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Tokenisation Was the Easy Part

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Turning tokenised assets into productive, compliant collateral: the mechanism, the opportunity, and what it takes to get there.

Baillie Gifford × Aave Labs

Contributors

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Foreword

From Aave Labs

For much of the past decade, the question facing decentralised finance was whether transparent, over-collateralised lending could work at scale. It can. The more interesting question now is what happens when the assets coming onchain are regulated funds whose records of ownership can keep pace with the markets they enter. This paper sets out how such an asset can become useful, pledged rather than sold, while being candid about what remains unresolved.

- *Stani Kulechov, Founder and CEO, Aave Labs*

From Baillie Gifford

Right from the outset our mantra at Baillie Gifford has been that we will only tokenise a fund if it is the same but better than an existing offchain structure. The key to this is whether it makes a client's investment more useful without compromising on the investor protections around it. Funds need to settle faster, move instantly between venues and in time, be pledged as collateral rather than sold. These are the attributes we expect from tokenising a fund without sacrificing its safeguards. We welcome collaborating with Aave on this paper and bringing collateral utility to our first tokenised fund.

- *Ian Wallis, Director, Digital Assets, Baillie Gifford*

Executive summary

Putting assets on a blockchain is no longer the hard part. As at 19 August 2026 there was $38.2bn of tokenised real-world assets in issue on public blockchains, excluding stablecoins, against $6.4bn in March 2025. [1] The supporting apparatus arrived with the growth: the FCA now permits a fund's blockchain record to be its primary books and records; securities issued onchain via an EU central securities depository became eligible Eurosystem collateral from March 2026; two tokenised funds received top money-market ratings in May 2026; the DTCC moved tokenised securities into live trading in July.

The next opportunity is utility. Around 5% of tokenised bonds are currently put to work in decentralised finance; the rest sits on the balance sheet. [2] The efficiency was captured at issuance; using the asset is the part that comes next, and it carries the clearest economic prize.

That prize is specific. When an institution holding money market fund units faces a collateral call, it frequently sells the units rather than pledging them, crystallising a position it would prefer to keep, giving up yield and triggering a redemption unrelated to the investment case. Using the fund as collateral separates those two decisions: the investor can raise liquidity without first selling the asset. That requires two things. First, the fund's legal register must be able to move with the token, so that transferring the token transfers the underlying interest. This is the model used for BAGEY (Baillie Gifford Enhanced Yield Fund), which Baillie Gifford issued natively onchain in June 2026 [3]. Second, there must be a lending market that can serve qualified institutional users while preserving the issuer's compliance requirements, as Aave Horizon is designed to do. The straightforward result is that the holder can raise cash against the fund while keeping the investment rather than selling it to meet a short-term financing need.

1. The state of institutional onchain finance

The institutional onchain market is growing fast, but size alone tells us little about where it is heading. The headline number is the least interesting part. Tokenised real-world assets stood at $38.2bn on 19 August 2026, up from under $3bn in mid-2024, having nearly quadrupled between March 2025 and March 2026. [1] Forecasts for the rest of the decade vary widely and use broader definitions than the current readings. [4] However, the headline RWA numbers alone do not necessarily tell you how much value is sitting onchain, because the *represented* value includes assets referenced onchain rather than tokens that have been issued and can move. *Distributed* value measures tokens that have been issued and are transferable onchain. [5]

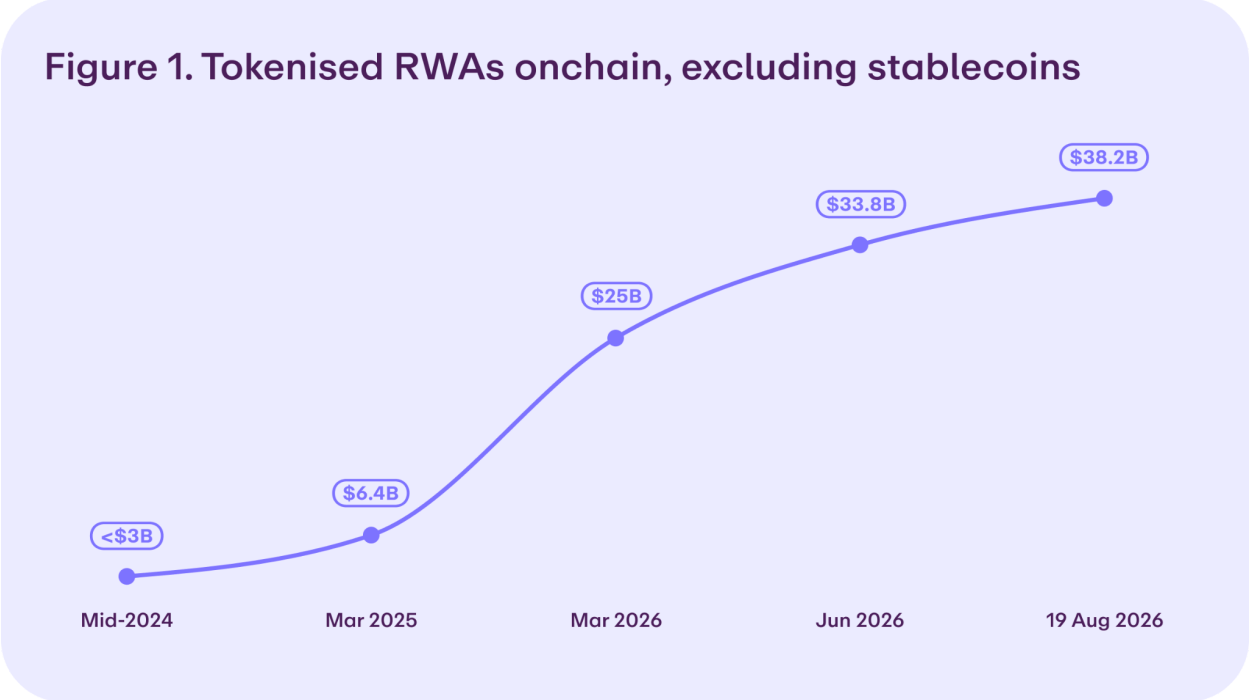


Figure 1. Tokenised real-world assets onchain, excluding stablecoins. Distributed value, $bn. Source: rwa.xyz as at 19 August 2026; historical anchors a16z crypto and CoinDesk. See note 1.

Composition matters more than the total. Tokenised Treasury and money market funds account for $16.2bn, or 42% of the market. Institutions already use these assets to manage liquidity, making their use as onchain collateral a logical next step.

The distinction between putting an asset on a blockchain and putting it to work there should shape institutional strategy over the next two years. Around 5% of tokenised bonds are currently deployed in DeFi, compared with about a third of tokenised private credit and 84% of the much smaller reinsurance-token market. [2] That variation shows how much an asset's utility depends on the markets and infrastructure built around it.

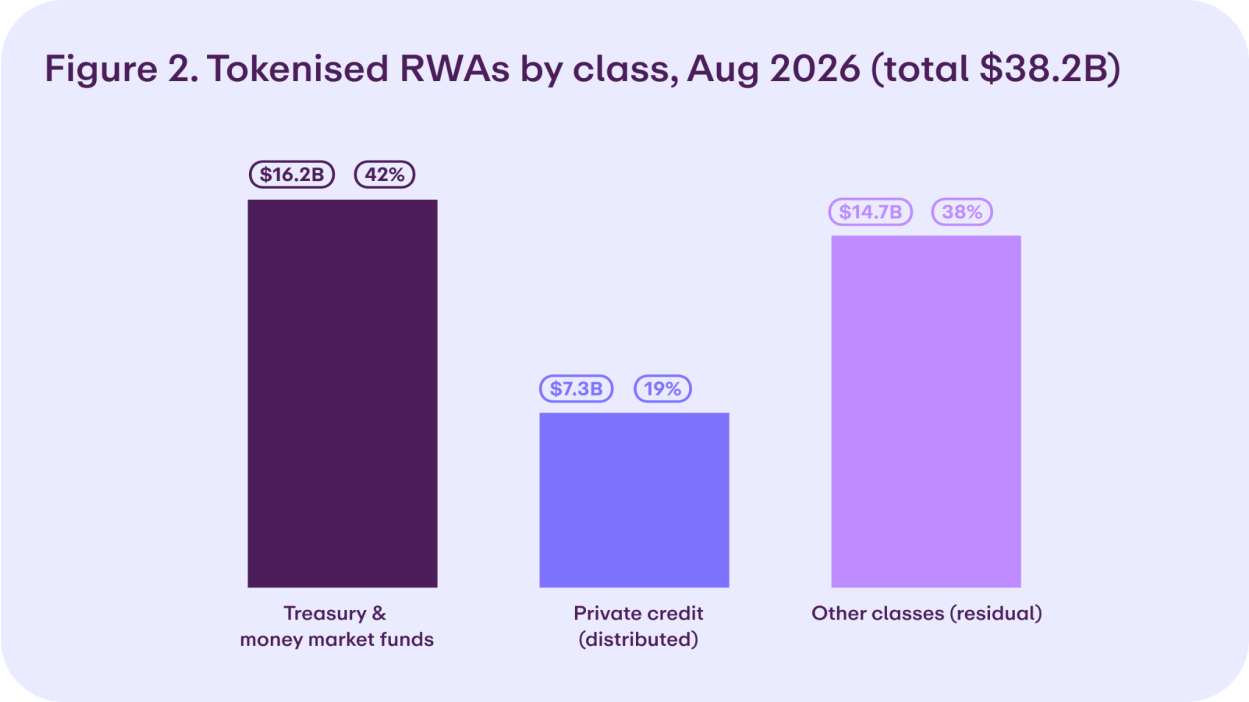


Figure 2. Composition of tokenised RWAs by class, August 2026 (total $38.2bn). Source: [rwa.xyz](rwa.xyz)

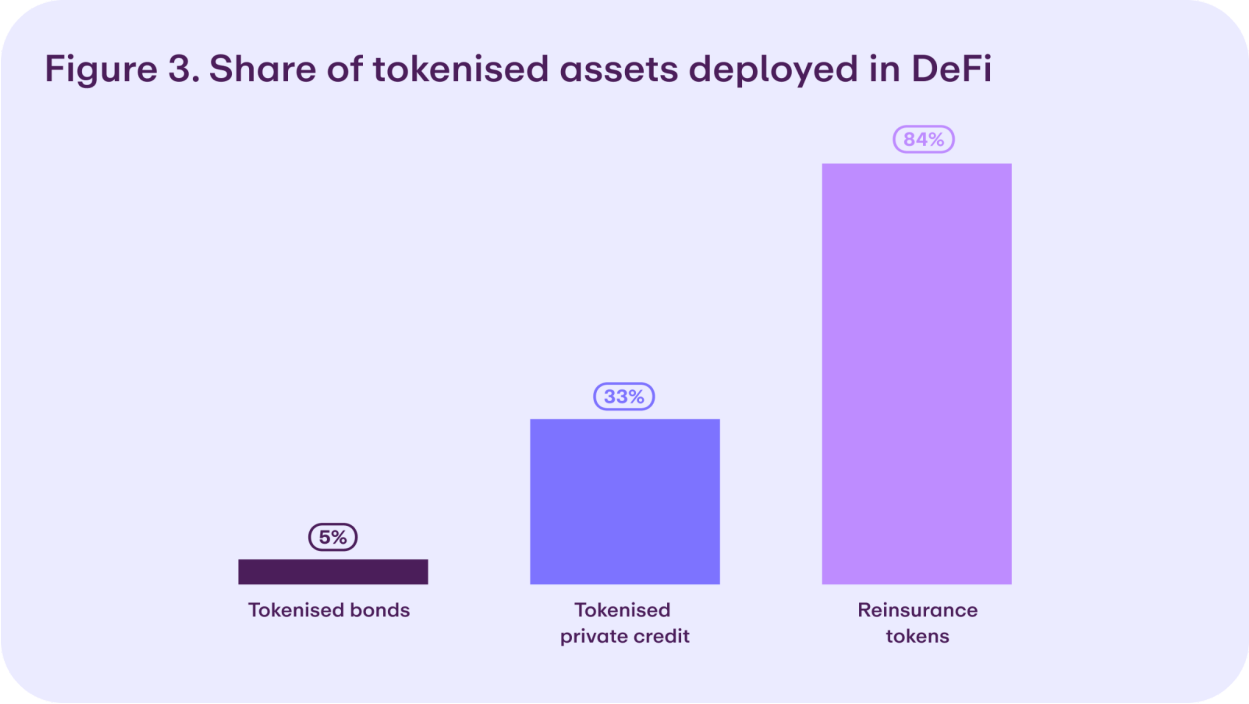


Figure 3. The utility gap: share of tokenised assets deployed in DeFi, %. Source: a16z crypto, "7 Charts: Tokenized assets have proved the concept. Now comes the hard part," May 2026. See note 2.

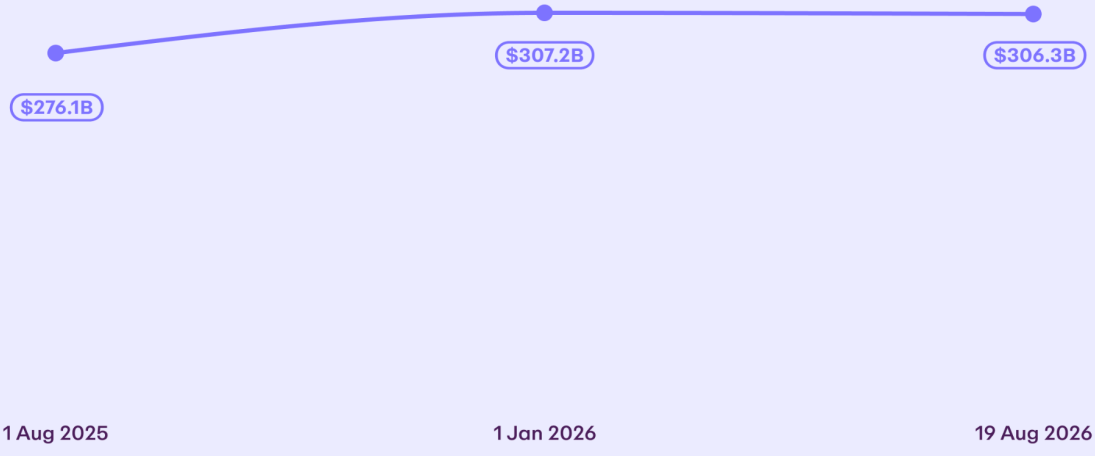
The pattern appears to be that the closer an asset is to a traditional security, the more likely it is to carry over the infrastructure built around it. Newer asset classes have fewer of those constraints and can be designed onchain from the outset.

A Georgetown Law roundtable reached the same conclusion from a different direction: the shift to holding tokenised assets directly "is unlikely to be commercial law reform alone" but will be driven by utility, "the ability to use tokenized assets more efficiently as collateral, within repo markets, and as components of structured financial products." The opportunity is one of market design as much as of law. [6]

1.1 The stablecoin plateau is the most misread datapoint in the market

Stablecoin supply has been broadly flat on a net basis since January 2026, although it rose to around $322bn in May before subsequently declining. As of 19 August 2026, supply stood at approximately $306bn, broadly unchanged from the January level, with year-on-year growth slowing from 63.9% to 10.7%. [7] At first glance, this looks like the stablecoin market is losing momentum. But there is a simpler explanation. The GENIUS Act prohibited stablecoin issuers from paying holders interest or yield on the basis of holding the stablecoin, making the choice more explicit: hold money in stablecoins, or move it into an instrument that pays a return. Some idle balances appear to have made the second choice. Tokenised Treasury funds have grown from about $1bn two years ago to $16.2bn, while balances used for payments have remained in stablecoins and turned over faster. The regulation did not shrink the market so much as divide it into two uses: money for moving around and money for earning a return.

Figure 4a. Stablecoin supply (settlement)



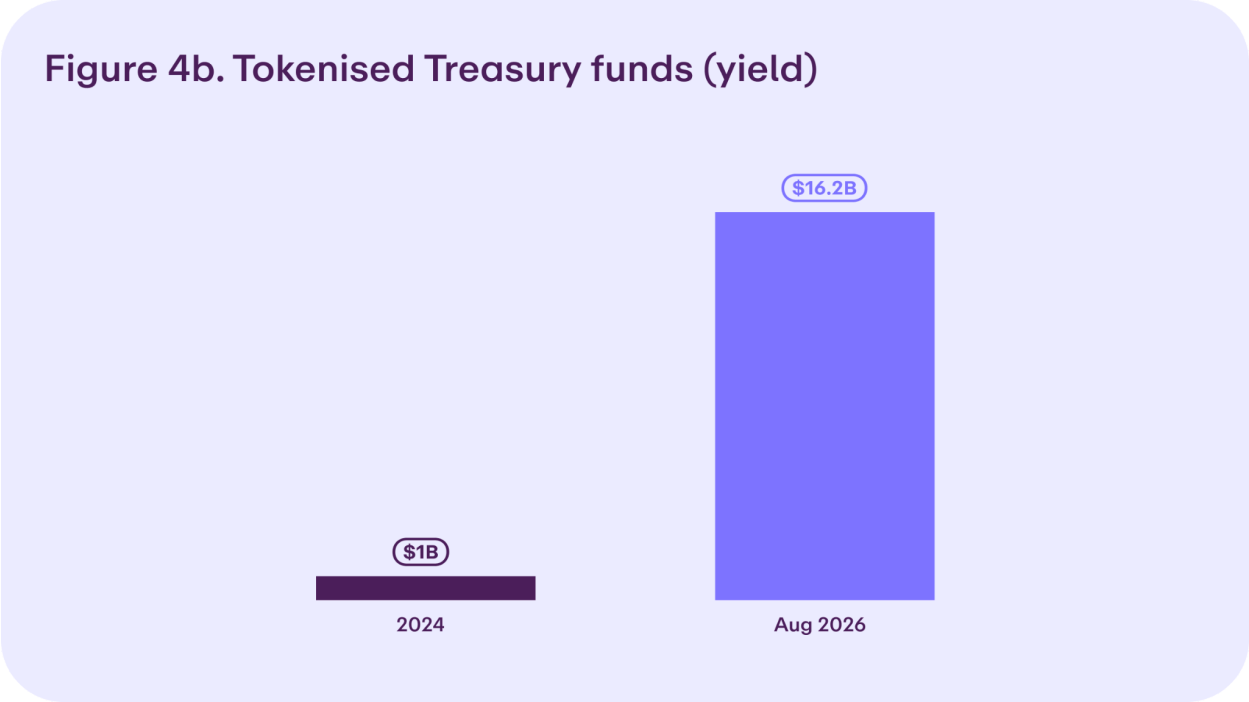


Figure 4. Settlement assets and yield assets: two parts of the onchain cash market. 4a: total stablecoin supply, $bn (DefiLlama). 4b: tokenised Treasury fund assets at two anchor dates, $bn (rwa.xyz; 2024 anchor via CoinDesk). See notes 1 and 7.

In assessing volumes, however, attention should be paid to the context in which they are measured. Raw transfer volume was $33trn in 2025; filtered for automation and internal exchange flows it was $10.2trn; and on McKinsey's estimate genuine payments are roughly $390bn a year, or 0.02% of global payment volumes. [8]

1.2 Institutional infrastructure is moving from experiment to reality

The more striking development in 2026 has been the pace at which institutional onchain infrastructure has moved from experiment to implementation. The DTCC moved tokenised securities into live trading in July with a broader industry working group of over fifty participating firms, with a collateral platform due in the fourth quarter [22]. Securities issued onchain via an EU central securities depository became eligible Eurosystem collateral from March 2026 [21]. Two tokenised funds received top money-market ratings in May [24]. The largest US banks are building a shared deposit-token network for 2027 [25]. In June 2026, Standard Chartered initiated formal coverage on Aave, valuing the protocol on a discounted-cash-flow basis and describing it as a financial institution with predictable, recurring revenue. [9] And on 1 September the SEC proposed the first substantive overhaul of its transfer-agent rules since the late 1970s and early 1980s, expressly inviting comment on blockchain-based recordkeeping and uncertificated securities. [10] Taken together, these developments mark a significant shift. Institutional infrastructure for onchain finance is no longer being designed in theory. It is being built, tested and brought into use across multiple parts of the financial system.

2. Why allocators are moving onchain

The case for putting a fund on a blockchain has to survive one test: does it make the asset more useful without weakening the investment proposition or the protections around it? Conversations with institutional clients point less to demand for a new asset class than for familiar investments that work more effectively, settling faster, moving more easily between venues, and, in time, becoming usable as collateral without first being sold. The underlying asset must still earn its place on conventional investment grounds; the technology should improve what an investor can do with it. Novelty alone is not enough.

Traditional fund architecture was built for a system in which transactions, settlement and ownership records sit across different systems, each reconciled separately, with cash and ownership moving apart. Moving the record of ownership onchain brings those processes together. Native issuance takes this furthest: with Baillie Gifford Enhanced Yield Fund (BAGEY), the fund is the token and the token is the fund, no wrapper or mirror between the investor and the regulated fund, with books and records maintained onchain, so moving the token updates ownership rather than triggering a later reconciliation. [3]

BAGEY, launched June 2026, pairs that infrastructure with an actively managed, short-duration portfolio of global government and corporate bonds. Construction balances yield, liquidity and resilience: rather than maximising headline yield, the strategy seeks returns that compensate for the credit, interest-rate, currency and liquidity risks taken. Short duration limits interest-rate sensitivity; publicly traded bonds support liquidity and transparency; diversification and active research build resilience. A useful onchain asset cannot rely on technology alone — the underlying investment must be credible for the role it is asked to play.

> "The technology has to earn its place. Tokenisation shouldn't be the reason to own an investment; it should make that investment easier to own, move and, ultimately, use." - *Kathrin Hamilton, Partner, Baillie Gifford*

2.1 From ownership to utility

Native issuance is the start. The question is what becomes possible once an asset can move onchain with its record of ownership. Collateral is the practical example. An institution facing a margin or collateral call may need liquidity quickly without wishing to sell what it owns; in conventional structures, mobilising those holdings can take longer than the obligation allows, forcing a sale driven by the need for cash rather than the investment case.

The UK's Technology Working Group identified exactly this. During periods of market stress it observed money market fund units being sold to meet derivatives obligations, with counterparties then reinvesting the cash into money market funds; it identified transfer time as one possible reason for the round trip, and selected tokenised money market funds as collateral as a use case for testing. [11] The benefit is straightforward: separate the need for liquidity from the decision to sell. If eligible holdings can be pledged rather than sold, investors retain their economic exposure while meeting a financing requirement, and, more widely, fewer redemptions are

driven by short-term liquidity rather than investment decisions. Tokenisation alone does not achieve this: ownership and transfer must be clear, eligibility controls effective, pricing reliable, and the underlying investment appropriately liquid. The legal and operational questions are taken up later in this paper.

3. What institutional-grade requires

"Institutional-grade" has become a marketing term. It is more useful as a checklist, five requirements, in the order we would examine them.

3.1 The register determines what the token represents

The important distinction is not whether a fund is tokenised, but what the token represents in law. In a wrapper structure, a token circulates on the blockchain while the legal register stays with an offchain administrator; the two records are reconciled on a schedule. Wrappers have done a great deal of good, they are how most of the $38.2bn arrived, and for issuing, holding and transferring a fund position they work well.

The constraint appears in one use: pledging the asset into a market where liquidation is automated. Liquidation runs at machine speed, at any hour, with nobody in the loop. Where the register sits offchain, the token can transfer instantly, but the legal ownership record remains elsewhere. That becomes a problem when collateral needs to be liquidated automatically, because the onchain transfer and the legal transfer are no longer the same event. That is a structural feature of the design, and it explains the market's caution about lending against wrapped fund tokens. Native issuance addresses that specific point: where the blockchain is used as the authoritative ownership record from the moment of issue, the token transfer can correspond directly to the transfer of the underlying interest, with no bridge to a record required to be held elsewhere. The native model was a deliberate design choice in how BAGEY issuance was structured.

What is telling is that this question of where the authoritative register sits is now being considered by regulators and market infrastructure providers. In its September 2026 transfer-agent proposal the SEC asked how the role should evolve as securities move onchain; the Securities Transfer Association, the incumbent registrars' trade body, has argued for issuer-sponsored tokenisation integrated into the official register, in preference to third-party synthetic tokens.[10] The FCA's April 2026 policy statement makes this available in the UK: onchain DLT records "may be considered the primary books and records for this activity," with no offline duplicate required subject to the appropriate operational and business-resilience arrangements. [12]

The position is not yet settled, and any implementation has to balance the technical, commercial and legal requirements of the model. Baillie Gifford took legal advice on BAGEY before issuing, and any issuer should expect to do the same. The token can establish control onchain, but that does not by itself determine all of the rights attached to the underlying

asset. The pledge documentation still matters, which is why native issuance is necessary but not sufficient. [13]

Table 1. Wrapped versus natively issued: two designs for two purposes

	Wrapped (third-party issued)	Natively Issued (issuer-sponsored)
Where the Legal Register Sits	Offchain with an administrator	On the blockchain, from issue
What Moving a Token Does	Instructs an update elsewhere	Transfers the asset itself
Records	Two, reconciled on a schedule	One
Settlement on Liquidation	Requires the legal record to be updated separately	Settles with the onchain transfer
Investor's Recourse	Through intermediaries	Through the fund's legal ownership record
Principal Open Question	What the holder owns if the records diverge	Whether a public blockchain can serve as the official register
Fitness for Issuing / Holding / Distribution	Established at scale	Well suited
Fitness as Pledged Collateral	Requires contractual bridging	Supported, subject to the open question

Structural comparison drawn from the Georgetown Law roundtable report, Session II. See note 6.

3.2 Compliance enforced at the perimeter

Access control design should follow where the asset moves, which means it needs to stay with the issuer rather than the venue. In practice, issuer-maintained allowlists work well to govern who may hold and who may supply the asset, so requirements around eligibility, suitability and sanctions checks travel with the asset into any market. The alternative, a walled garden per venue, recreates the fragmentation tokenisation is meant to remove.

3.3 NAV integrity

A fund's price is set by its manager, not by a market. Any software acting on that price needs it delivered by identified operators, validated, with automatic safeguards for a feed that goes stale or out of bounds. This is more demanding than it sounds and one of the most interesting design questions in institutional DeFi today.

3.4 Redemption and depositary integrity

Putting a fund on a blockchain should not mean giving up the protections that come with being a fund. A depositary must still hold the assets and oversee the manager. Subscriptions and redemptions must remain enforceable claims against the fund, not a dependency on secondary liquidity. Where a stablecoin settles a transaction, its reserve and redemption arrangements become part of the fund's operational risk and belong inside its oversight, a reason to choose the settlement asset deliberately.

> "The rails may change, but the safeguards shouldn't. The opportunity with stablecoins is to improve settlement while keeping the same discipline and oversight around the fund." - *Sandy Jones, Director, Digital Assets, Baillie Gifford*

3.5 Governance with a named process

An institution cannot deploy into a market whose rules can change without notice. What matters is whether governance is legible: are the parameters published, is there a defined process for changing them, is there a record? As of August 2026, every asset proposed for Aave Horizon goes through the full public Aave governance process, with published risk analysis and an on-record vote. It is a slower process by design, but that transparency is a feature for institutions, which need to understand how assets are assessed and why they were approved.

4. The onchain mechanism

An institution holding an eligible, natively issued fund can use it as collateral in a permissioned lending market. The issuer's own compliance requirements determine who can hold and use the asset, with allowlists restricting access to eligible holders. Aave Horizon is designed around this model, allowing qualified investors to borrow stablecoins against tokenised RWAs while keeping permissioning at the asset level. The lending market then determines how much can be borrowed against the collateral and when it can be liquidated. Risk parameters are set for each asset, while NAV data is delivered onchain and checked for stale or out-of-range values. Borrowing rates adjust with pool utilisation, and positions can be liquidated automatically if collateral falls below the required threshold.

The economic proposition is simple. The holder can raise liquidity against the fund without selling the underlying position, while the lender earns a return for providing that liquidity.

> "The mechanism is deliberately narrow. A regulated fund is supplied as collateral, stablecoins are borrowed against it, and every parameter is set by a named risk manager and published. The asset never leaves its compliance perimeter; what changes is that the holder no longer has to sell in order to raise cash." - *Luigi D'Onorio DeMeo, Chief Strategy and Business Officer, Aave Labs*

4.1 Think financing, not lending

Economically, this resembles securities lending but runs in the other direction: there, the fund holder lends the security and earns a fee; here, it pledges the unit, receives stablecoins and pays interest. From an economic standpoint, the nearest conventional comparisons are repo, NAV facilities and margin loans, which are transactions driven primarily by a need for cash rather than demand for the security. The arrangement can therefore be viewed as a form of securities financing, with the economics analysed by reference to the terms and pricing of repo, margin loans and NAV facilities.

4.2 The genuinely new property: the rate is public

Securities financing has historically operated without a public price feed; it grew up as a relationship business. In the US, reporting to FINRA's SLATE facility begins on 28 September 2028 and public dissemination on 29 March 2029; in Europe the equivalent data goes to regulators, not the market. [14] On an open lending market, pool utilisation, the rate and every position are continuously visible to all participants, including the counterparty. That changes how a price is formed.

There is direct evidence for what happens when it does. Brazil's equity lending market ran a natural experiment in March 2011, when the published benchmark for loan fees was recalculated over three trading days instead of fifteen. Fees fell, lending volume rose, *total lending revenue stayed the same*, and pricing became more efficient. [15] The value released was sitting in the information gap, not in anyone's margin; narrowing it expanded the market. That is the most defensible claim available for public rate discovery, and it comes from a peer-reviewed study of a conventional market.

5. Proof in practice

This market is young and has not grown in a straight line. Aave Horizon, the institutional lending market for real-world assets, showed a total market size of $380.3m against total borrowings of $125.2m as at 1 September 2026, with $98.3m available to borrow. [16]

What changed in 2026 was less the size of the balance sheet than the names on it. On the collateral side: a short-duration US government fund managed by Invesco ($54.6m), a AAA CLO fund from Janus Henderson ($32.0m), a Bitwise crypto-carry strategy ($33.4m), a global strategy from Midas and Fasanara ($30.5m), and a VanEck Treasury fund ($6.3m), $156.8m in total. Against it sit $159.1m of RLUSD, $60.0m of GHO and $4.5m of USDC, of which $91.6m, $30.8m and $2.8m respectively are borrowed, at 3.05% to 3.33% depending on the stablecoin. [16] In August a fund sub-advised by a major global asset manager was proposed for

onboarding and is proceeding through governance. Two years ago, onchain lending markets were focused on cryptocurrency collateral; today, established fund managers are bringing tokenised funds into the market. The interesting question is what market this grows into. There is already a huge business in borrowing against securities. Globally, €41.5tn of assets were available to lend in December 2025, with €3.5tn on loan, generating €12.7bn of gross revenue [17]. That is only approximately three basis points on lendable assets, which may tell something about the business: it works because the infrastructure is already there, usually as an extension of an existing custody relationship. Capital rules are putting more pressure on those economics, suggesting that a cheaper way to settle and manage collateral is therefore interesting even before you get to new asset classes.

Tokenisation can address some of that plumbing. In October 2023, J.P. Morgan's Tokenized Collateral Network tokenised BlackRock money-market fund shares and transferred them to Barclays as collateral for a derivatives trade, completing in minutes. [18] But the transaction was still bilateral and required the underlying documentation to be amended. In other words, tokenisation showed that the transaction could work. It did not yet create a market. That is the opportunity: take an asset that sits outside the existing securities-financing infrastructure and make it usable as collateral in a market where borrowing, transferring and ultimately liquidating it can happen onchain.

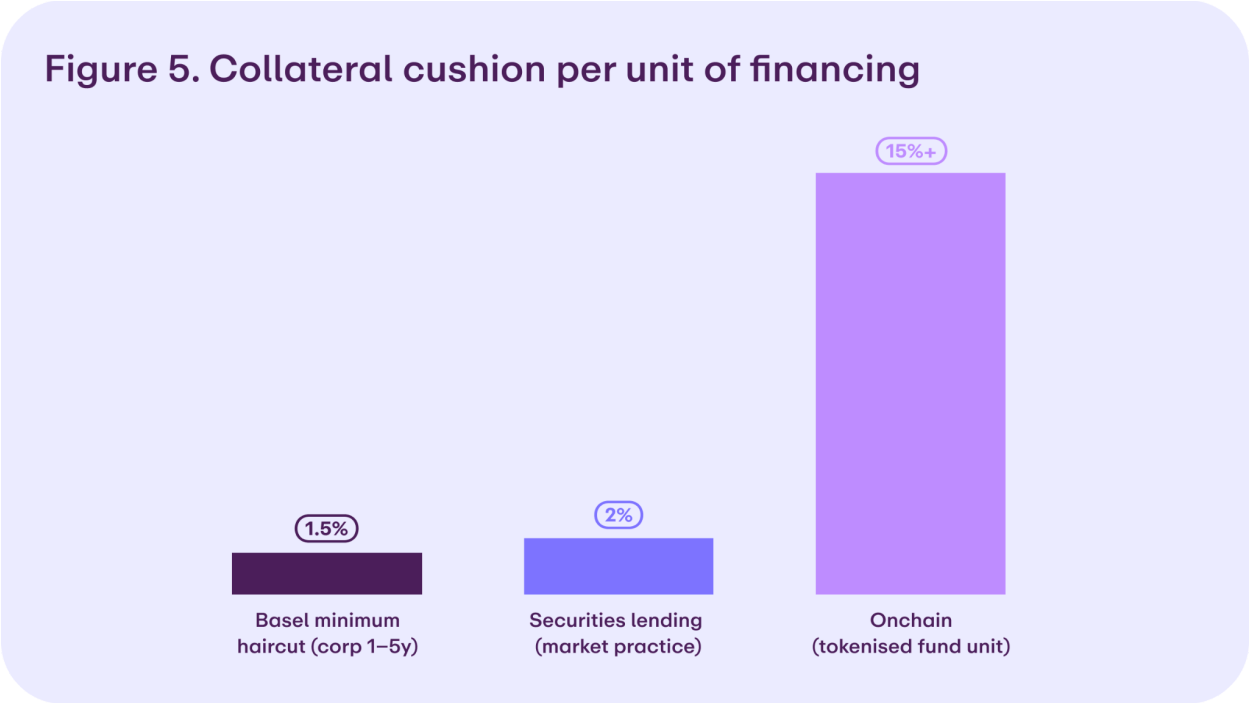


Figure 5. Collateral cushion per unit of financing: the share of collateral value held above the amount borrowed, %. Sources: Basel Committee, CRE56 minimum haircut floors (corporate bonds, 1-5 years remaining maturity); securities lending market practice at 102% collateralisation; Aave Horizon average loan-to-value cushion across tokenised funds in use as collateral, as at 28 September 2026. See note 23.

6. The questions the industry is still working through

Four things a credible institutional case must address. Markets can price uncertainty that has been identified and allocated; they cannot price an assumption nobody has tested. None of these is pointed at any firm, and on several both of us are still forming a view.

6.1 A daily NAV and a continuous liquidation engine are a new pairing

An asset with a once-a-day price is being used in a market where liquidation can happen 24/7. That creates a pricing problem that traditional fund markets were not designed to solve. This is why onchain markets currently hold a far larger collateral cushion against a tokenised fund unit than conventional securities financing requires (Figure 5).

6.2 The stablecoin leg deserves the same diligence as the collateral leg

The stablecoin received against the fund is itself a piece of financial infrastructure, with its own legal and operational risks. Institutions cannot treat stablecoins as fungible with cash without understanding what they legally own, who they can redeem the token from, and what claim they have on the reserves. These rights do not necessarily align: in particular, holding a stablecoin does not necessarily give the holder a direct contractual right to redeem it with the issuer. The choice of settlement asset is therefore part of the risk assessment. The sensible approach is to choose the stablecoin deliberately, document the redemption route, and treat it as part of the fund's risk management rather than as neutral plumbing.[19]

6.3 Smart-contract and oracle risk, and a strongly improving trend

DeFi security has improved materially. Losses fell from a peak of $2.62bn in 2022 to $680m in 2025, while median losses per incident fell from $6m to $1.5m.[20] The direction is encouraging, but this remains a category of risk that has no exact direct counterpart in a conventional custodial programme. Onchain cover for bad debt can provide a further layer of protection through capped, asset-specific first-loss pools, but it is not equivalent to a bank guarantee.

6.4 The regulatory permission has a boundary, and defining it is the next step

As tokenised markets develop, some of the remaining regulatory questions should become clearer. Institutions, issuers and regulators are still working through how existing rules apply to tokenised collateral, ownership and transfer restrictions, and new market structures. Greater market activity should bring greater consistency and, over time, a clearer framework for how these assets are used.

7. The path forward

The gap between a tokenised asset and a productive one will narrow as institutions resolve the remaining questions. Six areas could go a long way:

1. **Native issuance where an asset is intended to be used.** A wrapper can work well for issuance and distribution; where collateral use is an objective, native issuance can help align the onchain asset with the underlying ownership record.
2. **Clarifying the treatment of tokenised fund units as collateral in securities financing.** Some aspects of the use of tokenised money market funds as collateral are now clearer. Further work could help identify and address the remaining legal, regulatory and market-infrastructure questions around repo and other securities-financing arrangements.
3. **A common approach to NAV for continuously liquidatable collateral.** Clear approaches to NAV publication, stale feeds and collateral haircuts could help institutions manage the gap between fund dealing and continuous collateral markets.
4. **Exploring the benefits of greater rate transparency.** Evidence from conventional securities markets suggests that greater transparency can improve price discovery and market efficiency.
5. **Clarity on capital treatment for tokenised regulated funds.** Greater clarity on how existing prudential requirements apply to specific tokenised fund structures could help institutions assess the capital and operational implications of participating in these markets.
6. **Clarifying how official registers operate on public networks.** Regulatory thinking is evolving on how existing register and transfer-agent requirements apply when securities are recorded on public blockchains. Further clarity could help issuers and investors assess the appropriate structure for tokenised funds and other securities.

None of this requires tokenised markets to replace conventional ones. The more likely outcome is coexistence, with new rails developing alongside existing market infrastructure. The opportunity now is to establish the legal, operational and market conventions that allow tokenised assets to become more useful while preserving the protections institutions already rely on.

Notes and Sources

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3. **Baillie Gifford Enhanced Yield Fund (BAGEY)**, launched 23 June 2026. Sub-fund of Baillie Gifford Tokenised Funds ICVC, a UK-authorised OEIC, issued natively on Ethereum and Solana and available to eligible professional investors. The Sub-fund invests globally in a diversified, short-duration portfolio of government and corporate bonds (investment grade and sub-investment grade corporate bonds; developed and emerging market government bonds), at least 80% US dollar-denominated or hedged to US dollars. It is benchmarked against a composite of 50% ICE BofA 1–3 Year US Treasury Index and 50% ICE BofA 1–3 Year US Corporate Index, but is not constrained by it. Source: Baillie Gifford Tokenised Funds ICVC Prospectus, 23 June 2026; BAGEY Fund Overview, June 2026.
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12. **Financial Conduct Authority**, Policy Statement PS26/7, *Progressing Fund Tokenisation*, 30 April 2026. The policy statement addresses the use of DLT records as primary books and records, permissionless public networks, and the use of tokenised money market funds as collateral.
13. **Legal and regulatory framework for tokenised ownership and control:** FCA PS26/7; U.S. UCC Articles 8, 9 and 12; the UK *Property (Digital Assets etc) Act 2025*; Switzerland's DLT framework; and the Georgetown Law roundtable report, Sessions I and II. Baillie Gifford has obtained legal advice on BAGEY's position; its contents are not reproduced here, and nothing in this paper constitutes a legal opinion on any other fund, or on any reader's position.
14. **SEC Rule 10c-1a**, adopted 13 October 2023. Reporting to FINRA's SLATE facility begins 28 September 2028 and public dissemination begins 29 March 2029. Both dates were extended in December 2025 following the Fifth Circuit remand.
15. **Cereda, Chague, De-Losso, Genaro and Giovannetti**, "Price transparency in OTC equity lending markets: evidence from a loan fee benchmark," *Journal of Financial Economics*, 2022, 143(1), 569–592. The relevant transparency event was the 1 March 2011 shortening of the benchmark calculation window from fifteen trading days to three.
16. **Aave Horizon**, market data, collateral and borrowing composition as at 1 September 2026, from the Aave interface.
17. **International Securities Lending Association (ISLA)**, *Securities Lending Market Report*, 24th edition (H2 2025), published 27 February 2026; figures reported for 2025. The approximately three-basis-point figure in the paper is calculated from reported revenue and lendable assets. Cross-checks include S&P Global Market Intelligence and DataLend/EquiLend.
18. **J.P. Morgan**, Tokenized Collateral Network, 11 October 2023, as reported by Securities Finance Times, Ledger Insights and CoinDesk.
19. **GENIUS Act**, Pub. L. No. 119-27 (2025), including §11 and related bankruptcy provisions. The relevant Bankruptcy Code amendments take effect on the statutory timetable tied to the earlier of 18 months after enactment or 120 days after final rules. MiCAR

Articles 39 and 49 provide different redemption treatments for asset-referenced tokens and e-money tokens.

20. **Immunefi**, *The Ecosystem Vulnerability Scoreboard: 6 Years of DeFi Loss Data*, 27 April 2026. The report covers 460 incidents from 2020 to 2025, using underlying data from DefiLlama.
21. **European Central Bank / Eurosystem**, decision announced 27 January 2026. Marketable assets issued in central securities depositories using DLT-based services became eligible as Eurosystem collateral from 30 March 2026, subject to the applicable collateral criteria.
22. **Depository Trust & Clearing Corporation (DTCC)**, 2026 tokenization programme. The July 2026 live-trading cohort comprised more than two dozen institutions. The broader Industry Working Group comprised more than fifty participating firms. The Collateral AppChain, DTCC's tokenised collateral platform, is scheduled to launch in Q4 2026 (CoinDesk, 12 May 2026).
23. **Basel Committee on Banking Supervision**, *Basel Framework*, CRE56 (minimum haircut floors for securities financing transactions), 1.5% for corporate bonds with residual maturity over one and up to five years; securities lending market practice of 102% collateralisation for same-currency collateral (ISLA; see note 17); **Aave Horizon**, asset risk parameters (loan-to-value ratios) read onchain as at 28 September 2026; average cushion approximately 15%, with individual assets ranging from 10% to 25%. The figures compare regulatory minimums and market conventions with live onchain parameters, and are shown for illustration rather than as like-for-like terms.
24. **Moody's**, Aaa-mf assessments of BlackRock USD Institutional Digital Liquidity Fund (BUIDL) and Fidelity International's tokenised money market fund (FILQ), May 2026, as reported by CoinDesk, 14 May 2026.
25. **The Clearing House**, shared tokenised deposit network for participating banks including JPMorgan, Bank of America, Citi and Wells Fargo, targeted for the first half of 2027, as reported by The Wall Street Journal and CoinDesk, 5 June 2026.