

Tokenised collateral gets real: From pilots to production

Asma Belgaied Hassine, product deputy director, Capital Markets Europe & UK at Vermeg, reviews how collateral platforms can support a hybrid world of traditional and tokenised assets

For most of the last decade, tokenisation belonged to innovation teams, focused on proofs of concept and whether distributed ledger technology (DLT) could work in capital markets.

That conversation is changing. Since 30 March 2026, the Eurosystem has accepted marketable securities issued through central securities depositories using DLT as collateral for its credit operations, provided they meet its eligibility and collateral management requirements.

Legal frameworks are evolving too. Rather than create a parallel rulebook, the International Securities Lending Association (ISLA) and the International Capital Market Association (ICMA) have built on existing agreements. The Global Master Securities Lending Agreement (GMSLA) 2010 Digital Assets Annex clarifies how asset-backed digital assets and platform-transferred securities fit within the definition of securities.

Intraday repo offers a practical use case: faster settlement can help firms mobilise collateral and obtain secured funding when they need it during the day. This matters because tokenisation is not the end goal. The value comes when it makes collateral easier to mobilise, settle, and reuse, and when firms can choose between traditional and tokenised assets based on economics, liquidity and risk.

For sell side and buy side firms, that changes tokenisation from a technology project into a collateral management question.

The collateral decision does not change

When a collateral manager receives a margin call, the fundamental questions remain familiar.

Is the asset eligible? What is it worth? What haircut applies? Where is it held? How quickly can it settle? And, importantly, is there another eligible asset that would be cheaper or more efficient to deliver?

Tokenisation changes how an asset may be represented and moved, but it does not remove these questions. This is important because not all tokenised assets are equivalent. If the token is issued and settled through the appropriate market infrastructure, its risk profile may be similar to that of the traditional security.

Additional dependencies may arise around the intermediary, custody structure, and settlement mechanism. The collateral system therefore needs to understand the asset's characteristics rather than simply label it 'digital'.

One inventory, not a digital island

This is a key operational challenge.

For the foreseeable future, traditional and tokenised securities will coexist in a hybrid market. A bank may hold traditional bonds, tokenised securities, cash, and tokenised money-market instruments that can satisfy different collateral obligations. Creating a separate collateral process for digital assets would undermine much of the benefit.

A collateral manager should ideally be able to see these assets in the same inventory, while preserving their different legal, liquidity, eligibility, and settlement characteristics. That is where the existing collateral operating model becomes important.

In Vermeg's approach, its Collateral Management engine and its Collateral Optimization engine provide the collateral decision and optimisation layers, while its Settlement engine provides the settlement layer between those decisions and the infrastructures where assets are

held and settled. The objective is not to build a separate 'tokenised collateral system', but to allow new forms of collateral and new settlement routes to participate in the existing collateral lifecycle.

In practical terms, the process should remain recognisable: discover the asset -> value it -> check eligibility -> optimise -> allocate -> instruct settlement -> service the asset (corporate actions) -> reconcile.

What changes is that one of the possible settlement routes may now be tokenised.

What this means for the sell side

For a sell side institution, the opportunity is largely about inventory and liquidity efficiency.

A large bank may have collateral spread across legal entities, custodians, triparty agents, central securities depositories, and potentially several digital networks.

If tokenised assets sit in another isolated system, the collateral manager gains another pool to manage but not necessarily more usable liquidity. The real benefit comes when the bank can see conventional and tokenised inventory together and determine which asset is best for each obligation.

A rapidly settling tokenised asset may suit an urgent margin requirement, while a traditional security may be preferable because of its haircut, funding cost, or broader eligibility. The decision should be economic.

This is where optimisation becomes particularly relevant. A collateral optimisation engine should be able to consider the cost, eligibility, haircut, liquidity, and settlement characteristics of both traditional and tokenised inventory and recommend the most efficient allocation.

Tokenisation then becomes another source of collateral mobility, rather than another operational silo.

And for the buy side

Asset managers and other institutional investors often hold high-quality securities whose mobilisation is constrained by settlement, custody arrangements, or operational cut-offs. Tokenisation may make parts of that inventory easier and faster to mobilise. But increased mobility only creates value if the collateral platform knows that the asset exists and can use it.

For the buy side, the key is to connect investment inventory with collateral obligations and settlement routes, assessing availability, agreement eligibility, haircuts, and economics versus cash or other securities. This is particularly relevant when cash is expensive to source or when firms want to reduce unnecessary cash buffers. The benefit is not simply faster settlement, but a broader and more usable collateral inventory.

The settlement route becomes part of the optimisation decision

Traditionally, collateral optimisation has focused heavily on what asset should be delivered. Increasingly, it may also need to consider how that asset should be delivered. If the same exposure can move through different infrastructures, the settlement route becomes another optimisation parameter.

A collateral platform may therefore consider eligibility, haircut, and funding cost alongside settlement speed, operating hours, network liquidity, transaction cost, and finality.

The objective is not for Vermeg's Collateral Management or Optimisation engines to become a blockchain. It is for the collateral layer to orchestrate the decision across different asset types and settlement rails.

Connecting the collateral decision to the settlement network

Identifying the optimal tokenised asset is of limited value if the firm cannot move it efficiently through the infrastructure where it is held.

Vermeg's platforms play complementary roles: its Collateral engine manages the collateral lifecycle and obligations, its Optimisation engine supports efficient allocation, and its Settlement engine provides the settlement layer connecting that decision to traditional and emerging digital infrastructures.

The end-to-end process becomes: collateral requirement -> eligibility -> optimisation -> allocation -> settlement orchestration -> traditional or DLT settlement network -> confirmation -> asset servicing -> reconciliation.

The objective is not to replace existing market infrastructures with a separate digital ecosystem. It is to allow firms to operate across both worlds through a consistent collateral and settlement process.

Faster collateral does not eliminate collateral management

Near-instant settlement does not automatically simplify collateral management. If collateral can move in minutes, firms can potentially respond to exposures more quickly and reduce the gap between a change in risk and the arrival of collateral.

But faster movement also requires valuation, eligibility, optimisation and settlement instructions to keep pace. There is little benefit in an asset being able to settle in seconds if it takes hours to determine whether it is eligible, locate it in the inventory, and approve its use. The value therefore comes from connecting the decision layer with the settlement layer.

Collateral platforms already sit where agreements, exposures, inventory, eligibility, optimisation, and settlement meet. Tokenisation adds another asset form and potentially another settlement route.

From tokenisation to collateral mobility

Tokenised collateral should not be measured by the number of digital assets issued or pilots completed.

Can a collateral manager receive a margin requirement, see all available assets — traditional and tokenised — determine which are eligible, compare their economics, select the best collateral, and settle it through the most appropriate route? If the answer is yes, tokenisation has stopped being an innovation project and become part of the market infrastructure.

The future is unlikely to be a separate digital collateral market running alongside the traditional one. It is more likely to be a hybrid collateral ecosystem, where different forms of assets and different settlement rails coexist.

The role of the collateral platform is to make that complexity invisible to the user: one view of inventory, one set of eligibility and risk controls, one optimisation process, and a settlement layer able to route instructions across traditional and digital infrastructures.

At that point, tokenisation is no longer the story. Better collateral mobility is. ■