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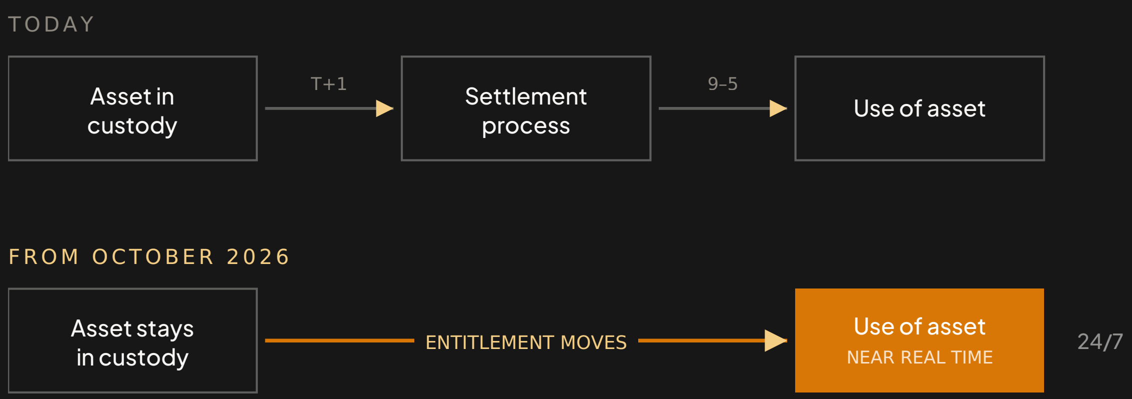
The Bank Balance Model

How tokenisation separates owning an asset from using it, and why the infrastructure behind global markets is being rebuilt around that distinction in 2026.



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SUBJECT
MARKET INFRASTRUCTURE · TOKENISATION

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EXECUTIVE SUMMARY

Something changed in July, and most businesses have not registered it

On 15 July 2026 the Depository Trust & Clearing Corporation, the institution sitting behind essentially every US securities transaction, processed live production trades using tokenised versions of assets already held in its custody. DTCC's own announcement records more than thirty participating firms; several outlets covering the event reported upwards of forty.[1] JPMorgan opened the day by converting the Invesco QQQ Trust into a tokenised asset and pledging it as margin collateral at CME Clearing. Goldman Sachs, BlackRock, Vanguard, Nasdaq and the New York Stock Exchange were among the participants.[2]

The full service launches in October 2026. The trades ran as regulated production activity rather than a sandbox exercise, under a No-Action Letter previously granted by the SEC permitting DTCC's depository subsidiary to tokenise certain highly liquid assets on pre-approved blockchains under a three-year authorisation.[3]

This is not a cryptocurrency story. Nothing about it requires anyone to hold a view on digital currencies, and it does not create new securities or alter who legally owns what. What it does is separate two things that have been welded together since securities markets were built: **the record of what you own, and your ability to use it.**

That separation is the entire point, and it is worth understanding even for organisations that will never touch a tokenised security, because the same principle is now arriving in supply chains, private funds, property registers and corporate treasury.

Oct 2026	30+	23/5	$17tn
DTCC Tokenization Service full launch	Firms in the July production pilot	Nasdaq trading hours, SEC approved	Foreign holdings of US equities

The argument in one paragraph

Your bank balance is not cash in a vault. It is a record of an entitlement, and it moves instantly because of that. Securities have never worked this way: using an asset has meant moving it, through a settlement process that runs on business hours. Tokenisation applies the bank-balance model to securities. The asset stays where it is. The right to use it moves at the speed of a message. The immediate commercial consequence is that collateral held as a buffer against slow settlement stops being necessary.

01 · THE MECHANISM

Your bank balance already works this way

Nobody believes the number in their banking app represents physical notes in a vault with their name on them. The balance is a record of an entitlement. The bank owes you that amount. What makes it useful is that the entitlement moves instantly, at any hour, without anyone transporting anything.

Securities have never worked that way. A share or a bond sits in custody, and moving it, pledging it, or lending it against a margin call requires a settlement process running on business hours, through intermediaries, over one or more days.

Tokenisation, as DTCC has implemented it, applies the bank-balance model to securities. The service creates what DTCC calls tokenised representations, or digital twins, of securities already held in custody.[4] Those entitlements move between approved wallets on approved blockchains. The underlying legal ownership structure and investor protections do not change. The security does not become something else. Only the record layer becomes mobile.

> The asset stays where it is. The right to use it moves at the speed of a message.
>
> THE CORE DISTINCTION

FIGURE 1 · WHAT TOKENISATION CHANGES, AND WHAT IT DOES NOT

UNCHANGED		CHANGED	
Legal ownership of the asset	×	Speed the entitlement moves	✓
Investor protections	×	Hours it can move in	✓
Who the custodian is	×	Whether rules travel with it	✓
Regulatory perimeter	×	Need to reconcile records	✓
Valuation and liability questions	×	Buffer held against delay	✓
Who supervises the arrangement	×	What can be financed, and how fast	✓

SOURCE: CORENTIAL ANALYSIS OF DTCC TOKENIZATION SERVICE DOCUMENTATION, 2026

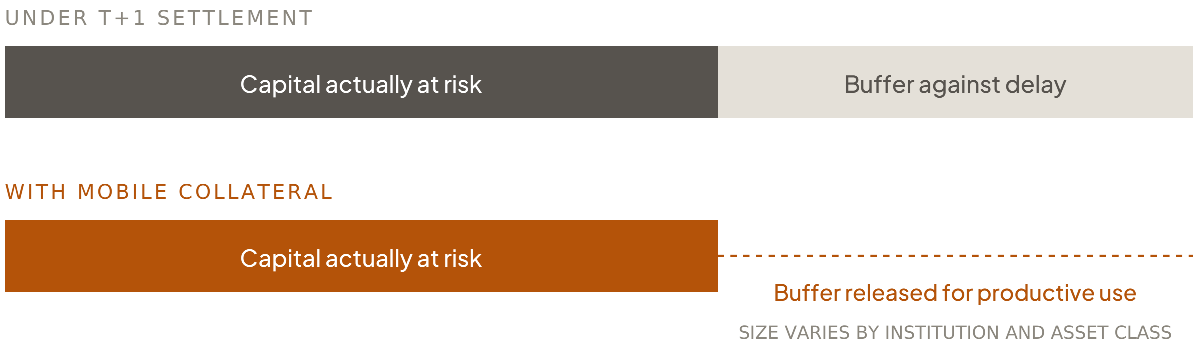
02 · THE COMMERCIAL CASE

The clearest argument sits in idle collateral

Collateral today runs on banking hours while markets increasingly do not. Assets end up trapped across institutions and time zones. Because you cannot reliably move collateral at two in the morning, you hold a buffer against the possibility that you might need to.

DTCC has framed the objective in its own terms as freeing up trapped liquidity.[5] The scale is material: DTCC's depository subsidiary holds custody of more than $114 trillion in assets, which sets the outer bound of what could eventually be mobilised this way.[6]

FIGURE 2 · WHY CAPITAL SITS IDLE UNDER DELAYED SETTLEMENT



SCHEMATIC, NOT TO SCALE. ILLUSTRATES THE PRINCIPLE DESCRIBED IN NOTE 5; NO SPECIFIC FIGURES ARE IMPLIED

When collateral is tokenised, the same Treasury bond can move between margin accounts, clearing houses and venues without settlement friction. An asset sitting idle with one clearer overnight can cover a margin call with another.

In May 2026 DTCC said its Collateral AppChain would use Chainlink's Runtime Environment and data standard to support continuous, near real-time collateral workflows across traditional markets and blockchains, with production launch targeted for the fourth quarter of 2026.[5]

WHAT THE JULY PILOT ACTUALLY COVERED

Collateral pledge movements · Securities lending · Treasury and repo delivery-versus-payment · Equity DVP and delivery-versus-delivery trades · Equity token transfer · Central counterparty margin workflows

Conversions ran across Hyperledger Besu, DTCC's private network, and Canton, a public network, as part of a stated multi-chain approach to resiliency, scalability and choice.[4]

That list matters more than it might appear. These are not experiments at the edge of the market. They are the core plumbing of institutional finance, tested in a production environment.

03 · THE SECOND FORCE

Markets that do not close

Tokenisation is arriving at the same moment as a structural extension of trading hours, and the two reinforce each other. A market trading nearly around the clock cannot be supported by a settlement and collateral layer that stops at five o'clock. This is why both are happening together rather than by coincidence.

WHEN	WHAT
Feb 2025	SEC approves NYSE Arca's proposal to extend trading to 22 hours a day, Monday to Thursday, and to 8:00 p.m. ET on Fridays.[7]
Apr 2026	SEC approves Nasdaq's move to 23 hours a day, five days a week. Weekdays split into a Day Session (4:00 a.m. to 8:00 p.m. ET) and a Night Session (9:00 p.m. to 4:00 a.m. ET), with a one-hour pause for maintenance and corporate actions.[8]
Jun 2026	DTCC's National Securities Clearing Corporation targets production launch of extended clearing on a 24/5 basis, subject to regulatory approval. Exchanges cannot launch overnight sessions until this and the market data infrastructure are in place.[8]
Jul 2026	DTCC processes live production trades using tokenised representations of DTC-held assets.[1]
Oct 2026	DTCC Tokenization Service full launch, expected to widen participant access and eligible securities beyond the current cap.[3]
Late 2026	Nasdaq and NYSE Arca both target launch of extended hours, each dependent on securities information processor readiness and DTCC clearing modernisation.[8]

The stated driver is rising investor demand for access to US equities during overnight hours, particularly among investors in Asia and other jurisdictions whose business hours do not coincide with US market hours.[9]

Separately, on 19 January 2026 the New York Stock Exchange announced development of a platform for trading and on-chain settlement of tokenised securities, combining its Pillar matching engine with blockchain post-trade systems, and offering 24/7 operation, instant settlement, dollar-denominated orders and stablecoin-based funding. It is subject to regulatory approval and, as at early August 2026, no launch date had been confirmed.[10]

> A market that trades nearly around the clock cannot run on a settlement layer that stops at five o'clock.
>
> WHY BOTH CHANGES ARRIVE TOGETHER

What this means for a business that will never issue a security

Most organisations will never tokenise anything. The relevance is in the principle, which is already spreading well beyond capital markets.

Ownership records become programmable

Once an entitlement is a token, rules attach to it: who may hold it, under what conditions it transfers, what happens on a corporate action. Compliance moves from a check performed after the fact to a constraint enforced at the point of transfer.

Reconciliation stops being necessary rather than becoming faster

Two parties reconcile because each keeps its own record. When both write to and read from the same record, there is nothing to reconcile. This is the single largest operational cost reduction available, and it applies far beyond securities.

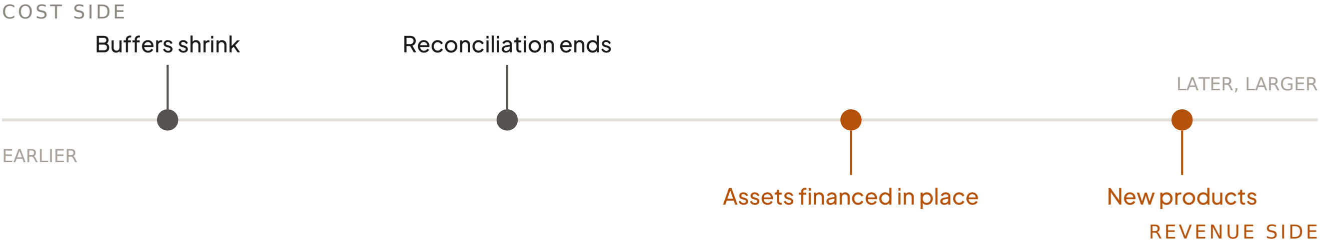
Assets can be used without being moved or sold

Separating the entitlement from the underlying asset means value can be pledged, lent or fractioned while the asset itself stays put. For private funds, property, inventory and receivables, this changes what can be financed and how quickly.

The settlement window stops constraining the business model

Products that were impossible because money or assets took days to move become possible. This is where new revenue lines tend to appear first, and it is the more valuable half of the opportunity.

FIGURE 3 · WHERE THE EFFECT LANDS FIRST



COST EFFECTS ARRIVE FIRST AND ARE EASIER TO QUANTIFY. REVENUE EFFECTS ARRIVE LATER AND ARE USUALLY WORTH MORE

THE DIAGNOSTIC

Three questions worth answering internally

None of these require a view on tokenisation. They establish where a business is exposed to the current settlement model, which is the prerequisite for deciding whether to do anything at all.

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1. ## Where does your business hold a buffer purely because something cannot move fast enough?

   Cash, stock, collateral, deposits. That buffer is the cost of the current settlement model, and it is the first thing that shrinks.

2. ## Where do you reconcile against a counterparty?

   Every reconciliation is two parties maintaining separate records of the same fact. Some of those will become shared records within a few years. Knowing which ones are yours tells you where the operational saving sits.

3. ## What could you offer if settlement were instant and continuous?

   This is the revenue question rather than the cost question, and it is usually the more valuable one.

05 · THE OTHER SIDE

The case against moving early

This should be stated plainly, because most writing on tokenisation does not state it at all.

- → **The infrastructure is not finished.** DTCC's initial service is a record-keeping and transfer layer. Settlement and collateral functionality are planned for later releases rather than available at launch.
- → **Extended hours are contingent.** Exchanges cannot launch overnight sessions until market data processors and DTCC's clearing modernisation are in place. These dates have moved before and may move again.
- → **Liquidity outside normal hours is thin.** Major banks have been publicly cautious about round-the-clock trading, citing lower liquidity, higher volatility and unclear return on the required investment. Being able to trade at three in the morning is not the same as being able to trade well at three in the morning.
- → **Nothing here removes the hard part.** Tokenising an asset does not resolve who values it, who is liable when something fails, or which regulator supervises the arrangement. Those questions are legal and operational, and they take longer to answer than the technology takes to build. Most tokenised fund launches are paced by structuring and regulatory approval rather than by engineering.

The position we would take

An organisation that reorganises its treasury around continuous settlement in 2026 is early in a way that costs money. An organisation that has not worked out which of its buffers and reconciliations are exposed is going to be late in a way that also costs money.

The useful work sits in the gap between those two positions: understanding your own exposure without yet rebuilding around a standard that has not finished forming.

A note on sequencing

The pattern in every previous market infrastructure change has been the same. The technology arrives first and looks decisive. The legal and operational questions take considerably longer, and they determine the actual timetable. Firms that prepared their operating model early moved quickly when the standard settled. Firms that waited for certainty found that certainty and competitive advantage did not arrive together.

NOTES AND SOURCES

References

All figures and dates in this paper are drawn from the sources below, and were accurate as at 10 August 2026. Where reporting differs between sources, the discrepancy is noted in the text rather than resolved silently. Corential has not independently verified third-party data.

1 DTCC processes first live production trades of tokenised securities, 15 July 2026. Participant counts differ between DTCC's own announcement (more than 30 firms) and secondary reporting (40 or more). Reported by Markets Media, The Block and Genfinity, July 2026.

2 J.P. Morgan tokenisation of the Invesco QQQ Trust and pledge of tokenised collateral at CME Clearing. Markets Media, "J.P. Morgan Tokenizes QQQ ETF at DTCC", July 2026; CNBC and Wall Street Journal reporting, July 2026.

3 SEC No-Action Letter permitting The Depository Trust Company to tokenise certain highly liquid assets on pre-approved blockchains under a three-year authorisation. Reported by The Block, July 2026. October 2026 launch scope and the current 1,000-security cap reported by Global Custodian and CNBC, July 2026.

4 DTCC terminology ("tokenised representations", "digital twins") and multi-chain approach across Hyperledger Besu and Canton. DTCC announcement as reported by Markets Media, July 2026.

5 DTCC Collateral AppChain integration of Chainlink Runtime Environment and data standard, announced 12 May 2026, production launch targeted Q4 2026. Markets Media, May 2026. DTCC statements on freeing trapped liquidity reported by The Block, July 2026.

6 DTC assets under custody in excess of $114 trillion. Genfinity, July 2026, citing DTCC.

7 SEC Release No. 34-102400; File No. SR-NYSEARCA-2024-89, 11 February 2025, approving NYSE Arca extended trading hours.

8 SEC Release No. 34-105199; File No. SR-Nasdaq-2025-109, 10 April 2026, approving Nasdaq's 23/5 proposal. Session structure, NSCC 24/5 clearing dependency and late-2026 launch targets per Simpson Thacher & Bartlett, "Looking Ahead to Extended Trading", 29 April 2026, and Faegre Drinker, June 2026.

9 Driver of demand from investors outside US time zones. Faegre Drinker Biddle & Reath, June 2026; SIFMA, Extended Trading Hours.

10 Intercontinental Exchange, "The New York Stock Exchange Develops Tokenized Securities Platform", 19 January 2026. Status as at early August 2026 per subsequent reporting.

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02

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