



## RESEARCH

## Insights

# 2026 SIFMA Digital Assets Conference

Conference Debriefing, September 2026

The inaugural [2026 SIFMA Digital Assets Conference](#) highlighted digital assets' role in an increasingly interconnected, 24/7 financial ecosystem. As tokenized securities and blockchain rails move toward broader institutional adoption, participants discussed how the technology is improving the efficiency, accessibility, and resilience of traditional financial markets.

Key take-aways included:

**Interoperability will be a core challenge in hybrid conventional and tokenized markets.** The same security may exist in several forms, on several venues and blockchains, and settle against several forms of digital cash. Unless those forms can be exchanged for one another and converted back into the conventional security, tokenization risks fragmenting liquidity rather than deepening it, complicating price discovery and best execution. Participants called for common industry standards across the legal, operational, data and technology dimensions to guard against that fragmentation.

**Adoption will follow utility, and utility is greatest where frictions in the existing system are highest.** Participants cautioned against "innovation theater" and noted that the strongest institutional use cases address processes that are costly today, such as collateral mobility and financing. Institutional adoption is likely to be slower in markets that already operate efficiently, such as U.S. equities, where netting eliminates roughly 98 percent of settlement obligations.

**Onshoring tokenization activity is an important driver of policy.** Demand for tokenized U.S. equities is currently met largely offshore, often through synthetic products held by non-U.S. retail investors. Regulators framed recent actions, including the SEC's Innovation Exemption, as an effort to bring such tokenization activity into the United States and subject it to U.S. investor protections. Participants agreed that tokenized securities are securities and should be subject to the same investor protection and market integrity standards, though views differed on whether the Innovation Exemption and other agency actions will lead to more onshoring of this activity.

**Exemptive relief is a bridge, but durable rules are necessary for long-term investment.** Regulators described the Innovation Exemption as an interim step toward final rules. However, both regulators and industry speakers noted that firms will be reluctant to make long-term investments without the clarity that final rules provide.

## Digital Assets Conference Debriefing

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*SIFMA's Digital Assets Conference highlighted tokenization's increasing role in capital markets. Across discussions, speakers pointed to tokenization's ability to underpin an upgraded financial infrastructure: improving collateral mobility, expanding distribution and investor access, supporting new financing models and connecting assets and cash on common digital rails. However, the technology also introduces new questions around interoperability, liquidity fragmentation, settlement, custody, investor rights and regulation. Below, we expand on the themes that emerged at our inaugural conference.*

### Tokenization: Different Models Solving for Different Functionality

The conference opened with a fundamental question: What does an investor actually own when a security is tokenized? The term *tokenized security* covers structures with materially different rights. A token may represent an issuer-sponsored security, a wrapped claim on shares held elsewhere, a security entitlement held through an intermediary, or a synthetic exposure to a stock's performance.

A native tokenized security is recorded on a blockchain and is the official record of ownership for those shares (here, the token is the security). Wrapped tokens are more akin to ADRs: an entity, whether sponsored by the issuer or an unaffiliated third party, holds the underlying shares through a custodian and issues a separate token against them, so the holder owns a claim on the wrapper, with whatever rights its terms pass through. A security entitlement token, by contrast, creates no new instrument. The intermediary records the investor's existing entitlement on a blockchain, leaving the investor's rights unchanged and adding no new counterparty. Synthetic tokens typically provide price exposure to a reference security (as with a swap) but generally do not convey ownership, voting or dividend rights. These distinctions determine the investor's entitlement, counterparty exposure, transfer mechanics and available protections.

While panelists agreed that there is no single definition of a tokenized security, they noted that U.S. policy is converging on tokens that convey the full rights of the underlying security, whether issued directly by the issuer or backed one-for-one by securities held by a custodian. The SEC's Innovation Exemption, issued September 17, applies only to tokens that offer "holders the same rights and privileges as does traditional NMS stock of an equivalent class," and excludes synthetic products. As one panelist described the SEC's standard for custodial tokens, a tokenized stock should be a "digital twin, not a digital cousin or a digital second cousin." Synthetic tokens, by contrast, have largely served as a means for overseas investors to gain price exposure to U.S.-listed securities; such tokens are often not backed one-for-one and often do not carry dividend or voting rights in the underlying security.

*"It has to be a digital twin, not a digital cousin or a digital second cousin." —Panelist*

Proxy voting illustrated why these distinctions matter. A holder's ability to express a voting preference is different from a legal voting right that transfers with the token. Panelists also discussed the possibility that issuer-sponsored structures could improve issuers' visibility into their investors and enable communication (and potential benefits) offered directly to individual shareholders—an option that is not possible today given Cede & Co.'s position as legal holder of record for almost all publicly held shares.

SIFMA's view, set out at the opening of the conference, is that regardless of the model employed, tokenized securities are securities and should be subject to the same investor protection and market integrity principles that underpin conventional securities markets.

### Room for Regulation

*"Tokenization is coming, and I would rather it happen here than have overseas markets offer tokenized exposure to U.S. equities without a domestic alternative." —Commissioner Peirce*

Given the uncertain path of the CLARITY bill — with any future iteration likely to be dependent on midterm election results — the timetable for a comprehensive legislative framework remains unclear. Instead, remarks from representatives of the SEC, FINRA and CFTC underscored a common theme: emerging technology may require regulators to revisit rules and processes built around older infrastructure. The SEC's highly anticipated Innovation Exemption, issued September 17, offered a concrete example. Its time- and size-limited framework permits experimentation with trading tokenized stocks through automated market makers, potentially providing the market room to test new approaches and learn from the results. Chairman Atkins has described it as a "bridge toward durable rulemaking."

The SEC's Richard Gabbert said the exemption addresses a specific problem: automated market makers price trades algorithmically and cannot comply with Regulation NMS's order protection rule. He compared the approach to the exemptive orders and no-action letters that preceded Regulation ATS, and stressed that the exemption is not the only route for trading tokenized securities. Exchanges can trade tokenized shares under their existing rulebooks, alternative trading systems can operate on-chain order books within the current framework, and firms whose models fit neither can seek no-action or tailored exemptive relief. Gabbert suggested that registered firms may participate in the exemption itself, but through operationally separate affiliates.

Industry panelists were divided on whether the exemption will bring offshore activity onshore. Some pointed to its volume caps and U.S.-person limit, while others argued that it could serve as an on-ramp to tokenization. Speakers also raised investor protection and market integrity concerns. Prices set by automated market makers need not reference the national best bid and offer, and the full AML and customer-identification regime does not apply. It is also unclear how best execution will work, or whether a token bought on one venue can be sold on another. There were also concerns about the workability of the issuer "opt-out" provision. SIFMA's statement on the day the exemption was released raised similar concerns, including the risk that multiple tokenized versions of the same U.S.-listed security trading in parallel, lightly regulated markets could confuse and harm investors and fragment prices and liquidity. The statement reiterated that any exemption should be "narrowly drawn, open to all market participants, technology neutral" and urged the SEC to begin notice-and-comment rulemaking as soon as possible.

Commissioner Peirce said she shared SIFMA's desire to begin the rulemaking process as soon as possible. She warned that reaching the end of the exemption's five-year term without a clear end state would be a bad result, since firms are unlikely to invest without one. She added that the level of protection U.S. law affords securities market participants should apply "across the board whether you're tokenizing or not."

Peirce also argued that the growth of tokenized markets and related crypto technologies offers an opportunity to rethink financial surveillance. She questioned whether collecting ever larger stores of customer information actually helps identify illicit activity, while increasing privacy and data-security exposure. Tokenization does not eliminate the need to detect wrongdoing, but she posited that regulators could potentially do so more effectively while collecting less-sensitive data and monitoring more selectively, using existing and attribute-based credentials and zero-knowledge proofs, as examples.

*“We build ever bigger data haystacks on the theory that we will find a needle or two inside. The bigger haystack, however, makes it harder to find the needles.” —Commissioner Peirce*

FINRA and CFTC speakers described parallel steps toward a workable market, with growing interest in digital-asset activities bringing a host of operational and interpretive questions, including those relating to conflicts of interest, permissioned access, and the regulatory perimeter for platforms combining services. FINRA’s Jason Foy said broker-dealers were entering a period of “expanded experimentation” with on-chain activity and pointed to results from a FINRA survey showing that of the more than 3,200 member firms that responded, 261 firms were active or planning to become active in crypto-related business within the next 12 months, with about 90 of those firms not active today. Expectations were measured: about 90 percent of firms expected volume of \$100 million or less over the next 12 months, and about 60 percent expected the business to account for less than 1 percent of revenue (he cautioned that because the survey was conducted ahead of the release of Regulation Crypto Assets and the Innovation Exemption, it might understate current interest). As new trading models emerge, FINRA expects to learn where firms encounter operational difficulties or need regulatory interpretation. Foy said the next step would be to share those lessons with the industry, potentially through FINRA’s annual regulatory oversight report. For broker-dealers interacting with tokenized securities venues, he emphasized mapping existing AML and customer-identification obligations to the firm’s actual role and giving investors clear information about which protections apply.

The CFTC’s Amir Zaidi pointed to separate, conditional relief for passive software providers offering interfaces to registered markets, as well as guidance on tokenized collateral and payment stablecoins used as margin. He said the agency was preparing an advance notice of proposed rulemaking on crypto-asset markets and wanted feedback before developing a proposal. Both he and FINRA’s Foy described work to coordinate their rules where products and services converge on a single platform. The connection to the Innovation Exemption was their shared approach: use existing authority to permit bounded experimentation, observe how firms and markets operate, and adjust the longer-term framework in response.

Gabbert and Zaidi both acknowledged that legislation would provide greater durability than agency action alone, though Gabbert noted that CLARITY’s provisions on tokenized securities would not have materially changed the SEC’s authority, since tokenized securities are already securities under existing law. That theme was echoed in remarks from Congressman Ritchie Torres (NY-15), who serves as co-chair of the bipartisan Congressional Crypto Caucus. Agency rulemaking, he said, can advance policy in the short term, but “there’s no substitute for an act of Congress” because later administrations can reverse rules and some legal questions require statutory answers. He argued that Congress should focus on making digital-asset markets safe for investors and consumers and ensuring fair, orderly and efficient markets, leaving product choices to participants. His broader rationale was strategic: if financial activity moves to blockchain-based systems, he believes the United States needs to adapt to protect the

strength of its capital markets, and noted among the many benefits of blockchain-based finance the potential to improve financial inclusion, whether through lower payment costs or greater remittance efficiency.

In a broker-dealer breakout, speakers added that exemptive and no-action relief can be reinterpreted or withdrawn by a future commission, and raised litigation and state-law risks for activity conducted without a statutory framework. Discussions of regulation highlighted that innovation and investor protection need not be opposing objectives. Looking ahead, the question is how market participants can make room for new structures while preserving investor protection and market integrity and moving toward rules that firms can rely on when making long-term infrastructure investments.

### Digital Cash, Custody and Settlement: The Need for Interoperability

A discussion of digital cash shifted the focus from the asset leg of a transaction to the payment leg. A tokenized security can move around the clock, but its settlement benefits are limited if the payment leg remains tied to conventional hours and systems. Panelists discussed payment stablecoins and tokenized bank deposits as potential means of payment, alongside tokenized money market funds for treasury and collateral needs. When cash and securities can move on compatible infrastructure, firms can link payment to delivery, reduce settlement exposure and transact outside conventional operating hours.

*“A deposit is a deposit, regardless of the rail.” —Panelist*

Panelists expected stablecoins and tokenized deposits to continue to coexist in the digital future. Tokenized deposits can build on existing banking relationships, while stablecoins may be useful when counterparties do not share a bank. Speakers noted, however, that institutions receiving stablecoins will need a practical way to convert them into deposits that fit their treasury requirements. Speakers identified unresolved questions about the interoperability of tokenized deposits, the accounting and tax treatment of stablecoins, and the implications for banks that intermediate them. The ability to transfer digital cash quickly is therefore only one part of the value proposition; the recipient must also be able to use, hold or convert it on workable terms.

That need for conversion led directly to a broader discussion of interoperability. Conventional banking and securities systems will coexist with private networks and public blockchains for some time, and a participant warned that, unless the new networks connect, the industry risks “recreating the silo that exists today on our traditional stack into a new stack.” Interoperability must allow cash and assets to move between banks, venues, custodians and client systems, as well as between blockchains. For tokenized securities, it also includes the ability to convert a token back into its underlying conventional form.

*“We’re not upending the system. We’re simply upgrading the system.” —Panelist*

Speakers cautioned that interoperability involves more than a technical bridge. They identified legal finality, operating procedures, data, technology and regulation as dimensions requiring common approaches. On-chain activity must feed security masters, market data, trade capture, clearing systems and firms’ books and records. This becomes especially important when several tokenized representations of the same underlying share exist, each potentially trading on a different venue or settling through a different route. Without reliable identification and

conversion across those forms, a token may move easily within one network while offering limited utility across the broader market.

Custody raises a related question: what, precisely, does an institution control? For a wrapped security or an entitlement token, panelists distinguished custody of the underlying security from control of its on-chain representation. They described self-custody of private keys, custody by a third party, and shared or multiparty control arrangements. Each has different operational demands and risks. For broker-dealers, the continuing requirement to maintain possession and control of customer assets prompted specific questions: Must the firm hold the keys itself? Can a third party satisfy the requirement? How should a shared-key arrangement be assessed, and how does a firm determine whether a blockchain is suitable as a control location?

Panelists also stressed that an on-chain position is not a complete custody or servicing record. Blockchain transactions may make transfers easier to reconcile, but firms still need internal records containing customer, account and funding information that may reside off-chain. Corporate actions illustrate what's at stake: when shares exist in both conventional and tokenized form, the issuer and its intermediaries must know who is entitled to a dividend and ensure payment occurs only once. One DTCC speaker described a model in which the issuer's paying agent makes a single payment to DTC, which then controls its distribution. Others emphasized the need for an authoritative stock record that identifies positions across both forms.

Participants discussed delivery versus payment ("DvP"), which links the transfer of a security to its payment, and payment versus payment ("PvP"), which links two payments so that neither party pays without receiving the other leg. One speaker noted that blockchain-based deposit accounts are already being used for both types of transactions, and added that the reduced settlement risk from having both legs (cash/asset and payment/payment) move on compatible infrastructure need not require instantaneous settlement. Atomic settlement means that both legs complete together or neither does; it does not require every trade to settle immediately.

Speakers cautioned against assuming that faster settlement is always economically superior. A panelist pointed out that atomic DvP may reduce principal risk, but full prefunding can sacrifice the liquidity benefits of netting. The custody and post-trade discussion similarly treated settlement speed as a design choice: tokenized infrastructure can support atomic settlement, but institutions may still prefer netted settlement at defined intervals when liquidity efficiency is more valuable than immediacy.

Speakers also discussed repo transactions, with one speaker pointing to live activity on its distributed-ledger repo platform involving cross-border and cross-entity financing, pledges and tri-party transactions. All agreed on the benefits from moving securities to the entity where they're needed when they are needed, rather than holding collateral in several locations in anticipation of demand; firms can get assets where they need to be "just in time, rather than just in case." Panelists connected this greater collateral mobility to more efficient funding and liquidity management, particularly across time zones.

More broadly, participants pointed to firms' need for ways to exchange digital cash across banks and connect it to assets held on other systems. For repo and other collateral uses, participants cited the need for clearinghouses to accept tokenized collateral and for legal recognition of blockchain-based transfers and settlement finality across jurisdictions. Recipients must also be able to assess and, if necessary, liquidate the collateral under stress; panelists frequently noted that tokenization alone does not improve the underlying asset's credit quality or market liquidity.

Greater adoption will depend on interoperable cash and securities rails, clear legal treatment and timing optionality from a settlement perspective.

### The Future of Digital Assets: Where to Next?

Panelists described a future where tokenization is a key part of financial market infrastructure, and one in which investors focus on the functionality of the asset held, rather than the form (tokenized vs. traditional) the asset takes. As one panelist noted, tokenization “has to be invisible” to an ordinary investor.

The ability to be “fully invested” around the clock is one such illustration of that future. One panelist envisioned earnings allocated across a personalized mix of public and private assets from the moment they are received, with investments converted to cash when a payment is made. Tokenized holdings could also give investors more flexibility to pledge a fund or security as collateral without necessitating its sale.

*“I asked the audience: ‘Who here uses rideshare, like, Uber or Lyft?’ And the entire audience...raised their hand. And then I asked, ‘Who here can say confidently that they are fully invested...every penny of their earnings is...either generating appreciation or yield?’ And literally, no one raised their hand except for... one of the people that I know who is very enthusiastically digital assets-focused.” —Panelist*

The use of agentic AI will likely play a role in this process, many said, particularly if AI is used to identify trades and assemble personalized portfolios, with tokenized assets and smart contracts used to execute them. Today, assembling and managing a bespoke portfolio requires moving among systems that hold cash, public securities and private assets separately. Shared digital infrastructure could make those transfers and allocations easier to coordinate, and agentic trading could make round-the-clock markets more practicable. The prospect also raises questions about authority and accountability, however. Who is liable if an agent instructed to spend \$10 spends \$10,000 instead?

*“AI is actually a bigger client for us today than humans are.” —Panelist*

Panelists did not expect a wholesale move to on-chain markets at once. Traditional and tokenized assets will coexist and continue to develop in parallel, and firms will need to connect them while building the liquidity, custody, recordkeeping and operating capacity to support wider use. Panelists also noted the double-edged nature of transparency accompanying the blockchain—greater visibility into assets and transactions that improves valuation and administration at the cost of potential position exposure without proper privacy guardrails. Nor does putting an asset on a blockchain create liquidity or improve its investment merits: willing participants and economic incentives must follow. For investors, progress will be measured by whether these systems improve access, allow assets and collateral to move when needed, and make transactions easier without compromising the protections on which markets depend.

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