

**EASTERN CARIBBEAN SECURITIES REGULATORY COMMISSION
PILOT TESTING IMPLEMENTATION PLAN FOR
SECURITIES TOKENISATION**

**ECSRC PILOT TESTING IMPLEMENTATION PLAN ON SECURITIES
TOKENISATION FOR LICESNED ENTITIES IN THE ECSM**

Securities Act 2001¹

IN EXERCISE of the powers conferred on it under the under Article 5(2)(q) of the Powers of the Commission which states:

*“For the attainment of its purposes the Commission may:
(q) do all things, and take all actions, which may be necessary, expedient, incidental or conducive to the discharge of any of its functions and the exercise of its powers under securities laws”*

The Commission hereby authorises this pilot testing plan for use in assessing licensed entities’ undertaking of securities tokenisation within the ECSM.

CITATION AND COMMENCEMENT

This document may be cited as the ‘ECSRC Pilot Testing Implementation Plan for Securities Tokenisation’ and shall come into force on the date prescribed by the Commission.

**PART I
PURPOSE AND APPLICATION**

This implementation plan is a controlled, phased authorization mechanism that allows tokenised securities activities to occur under the existing regulatory and legislative framework, subject to strict supervisory conditions in the Eastern Caribbean Securities Market (ECSM).

It is designed to facilitate market innovation without delay within the ECSM, while maintaining regulatory oversight, ensuring investor protection, and managing legal and operational risks.

It is based on international regulatory guidance, including IOSCO’s Guidance on Cyber Resilience for Financial Market Infrastructures (2016) and IOSCO’s Issues, Risks and Regulatory Considerations Relating to Crypto-Asset Trading Platforms (2020), which emphasise governance, operational resilience, cybersecurity controls, and investor protection.

¹Refers to the Securities Act enacted by the ECCU member countries in 2001.

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The pilot testing plan is temporary and will inform the development of a comprehensive regulatory framework and potential legislative reform.

The Commission reserves the right to impose additional conditions, restrict operations, suspend activities or terminate the pilot at any time it becomes necessary to do so.

**PART II
SCOPE AND DURATION**

This plan applies only to existing ECSRC licensed entities operating within the ECSM. Unlicensed or new entities must apply for testing within the regulatory sandbox.

Launch and commencement will be subject to the Commission's approval or no objection.

The controlled pilot will be time-bound (e.g., 6–12 months), limited to a defined number of issuers and licensed intermediaries, subject to transaction or issuance thresholds, and accompanied by enhanced disclosure requirements for participating investors.

**PART III
PILOT REQUIREMENTS**

Entities seeking to participate, must submit in writing, a **request for approval or no objection** to operate in the pilot testing. Request must be accompanied with comprehensive documentation including:

- Platform architecture and system design and operating manual
- Rules for securities tokenisation
- AML/CFT and investor protection policies
- Governance and risk management frameworks;
- Third-party agreements and outsourcing arrangements;
- Cybersecurity and operational resilience policies;
- Detailed documentation of settlement finality, custody arrangements and private-key governance;
- Business continuity and incident response plans;
- Legal opinion and/or legal confirmation of enforceability, ownership and investor rights.

All underlying securities activities (onboarding, issuance, trading, custody, settlement etc.) **must** comply with the current legislative and regulatory requirements governing the ECSM.

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**PART IV
PHASED IMPLEMENTATION**

Upon receipt of the Commission's approval or no objection, approved participants will comply with conditions as set out in the Commission's correspondence. The conditions for operation will specify the limited scope of the operation which may include:

- Restricted product offering and Issuers
- Limited investor participation
- Limited transaction volumes

All related securities advertisement must be submitted to the commission for assessment and decision prior to any publication.

**PART V
MONITORING AND SUPERVISORY OVERSIGHT**

(a) Enhanced Reporting

Participants must submit periodic (e.g., monthly) reports covering:

- System uptime and operational disruptions;
- Settlement success and failure rates;
- Transaction volumes and concentration metrics;
- Cybersecurity alerts and remediation measures;
- Custody integrity confirmations;
- AML/CFT onboarding and suspicious activity statistics.

Standardised frequency and reporting templates will be developed in future to ensure comparability and supervisory clarity.

(b) Incident Notification

Incident notification to the Commission should include:

- Cybersecurity breach as soon as possible but within 24 hours;
- Smart-contract malfunction or system compromise - immediate notification;
- Settlement failure exceeding defined thresholds;
- Custody or key-management breach.

All material incidents including the foregoing must be reported immediately or as soon as possible but within 24 hours from the time the incident occurred. In the event that full details may not be available to be submitted within this time, a brief report may be submitted in the interim, with a detailed report(s) submitted subsequently by the timeframe as agreed with the Commission.

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(c) Supervisory Access

Where technically feasible, the Commission will be provided with supervisory dashboard access or API-based data feeds to enable near-real-time visibility of system performance and transactional activity.

Ongoing Supervisory Engagement

Ongoing supervision during the pilot may include periodic technology governance meetings, review of audit logs and compliance controls, testing of business continuity simulations, and mandatory independent attestations such as cybersecurity and smart-contract audit confirmations.

Where predefined risk thresholds are breached, the Commission may impose additional transaction caps, restrict on boarding of new investors, require remediation plans, suspend further issuance, or terminate the pilot.

**PART VI
RISK ASSESSMENT FRAMEWORK**

During the pilot testing, the Commission may utilise the following in its risks assessment process:

1. Operational Risk

Assessment of system reliability, settlement latency, reconciliation integrity, and technology dependency mapping.

2. Cybersecurity Risk

Evaluation of penetration testing outcomes, vulnerability management processes, access controls, and cryptographic safeguards.

3. Custody and Asset Protection Risk

Review of private-key governance, segregation of client assets, recovery mechanisms, and wallet security protocols.

4. Market Conduct Risk

Monitoring of order handling, price formation integrity, disclosure compliance, and investor communications.

5. Financial and Liquidity Risk

Assessment of redemption patterns, liquidity concentration, and intermediary exposure levels.

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Periodic supervisory scoring or risk-rating assessments may be applied to identify emerging vulnerabilities.

**PART VII
EVALUATION AND TRANSITION**

At the conclusion of the pilot period, the Commission will conduct a structured evaluation based on operational stability, cyber resilience performance, custody safeguards, compliance track record, and incident history etc. of the participant.

Successful completion may permit transition to full market operation. Where deficiencies remain, the Commission may extend the pilot and impose corrective measures. The Commission may terminate any pilot that it deem to have failed the testing.

The Commission will provide official correspondence informing participants on its assessment and decision accordingly.

**PART VIII
COMMISSION'S RIGHTS**

One of the purposes of the Commission, as stated under Article 4(1)(b) is “*to promote investor protection through promotion of the highest standards of professional and other activities within the securities market.*” Another of the Commission’s purposes as stated under Article 4(1)(d) is “*to promote the growth and development of the capital markets*”.

Moreover, *Article 6* which outlines the Duties of the Commission in *Article 76(1)(q)* provides “*The duties of the Commission are to:*

*(q) assess, measure and evaluate risk exposure in the securities market and **take actions as required***”.

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**PART IX
REVIEW AND UPDATES**

Subject to Part VIII, this pilot testing plan may be withdrawn, reviewed and updated at any time if:

- a) Market conditions materially change
- b) There are regulatory amendments or changes required
- c) The Commission deems it necessary to do so.

**Made by the Eastern Caribbean Securities Regulatory Commission this
31st day of March 2026.**



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Mrs Lucia Livingston-Andall

CHAIRMAN

EASTERN CARIBBEAN SECURITIES REGULATORY COMMISSION