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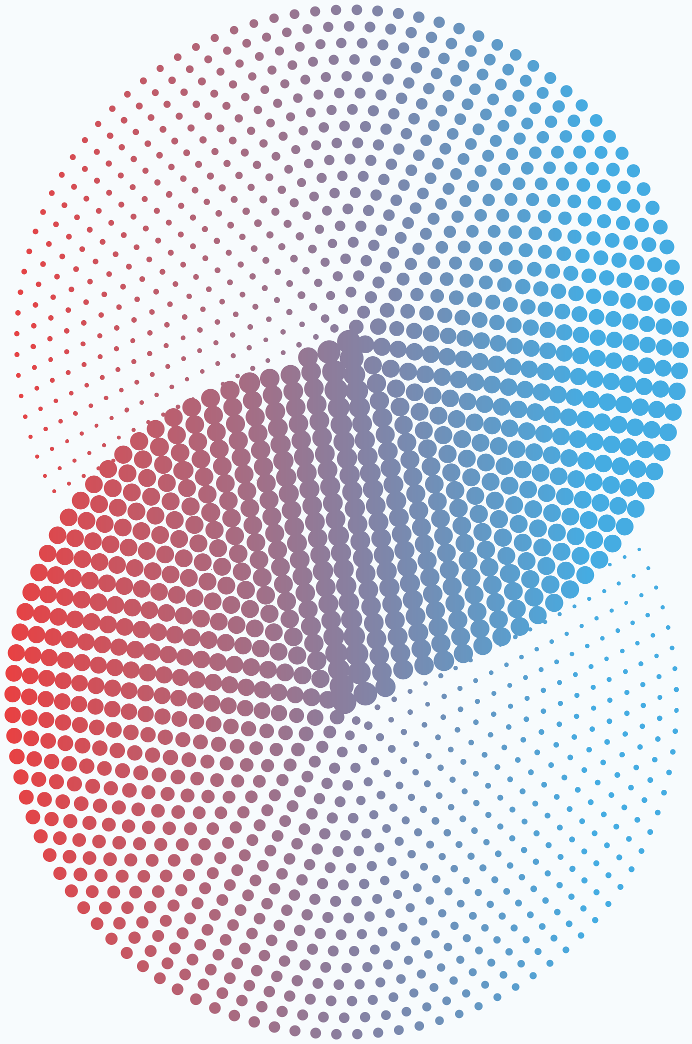

Institutional Strategy Briefing | Capital Markets Infrastructure

Tokenization Go-to-Market: Why the US and EU are Building Different Things

Same technology, different strategies – while the US goes all-in on shares, Europe favours certificates

Thesis: In the US, tokenized public equities will likely lead, because the registry layer (i.e., transfer agents or TA registered with the Securities and Exchange Commission (SEC) can be converted at the source). In Europe, that path is blocked by depository fragmentation, so the first real volume will likely come from retail leveraged certificates issued under national Distributed Ledger Technology (DLT) registry laws. Same technology, opposite entry points.

Tokenization has moved past proof-of-concept into its distribution phase. The question is no longer whether an asset can be tokenized but which registry sits on it. Synthetic "digital twin" wrappers (i.e., a token referencing a share custodied somewhere else) won't survive institutional diligence because the token isn't the native security. Native issuance does.

For a broker-dealer, the case for native tokenization generally rests on three things: round-the-clock trading, lower post-trade cost, and tokens that qualify as high-quality DeFi collateral. All three depend on the registry layer. That's why the registry is where the strategic action is.

1. THE US: CONVERT THE TRANSFER AGENT

In the US, the definitive shareholder register sits with an SEC-registered transfer agent. The TA has legal authority over who owns what; brokers, custodians and clearing agencies all sit downstream of it. Convert the TA and you may be able to convert everything below it.

The blueprint. On May 5, 2026, Bullish announced a definitive agreement to acquire transfer agent Equiniti from Siris for $4.2 billion. Closing is expected in January 2027, subject to regulatory approval. Bullish is positioning the combination as a blockchain-enabled transfer agent designed to interoperate with existing infrastructure, including Depository Trust & Clearing Corporation (DTCC), Euroclear and Clearstream.

Why it scales. Equiniti is the system of record for nearly 3,000 issuers (roughly 35% of the S&P 500 and nearly half of the FTSE 100), covering over 20 million shareholders and about $500 billion in annual issuer payments. One integration decision at the TA reaches thousands of issuers at once. That is the mechanism: not persuading companies one at a time, but upgrading the layer they already depend on, under existing SEC rules, with the deepest-liquidity assets in the world already on it.

2. WHY EUROPE CAN'T COPY THIS

Europe has no equivalent conversion point. Public equities are recorded in Central Securities Depositories (CSD), which operate as national or regional near-monopolies with rigid processes and no commercial incentive to be disintermediated. There is no competitive TA layer to acquire.

A country's national law offers a partial route. For example, Germany's Electronic Securities Act (eWpG) creates a licensed **crypto securities registrar** (i.e., a permissioned financial service under BaFin supervision) that can maintain the legally definitive register for a DLT-based security, giving it legal equivalence to a traditional certificated security but without the need for a CSD. As an example Cashlink holds BaFin licences as both registrar and qualified crypto custodian, thus being able to maintain securitiy registries on the blockchain and also secure private keys for token-based securities. As the eWpG route works issuer-by-issuer, moving an existing listed European equity onto it generally requires issuer action and a share-class change. That is a slow, negotiated path. This path may be viable for new issuance but unworkable as a strategy for migrating existing equity registers at scale.

3. EUROPE'S ACTUAL OPENING: RETAIL LEVERAGED CERTIFICATES

Because European equities are structurally hard to move, the first material EU volume may come from retail structured products: specifically listed leveraged certificates.

What these are: pre-packaged instruments issued directly by banks, combining an underlying (e.g., equity, index, commodity, digital asset) with derivatives to produce a defined payoff. In Europe, they are typically listed leveraged certificates used for short-term tactical exposure.

A few factors make this the likely approach:

Issuance is already continuous. Banks issue and retire these products constantly. EUSIPA-reporting markets logged roughly 1.9 million new product listings per quarter through 2025, with leverage products around 90% of new issuance and 2.3 million leverage products listed at mid-year. No migration problem exists because every product is new. Cashlink markets sub-minute issuance for token-based certificates, which is the competitive claim, not cost (e.g., a Cashlink/FinPlanet study projects middle- and back-office savings of up to 85% by 2028 in the cross-border case, though present-day figures are far lower).

The volume is real without being a cash-equity slugfest. Quarterly exchange turnover across reporting markets ran €40–51 billion through 2025 (Q4/2025: €51 billion, of which €34 billion was leverage products), against €495 billion outstanding. Roughly €180 billion of annual turnover: smaller than US equities in absolute terms, but earned through listing and issuance fees rather than spread compression.

Regulation is pushing demand this way. On February 24, 2026, European Securities and Markets Authority (ESMA) reminded firms that derivatives marketed as perpetual futures (including crypto perpetuals) are likely to fall inside existing national CFD product-intervention measures, regardless of what they're called. Where they do, the full regime applies: leverage caps (e.g., 2:1 for retail crypto exposure under the original ESMA measures), mandatory risk warnings, margin close-out, negative-balance protection, and a ban on trading incentives. Crypto venues and brokers that want to keep offering leveraged retail exposure in the EU now have a reason to look at regulated securities wrappers instead.

Issuance can skip the CSD. New token issuances under eWpG can be structured without legacy CSD lock-in, and registrars are integrating issuance, registry, and settlement directly into broker systems: which is the layer that actually determines adoption.

4. STRUCTURAL COMPARISON

	United States	Europe
Lead asset class	Listed public equities	Retail leveraged certificates
Registry layer	SEC-registered transfer agents	Licensed DLT registrars (e.g., eWpG)
Who holds the "golden" record	Transfer agent	Crypto securities registrar
Regulatory anchors	SEC frameworks, TA rules	eWpG, MiCA, DLT Pilot Regime, among others
Conversion mechanic	One TA converts thousands of issuers	Per-issuer, per-product issuance
Economics	Scale on deep existing liquidity	Listing and issuance fees on high turnover

One clarification the debate usually blurs: **the eWpG registry route and the DLT Pilot Regime (Pilot) are separate.** eWpG governs issuance and the register, and does not depend on the Pilot. The Pilot's caps bind DLT *market infrastructures*: trading venues and settlement systems seeking MiFID II/CSDR exemptions. A tokenized certificate can be registered under eWpG and cleared through conventional channels without touching the Pilot at all. The caps constrain on-chain trading venues, not the issuance thesis.

5. THE UNPROVEN PART: DEMAND

Infrastructure is running well ahead of adoption, and that gap is the thesis's real vulnerability.

- Few S&P 500 issuers have announced large-scale native tokenization. The Bullish–Equiniti deal doesn't close until January 2027.
- No European bank has launched material production volume of tokenized equities or structured products, despite licensed registrars being available.
- No Tier-1 global broker has announced full native tokenized settlement at scale for either asset class.
- The SEC has not issued comprehensive final guidance on tokenized equity venues or custody standards.
- Under the DLT-Pilot Regime, only few infrastructures have been authorised (CSD Prague, 21X, Axiology, Securitize and 360X) with minimal live trading.

The DLT-Pilot's Regime constraints are being addressed, but slowly. Current limits cap aggregate DLT instrument value at €6 billion at admission
(€9 billion triggers a wind-down), with equities restricted to issuers below €500 million market cap and bonds below €1 billion. The Commission's Market Integration and Supervision Package proposes removing the product-specific caps, extending eligibility to all MiFID II instruments, and raising the aggregate cap to €100 billion, with a simplified regime below €10 billion.

Trialogues are expected to run through H2 2026 and into 2027, with political agreement not anticipated before late 2027. In February 2026, a group of tokenization firms pressed for a faster standalone fix, warning that delay risks pushing liquidity permanently to the US.

So: the caps are a known problem with a proposed fix on a multi-year clock. The nearer-term bottleneck is not regulation so much as a lack of demonstrated buy-side demand at size.

6. WHAT FOLLOWS

In Europe, the winners may be registrars that reach regulatory approval at scale and operational parity with CSDs on custody and compliance. But volume follows distribution, not technical capability: which makes broker partnerships more decisive than product quality. Enough distribution reach, and registrars can offer issuers a credible alternative to CSD monopolies, reproducing something like the competitive US transfer agent landscape.

The two markets are complementary rather than convergent. US investors gain access to European leverage products; European issuers gain distribution breadth. The end state is "tokenize nationally, distribute globally" but getting there requires aligned SEC and ESMA custody standards, broader stablecoin settlement acceptance, and coordinated cross-border tax and anti-money laundering (AML) treatment. Although first transcontinental distributions will take place in Europe in the near future, it will still take some time for a standard to be established. For now, the trajectories are divergent, and the right read is that each market is solving its own registry problem first. Convergence is a later chapter.

This article is for educational purposes only, is not investment advice, and does not announce or imply any partnership, product, endorsement, or commercial commitment.

Cashlink, a licensed crypto securities registrar and qualified custodian under BaFin supervision, collaborated with Ava Labs and the author on this analysis. The perspectives here reflect joint research into registry mechanics and institutional tokenization infrastructure, particularly around the eWpG registrar route in Europe.

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