

Digital Economy Council of Australia

Submission to DFCRC and RBA's Project Acacia Consultation Paper

Date 11/12/24

About the Digital Economy Council of Australia (DECA)

The Digital Economy Council of Australia (DECA) is the peak industry body representing Australian businesses and professionals driving innovation in the digital economy through the use of blockchain technology, tokenised assets, and digital assets. DECA advocates for responsible adoption and regulation of these technologies, working closely with government and industry to ensure Australia remains a global leader in innovation and economic growth.

For further information or any inquiries, please contact:

Amy-Rose Goodey, Managing Director
Digital Economy Council of Australia (DECA)
amy-rose@deca.org.au

Alec O'Sullivan, Policy Analyst
Digital Economy Council of Australia (DECA)
alec@deca.org.au

Question 1: What are the key opportunities and challenges of asset tokenisation in wholesale domestic markets? How can the challenges be overcome?

Asset tokenisation in wholesale markets provides significant opportunities for efficiency gains, reduced settlement times, and increased market liquidity. According to the OECD, tokenisation can drive financial inclusivity by lowering barriers to entry in asset markets (OECD iLibrary). However, challenges include regulatory ambiguity and technological hurdles in interoperability. Overcoming these challenges requires a cohesive regulatory framework, as outlined by the OECD, which recommends defining asset ownership rights and smart contract enforceability under a clear legal framework (SoluLab). SoluLab research also highlights the need for cross-platform operability to fully leverage tokenisation's potential in existing financial markets.

Key Opportunities

Enhanced Liquidity and Capital Efficiency: Asset tokenisation in wholesale markets offers a significant opportunity to unlock liquidity by enabling fractional ownership and real-time trading of traditionally illiquid assets, such as real estate and private credit. This approach lowers barriers to capital entry, provides new avenues for collateral management, and enhances the overall liquidity of the market (*Key Policy Reforms to Support Tokenisation of RWA in Australia, 2024*).

Accelerated Settlement and Operational Efficiency: Tokenisation allows for atomic settlement, eliminating the need for intermediaries like clearinghouses. This leads to faster, near-instantaneous settlement (e.g., T+0) instead of the traditional T+2 cycle, reducing counterparty risk. The use of smart contracts also automates compliance and reconciliation tasks, minimising operational costs and reducing human error (*Payments System Modernisation Submission*).

Transparency and Enhanced Trust: Blockchain technology provides an immutable and transparent ledger, offering a verifiable record of transactions. This transparency increases trust among market participants and regulators, helps reduce fraud, and streamlines audit processes. The availability of real-time data enhances compliance and reduces administrative burdens, making the system more efficient (*RWA Tokenisation Litepaper*).

Broader Market Access and Participation: Tokenisation lowers investment thresholds, allowing a wider range of investors, including smaller institutions and retail participants, to access wholesale markets. Fractional ownership enables diversification and broader market participation, driving increased capital inflows into previously inaccessible asset classes (*Key Policy Reforms to Support Tokenisation of RWA in Australia, 2024*).

Cross-Border Integration and Efficiency: Tokenisation facilitates seamless cross-border transactions, reducing complexities and costs associated with international settlements. The potential for interoperability across jurisdictions can enhance market efficiency and attract global investment, fostering a more integrated financial ecosystem (*Payments System Modernisation Submission*).

Key Challenges

Regulatory Uncertainty and Legal Ambiguity: One of the primary barriers to asset tokenisation is the lack of a clear regulatory framework. Existing legal structures, such as those under the Corporations Act, do not accommodate the unique characteristics of tokenised assets, leading to uncertainty around ownership, custody, and compliance. The absence of a unified taxonomy for digital assets exacerbates this issue, creating challenges for market participants navigating the regulatory landscape (*RWA Tokenisation Litepaper*).

Integration with Legacy Financial Infrastructure: The current financial market infrastructure is built on centralised systems that do not easily accommodate the decentralised nature of distributed ledger technology (DLT). This creates significant integration challenges, requiring costly infrastructure upgrades and the development of new operational standards (*Key Policy Reforms to Support Tokenisation of RWA in Australia, 2024*).

Custody and Security Concerns: The management of tokenised assets involves unique custody challenges, particularly in handling private keys and on-chain verification. Current custodial solutions lack the robust frameworks needed to ensure secure and compliant management of digital assets, raising concerns about potential asset theft and fraud (*Payments System Modernisation Submission*).

Liquidity and Market Maturity Issues: While tokenisation has the potential to enhance liquidity, achieving sufficient market depth is challenging, particularly in the early stages of market development. Limited participation from institutional investors and inefficient on/off ramps for converting traditional assets into tokenised forms can hinder liquidity and price stability (*Key Policy Reforms to Support Tokenisation of RWA in Australia 2024*).

Overcoming the Challenges

Regulatory Clarity and Framework Development: Addressing regulatory uncertainty requires the development of a comprehensive taxonomy and a clear legal framework for digital assets. A unified approach that recognises the unique attributes of tokenised assets will provide clarity and support broader market participation (*Payments System Modernisation Submission*).

Establishment of Regulatory Sandboxes: Implementing regulatory sandboxes, akin to international projects like Singapore's Project Guardian, would allow controlled experimentation with tokenisation use cases. This approach would enable regulators to gain insights and adapt policies while fostering innovation within a safe environment (*RWA Tokenisation Litepaper*). Sandboxes are regulatory reform mechanisms that help regulatory systems evolve through structured learning and experimentation. A key challenge in regulatory sandboxes has been ensuring that their scope and design encourages industry to participate.

Investment in Infrastructure and Standardisation: Modernising financial market infrastructure to accommodate DLT-based systems is critical. Collaborating on industry standards for token issuance, custody, and settlement will support smoother integration with traditional financial systems (*Key Policy Reforms to Support Tokenisation of RWA in Australia, 2024*).

Enhanced Custody Solutions: Developing secure custody solutions tailored for digital assets is essential for mitigating security risks. Establishing industry guidelines and promoting advanced security measures, such as multi-signature wallets and decentralised identifiers, will help build trust and reduce the likelihood of asset mismanagement (*RWA Tokenisation Litepaper*).

Question 2: What regulatory obstacles exist to an efficient settlement mechanism for wholesale tokenised asset markets, including the development of new forms of money to support this? What solutions do you suggest?

The lack of a unified regulatory approach to tokenised assets creates legal and compliance risks, as noted by Kochergin in "Crypto-assets: Economic Nature, Classification, and Regulation," which explores the regulatory vacuum around crypto-asset classification (IORJ - HSE University). The IMF underscores the need for tailored regulation for crypto assets, particularly for settlement in tokenised asset markets, to address risks in cross-border transactions and regulatory arbitrage (IMF eLibrary). Solutions include drawing from the EU's Markets in Crypto-Assets Regulation (MiCA), which sets out a harmonised approach to crypto-asset regulation across member states, addressing risks while enabling innovation (SSRN).

Legal Uncertainty and Taxonomy Gaps: The lack of a consistent and comprehensive legal taxonomy for digital assets remains a primary obstacle. Without a clear classification system, the legal status of tokenised assets is ambiguous, making it difficult for market participants to navigate compliance requirements. This issue extends to the regulatory treatment of smart contracts, which are integral to tokenised settlement processes. Misalignment with existing financial product classifications, such as securities and derivatives, further complicates the landscape (Key Policy Reforms to Support Tokenisation of Real World Assets in Australia).

Incompatibility with Existing Financial Infrastructure: Traditional financial infrastructure, including central clearinghouses and settlement facilities, is not designed to accommodate the decentralised nature of distributed ledger technology (DLT). Existing regulations impose requirements tailored to centralised systems, creating friction for DLT-based solutions. For instance, the Corporations Act and current securities laws do not easily accommodate innovations like atomic settlement, where the transfer of assets occurs instantaneously, bypassing the need for intermediaries (Blockchain Australia, Payments System Modernisation Submission).

Lack of Access to Central Bank Digital Currency (CBDC) and Stablecoin Regulation: The absence of a robust framework for the use of CBDCs and regulated stablecoins as settlement assets in tokenised markets hinders efficiency. Central bank money remains the preferred settlement asset for financial stability, but access is limited to a small number of authorised participants. This exclusion prevents broader use of CBDCs or stablecoins, which could serve as more efficient settlement mechanisms for tokenised assets, especially in cross-border transactions (Impact of Centralised Blockchain Digital Currency: For Financial Inclusion and Sustainability).

Fragmented Regulatory Approaches Across Jurisdictions: Australia's regulatory environment is outpaced by jurisdictions like Singapore and the EU, which have established clearer guidelines for digital assets. The lack of harmonisation and global alignment leads to inconsistent regulatory treatment of tokenised assets, posing significant barriers to cross-border transactions and market expansion. This fragmentation limits the scalability and adoption of tokenisation solutions in wholesale markets (The Tokenization of Everything: Towards a Framework for Understanding the Potentials of Tokenized Assets, 2021).

Lack of understanding or misconceptions concerning digital assets : Regulatory obstacles in this respect could largely stem from a lack of understanding among regulators regarding digital assets and their potential applications. For instance, Reserve Bank of Australia (RBA) Governor Michelle Bullock, as cited in The Sydney Morning Herald, dismissed Bitcoin as “not a currency” or “money,” instead categorizing it as “some sort of asset class”. She further admitted, “I don’t understand it,” and expressed scepticism about its role in Australia’s economy or payments system. This perspective reveals a broader hesitancy and knowledge gap among regulators, which can slow the adoption of general or legal frameworks for tokenized assets.

Proposed Solutions

Development of a Unified Digital Asset Taxonomy: A comprehensive digital asset taxonomy should be established to clearly define the legal status of tokenised assets, distinguishing between different asset types (e.g., securities, commodities, and payment tokens). This taxonomy should be aligned with global standards to facilitate cross-border consistency and reduce legal ambiguity. A well-structured framework will provide regulatory clarity and foster innovation in settlement mechanisms (Key Policy Reforms to Support Tokenisation of Real World Assets in Australia, 2024).

Modernisation of Clearing and Settlement Regulations: Updating the regulatory requirements for clearing and settlement systems is critical. A framework that accommodates atomic settlement and smart contract execution will enable more efficient DLT-based settlement processes. This could involve creating exemptions or tailored requirements for DLT-based platforms, allowing them to operate outside the traditional central counterparty framework while maintaining robust risk management standards (Blockchain Australia, Payments System Modernisation Submission).

Facilitate Access to Central Bank Digital Currency (CBDC): To support efficient settlement, regulators should consider expanding access to central bank money by including stablecoin issuers and DLT-based platforms. Introducing a wholesale CBDC or enabling direct access to the Reserve Bank of Australia (RBA) for approved stablecoin issuers would provide a stable and reliable settlement asset, reducing counterparty risk and enhancing liquidity (Impact of Centralised Blockchain Digital Currency: For Financial Inclusion and Sustainability).

Implementation of Regulatory Sandboxes for Tokenised Assets: Enhanced regulatory sandboxes should be established to allow controlled experimentation with DLT-based settlement solutions. These sandboxes can provide a safe environment for testing innovative approaches, such as the use of CBDCs or new stablecoin frameworks, enabling regulators to gather insights and adapt their policies accordingly. This approach has proven effective in other jurisdictions and can help accelerate the development of efficient settlement mechanisms in Australia (The Tokenization of Everything: Towards a Framework for Understanding the Potentials of Tokenized Assets, 2021).

Adopt Global Standards for Digital Asset Regulation: Australia should align its regulatory framework with international standards, such as those proposed by the Financial Stability Board (FSB) and the Basel Committee. This alignment will reduce regulatory fragmentation, enhance cross-border interoperability, and position Australia as a competitive jurisdiction for digital asset innovation. A globally consistent approach will also attract international investment and facilitate the seamless integration of Australian financial markets with global tokenised asset markets (Key Policy Reforms to Support Tokenisation of Real World Assets in Australia).

Bridging Knowledge Gaps: To address this challenge (i.e. challenge 5 above), the following solutions are proposed: (1) Promote Public-Private Dialogue (PPD): Establish co-regulatory mechanisms for structured dialogue between regulators and industry stakeholders. This can bridge the understanding gap by exposing regulators to real-world use cases and encouraging collaborative discussions on regulatory priorities. (2) Education and Sensitization Programs: Implementation of targeted training programs for regulators to build foundational knowledge of digital assets, their benefits, and associated risks. These programs should emphasize practical applications in areas like tokenized settlement mechanisms and wholesale digital currencies. (3) Evidence-Based Policy Development: Use insights from these discussions and training programs to guide the creation of policies that support innovation while addressing regulatory concerns.

Question 3: *Should efforts to support tokenised markets be focused on large existing asset classes or newer ones, and why?*

Focusing initial tokenisation efforts on large, established asset classes—such as government bonds, blue-chip equities, and commercial real estate—helps build market confidence and regulatory clarity. These assets already operate within well-defined legal frameworks and benefit from deep liquidity pools, making it easier to demonstrate tokenisation's efficiency, transparency, and cost benefits at scale (RWA Tokenisation Litepaper; Payments System Modernisation Submission).

Starting with mature markets reduces complexity for investors, regulators, and infrastructure providers, enabling them to refine policies, standards, and technical solutions in a familiar environment. Once the model is proven and trust is established, tokenisation can gradually extend into newer, more innovative asset classes, leveraging insights gained to safely navigate emerging opportunities (OECD iLibrary; Key Policy Reforms to Support Tokenisation of RWA in Australia, 2024).

Efforts to support tokenized markets should ideally strike a balance between large existing and emerging asset classes to ensure long-term viability and innovation. Focusing exclusively on large, established asset classes risks perpetuating a cycle of regulatory and technological lag, leaving newer asset classes inadequately addressed. While supporting existing asset classes is essential for market stability and broader adoption, overlooking emerging ones could encumber innovation and create barriers for novel solutions to thrive.

A forward-thinking approach should prioritize the development of interoperability standards and simplified regulatory frameworks. These efforts would create a more pliable infrastructure capable of accommodating both established and new asset classes. For instance, crafting regulations that allow for a "plug-and-play" integration of newer asset types ensures that future innovations can enter tokenized markets effortlessly without necessitating a complete overhaul of the regulatory environment.

Addressing the needs of current markets while preparing for the inclusion of new asset classes allows policymakers and stakeholders to create a more flexible and inclusive tokenized ecosystem. This approach has the potential to support the growth of established markets and

promote the development of innovative financial instruments, contributing to a sustainable and diverse tokenized marketplace.

Question 4: *What role could central bank money play to best support the development of tokenised asset markets, and what policy and operational questions would such a role pose?*

Central bank money (such as a CBDC) can provide a risk-free settlement asset that ensures instant, final settlement in tokenised markets. Its guaranteed creditworthiness and neutrality can reduce counterparty risk, foster trust, and support interoperability, making tokenised assets more attractive and secure (Payments System Modernisation Submission; RWA Tokenisation Litepaper).

Regulatory Alignment: How should legal frameworks and definitions of settlement finality adapt to DLT-based models?

Technical Integration: How can central bank infrastructures be made DLT-compatible, secure, and scalable?

Access and Interoperability: Who gets access to these facilities, and how can cross-border and cross-chain interoperability be achieved while maintaining regulatory oversight?

Risk and Governance: How do liquidity, credit, and operational risks shift in a DLT environment, and what governance structures ensure market stability?

Addressing these questions will help central banks support robust, efficient, and trustworthy tokenised markets.

Question 5: *What are the most important capabilities or attributes that central bank money would need to have, to realise the potential of tokenisation in wholesale markets?*

To fully support tokenisation in wholesale markets, central bank money must exhibit several key capabilities:

Instant, Atomic Settlement: Real-time settlement (e.g., T+0) and atomic delivery-versus-payment (DvP) functionality eliminate counterparty risk and streamline liquidity management (Payments System Modernisation Submission; RWA Tokenisation Litepaper).

Interoperability and Standardisation: The ability to seamlessly interact with various DLT platforms and asset tokenisation protocols ensures a unified liquidity pool, promoting efficiency and market integration across different jurisdictions and technologies (Key Policy Reforms to Support Tokenisation of RWA in Australia).

Programmability and Smart Contract Compatibility:

Integration with smart contracts allows automated compliance checks, collateral management, and conditional payments, reducing operational overhead and enhancing resiliency (RWA Tokenisation Litepaper).

Robust Security and Resilience: Strong cyber protections, secure custody models, and resilient infrastructure are essential to maintain trust, mitigate risk, and ensure system stability (Payments System Modernisation Submission).

Clear Legal and Regulatory Frameworks: Well-defined legal recognition, governance guidelines, and regulatory standards provide market participants and investors with clarity, confidence, and transparency in the use of central bank money for tokenised transactions (OECD iLibrary; SoluLab).

Question 6: *Are there any settlement models that are not encompassed in the 'design space' diagram (Figure 1) and should be considered in relation to wholesale tokenised asset markets?*

Certain emerging and hybrid settlement models may not be fully captured in the existing "design space" diagram. These include:

Regulated Liability Networks (RLN): RLNs propose a unified ledger where various regulated liabilities (e.g., central bank money, commercial bank deposits, and e-money) coexist and settle atomically. This model aims to reduce fragmentation and increase efficiency without relying solely on a single tokenised settlement asset. (Adrian T, 2021) (Federal Reserve Bank of New York, 2022)

Third-Party Issued Wholesale Stablecoins: Beyond CBDCs, fully regulated and reserve-backed wholesale stablecoins issued by private financial institutions can serve as settlement instruments. While stablecoins are often conceptually included, those operating under rigorous legal and regulatory frameworks—offering par convertibility with central bank money—present a distinct settlement model. (Financial Stability Board, 2020) (BIS Innovation Hub & Swiss National Bank, 2020)

Interoperable Cross-Chain or Cross-Ledger Protocols: Protocols enabling atomic delivery-versus-payment (DvP) across multiple DLT networks or between DLT and legacy systems may not be explicitly highlighted. These "bridge" solutions expand the settlement landscape by allowing asset transfers and settlements between different technological and jurisdictional domains. (BIS Innovation Hub, 2021) (World Bank, 2021)

Synthetic or Indirect CBDC Models: Models where central bank money is not directly tokenised on the ledger, but represented by a legally enforceable claim on a regulated intermediary—sometimes referred to as "synthetic CBDC"—may not be fully accounted for. These approaches replicate settlement finality and safety without the central bank directly issuing tokens onto DLT. (Bank of England, 2021) (IMF, 2020)

Incorporating these models into the design space could provide a more comprehensive roadmap for stakeholders, helping them understand and prepare for an evolving settlement ecosystem where different forms of regulated liabilities and interoperability solutions coexist.

Question 7: Do you see a role for privately issued forms of digital money in enabling tokenisation in wholesale markets? If so, what types of privately-issued digital money are best suited to play this role, and why?

Yes. Well-regulated, reserve-backed wholesale stablecoins can serve as a trusted settlement asset in wholesale tokenised markets until CBDCs or direct central bank settlement options are widely available. By being fully backed by high-quality assets and issued under robust regulatory oversight, these stablecoins closely approximate the safety and trust of central bank money. They also support instant, atomic settlement and can be designed for easy interoperability across various DLT networks.

Examples include:

Reserve-backed wholesale stablecoins issued by regulated financial institutions

Industry consortium settlement tokens (e.g., Finality)

Commercial bank-issued digital tokens (e.g., JPM Coin)

These forms of digital money foster liquidity, reduce counterparty risk, and encourage standardisation, providing a practical stepping stone toward broader adoption of tokenisation in wholesale markets.

Question 8: While cross-border settlements are not the focus of the current phase, which settlement models may be particularly suited for cross-border transactions?

Models that emphasise interoperability, regulatory clarity, and neutral settlement assets are well-suited for cross-border transactions. These include:

Multi-CBDC Platforms: Joint initiatives allowing multiple central banks to issue and transact in CBDCs on a shared DLT platform can enable real-time, cross-border delivery-versus-payment (DvP) in multiple currencies. (BIS Innovation Hub, 2022)

Regulated Liability Networks (RLNs): RLNs aggregate various forms of regulated money (central bank reserves, commercial bank deposits) on a single ledger, providing a neutral, compliant environment for atomic settlement of cross-border trades. (Adrian T, 2021)

Interoperable, Reserve-Backed Wholesale Stablecoins: Stablecoins fully backed by high-quality liquid assets and operating under strong regulatory frameworks can bridge currencies and jurisdictions. When integrated with cross-ledger protocols, they support

seamless, near-instant settlement without relying on multiple intermediaries. (Financial Stability Board, 2020)

These models highlight interoperability, trusted settlement assets, and robust oversight, making them strong candidates for efficient and secure cross-border tokenised asset settlements.

Question 9: Are there additional considerations relevant to evaluating options for settlement in wholesale tokenised asset markets? Which should be prioritised?

When evaluating settlement options for wholesale tokenised asset markets, additional considerations include regulatory clarity, interoperability, security, scalability, and governance. Prioritising these factors helps ensure robust, trustworthy, and sustainable market structures.

Regulatory and Legal Clarity: Settlement models need a clear legal basis that defines concepts like ownership, enforceability, and settlement finality in a DLT context. Such clarity reduces legal uncertainty and strengthens market confidence (OECD 2020; RWA Tokenisation Litepaper 2022).

Interoperability and Standardisation: Seamless integration with existing market infrastructures and multiple DLT networks prevents fragmentation. Adopting industry-wide standards, common messaging protocols, and open APIs encourages broader participation and efficient scaling (Key Policy Reforms to Support Tokenisation of RWA in Australia n.d.; BIS Innovation Hub 2021).

Security and Operational Resilience: Ensuring that custody solutions, infrastructure, and associated technology can withstand cyber threats, outages, and operational shocks is critical to maintaining trust. Robust security measures and contingency plans foster long-term stability (Payments System Modernisation Submission n.d.; BIS 2021).

Scalability and Efficiency: As tokenised markets grow, settlement infrastructures must handle increasing transaction volumes without compromising performance. Scalable designs and efficient settlement processes ensure sustainability as markets evolve (World Bank 2021; OECD iLibrary n.d.).

Governance and Transparency: Clear governance frameworks and transparent decision-making processes enable swift adaptation to new regulations, technologies, and market conditions, improving overall market integrity and participant confidence (RWA Tokenisation Litepaper 2022; Financial Stability Board 2020).

By prioritising these considerations—starting with regulatory certainty, interoperability, and security—stakeholders can effectively evaluate and implement settlement models that support efficient, inclusive, and stable wholesale tokenised asset markets.

Question 10: *Are there trade-offs associated with different tokenised settlement models that you wish to highlight?*

Centralisation vs Decentralisation: Models relying on central bank digital currency (CBDC) or regulated intermediaries provide higher trust and governance control but may be less flexible or innovative than more decentralised arrangements (OECD 2020; BIS 2021).

Efficiency vs Complexity: Highly interoperable, multi-ledger solutions can foster efficiency and global connectivity but may increase operational complexity, making systems harder to maintain and regulate (Key Policy Reforms to Support Tokenisation of RWA in Australia n.d.; World Bank 2021).

Speed vs Security: Faster settlement and real-time payments can improve liquidity and reduce counterparty risk. However, achieving near-instantaneous processing can mean less time for security checks, necessitating robust cybersecurity measures (Payments System Modernisation Submission n.d.; Financial Stability Board 2020).

Innovation vs Regulatory Certainty: More experimental models may unlock new capabilities, yet their regulatory and legal standing could be less clear, slowing institutional adoption and increasing compliance costs (RWA Tokenisation Litepaper 2022; OECD iLibrary n.d.).

Permissioned vs Permissionless Chains and Interoperability: Issuing assets on permissioned chains provides controlled environments with clear governance and regulatory compliance, but may limit flexibility. Permissionless chains offer greater openness and innovation potential, though they pose challenges for investor protection and oversight. Achieving interoperability between permissioned and permissionless ecosystems adds complexity but can widen market access and liquidity (OECD 2020; BIS 2021).

These trade-offs highlight the importance of balancing innovation, trust, interoperability, and regulatory clarity. Market participants must consider their risk appetite, operational capabilities, and strategic objectives when choosing settlement models that address these complex dynamics.

Question 11: *Could asset tokenisation in wholesale markets be effectively supported by a settlement model that uses a 'synchronisation coordinator'? If so, what should be the focus of that exploration?*

Yes. A settlement model involving a 'synchronisation coordinator'—an entity or mechanism that ensures atomic delivery-versus-payment (DvP) across different platforms or ledgers—could effectively support asset tokenisation in wholesale markets. Such a coordinator can orchestrate the timing and conditions under which digital assets and payments move, reducing counterparty risk and ensuring transaction finality (OECD 2020; BIS 2021).

Governance and Accountability: Clarifying the coordinator's role, accountability mechanisms, and decision-making authority is crucial. Ensuring transparent governance structures can help maintain trust and facilitate widespread adoption (RWA Tokenisation Litepaper 2022; Financial Stability Board 2020).

Technical Architecture and Interoperability: The coordinator should integrate seamlessly with various DLT networks and legacy infrastructures, enabling smooth cross-ledger communication and atomic settlement. This includes establishing common technical standards, communication protocols, and compatible smart contract templates (Key Policy Reforms to Support Tokenisation of RWA in Australia n.d.; World Bank 2021).

Legal and Regulatory Certainty: Defining the legal status of the coordinator, its liability, and the enforceability of transactions it oversees can reduce uncertainty for market participants. Regulatory guidance on data privacy, security, and systemic risk would further support its role (OECD iLibrary n.d.; Payments System Modernisation Submission n.d.).

Risk Management and Resilience: Evaluating the coordinator's approach to cyber threats, operational failures, and contingency planning ensures that the settlement model remains robust under stress conditions (BIS Innovation Hub 2021; FSB 2020).

By focusing on governance, technical integration, regulatory clarity, and risk resilience, exploration into a synchronisation coordinator model can determine its effectiveness in safely and efficiently supporting tokenised wholesale markets.

Adrian, T., Del Negro, M. and Shin, H. S. (2021) 'Regulated Liabilities and Monetary Aggregates', *IMF Blog*. Available at: <https://www.imf.org>

Bank of England (2021) *New Forms of Digital Money Discussion Paper*. Available at: <https://www.bankofengland.co.uk>

Blockchain Australia. (2023) *Response to the Treasury's Consultation Paper: Payments System Modernisation (Licensing: Defining Payment Functions)*. Blockchain Australia, Sydney. Available: <https://treasury.gov.au/sites/default/files/2023-12/c2023-403207-blockchainaustralia.pdf>

BIS Innovation Hub (2021) *BIS Innovation Hub Annual Report*. Available at: <https://www.bis.org/about/areport/areport2024.htm>

BIS Innovation Hub (2022) *Project Dunbar*. Available at: <https://www.bis.org/about/bisih/topics/cbdc/dunbar.htm>

BIS Innovation Hub & Swiss National Bank (2020) *Project Helvetia*. Available at: <https://www.bis.org/about/bisih/topics/cbdc/helvetia.htm>

Brühl, V. (2021) 'The tokenization of everything: Towards a framework for understanding the potentials of tokenized assets', *Journal of Financial Perspectives*, 8(3), pp. 1–20. Available at: https://www.researchgate.net/publication/352903703_The_Tokenization_of_Everything_Toward_s_a_Framework_for_Understanding_the_Potentials_of_Tokenized_Assets

Digital Economy Council of Australia, Digital Finance Co-operative Research Centre, & Ripple. (2024). *Key policy reforms to support tokenisation of real-world assets in Australia*.

Federal Reserve Bank of New York (2022) *NYIC Research Projects (e.g., Project Cedar, Project Lithium)*. Available at: <https://www.newyorkfed.org>

Financial Stability Board (2020) *Regulation, Supervision and Oversight of "Global Stablecoin" Arrangements*. Available at: <https://www.fsb.org>

IMF (2020) *Digital Money Across Borders: Macro-Financial Implications*. Available at: <https://www.imf.org>

Kadaba, M.K.M., Aithal, P.S. and Sharma, K.R.S. (2024) 'Impact of centralized blockchain digital currency (CBDC): For financial inclusion and sustainability', *International Journal of Management, Technology, and Social Sciences (IJMTS)*, 9(2), pp. 156–172. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4860480

World Bank (2021) *Tokenization of Infrastructure Assets: A Blockchain-based Solution to Securitization and Fractionalization*. Available at: <https://www.worldbank.org>