

Unlocking Collateral Mobility With Tokenized Money Market Funds

Findings from two industry reports – the UK & EU TMMF Working Group (2025) and the U.S. Tokenized MMF Working Group (2026) – assessing the legal, regulatory and operational case for TMMFs as institutional collateral, proven in a live industry sandbox.

300+

participants in the U.S. working group

190+

firms convened across both regions

48

firms in the U.S. industry sandbox

3

near-production sandbox simulations

WHY NOW

Margin Demands Are Rising. Tokenization Is Ready.

Post-crisis margin regimes require more collateral, in the right place, at the right time — while tokenized real-world assets scale rapidly and U.S. regulatory clarity improves.

\$8.4B
tokenized RWA assets under management by May 2026 — up **298% since 2024**

\$1.6T
non-cleared initial and variation margin collected at year-end 2025

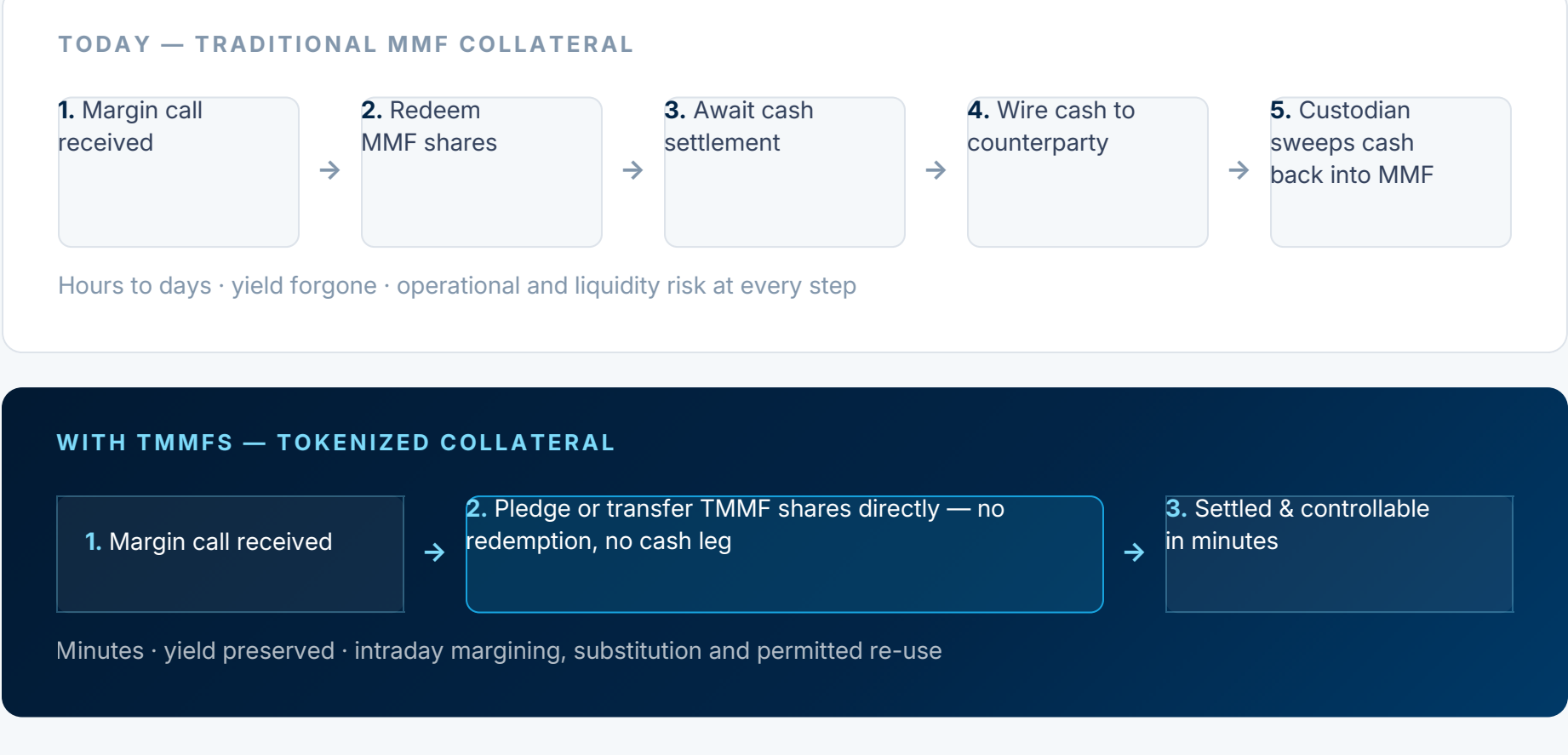
51.7%
of collateral received for non-cleared derivatives is now non-cash — cash at its lowest share on record

\$423.5B
required initial margin posted to major CCPs for cleared rates and CDS

THE FRICTION

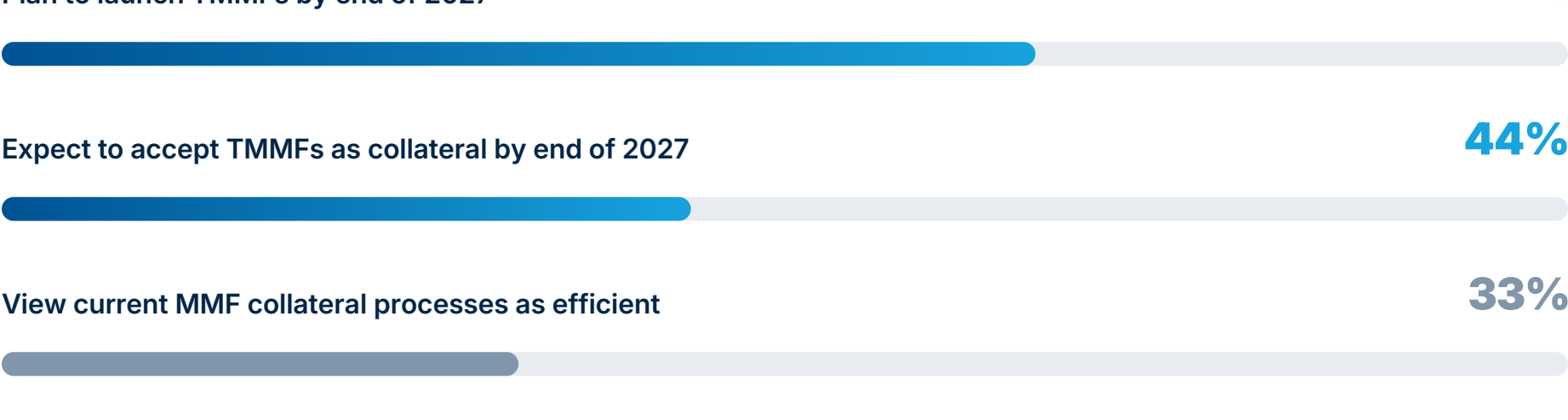
From Redemption Cycles to Direct Pledge

Today, meeting a margin call with MMF holdings means redeeming shares for cash — a multi-step workflow that loses yield, adds operational risk, and strains liquidity in volatile markets, as the 2020 “dash for cash” and 2022 LDI crisis showed.



ADOPTION OUTLOOK

The Market Expects TMMFs Before the End of 2027



Source: ValueExchange survey data, cited in the U.S. TMMF Working Group report (2026)

LEGAL & REGULATORY ASSESSMENT

Three Models. Ten Dimensions. Broadly Workable.

Tokenization does not recharacterize the asset — the token is simply the record of ownership. The U.S. working group assessed three tokenization models, aligned to the SEC-CFTC Digital Asset Taxonomy, across ten legal and regulatory dimensions.

Digital Native
The DLT ledger *is* the authoritative record — the issuer or transfer agent records MMF share ownership directly on-chain.

Digital Twin
Off-chain books and records remain authoritative; the on-chain token mirrors that record as a synchronized ledger.

Custodial / Intermediated
A bank, broker or securities intermediary custodies the shares, with its books maintained on, or updated from, DLT.

Workable in 8 of 10 dimensions
All three models fit within established legal, contractual or regulatory frameworks - covering UCC Articles 8, 9 and 12, transfer-agent recordkeeping on DLT, uncleared IM (CFTC and prudential), uncleared VM, and repo & securities lending collateral.

Two dimensions flagged
Cleared VM: MMFs are explicitly excluded - a potentially significant impediment. **Uncleared IM (SEC):** no explicit guidance; tokenized securities are assumed to be treated as their non-tokenized equivalents.

In the UK & EU: relative legal certainty exists for TMMFs posted as bilateral variation margin under an English-law ISDA CSA, with Luxembourg offering statutory frameworks for digitally native shares. Ireland and Luxembourg together host over 80% of Europe’s MMFs and cross-border funds.

PROVEN IN THE SANDBOX

From Theory to Demonstrably Practical

The GDF Industry Sandbox, powered by Ownera, ran three simulations of increasing complexity with leading institutions — State Street, BlackRock, Citi, Fidelity, Invesco, BBH, Standard Chartered, U.S. Bank, ICE and CME among them — across multiple custodians, chains and data providers.

SIMULATION 1

Bilateral Uncleared VM

Multi-token, cross-custodial VM pledges with dispute handling and haircut mechanics.

SIMULATION 2

Cleared IM Cascade

CCP-to-FCM-to-client cascade, DvD substitution of cash for TMMFs at the CCP, and intraday cash re-use across two CCPs.

SIMULATION 3

Uncleared IM (UMR)

Code-enforced third-party segregation via smart contract, and tri-party segregation governance on tokenized rails.

What the simulations demonstrated

✓ Settlement completed in **minutes**, not the conventional cycle

✓ Collateral optimized and substituted on **live market data**; freed cash instantly re-usable across CCP obligations

✓ Existing margin and collateral platforms **remained in place** — tokenization as an efficiency layer, not a replacement

✓ Pledges settled across **multiple custodians and chains** in single workflows

✓ IM segregated two ways - **enforced in code** and governed by an independent **tri-party agent**

✓ The **router layer** delivered interoperability with zero bilateral integrations and no common chain required

INDUSTRY RECOMMENDATIONS

Four Steps to Enable TMMFs as Collateral

1

Clarify legal recognition of TMMFs under U.S. commercial law and collateral documentation.

2

Promote interoperable infrastructure connecting tokenized fund records with existing collateral, custody and margin systems via open standards.

3

Facilitate TMMF use within existing U.S. eligible-collateral regimes wherever the underlying MMFs are already acceptable.

4

Support market adoption through controlled production testing, standardized eligibility criteria and issuer participation.

CALL TO ACTION

Move From Near-Production Simulation to Live On-Market Production

Assess where TMMFs deliver the clearest value in your collateral workflows, identify business owners and governance paths, engage counterparties and issuers, and build a near-term adoption roadmap on shared open infrastructure.

Sources: “Unlocking Capital with U.S. Tokenized Money Market Funds for Collateral Mobility” (GDF & ISDA, 2026) and the UK & EU TMMF Working Group report (GDF, 2025). GDF Industry Sandbox powered by Ownera. For thought leadership; not legal, regulatory or investment advice.

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