# Lloyds and Archax pioneer first tokenised fund collateral use in UK FX market



Lloyds Banking Group, alongside Archax and Aberdeen, has marked a significant milestone in UK financial innovation by completing the country's first blockchain-based tokenised fund transaction. This pioneering move demonstrates growing confidence in the UK’s digital asset infrastructure and highlights the potential for secure, regulated blockchain investments within traditional markets.

In this landmark initiative, tokenised units of Aberdeen Investment’s money market fund (tMMF) and tokenised UK gilts were employed as collateral for foreign exchange (FX) trades between Aberdeen and Lloyds. The digital tokens were issued, transferred, and securely held by Archax—a UK FCA-regulated digital asset exchange—on the Hedera Hashgraph public permissioned blockchain. Given that the UK is a central player in global FX markets, trading around $5.4 trillion in FX and interest rate derivatives daily, this demonstration underscores how regulated digital assets can act as collateral within this high-value sector. The programmable nature of these digital assets enables automated compliance with trading agreements, streamlining margining processes, lowering operational costs, improving collateral efficiency, and reducing counterparty risk.

The wider adoption of tokenised funds as collateral could also prove beneficial in mitigating systemic risks during periods of market stress. By enabling secure digital transfers instead of traditionally forced asset sales, these solutions can reduce market volatility. This collaboration between two of the UK’s largest financial institutions and a homegrown regulated fintech signifies an important step in advancing digital finance. The successful pilot lays a foundation for scaling tokenised collateral solutions and reinforces the UK’s position as a leader in next-generation financial infrastructure.

Archax’s role in tokenising investments, such as Aberdeen's multi-billion sterling money market fund using Hedera Hashgraph technology, reflects the growing integration of traditional finance with blockchain innovation. This digital transformation aims to streamline processes and boost operational efficiency within the financial sector. According to Emily Smart, Chief Product Officer at Aberdeen Investments, tokenisation is a key enabler of digital innovation that can demonstrate real-world applications of on-chain collateral movements.

Lloyds Banking Group has also been at the forefront of applying blockchain technology to trade finance and documentation. In February 2024, Lloyds became the first UK bank to join the WaveBL electronic trade documentation platform, facilitating the secure transfer of blockchain-based electronic Bills of Lading (eBLs) across a network involving 136 countries and some of the world's largest container shipping carriers. This digitisation reduces risks inherent in paper documents and accelerates transaction times from days to minutes, improving both efficiency and sustainability in international trade. Lloyds' successful first eBL transaction using WaveBL further solidifies its commitment to trade digitalisation.

This effort builds on previous collaborations such as the 2023 partnership between Lloyds and Enigio, which expanded the use of blockchain-powered digital trade documents including promissory notes and bills of exchange. Such innovations aim to create faster, more affordable, flexible, sustainable, and secure trade processes by moving away from physical document transfers.

Looking ahead, Lloyds’ continued push into digital trade is epitomised by its May 2025 work with Mercore, which completed a series of landmark digital transactions involving secondary participation in accepted digital bills of exchange. These steps demonstrate how digital negotiable instruments can reduce transaction times and unlock liquidity, further enhancing the efficiency of global trade flows.

As Peter Left, Head of Digital Finance at Lloyds Banking Group, expressed, the initiative proves that digital assets can be used under existing UK legal frameworks in regulated financial markets, enhancing collateral efficiency and opening new trading opportunities. Graham Rodford, CEO and co-founder of Archax, added that their regulated digital infrastructure supports institutional needs and is laying the groundwork for a more open and efficient financial system.

Together, these breakthroughs illustrate the UK’s leadership in fintech and digital finance, where established financial institutions and innovative fintech firms collaborate to advance tokenisation and blockchain-powered solutions. These advances promise to reshape traditional financial markets through enhanced efficiency, risk reduction, and streamlined processes, paving the way for the next era of digital asset adoption.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://ffnews.com/newsarticle/cryptocurrency/lloyds-digital-assets-uk/), [[4]](https://archax.com/insights/news/archax_tokenises_investment_in_abrdn_multi_bn_money_market_fund)
* Paragraph 2 – [[1]](https://ffnews.com/newsarticle/cryptocurrency/lloyds-digital-assets-uk/), [[4]](https://archax.com/insights/news/archax_tokenises_investment_in_abrdn_multi_bn_money_market_fund)
* Paragraph 3 – [[1]](https://ffnews.com/newsarticle/cryptocurrency/lloyds-digital-assets-uk/)
* Paragraph 4 – [[4]](https://archax.com/insights/news/archax_tokenises_investment_in_abrdn_multi_bn_money_market_fund), [[1]](https://ffnews.com/newsarticle/cryptocurrency/lloyds-digital-assets-uk/)
* Paragraph 5 – [[2]](https://www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/lloyds-bank-partnership-with-wavebl.html), [[6]](https://www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/lloyds-bank-completes-first-wavebl-electronic-bill-of-lading-transaction.html)
* Paragraph 6 – [[3]](https://www.lloydsbankinggroup.com/media/press-releases/2023/lloyds-bank-2023/lloyds-bank-enigio-partnership.html)
* Paragraph 7 – [[7]](https://www.lloydsbankinggroup.com/media/press-releases/2025/lloyds-bank-2025/lloyds-mercore-landmark-digital-transactions.html)
* Paragraph 8 – [[1]](https://ffnews.com/newsarticle/cryptocurrency/lloyds-digital-assets-uk/)

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## Bibliography

1. <https://ffnews.com/newsarticle/cryptocurrency/lloyds-digital-assets-uk/> - Please view link - unable to able to access data
2. <https://www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/lloyds-bank-partnership-with-wavebl.html> - In February 2024, Lloyds Bank became the first UK bank to join the WaveBL electronic trade documentation platform. This partnership enables Lloyds Bank's clients to securely transfer blockchain-based electronic Bills of Lading (eBLs) across WaveBL's network, which includes members in 136 countries and four of the world's ten largest container shipping carriers. The integration aims to enhance trade efficiencies and sustainability by digitising critical documents in international trade, reducing the risks associated with paper versions and accelerating transaction times from days to minutes.
3. <https://www.lloydsbankinggroup.com/media/press-releases/2023/lloyds-bank-2023/lloyds-bank-enigio-partnership.html> - In April 2023, Lloyds Bank and Enigio announced a long-term partnership to expand the use of Enigio's blockchain-powered trace:original technology in digital trade documentation and trade finance products. This collaboration follows Lloyds Bank and Enigio's involvement in the UK's first digital promissory note and digital bill of exchange transactions, aiming to deliver faster, more affordable, flexible, sustainable, and secure digital trade solutions for clients by removing the need for physical document transfers in trade transactions.
4. <https://archax.com/insights/news/archax_tokenises_investment_in_abrdn_multi_bn_money_market_fund> - Archax, the FCA-regulated digital asset exchange, broker, and custodian, announced the creation of a tokenised representation of its interests in the Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund, a flagship £multi-billion money market fund. This initiative leverages the Hedera Hashgraph DLT, where Abrdn is a governing council member, marking a significant step towards integrating traditional financial assets with blockchain technology and demonstrating the potential for digital assets to streamline processes and increase efficiency in the financial sector.
5. <https://archax.com/insights/archax-provides-access-to-abrdn-money-market-fund-on-the-xrp-ledger-in-collaboration-with-ripple> - In November 2024, Archax provided access to a money market fund from UK asset manager abrdn in tokenised form on the XRP Ledger (XRPL), a decentralised blockchain. This collaboration with Ripple marks the first tokenised money market fund on the XRPL, aiming to unlock operational cost savings and settlement efficiencies by deploying capital markets infrastructure on the XRPL, and demonstrates the growing adoption of blockchain technology in traditional financial markets.
6. <https://www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/lloyds-bank-completes-first-wavebl-electronic-bill-of-lading-transaction.html> - In 2024, Lloyds Bank completed its first electronic Bill of Lading (eBL) transaction using the WaveBL platform, marking a significant advancement in trade digitalisation. This transaction enables the secure and seamless transfer of fully digital, blockchain-based eBLs between organisations, reducing the risks associated with paper versions and accelerating transaction times from days to minutes. The integration aims to enhance trade efficiencies and sustainability by digitising critical documents in international trade.
7. <https://www.lloydsbankinggroup.com/media/press-releases/2025/lloyds-bank-2025/lloyds-mercore-landmark-digital-transactions.html> - In May 2025, Lloyds Bank and Mercore completed a series of landmark digital transactions featuring the secondary participation in an accepted digital bill of exchange. This innovative process significantly reduced secondary purchase completion times, unlocking greater liquidity and demonstrating the feasibility and benefits of using digital negotiable instruments in the secondary market. The collaboration aims to make global trade more efficient by leveraging digital trade documentation to speed up cross-border transactions.