



HOGSWOOD
RWA INSIGHTS

PEOPLE
MARKETS
OPPORTUNITY
REAL OUTCOMES

RWA INSIGHTS · OCTOBER 2026

UNITED KINGDOM 2026

The Real-World Asset Opportunity

Building a regulated real-world asset business in one of the world's leading financial centres – tokenisation, securities regulation, licensing and the practical route to market.

AN INSIGHT FOR INTERNATIONAL INVESTORS, ORIGINATORS, PLATFORMS AND MARKET OPERATORS

REAL ASSETS. REGULATED MARKETS. REAL OUTCOMES.



NO SINGLE UK “RWA LICENCE”

1. Executive Summary

The United Kingdom is developing a potentially significant environment for real-world asset tokenisation. **But there is no single UK “RWA licence”.**

Instead, the regulatory treatment depends fundamentally upon what the token represents and what activities the business performs. For tokenised shares, bonds, fund interests and other securities, the starting point remains the UK’s established financial-services and securities framework.

Alongside that framework, the UK is developing two important pieces of digital-market architecture.

01

First: the Digital Securities Sandbox

The Digital Securities Sandbox (the Sandbox), operated jointly by the Bank of England and Financial Conduct Authority, allows firms to use developing technology in the issuance, trading and settlement of securities within a live regulated environment.

HSBC and **ClearToken** have passed its Gate 2 and are approved to provide live services. The Bank’s guidance was most recently updated on 30 June 2026.

02

Second: a new cryptoasset regime

The UK has legislated for a substantially expanded cryptoasset regulatory regime. Applications opened on 30 September 2026, and the regime is **expected to commence on 25 October 2027**.

WHOLESALE TOKENISATION • SEPTEMBER 2026

The UK’s September 2026 wholesale-tokenisation work is particularly significant. In their joint feedback statement (FS26/1, 14 September 2026), the FCA and Bank of England report that most respondents saw post-trade as the main opportunity, particularly improving how collateral moves between parties – and the two authorities will develop a joint tokenisation roadmap later in 2026.

THESE REGIMES SHOULD NOT BE CONFLATED

A tokenised security is not necessarily regulated as a cryptoasset simply because distributed-ledger technology is used.

THE FIRST QUESTION

What legal right does the investor acquire?

For an RWA business, that is the first question. Only then should the business determine which regulatory permissions, market infrastructure and digital-asset requirements apply.

KEY FACTS FOR MARKET ENTRY

RWA Market Entry at a Glance

RWA MARKET ENTRY AT A GLANCE		UNITED KINGDOM
REGULATORS AND FRAMEWORK		
Principal conduct regulator	FCA	
Prudential regulator	PRA – banks, insurers and major investment firms; FCA for other firms	
Financial-market-infrastructure regulator	Bank of England (CSDs, CCPs, payment systems) / FCA (trading venues)	
Principal framework	FSMA 2000 (as amended, incl. FSMA 2023) and related legislation / rules	
TOKENISATION		
Dedicated RWA licence	No	
Tokenised securities permitted	Yes	
Digital Securities Sandbox	Yes – live (HSBC and ClearToken approved for live services as at 8 October 2026; legislation expires 8 January 2029 unless extended)	
Issuance of tokenised securities	Possible within applicable securities framework	
Fund tokenisation	Yes – FCA PS26/7 (30 April 2026); framework expanding	
Public offers of tokenised securities	Public Offers and Admissions to Trading Regulations – in force 19 January 2026	
CRYPTOASSET REGIME		
New cryptoasset regime	Expected to commence 25 October 2027	NEW
Crypto authorisation window	30 Sep 2026 – 28 Feb 2027	
Custody of tokenised securities	Article 9N safeguarding activity expected from 25 October 2027 – where the token is a relevant specified investment cryptoasset; replaces Article 40 for those assets	
Custody of conventional securities	Article 40 – safeguarding and administering investments, on its own terms; unchanged	
Existing custodians	Variation of permission may be required – depending on the activities undertaken and applicable exclusions	
TRADING, ACCESS, TAX AND OUTLOOK		
Secondary trading	Possible through appropriate regulated infrastructure	
Existing regulated infrastructure usable	Yes – depending on activity	
Retail access	Product and distribution dependent – additional permissions may apply	
Securities transfer tax	Stamp Duty / SDRT at 0.5% where applicable – Securities Transfer Tax proposed from 2027	
Regulatory position	Established securities framework + rapidly developing digital-market infrastructure	

A MAJOR INTERNATIONAL FINANCIAL CENTRE

2. Why the United Kingdom?

The UK's RWA opportunity derives principally from its existing position as a major international financial centre.

Tokenisation therefore does not need to create an entirely new financial ecosystem. It can potentially improve the infrastructure through which existing assets and investment rights are issued, recorded, administered, transferred and settled.

The FCA and Bank of England are now explicitly examining this opportunity. In a Dear CEO letter of 18 May 2026, the PRA set out **interim supervisory expectations** for relevant PRA-regulated firms: tokenised traditional assets would, in general, receive the same prudential treatment as their non-tokenised equivalents where the legal rights conferred are identical and the underlying risks are comparable. That position is interim rather than settled. The PRA expects to consult on a future prudential framework in 2028 at the earliest, once the Basel Committee has completed its targeted review.

The authorities' 2026 wholesale-tokenisation work describes tokenisation as the digital representation of assets and ownership using DLT and identifies it as potentially one of the most consequential changes to wholesale financial markets for decades.

LONDON ALREADY HAS EXTENSIVE INFRASTRUCTURE ACROSS

- ◆ capital markets;
- ◆ asset management;
- ◆ private markets;
- ◆ funds;
- ◆ securities trading;
- ◆ custody;
- ◆ clearing and settlement;
- ◆ professional services; and
- ◆ financial technology.

The opportunity is therefore broader than “crypto”.

POTENTIAL UK RWA CLASSES INCLUDE

- | | | |
|----------------------------------|-------------------|-----------------------------|
| ◆ government and corporate debt; | ◆ fund interests; | ◆ commodities; |
| ◆ private credit; | ◆ private equity; | ◆ asset-backed finance; and |
| ◆ real estate; | ◆ infrastructure; | ◆ equities. |

THIS IS THE CENTRAL QUESTION

3. The Regulatory Perimeter: Security, RWA or Cryptoasset?

Consider a commercial property in Manchester or London. Investors could potentially participate through:

01 Tokenised shares Shares in an SPV owning the property.	02 Tokenised debt A bond, debenture or other debt instrument financing the property.	03 Tokenised fund interest Units or interests in an investment vehicle holding the property.	04 Contractual income right A contractual entitlement linked to rent or another cash flow.	05 Digital representation of ownership A digital record representing another legally recognised interest.
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All might be described commercially as “real-estate tokens”. **They are not necessarily the same regulatory product.**

Article 40 of the UK’s Regulated Activities Order regulates safeguarding and administering assets that include securities or contractually based investments, and provides that it is immaterial that title is held in uncertificated form. That remains the position for conventional securities. For tokenised securities that meet the statutory conditions, it changes on commencement of the cryptoasset regime, as Section 4 explains.

The Property (Digital Assets etc) Act 2025 removes a particular obstacle to recognition: a thing is not prevented from being the object of personal property rights merely because it is neither a thing in possession nor a thing in action. Whether a *particular* digital asset attracts such rights continues to depend upon the applicable law and the circumstances. The Act extends to England and Wales and Northern Ireland; it does not extend to Scotland, which has a distinct system of property law.

The technology therefore does not determine the legal classification.

POOLED STRUCTURES

Is it a collective investment scheme?

Fractionalised property and asset-pool tokens need particular care. Where contributions are pooled or the property is managed as a whole, and investors do not have day-to-day control, the arrangement may be a **collective investment scheme** (s.235 FSMA) – and often an alternative investment fund. That brings fund-manager authorisation requirements and strict limits on promotion (s.238 FSMA).

THE HOGSWOOD PRINCIPLE

Start with the legal right, not the token.

IN SEQUENCE

- 1 Identify what the investor owns.
- 2 Determine how that instrument is regulated.
- 3 Then determine how DLT can be used across its lifecycle.

THE INVESTMENT, AND THE DIGITAL INFRASTRUCTURE AROUND IT

4. Two Regulatory Layers

For RWA businesses, it is useful to distinguish two layers.

LAYER 1 – THE INVESTMENT

Is the underlying instrument a:

- ◆ share;
- ◆ bond or debt instrument;
- ◆ fund interest;
- ◆ collective investment;
- ◆ derivative;
- ◆ commodity-related instrument;
- ◆ or another regulated investment?

That determines the conventional financial-services analysis.

LAYER 2 – THE DIGITAL INFRASTRUCTURE

What digital activities surround that investment?

These may include:

- ◆ token issuance;
- ◆ custody / safeguarding;
- ◆ trading;
- ◆ arranging;
- ◆ recordkeeping;
- ◆ settlement; and
- ◆ operating digital-market infrastructure.

This distinction becomes particularly important as the UK's new cryptoasset regime takes effect.

The FCA's perimeter guidance (PS26/18, 16 September 2026) addresses the new regulated activities, including operating cryptoasset trading platforms, dealing and arranging, safeguarding cryptoassets, issuing qualifying stablecoins and arranging staking.

TOKENISED SECURITIES ARE CARVED OUT...

Tokenised versions of existing specified investments – “**specified investment cryptoassets**” – are excluded from the definition of a qualifying cryptoasset. A tokenised share, bond or fund unit remains regulated as that investment.

...AND THEIR SAFEGUARDING MOVES TO ARTICLE 9N

From expected commencement on 25 October 2027, safeguarding a **relevant specified investment cryptoasset** – a specified investment cryptoasset that is a security or a contractually based investment – becomes the new regulated activity under **Article 9N** of the Regulated Activities Order, where the activity falls within the statutory perimeter. Article 40 is disapplied for those assets: SI 2026/102 inserts an Article 40(4) providing that references to “assets” in Article 40 do not include them.

TWO REGULATORY LAYERS – CONTINUED

This is a reallocation rather than an addition. It does not follow, however, that every tokenised security is caught. A relevant specified investment cryptoasset is first of all a **specified investment cryptoasset**, and that is a defined thing. Three conditions must each be met: the token must fall within the statutory definition of a cryptoasset; it must be one that *would* be a qualifying cryptoasset if the exclusions in **Article 88F(4)(a) to (c)** of the Regulated Activities Order were disregarded – which carries across the qualifying-cryptoasset conditions of fungibility, transferability, and functioning as an asset in its own right rather than solely a record; and it must be a specified investment under Part III of that Order. A tokenised share or bond that fails any of those conditions remains a specified investment, but is not a specified investment cryptoasset, and the Article 40(4) carve-out does not reach it. Classification turns on the substance of the arrangement, not on the label or the technology.

Nor does falling outside Article 9N establish that Article 40 applies. Article 40 has its own conditions – broadly, safeguarding *and* administering assets belonging to another which are or include securities or contractually based investments – and its own exclusions. Each limb has to be tested on its own terms.

The practical consequence is a permissions question, and the answer depends on the activities actually undertaken. The FCA's guidance (PERG 2.7.1B and PERG 2.7.10A) states that a firm holding an Article 40 permission for safeguarding and administration of assets will require a **variation of permission** if it intends to safeguard cryptoassets under Article 9N.

Which permissions a given custodian needs will depend on what it holds, how it holds it, and which exclusions apply: Article 9N turns on control, and the exclusions cover, among others, group arrangements, assets held temporarily to settle trades, acting solely as agent, and persons not holding themselves out as providing cryptoasset services. Arranging safeguarding is a separate activity under Article 9N(1)(b), with its own permission and its own exclusion for introductions.

The perimeter itself is settled in legislation. The detailed rules are not. The FCA has indicated it will consult in the first half of 2027 on rules for safeguarding relevant specified investment cryptoassets, and that it may revisit its perimeter guidance as those proposals develop. Firms should plan on the basis that the permission they need is now identifiable, while the obligations attaching to it are not yet fully drawn.

CLASSIFY FIRST

But an RWA business should not begin by assuming that the new crypto regime is the relevant route. The underlying investment needs to be classified first.

A LIVE REGULATED ENVIRONMENT

5. The Digital Securities Sandbox

The Digital Securities Sandbox (the Sandbox) is one of the most important features of the UK proposition.

The Sandbox provides a live regulated environment in which firms can explore new technology in the issuance, trading and settlement of digital securities.

Unlike a conventional regulatory sandbox, it is established by legislation: it modifies the law that would otherwise apply, so that firms that pass its Gate 2 can carry on live financial-market activity within defined limits and regulatory conditions.

This is significant for RWAs because tokenisation's most important benefits may arise beyond issuance.

THE LIFECYCLE CAN POTENTIALLY INVOLVE

- ◆ digital ownership records;
- ◆ programmable transfer;
- ◆ integrated settlement;
- ◆ automated servicing;
- ◆ collateral mobility; and
- ◆ more efficient post-trade infrastructure.

Entry is not, however, required in order to participate. The Bank has confirmed that firms taking part in Sandbox-facilitated activity – as issuer, investor, custodian or arranger of an issuance – need not apply to enter, nor need technology firms serving a Sandbox entrant. Those firms remain subject to whatever permissions their own activities require. For many RWA businesses the practical route is therefore to use infrastructure operated by an approved participant rather than to enter the Sandbox directly.

The Sandbox is also moving beyond theory

As at 21 September 2026, the Bank of England's dashboard showed more than a dozen firms through Gate 1 and two – **HSBC** (13 July 2026) and **ClearToken** (18 September 2026) – through Gate 2, each approved to operate as a digital securities depository. Since 30 June 2026, the Bank has also permitted approved stablecoins meeting its minimum requirements to be used as settlement assets, on a case-by-case basis.

01

Scope

Includes equities, corporate and government bonds, money market instruments, fund units and emissions allowances.

02

Limits

Each firm operates within the activity limits set in its sandbox approval, which can be raised as it progresses through the gates.

03

Duration

The Sandbox legislation expires on 8 January 2029 unless extended by HM Treasury. The application window is expected to close around March 2027.

04

Digital gilt

HM Treasury's first digital gilt (DIGIT) transaction is targeted for Q1 2027 on HSBC's Orion platform, within the Sandbox.

05

Retail access

Direct retail-facing activity may require additional permissions. A depository allowing non-professional clients to hold direct legal title, without a regulated custodian, must have passed Gate 3.

THE DIGITAL SECURITIES SANDBOX – CONTINUED

LIVE, NOT THEORETICAL

The UK is therefore not merely consulting on tokenised market infrastructure. It is allowing infrastructure to be tested in a live regulatory environment.

FUNCTION, NOT LABEL

6. Four Different RWA Businesses

“RWA platform” can describe several quite different businesses.

01

Issuer / Originator

Identifies the underlying asset and creates the investment.

02

Tokenisation / Technology Provider

Provides infrastructure through which the instrument is digitally represented and administered.

03

Distributor / Intermediary

Markets, arranges or deals in the relevant investment. Depending upon the activity and instrument, FCA permissions may be required, and the financial-promotion and public-offer rules apply.

04

Market / Infrastructure Operator

Provides trading, settlement or other market infrastructure. This may engage trading-venue, investment-firm or financial-market-infrastructure requirements, potentially including the Sandbox where appropriate.

Additional functions may involve custody, fund management, investment advice, payments, settlement and asset servicing.

Distribution engages two regimes that apply irrespective of the technology. The **financial-promotion restriction** (s.21 FSMA) applies to UK-facing promotions of investments, whatever their form. And under the **Public Offers and Admissions to Trading Regulations 2024**, in force since 19 January 2026, a public offer of tokenised securities is prohibited unless an exception applies: offers only to qualified investors; offers to fewer than 150 persons in the UK other than qualified investors; offers where total consideration cannot exceed £5 million; securities admitted, or to be admitted, to a UK regulated market or **primary MTF**; or offers made through an FCA-authorised public offer platform.

An exception does not remove other obligations. Admission to trading carries its own prospectus, admission-document and disclosure requirements, and the financial-promotion restriction continues to apply to how the offer is communicated.

DESIGN PRINCIPLE

The correct regulatory architecture therefore follows the activities undertaken across the lifecycle.

OWN THE PROPOSITION; PARTNER FOR THE PERMISSIONS

7. Using Existing Regulated Infrastructure

A UK entrant does not necessarily need to build every regulated function itself.

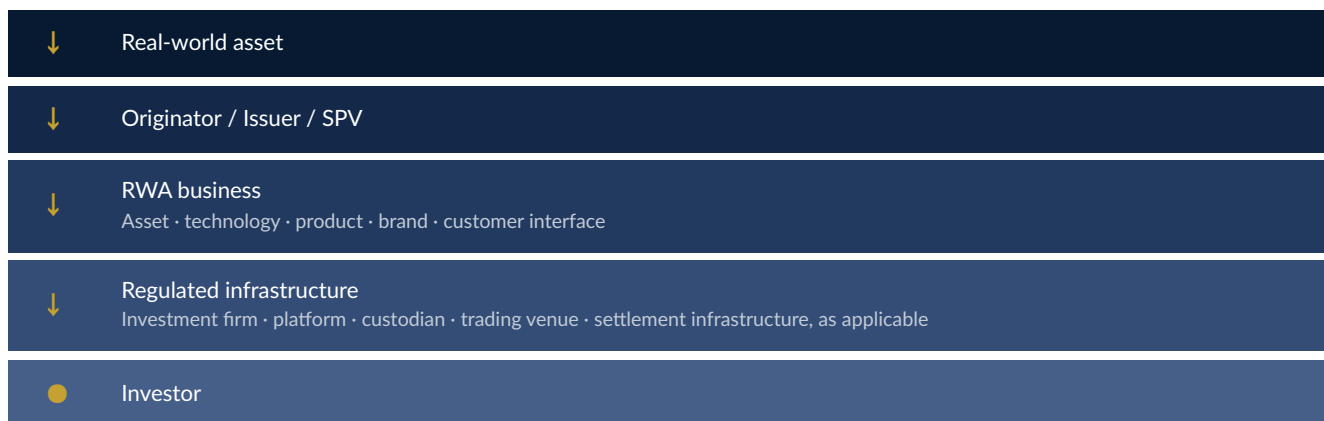
An RWA business may potentially own elements of the proposition, while appropriately authorised firms perform regulated activities underneath it.

This does not mean another firm's authorisation can simply be borrowed. **The regulated activity must genuinely be undertaken by the authorised firm.**

AN RWA BUSINESS MAY OWN

- ◆ asset origination;
- ◆ product concept;
- ◆ technology;
- ◆ brand;
- ◆ customer interface; and
- ◆ commercial relationships.

A simplified structure might be



It does, however, create a strategic choice: **build, partner or hybrid.**

THE STRATEGIC CHOICE

8. Build, Partner or Hybrid

01

Build

Establish the relevant regulated infrastructure directly. This offers greater control but potentially involves substantial authorisation, governance, capital, systems and compliance requirements.

02

Partner

Use established authorised institutions for particular regulated functions. This may provide a faster route to market and allow the RWA business to concentrate on origination, structuring and technology. The trade-off is dependency on the partner's permissions, systems, risk appetite and commercial terms.

03

Hybrid

Own selected regulated functions and partner for others. This may be particularly relevant for businesses intending to develop progressively.

BUILD, PARTNER OR HYBRID – CONTINUED

PARTNER



PROVE



SCALE



INTERNALISE SELECTIVELY

A first RWA transaction therefore does not necessarily require the business to establish an entire financial-market infrastructure.

A MAJOR TRANSITION

9. The New UK Cryptoasset Regime

The UK's cryptoasset regulatory framework is undergoing a major transition.

Key dates

FEB 2026	The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 are made.	ENACTED
JUN 2026	The FCA publishes its main final rules for the regime.	FINALISED
15 SEP 2026	Amending regulations laid before Parliament.	SUBJECT TO APPROVAL
16 SEP 2026	FCA perimeter guidance (PS26/18).	PUBLISHED
30 SEP 2026	The FCA authorisation gateway opens.	OPEN
28 FEB 2027	The principal application window runs until this date.	PROSPECTIVE
25 OCT 2027	The new regime is expected to come into force .	PROSPECTIVE

The new regime introduces new regulated activities, together with admissions-and-disclosure and market-abuse regimes for qualifying cryptoassets. Overseas firms dealing with UK consumers will generally need UK authorisation: the overseas-persons exclusion does not apply to the new activities. Registration under the Money Laundering Regulations does not convert into FSMA authorisation. Cryptoasset financial promotions have been regulated since 8 October 2023.

Regulated activities include operating a qualifying cryptoasset trading platform; dealing as principal or as agent; arranging deals; safeguarding qualifying cryptoassets and relevant specified investment cryptoassets; issuing qualifying stablecoin in the UK; and arranging qualifying cryptoasset staking.

REGULATED ACTIVITIES INCLUDE

- ◆ operating a qualifying cryptoasset trading platform;
- ◆ dealing as principal or as agent;
- ◆ arranging deals;
- ◆ safeguarding qualifying cryptoassets and relevant specified investment cryptoassets;
- ◆ issuing qualifying stablecoin in the UK; and
- ◆ arranging qualifying cryptoasset staking.

THE NEW UK CRYPTOASSET REGIME – CONTINUED

Two provisions, not one

What a firm may do at commencement depends on which of two separate provisions it falls within. They are not interchangeable.

01

Saving provision

Firms that applied within the application period, and whose application has not been determined or whose refusal remains open to review, may continue the relevant activities while the application is determined, subject to the conditions.

02

No application

Firms that do not apply before commencement can rely on neither provision, and must exit the relevant UK business beforehand.

03

Transitional provision

Eligible firms – broadly those refused, those that withdraw, and those that apply outside the window – may run off *pre-existing contracts* for a maximum of two years. They may not enter into new contracts with new or existing UK customers, must notify the FCA and the parties to those contracts, and may communicate only those financial promotions necessary to perform them. It is an orderly exit, not a continuation of business.

FOR AN RWA BUSINESS, THE CRITICAL POINT REMAINS

Do not start with the crypto regime. Start by establishing whether the underlying RWA instrument is already a regulated investment. Only then determine what additional cryptoasset activities, if any, arise.

A PARTICULARLY IMPORTANT OPPORTUNITY

10. Fund Tokenisation

Funds are likely to be one of the UK's particularly important RWA opportunities.

The UK already has a substantial asset-management industry and existing legal structures for collective investment.

TOKENISATION CAN POTENTIALLY IMPROVE

- ◆ fund registers;
- ◆ ownership records;
- ◆ settlement; and
- ◆ subscriptions and redemptions;
- ◆ distribution;
- ◆ operational efficiency.

FUND TOKENISATION – CONTINUED

PS26/7

On 30 April 2026, the FCA published PS26/7, *Progressing fund tokenisation* – in its words, a framework “to move fund tokenisation from experimentation to wider adoption”. It adds Handbook guidance for managers wishing to keep the unitholder register on DLT and introduces an optional direct-to-fund dealing model. The FCA presents it, alongside the Sandbox, as part of the foundations of its wider wholesale-tokenisation work.

THIS ILLUSTRATES AN IMPORTANT POINT

The UK RWA opportunity is not confined to creating novel tokenised assets. It includes digitising established financial products and market infrastructure.

BEYOND PRIMARY ISSUANCE

11. Secondary Trading and Settlement

The potential benefits of tokenisation become particularly significant when assets can move beyond primary issuance.

The Sandbox is particularly relevant because it addresses trading and settlement infrastructure directly.

The Bank of England updated the Sandbox on 30 June 2026 to allow approved stablecoins to be used as settlement assets on a case-by-case basis, alongside other acceptable forms of settlement money.

Settlement in tokenised wholesale central bank money is not yet available; the Bank has committed to a synchronisation service, allowing settlement against central bank money in RTGS, targeted for 2028.

That matters because an efficient tokenised securities market needs to address both sides of the transaction – the security and the cash.

SECONDARY TRADING CREATES QUESTIONS AROUND

- ◆ venue permissions;
- ◆ investor eligibility;
- ◆ market conduct;
- ◆ custody;
- ◆ ownership records;
- ◆ settlement; and
- ◆ cash legs.

TOKENISED ASSET



TOKENISED / DIGITAL SETTLEMENT ASSET

Digitising the security while leaving settlement dependent upon inefficient legacy processes captures only part of the potential benefit.

SECONDARY TRADING AND SETTLEMENT – CONTINUED

For private-company shares, the separate **PISCES** sandbox provides a regulated route for intermittent secondary trading. Open since June 2025, it is a distinct framework from the Digital Securities Sandbox and is not specific to DLT. It concerns intermittent secondary trading in *existing* private-company shares rather than primary issuance, and investor eligibility is restricted – broadly to institutional investors, certified and self-certified sophisticated investors, high-net-worth individuals, and employees and directors of the company, subject to the rules.

THE HOGSWOOD LIFECYCLE

12. From Real Asset to Digital Investment

The Hogswood RWA lifecycle applies directly. It describes the life of the *investment*; the advisory model on the final page describes how Hogswood supports it.



Exit deserves particular attention. Redemption, maturity, liquidation and corporate actions must be reflected in the digital record and reconciled to the legally authoritative register of ownership. Where the legal and technical structure requires it, tokens should be cancelled, retired or burned, and controls should prevent redeemed, expired or otherwise invalid tokens continuing to circulate as apparent live investment rights. The appropriate mechanism depends on the structure; what does not vary is the principle.

REAL ASSET → LEGAL RIGHT → DIGITAL SECURITY → INVESTOR → MARKET → EXIT

The digital instrument must remain aligned with the legal rights throughout the lifecycle – including at termination.

SIX AREAS WITH CLEAR UNDERLYING ECONOMICS

13. Where the Opportunity May Be

01

Funds

The UK's established investment-management industry provides a natural environment for tokenised fund interests and administration.

02

Private Credit

Debt instruments provide defined borrowers, principal, returns and maturity structures suitable for digital administration.

03

Real Estate

Property can support equity, debt, fund and other investment structures. The regulatory treatment follows the investor's legal instrument rather than the property itself.

04

Infrastructure & Green Assets

Renewable energy, infrastructure and other project assets can produce identifiable financing requirements and long-term contractual cash flows.

05

Government & Corporate Debt

Tokenised debt markets may benefit from improvements in issuance, collateral management, transfer and settlement.

06

Private Markets

Private equity, venture and other traditionally less-liquid assets may benefit from improved digital ownership records and controlled transfer infrastructure.

START NARROW; DESIGN FOR REPEATABILITY

14. A Practical Route to Market

For a UK RWA entrant, a sensible sequence is:

01

Select the asset

Identify an asset with clear ownership and economics.

02

Define the investment

Determine precisely what the investor acquires.

03

Classify the instrument

Establish whether it is a specified investment, collective investment, security, qualifying cryptoasset or another instrument.

04

Map the regulated activities

Identify issuance, arranging, dealing, distribution, management, custody, trading and settlement activities.

05

Separate securities from crypto analysis

Determine which existing FSMA requirements apply before considering the new cryptoasset regime.

06

Choose the operating model

Build, Partner or Hybrid – determine which regulated functions genuinely need to be owned.

07

Decide the Sandbox question

Where the proposition involves innovative securities-market infrastructure, choose between seeking Sandbox entry directly and using infrastructure operated by an approved participant. Entry is necessary only where the business will itself operate that infrastructure.

08

Design the regulated-partner architecture

Allocate activities clearly where existing authorised firms are used.

09

Design the full lifecycle

Do not solve issuance without solving custody, servicing, transfer and exit.

10

Build for repeatability

Use the first asset to create the legal, regulatory and operational architecture for subsequent issuances.

A PRACTICAL ROUTE TO MARKET – CONTINUED

Securities transfer taxation

Tokenisation does not alter the transfer taxes that attach to the underlying instrument.

Transfers of shares in UK-incorporated companies, and of certain other chargeable securities, generally attract **Stamp Duty** or **Stamp Duty Reserve Tax** at 0.5% of the consideration. The charge follows the instrument and the transaction, not the medium on which ownership is recorded. A tokenised share is therefore no more, and no less, chargeable than the same share held conventionally. Not every RWA structure attracts the charge. Subscriptions for newly issued shares, units in open-ended investment companies and unit trusts acquired from the manager, and instruments outside the chargeable classes may fall outside it. The analysis depends upon the instrument and the transaction, and is better taken early than late.

Securities Transfer Tax – proposed

On 13 July 2026 the government published draft legislation for a **Securities Transfer Tax**, intended to replace both Stamp Duty and Stamp Duty Reserve Tax with a single digital, self-assessed charge on transfers of securities. The consultation closed on 7 September 2026 and the government has stated its intention to introduce the tax in 2027. **Commencement and the final legislative terms remain subject to confirmation. The proposals are not in force.**

Why it matters commercially

For an RWA business the implications are practical rather than theoretical. A 0.5% charge on each chargeable transfer is material to the economics of a secondary market intended to trade more actively than its conventional equivalent, and bears directly on pricing, spreads and the design of transfer mechanics. It also bears on structuring: an equity structure, a debt structure and a fund structure may be taxed quite differently for the same underlying asset. Operating models should allocate responsibility for accounting and payment explicitly – a self-assessed digital regime would place that burden more squarely on the parties to the transfer and on the infrastructure that records it.

THE SAME ANALYSIS, FOUR TIMES OVER

The exercise that determines regulatory permissions also determines tax treatment, promotion rules and operating obligations. It is one analysis, not four.

Other applicable obligations

The regulatory architecture described in this Insight is not exhaustive. Depending upon the activities undertaken and the investor population served, an RWA business may also need to address financial-promotion requirements, anti-money-laundering obligations, fund or AIF management permissions, client-asset and custody requirements, the Consumer Duty, operational-resilience expectations, and insolvency and recovery arrangements for the infrastructure on which the proposition depends.

These do not apply uniformly. Which of them bite, and how, follows from the same activity analysis set out in Sections 4 and 6 – which is why that analysis is worth doing properly, and early.

A PRACTICAL ROUTE TO MARKET – CONTINUED

OBLIGATIONS TO SCOPE ALONGSIDE THE PERIMETER ANALYSIS

- ◆ financial promotions;
- ◆ anti-money laundering;
- ◆ fund / AIF management permissions;
- ◆ client assets and custody;
- ◆ the Consumer Duty;
- ◆ operational resilience;
- ◆ insolvency and recovery;
- ◆ securities transfer taxation; and
- ◆ data protection and record-keeping.

INTEGRATION RATHER THAN REGULATORY REPLACEMENT

15. Hogswood Perspective

The United Kingdom presents a different RWA proposition from jurisdictions seeking to create a standalone digital-asset industry.

Its principal advantage is the ability to connect tokenisation with an already mature financial-services and capital-markets ecosystem.

The UK is also now moving beyond theoretical experimentation. The Sandbox provides a live environment for tokenised securities infrastructure, with two firms approved to operate as digital securities depositories. Fund tokenisation is progressing toward wider adoption. The FCA and Bank of England are developing a broader wholesale-tokenisation roadmap. And the UK's new cryptoasset regulatory regime has now entered its authorisation phase.

These developments should nevertheless be viewed as different components of the regulatory architecture. For an RWA representing a share, bond, fund interest or other conventional investment, the starting point remains the legal nature of that instrument and the regulated activities surrounding it. The new cryptoasset regime does not make that analysis unnecessary. Nor does the Sandbox represent a general-purpose RWA licence.

Much of the framework also remains prospective. The cryptoasset regime is expected to commence in October 2027, the detailed safeguarding rules are expected to be consulted on in the first half of 2027, the prudential framework is not expected before 2028, and the proposed Securities Transfer Tax has not yet been enacted. A business building now is building against a framework that is still being completed – which is an argument for designing adaptably, not for waiting.

Instead, the UK offers several potentially complementary routes through which digital securities, tokenised investment products and associated infrastructure can develop. For a new entrant, this creates a clear strategic decision: **build** – own substantial regulated infrastructure; **partner** – use existing authorised infrastructure; or **hybrid** – own the functions that create strategic value and partner for the remainder.

For some businesses, the greatest opportunity may lie not in creating another crypto exchange, but in originating and structuring assets that can use increasingly digital regulated-market infrastructure.

For others, particularly financial-market-infrastructure businesses, the Sandbox creates an opportunity to participate directly in the development of new issuance, trading and settlement architecture.

THE UK THEREFORE OFFERS AN RWA PROPOSITION BUILT AROUND INTEGRATION RATHER THAN REGULATORY REPLACEMENT

Existing securities law provides the legal foundation. Tokenisation provides new infrastructure. The opportunity lies in connecting the two.

VERIFICATION AND FURTHER READING

Selected Primary Sources

All sources below are publicly available and were reviewed to 8 October 2026. Links were correct at that date. Several of the frameworks described are still developing; readers should check the regulators' own pages before acting.

FINANCIAL CONDUCT AUTHORITY

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Cryptoassets: How the gateway will operate – Application period 30 September 2026 – 28 February 2027; saving provision.

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Prudential treatment of tokenised assets, stablecoins and other cryptoasset exposures – Dear CEO letter, 18 May 2026. Interim expectations; future framework 2028 at earliest.

bankofengland.co.uk/prudential-regulation/letter/2026/tokenised-assets-stablecoins-and-other-cryptoasset-exposures

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Update on the Digital Gilt Instrument (DIGIT) pilot issuance – Policy paper, 16 July 2026.

gov.uk/government/publications/update-on-the-digital-gilt-instrument-digit-pilot-issuance

Securities Transfer Tax – modernisation of the Stamp Taxes on Shares Framework – Draft legislation published 13 July 2026; consultation closed 7 September 2026.

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gov.uk/guidance/stamp-duty-reserve-tax-the-basics

SELECTED PRIMARY SOURCES – CONTINUED

BANK OF ENGLAND

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bankofengland.co.uk/financial-stability/digital-securities-sandbox

Digital Securities Sandbox Dashboard – Gate 1 and Gate 2 approvals; stablecoin settlement update of 30 June 2026; retail and Gate 3. Last updated 21 September 2026.

bankofengland.co.uk/financial-stability/digital-securities-sandbox/digital-securities-sandbox-dashboard

Gate 1: Who is eligible and how to apply – Confirms issuers, investors, custodians, arrangers and technology providers need not apply.

bankofengland.co.uk/financial-stability/digital-securities-sandbox/applying-to-the-dss-who-is-eligible-and-how-to-apply

Guidance on the operation of the Digital Securities Sandbox – Including settlement assets. Updated 30 June 2026.

bankofengland.co.uk/financial-stability/digital-securities-sandbox/guidance-on-operation-digital-securities-sandbox

LEGISLATION

Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 – SI 2026/102, made 4 February 2026, with explanatory memorandum.

legislation.gov.uk/uksi/2026/102

Public Offers and Admissions to Trading Regulations 2024 – SI 2024/105; Schedule 1 exceptions; in force 19 January 2026.

legislation.gov.uk/uksi/2024/105

Property (Digital Assets etc) Act 2025 – c.29; in force 2 December 2025; extends to England and Wales and Northern Ireland.

legislation.gov.uk/ukpga/2025/29

Regulated Activities Order 2001, articles 40 and 9N – SI 2001/544. Article 40 (safeguarding and administering investments), as amended by SI 2026/102 reg 40(6) to insert article 40(4); article 9N (safeguarding cryptoassets), inserted by reg 40(5).

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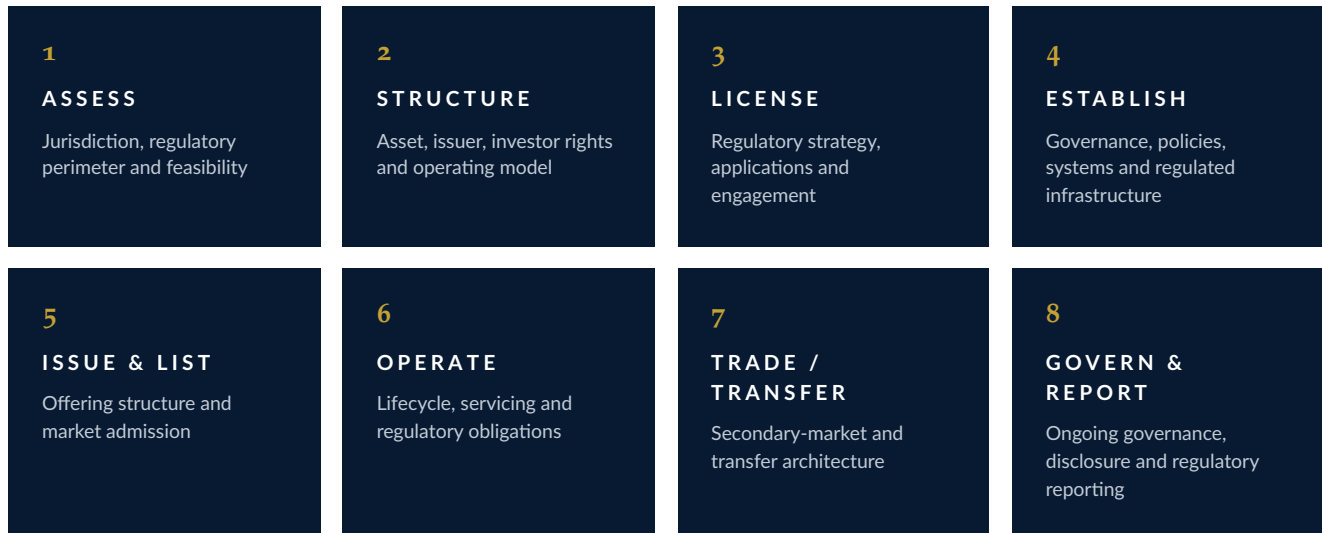
Financial Services and Markets Act 2000, ss.21, 235, 238 – Financial promotion; collective investment schemes; promotion restriction.

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FROM INSIGHT TO EXECUTION

How Hogswood Supports the RWA Lifecycle

These eight stages describe Hogswood's advisory engagement model. They are distinct from the eight-stage *investment* lifecycle at Section 12.



About Hogswood

Hogswood is an independent advisory practice led by Adrian Hogg FCA, drawing on more than 25 years in financial services and investment business, including a decade in blockchain, digital assets and real-world asset lifecycles – with exchange, licensing and regulatory experience in the United States, Singapore, Gibraltar, El Salvador, Labuan (Malaysia), Estonia and Cagayan (Philippines).

Adrian Hogg FCA

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Regulated Markets • Digital Assets • RWA Lifecycles

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Important notice: This Insight is provided for general information only and does not constitute legal, tax, investment or regulatory advice. Published October 2026, it reflects the regulatory position as at 8 October 2026. Several of the developments described – including the new cryptoasset regime, the Sandbox, the wholesale-tokenisation roadmap and the proposed Securities Transfer Tax – are still developing and may change. Specific advice should be taken before acting.

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