

NEWS RELEASE

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ECSRC Approves Pilot Testing Plan for Securities Tokenisation in the Eastern Caribbean Securities Market

On Tuesday, 31 March, at its 100th Meeting, the Eastern Caribbean Securities Regulatory Commission approved a pilot testing and implementation plan for the introduction of tokenised securities in the Eastern Caribbean Securities Market.

This marks a significant milestone in the modernisation of the region's Capital Markets as it positions the Eastern Caribbean Securities Market to introduce technological innovation within a clear and enforceable regulatory framework. The Commission's recent admission to the membership of the Global Financial Innovation Network will further strengthen this strategic direction. Through this global collaboration, the ECSRC is better positioned to facilitate responsible market innovation aligned with emerging international regulatory practices.

The decision also reflects a deliberate strategy by the Commission, outlined in its 2025 – 2028 Strategic Plan, to support innovation that enhances market efficiency, accessibility and investor participation in the Eastern Caribbean Securities Market.

The Commission's approach to securities tokenisation is anchored in the technology-neutral regulatory principle "*same activity, same risk, same regulation*", supported by the International Organisation of Securities Commissions. This means that under the existing regulatory framework, a tokenised security will be treated as traditional securities as long as it replicates the legal and economic characteristics of a traditional security.

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A Structured Pathway: Pilot to Implementation

The pilot testing will be limited to only ECSRC licensed entities that meet defined regulatory and operational standards. It is designed to among other things:

1. validate platform resilience and operational integrity,
2. assess governance, custody and settlement arrangements,
3. test risk management and investor protection mechanisms,
4. address legal and enforceability concerns.

Prospective participants in the pilot testing phase, must send a formal request for the ECSRC's "no objection" along with comprehensive documentation including governance frameworks, cybersecurity and business continuity plans, and outsourcing and third-party arrangements. As part of its review of the request, the Commission may ask for additional information to be provided.

At the end of pilot testing, the Commission will notify participants of its decision on whether they will transition to a phased implementation in the ECSM or otherwise.

All new or unlicensed entities seeking to participate in securities tokenisation business would be required to submit an application to operate within the ECSRC's Regulatory Sandbox.

Further details on the ECSRC Securities Tokenisation Testing and Implementation plan will be made available shortly on the ECSRC's website at www.ecsrc.com

The ECSRC reserves the right to terminate the pilot at any time, if it becomes necessary to do so.

The Commission remains committed to aligning its regulatory approach with international standards and ensuring that innovation within the Eastern Caribbean Securities Market is developed in a manner that protects investors, maintains market integrity and supports sustainable economic growth in the member countries of the Eastern Caribbean Currency Union.

The ECSRC was created following the establishment of the Eastern Caribbean Securities Market and is the primary authority for the regulation of participants and activities in the market. The Commission's overall function is to promote a safe environment for investing on the Eastern Caribbean Securities Market.

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