3 of 2026, before progressively incorporating continuous availability and enhanced settlement capabilities. The Appia project aims to extend this work by preparing the longer-term tokenisation evolution of European financial markets. It explores potential architecture setups of a tokenised financial ecosystem, with a view to strengthening European financial market integration, reinforcing European sovereignty, and ensuring that central bank money continues to fulfil its role within tomorrow's financial markets. In a future environment likely to be characterised by multiple DLT networks, market infrastructures and settlement assets, interoperability may prove as important as the settlement assets themselves. Avoiding the fragmentation of liquidity and settlement arrangements is a key condition for success.

Together, Pontes and Appia offer an appropriate and complementary path forward, combining an immediate, scalable operational response with a longer-term vision for an interoperable, integrated European settlement ecosystem. In France, the joint Banque de France and Euroclear France Pythagore project provides an actual example of this new path forward, with the first tokenised issuances expected from December 2026. The project aims to fully tokenise the Negotiable European Commercial Paper (NEU CP) market. thereby demonstrating how wCBDC can support the end-to-end tokenisation of an existing financial market. As a full-scale initiative, Pythagore will provide valuable operational experience and pave the way for the tokenisation of additional market segments.

Ultimately, tokenisation will fulfil its promises not only if it delivers tangible improvements for issuers, investors, intermediaries and corporate users, but also if it preserves the principles that underpin today's financial markets: high standards of safety, liquidity and efficiency, a robust two-tier monetary system and the anchoring role of central bank money. The future of tokenisation depends not only on technology but also on trust in settlement assets.

VASILIKI LAZARAKOU

Chair of the Management Board – Hellenic Capital Market Commission (HCMC)

Building regulatory foundations for tokenized capital markets in the EU

The European Union has established a robust regulatory and supervisory framework for tokenized capital markets. The next challenge is ensuring that this framework supports innovation to scale while providing sufficient legal certainty, supervisory confidence and flexibility to accommodate evolving market needs. As other jurisdictions accelerate the development of tokenized financial markets, Europe must preserve investor protection, market integrity and financial stability while enabling responsible innovation.

Tokenization has the potential to improve the efficiency of issuance, trading, settlement and asset servicing, enhance transparency and support more integrated cross-border capital markets. Whether these potential benefits are realized will depend on a regulatory framework that provides technological neutrality, supervisory consistency and clear legal treatment while maintaining high standards of investor protection.

The DLT Pilot Regime provides an important foundation by enabling regulated market infrastructures to test DLT-based trading and settlement models within a supervised environment and under targeted regulatory exemptions. Beyond experimentation, the Pilot generates practical supervisory and operational experience that can inform future legislative developments and, where appropriate, support broader adoption of DLT-based solutions. It has also highlighted the need for greater legal certainty across the securities lifecycle. As tokenized markets evolve, market participants will need confidence that tokenized securities benefit from recognition equivalent to traditional securities, with clear rules governing issuance, ownership, transfer, collateral arrangements, corporate actions and insolvency treatment. Interoperability between DLT-based and conventional infrastructures will also be essential to avoid legal uncertainty and operational fragmentation.

Given the modest participation in the DLT Pilot Regime to date, the MISP proposals seek to extend its duration and scope to support wider market participation and competitiveness. They recognise that broader adoption requires a framework capable of supporting scalable DLT-based market infrastructures while maintaining appropriate safeguards. Greater interoperability, more flexible settlement arrangements and clearer settlement rules could reduce operational frictions and facilitate the coexistence of tokenized and traditional market infrastructures.

Scaling tokenised markets requires legal certainty, innovation and trust.

Despite this progress, some areas require further clarification. Clarifying the interaction between tokenized securities and the Settlement Finality Directive would help ensure that DLT-based settlement arrangements benefit from equivalent legal certainty regarding settlement finality. Similarly, the relationship between DLT infrastructures and CSDR requirements should ensure that equivalent risks are regulated consistently while allowing sufficient flexibility for technological innovation. The objective should not be to create a separate regime for tokenized markets, but to achieve technological neutrality whereby equivalent activities receive consistent legal treatment.

Scaling tokenized capital markets also depends on supervisory convergence supported by supervisory innovation. Divergent interpretations across Member States could undermine the cross-border benefits of tokenization. Consistent supervisory practices, supported by ESMA guidance and close cooperation among competent authorities, will therefore be essential to creating a genuinely integrated European market. Supervisors will also increasingly require common tools, shared expertise and data-driven capabilities to oversee DLT-based market infrastructures effectively while facilitating responsible innovation.

As tokenized markets develop beyond pilot projects, investor protection, market integrity and governance standards should remain equivalent to those applying in traditional securities markets. The use of DLT should not affect investors' legal rights regarding ownership, custody, settlement finality or corporate actions. Supervisors will require enhanced capabilities to monitor DLT-based trading, prevent market manipulation and ensure appropriate governance, cyber resilience and operational safeguards. The objective should be to position the European Union as a leading jurisdiction for trusted digital capital markets through a regulatory framework that is technologically neutral, proportionate and adaptable, while maintaining Europe's high standards of investor protection, market integrity and financial stability.

SCOTT BAUGUESS
Vice President, Global Regulatory Policy – Coinbase

The conditions for scalable tokenised financial markets

Future financial markets will be onchain. There is no doubt. What is not yet known is how fast they will scale, and that will be determined by the speed with which tokenisation improves how capital markets work in practice: cheaper issuance and servicing, broader investor access, faster settlement, more efficient collateral use, better transparency and easier cross-border distribution.

In the near term, scale will be reached with familiar instruments brought onchain by 'wrapping' their traditional form – i.e. tokenizing an asset by immobilizing its original form at a custodian. That is the clearest route to adoption because issuers, investors and intermediaries already understand the product, the legal rights and the distribution model. Native onchain issuance is the ultimate goal, but it is likely to emerge later given the lift required for each asset issuer to learn the technology.

This key to this future is interoperability, which requires looking beyond the DLT Pilot Regime and any single pitot or discrete venue. If tokenised assets are trapped in firm-specific or jurisdiction-specific silos, liquidity will fragment and the benefits will remain limited. An asset must be able to exist and move across disparate venues, wallets and networks with the same uses and rights. The financial infrastructure cannot upgrade.

Interoperability can only happen on open blockchain networks that allow any developer and market participant to issue, offer, and trade assets. Closed architectures will constrain liquidity or lead to a one-market-participant-take-all outcome, simply replicating the walled-garden economies offered by many incumbent systems we operate in today. We must guard against a future of digitally upgraded walled gardens, and allow capital, distribution and innovation to meet at scale.

DeFi-style models could help here. Decentralised exchanges and onchain liquidity pools can, in principle, connect tokenised assets to wider and more global pools of capital, while programmable market-making and collateral mobility can reduce frictions in trading and settlement. This depends on public permissionless blockchain infrastructure and a common base layer for issuance, trading, settlement and collateral movement. The benefits from this are practical: shared standards, greater resilience, lower integration costs, stronger cross-border connectivity and a more open, programmable market structure.

Centralized digital asset platforms can also help by providing the technology stack needed to issue, custody, trade and settle tokenised instruments. The same stack that supports crypto markets can also support tokenised funds, bonds, collateral and other financial instruments. Coinbase, for example, already offers elements of this stack through custody, trading, wallet technology and stablecoin connectivity.

Tokenised markets will scale when policy, infrastructure and market incentives move together.

Stablecoins will play a key role. For settlement to happen at scale the digital asset leg must have the counterpart digital asset leg. If cash remains slow, fragmented or confined to domestic systems, tokenised markets will struggle to scale, especially across borders. A wholesale digital euro could play an important role in Europe, but they are not yet available, and stablecoins are already serving in this capacity and will remain essential where interoperability, continuous transferability and global reach matter most.

In the EU, the direction of travel is positive, but further reform is still needed. The proposed revision of the DLT Pilot Regime and the broader market integration package could make tokenised markets more commercially viable by raising thresholds, removing product restrictions, expanding the role of CASPs and enabling MiCA-authorised stablecoins to be used more effectively for settlement.

But further action is needed. If Europe wants euro stablecoins to support tokenised markets at scale, it should make them more competitive and prudently designed, including by revisiting overly conservative reserve requirements. The EU also needs clearer legal treatment of onchain records and tokenised instruments, settlement finality and smart-contract functionality, and an enabling framework for how DeFi-based trading and settlement models can be used in capital markets, not only in crypto markets.

That matters not only for market efficiency but also for competitiveness: the EU will need to move faster if it does not want to fall behind other jurisdictions, including the United States, the United Kingdom and the UAE, which are all moving quickly to support tokenised market development.

Tokenised markets will scale when policy, infrastructure and market incentives move together. The key is legal certainty, interoperability, deep liquidity and programmable settlement.

HEIN TIBOSCH
Head of Digital Assets Product & OTC – Flow Traders

Scaling Tokenisation: Why access to products is key to a successful SIU

The conversation on the future of tokenization in Europe gravitates toward infrastructure. Policymakers, regulators, and market participants debate interoperability standards, the complex transition from legacy systems, and the underlying mechanics of settlements. These operational questions matter. But they are not, by themselves, the test of whether tokenisation will contribute to the EU's Savings and Investment Union If tokenisation is to fulfill its vast potential to support the European Savings and Investment Union (SIU), we must constantly remind ourselves that infrastructure is merely a means to an end.

The true objective of the SIU is to mobilise European capital, deepen capital markets, and radically broaden participation. Tokenisation delivers on the SIUs promise only if it expands access for investors and issuers: giving investors access to a wider universe of financial products, and giving issuers seamless access to a deeper, more diverse pool of capital.

Currently, too much of the tokenisation debate focuses purely on connecting systems. We must shift that focus to connecting investors to products. And that vital connection relies on a practical condition: resilient secondary market liquidity, delivering efficient price discovery, increased investment opportunities and better risk management.

Addressing the Barriers to Secondary Market Liquidity

Liquidity is the fundamental precondition for genuine access but currently it's not fully available. You can tokenise every asset in Europe, but if investors cannot seamlessly buy and sell them at fair, competitive prices, you have created accessibility on paper only. Professional liquidity providers are ready to bridge this gap, but two features of the current framework make it difficult for liquidity providers to commit capital at scale.

First, regulatory asymmetry. Market makers require adherence to the principle of "same activity, same risk, same regulation." Professional liquidity providers should never face asymmetric treatment or exclusionary hurdles simply because the trading venue happens to be tokenised. A level playing field is essential for efficient price discovery.

Second, punitive capital treatment. If prudential frameworks impose disproportionately high capital requirements on tokenised assets, treating them as high-risk digital assets rather than acknowledging the true risk profile of the underlying traditional asset, market makers will simply deploy their capital elsewhere, leaving tokenised markets illiquid and inaccessible.

Moving beyond perpetual pilots

To scale access and resolve these frictions, Europe should reconsider the current frameworks. The European Union's DLT Pilot Regime was a vital first step, allowing industry to experiment safely in a sandboxed environment. However, access at scale requires a clear, predictable path from pilot to permanent, production-grade markets. The current constraints on artificially low volume thresholds and strict caps on issuance size, inadvertently discourage the deep capital commitment required to build real secondary market liquidity.

Crucially, moving beyond pilots is an absolute necessity to unlock participation from traditional institutions. Foundational players are already stepping up. The DTCC's recent initiatives in the US to test tokenised infrastructure prove that traditional finance is ready to evolve. However, as long as European frameworks remain branded as temporary "pilots," major institutions and liquidity providers will rationally choose to hold back.. Perpetual pilots breed perpetual hesitation.

There is a growing competitive dimension that Europe cannot afford to ignore. Other jurisdictions are pursuing tokenisation with markedly greater ambition. In the UK, the FCA and the Bank of England have set out a clear, outcome-oriented vision through their Digital Securities Sandbox, explicitly designed to transition experimentation into a permanent regime. In the US, the direction of travel is even more assertive, with regulators and market infrastructure providers actively building the rails for tokenised securities at scale. Capital and talent are mobile. If Europe continues to iterate on pilots while others build permanent, production-grade markets, liquidity and issuance will simply migrate to the jurisdictions that offer certainty and scalability.

To attract the institutional capital that creates access, the markets need a truly pan-European scalable, permanent regulatory framework. We must strongly resist the introduction of national exemptions or fragmented local interpretations. A patchwork of national rules directly undermines the core ambition of the SIU by trapping liquidity within Member State borders.

Designing markets for access

If Europe wants tokenisation to serve the SIU, we must design markets where access and liquidity are central requirements. That requires well-functioning secondary markets supported by a permanent, pan-European framework: one that treats capital and risks proportionately according to the underlying instrument, while ensuring that the same liquidity-provision activity is treated consistently across venues.

The SIU is achieved when an investor anywhere in Europe can seamlessly access and trade a broader universe of assets. By placing secondary market liquidity as a central market design consideration, we turn the promise of tokenisation into the reality of a unified capital market.

CHRISTOPHER BECK

Co-Chief Executive Officer – Boerse Stuttgart Digital

A unified European capital market: Why regulation must now be matched by scale

Europe does not lack financial expertise, innovative companies or ambitious regulation. What it still lacks is sufficient scale and integration across capital markets. Digital assets offer an opportunity to address this fragmentation – provided we combine a common regulatory framework with institutions capable of operating across borders.

The digitalisation of capital markets is under way. Crypto-assets are becoming an established part of the financial system, tokenisation is creating new ways to issue and trade assets, and investors increasingly expect their banks and brokers to provide digital financial services.

With MiCAR, the EU has introduced the first comprehensive regulatory framework for crypto-assets across a major economic area. Instead of navigating a patchwork of national regimes, regulated providers can scale across the EU under harmonized rules.

Boerse Stuttgart Digital was an early beneficiary, becoming the first German crypto-asset service provider to receive a MiCAR licence. This demonstrates what European harmonization can achieve: common standards, greater investor protection, and a credible basis for cross-border growth while some international competitors are still struggling to secure their MiCAR approval.

But regulation alone does not create a competitive market. Companies must build the infrastructure and scale required to compete. A license is the starting point, not the finishing line.

This is how I view the combination of Boerse Stuttgart Digital and tradias. Having spent the past years building tradias into an institutional trading and market-making partner for European banks and brokers, I have seen both the potential of digital assets and the fragmentation holding the market back.

Financial institutions frequently need multiple providers for trading, liquidity, custody, staking and tokenisation. Multiple interfaces increase complexity, cost and operational risk. Our merger addresses this by combining Boerse Stuttgart Digital's regulated custody, exchange and institutional infrastructure with tradias' trading, liquidity, brokerage and market-making capabilities.

We created a fully regulated and modular European one-stop shop covering trading, custody, staking and tokenisation. The combined business unit has around 300 employees, headquarters in Frankfurt and Stuttgart, and locations across Europe and the Middle East.

The core strategic rationale behind the merger is to create a European champion with the scale, capabilities and regulatory foundation required to compete globally. It is a blueprint for building stronger European financial-market infrastructure by combining institutional trust, entrepreneurial speed, technology and regulatory expertise.

Europe does not need to replicate the financial ecosystems developed elsewhere its advantage lies in trusted institutions and established banking networks.

Banks and brokers have the client relationships and distribution networks needed to bring digital assets into the financial mainstream but without having to built everything from scratch. As part of Boerse Stuttgart Group, we provide this infrastructure.

Our infrastructure currently reaches more than 30 million end clients, enabling them to access crypto-assets through banks and brokers they use. More than 15 millions of these end clients receive tradias pricing and liquidity on an exclusive basis.

Our research reinforces this case: In a representative study in Germany, Spain, Italy and France, nearly one in five respondents expected their bank to offer crypto access within three years. More strikingly, 35% could imagine switching banks if another institution offered better crypto investment opportunities. Investors were also more than twice as likely to trust their main bank for crypto trading than a specialized platform.

Digital assets are therefore increasingly relevant to customer acquisition, retention and long-term competitiveness.

MiCAR will continue to evolve, but Europe should first make full use of the framework it has created. This requires consistent implementation across member states and ambition from the financial industry. Financial institutions now have the regulatory certainty to move from observation towards broader adoption.

Trust remains decisive, but regulation alone cannot create it. Trust must be earned through secure infrastructure, transparent products, reliable execution and effective risk management. What Europe needs are champions with scale to invest, serve institutions across borders and compete globally. The combination of Boerse Stuttgart Digital and tradias is our contribution to that objective: integrated, regulated and scalable infrastructure designed in Europe, for Europe – and capable of competing globally.