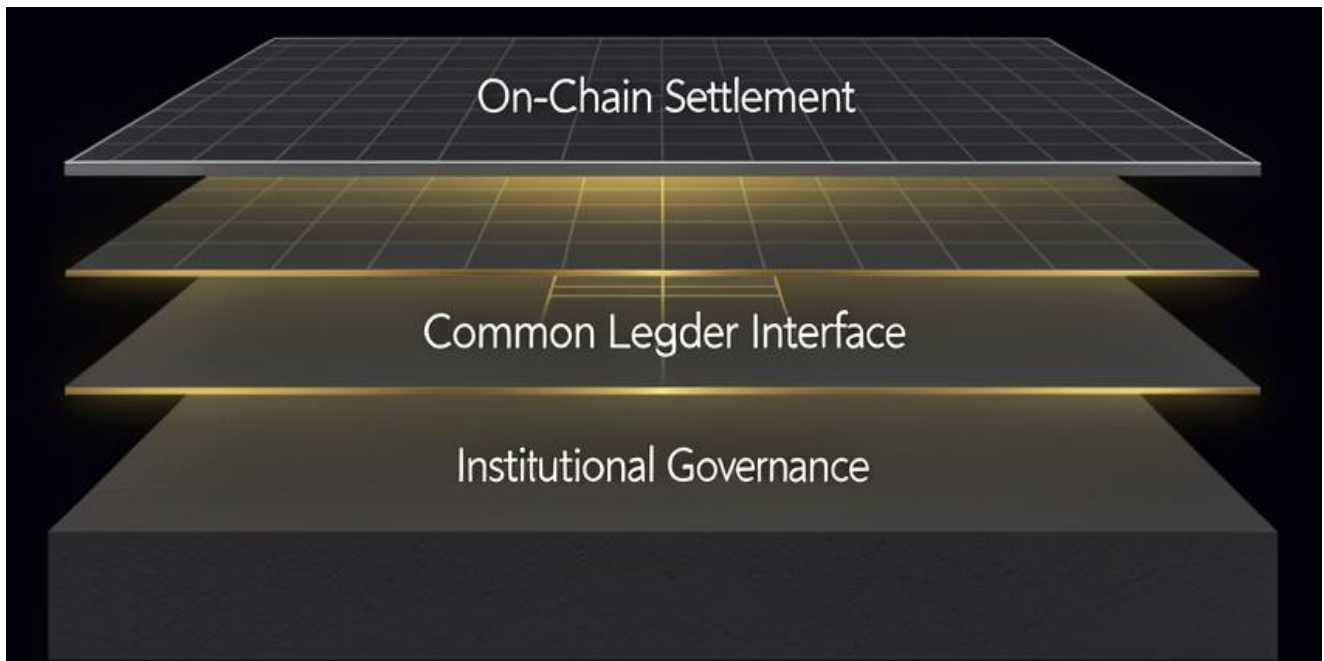


Hybrid FMI Is the Destination

The **IMF** and **OECD** converge on the same structural conclusion & what it means for institutions still in experimentation mode

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Executive Summary

Two of the world's most authoritative multilateral policy institutions have independently arrived at the same structural conclusion about tokenization. The IMF, in Working Paper WP/26/136 (July 2026), examines how distributed ledger technology transforms financial market infrastructure from the supply side — analyzing which FMI functions can migrate on-chain and which cannot. The OECD, in Business and Finance Policy Papers No. 75 (2025), approaches the same landscape from the demand side — cataloguing the impediments preventing tokenized asset markets from reaching scale and offering policy recommendations for supervisors and market participants.

Their conclusions converge: tokenization will reconfigure financial market infrastructure, not eliminate it. Smart contracts can absorb record-keeping, settlement finality, collateral automation, and reporting. They cannot absorb legal certainty, governance accountability, systemic oversight, and discretionary judgment. Those functions remain irreducibly institutional.

For financial institutions evaluating or executing tokenization strategies, this convergence matters for three reasons.

1. First, it definitively closes the debate between the disintermediation thesis and the status quo thesis — neither survives multilateral scrutiny.
2. Second, it provides a precise map of where institutional capability is the non-negotiable input, not an optional governance overlay.
3. Third, and most practically, it signals that regulators globally are coalescing around the hybrid FMI model as the credible design standard — making it the only architecture worth building toward for institutions that intend to operate in regulated markets.

This brief synthesizes both papers, identifies their alignment and the tensions between them, and translates the findings into executable implications for banks, asset managers, and fintechs. It maps directly to NextFi's published thesis on programmable settlement infrastructure as a structural cost compressor, our rail-agnostic architecture work, and our emphasis on governance and legal wrapper design as preconditions — not afterthoughts — for operationally durable tokenization strategies.

Source Overview and Analytical Scope

IMF Working Paper WP/26/136 — Supply-Side Architecture Analysis

Authored by Yaiza Cabedo, Tommaso Mancini-Griffoli, Fabian Schär, and Nicolas Zhang of the IMF's Monetary and Capital Markets Department, this paper examines how tokenization and DLT may transform FMIs by enabling smart contracts to perform a growing share of functions traditionally undertaken by central securities depositories (CSDs), central counterparties (CCPs), and trade repositories. The paper assesses which activities across issuance, clearing, settlement, and reporting can migrate to code, where limitations persist, and how risks evolve in tokenized environments.

Its central organizing framework is a three-ledger taxonomy — single ledger, common ledger, and compatible ledger platforms — which provides a practical sequencing architecture for institutional adoption. This taxonomy is one of the paper's most actionable contributions.

OECD Business and Finance Policy Papers No. 75 — Demand-Side Impediment Mapping

Published by the OECD in 2025, this paper analyzes the absence of a functioning market for tokenized assets despite growing enthusiasm from both market participants and policymakers. It catalogues the structural impediments suppressing adoption — fragmented legal frameworks, settlement asset unavailability, cross-border regulatory inconsistency, and the liquidity bootstrapping problem — and puts forward policy considerations for financial supervisors and market participants.

Where the IMF paper asks what tokenization can technically do to FMIs, the OECD paper asks why tokenized markets have not yet scaled. The combination of these two frames produces a more complete picture than either paper offers alone.

Analytical Approach

This brief reads both papers in parallel. Where they align, that alignment is treated as a strong structural signal. Where they diverge in emphasis or framing, those tensions are surfaced explicitly before conclusions are drawn. NextFi's prior published intelligence is referenced where relevant to extend or contextualize findings.

Cross-Document Synthesis: Alignment and Tensions

Where the IMF and OECD Agree

The two papers share three foundational conclusions that, taken together, constitute the multilateral consensus on tokenization's trajectory.

Hybrid FMI is the structural outcome. Both papers conclude that tokenization reconfigures rather than displaces CSDs, CCPs, and trade repositories. The IMF does so by showing which FMI functions are technically transferable to smart contracts and which are not. The OECD does so by showing that even where technical transferability exists, regulatory and legal constraints require institutional intermediation to persist. The convergence is not coincidental — it reflects the underlying reality that financial market infrastructure serves functions that are partly technical and partly constitutional. Code can handle the former. It cannot handle the latter.

Settlement asset interoperability is the critical near-term constraint. Both papers identify the absence of a viable, widely available settlement asset as the primary operational bottleneck for tokenized markets. The IMF addresses this in the context of delivery-versus-payment (DvP) integrity and cross-ledger coordination. The OECD is more direct: wholesale CBDC remains at exploration or pilot

phase in most jurisdictions and could be years from full operational readiness at scale.^[^1] Tokenized deposits — tokenized commercial bank money — emerge in both papers as the practical near-term bridge. The BIS Unified Ledger and initiatives like BIS Hub Project Meridian are identified as longer-horizon prerequisites for globally interoperable tokenized markets.

Regulatory fragmentation is suppressing adoption more than technology readiness. The OECD is explicit that the primary impediments are legal and regulatory, not infrastructural. Inconsistent treatment of token ownership rights across jurisdictions, varying custody obligations, and the absence of cross-border regulatory equivalence frameworks are the bottlenecks. The IMF corroborates this indirectly by flagging that legal certainty, governance, and accountability remain institutionally anchored — and that smart contracts cannot provide these regardless of their technical sophistication.

Where the Papers Diverge in Emphasis

The IMF paper is primarily a supply-side architecture document. It is largely agnostic about why markets have not yet adopted tokenized infrastructure at scale — that question is not its focus. It proceeds from the assumption that adoption is directionally correct and asks how FMIs should be designed to accommodate it.

The OECD paper is more skeptical in tone. It takes the current low adoption rate as its starting observation and asks whether structural impediments may be deeper or more durable than the market narrative suggests. Its liquidity bootstrapping analysis — which holds that tokenized assets require critical mass of participants and volume before network effects activate, and that this critical mass is difficult to achieve without institutional coordination — implies that adoption curves may be slower and more contingent than supply-side optimism suggests.

This tension is productive rather than contradictory. Institutions should read the IMF paper for architecture guidance and the OECD paper for sequencing risk. The former tells you what to build. The latter tells you what can go wrong if you build in the wrong order or without the right ecosystem conditions.

KEY INSIGHT

The IMF and OECD papers do not merely validate tokenization — they define the conditions under which it works.

Hybrid architecture is not a compromise position or a transitional state. It is the durable endpoint, because the functions that remain institutional are not temporary frictions waiting to be coded away. They are features of financial markets that require human accountability, legal enforceability, and governance discretion.

Institutions that design toward full disintermediation are building for a destination that neither multilateral body believes exists.

The IMF's Three-Ledger Taxonomy: An Institutional Sequencing Framework

The Framework Defined

The IMF paper introduces a three-part taxonomy for tokenized platform architectures that has direct practical implications for how institutions sequence their build-out.

1. **Single ledger platforms** host all assets, settlement balances, and participants on one shared distributed ledger. They enable atomic settlement — simultaneous, irrevocable exchange of asset and payment in a single transaction — and allow on-chain automation of functions like default fund management. The paper notes that on a single ledger platform, default fund contributions can be prefunded directly on-chain in collateral accounts, allowing interactions between default funds, CCP equity, capital, and credit lines to be automated and executed atomically. This is the highest-efficiency architecture and the most demanding in terms of governance coordination and legal alignment.
2. **Common ledger platforms** connect multiple ledgers through a shared interface or interoperability layer. They preserve some institutional separation while enabling coordination. The IMF notes that loss mutualization on common ledger platforms follows broadly similar logic to single ledger platforms, but with added complexity whenever transfers are required between the common ledger and other ledgers. These platforms represent the medium-term convergence point for most institutional deployments.
3. **Compatible ledger platforms** most closely resemble current market arrangements. They use DLT for specific functions while maintaining largely traditional coordination mechanisms off-chain. The IMF notes that orchestration of loss mutualization on compatible ledger platforms would occur primarily off-chain and would resemble existing arrangements. These platforms carry the lowest implementation risk but the highest coordination overhead and the least efficiency gain.

Why This Taxonomy Matters for Institutions

The three-ledger model is not merely academic taxonomy. It is a practical framework for answering the question every institution in tokenization evaluation mode must answer: where are we now, where do we need to be, and what is the sequencing risk of moving between levels?

Compatible ledger architectures are accessible today and defensible in current regulatory environments. They provide a meaningful entry point — real efficiency gains in specific workflows, reduced settlement latency, improved collateral visibility — without requiring wholesale institutional redesign or regulatory novelty.

Single ledger architectures represent the full efficiency frontier but require legal framework maturity, governance alignment across participants, and settlement asset availability that does not yet exist at scale in most jurisdictions. They are the right long-range design target, not the immediate build target.

Common ledger architectures — including BIS Unified Ledger-style interfaces and interoperable CBDC frameworks — are the medium-term convergence point and the design space where the most consequential institutional decisions will be made over the next three to five years.

NextFi has operationalized this sequencing logic in client engagements across wealth management and capital markets. The IMF taxonomy validates that framework and provides multilateral backing for what we have observed in practice: institutions that attempt to jump directly to single-ledger architectures without compatible-ledger foundation work encounter governance, legal, and vendor selection failures that require costly remediation.

The OECD's Impediment Map: What Is Actually Suppressing Adoption

Legal Framework Fragmentation

The OECD identifies inconsistent legal treatment of token ownership rights as one of the primary structural impediments. In most jurisdictions, legal rights attach to the holder of record in a traditional custodial account. In some jurisdictions — the OECD specifically references Luxembourg — rights adhere in the token itself, which materially changes the role and liability of the custodian.^[2] This jurisdictional inconsistency means that a tokenized asset distributed across multiple markets may carry different ownership rights, custody obligations, and recovery mechanisms depending on where the investor is domiciled.

This is not a technology problem. It is a legal architecture problem that no smart contract can solve. Until cross-border legal equivalence frameworks are established, the addressable market for tokenized assets remains fragmented by jurisdiction in ways that limit scalability.

Settlement Asset Unavailability

The OECD is explicit about the settlement asset problem: an ideal payment instrument for DvP in tokenized markets would be wholesale CBDC — still at exploration or pilot phase in most jurisdictions — or tokenized deposits as a near-term alternative. The cross-border functioning and interoperability of CBDCs at both the operational and regulatory level would need to be achieved as a potential prerequisite for global tokenized markets to be fully functional.

This framing aligns directly with NextFi's published intelligence on stablecoin payments and the plumbing of stablecoins. Tokenized deposits are not a permanent solution to the settlement asset problem — they are a bridge that carries its own credit and counterparty risk. Institutions designing tokenized asset strategies today need to make explicit decisions about which settlement asset they will use, under what conditions they would migrate to wCBDC, and how their architecture accommodates that transition without structural redesign.

The Liquidity Bootstrapping Problem

The OECD's analysis of the liquidity bootstrapping problem is one of the more operationally important observations in either paper. Tokenized assets require a critical mass of participants and volume before network effects activate — and that critical mass is difficult to achieve without institutional coordination, because rational individual actors wait for others to move first.

This is the classic coordination failure dynamic, and it has concrete implications for institutional strategy. Waiting for standards to fully settle before entering tokenized asset markets is not a risk-management strategy — it is an optionality-forfeiting strategy. The institutions that solve the bootstrapping problem do so by committing early, building ecosystems, and creating the liquidity conditions that attract subsequent participants. First-mover institutional partnerships and ecosystem intelligence are strategic assets.

This directly reinforces the position NextFi articulated in our Nine Strategic Imperatives of the Convergence Economy: the structural surplus generated by simultaneous compression of cognitive labor costs and transaction coordination costs does not distribute evenly. It accrues to institutions that build the infrastructure, the relationships, and the governance frameworks while others are still deliberating.

Novel Operational Risks in Tokenized Environments

The IMF paper flags a category of operational risks that are genuinely novel to tokenized environments and that do not map cleanly onto existing model risk frameworks: oracle dependencies (on-chain processes that rely on external data feeds for pricing, settlement triggers, or collateral valuations), smart contract vulnerabilities (code logic errors that may be exploitable or irrevocable once deployed), and TWAP manipulation (time-weighted average price manipulation in on-chain liquidity pools used as pricing references).

The OECD corroborates the governance dimension of this risk by noting that legal rights may adhere differently depending on jurisdiction, creating scenarios where technical execution and legal outcome diverge.

Together, these observations make the case that regulator-ready, operationally durable design is not a compliance checkbox — it is a prerequisite for institutional participation. Firms that deploy tokenized infrastructure without explicit model risk frameworks for smart contract logic, oracle dependencies, and on-chain pricing integrity are assuming risks that their existing operational risk frameworks were not designed to capture.

Function-by-Function: What Migrates On-Chain and What Does Not

The IMF paper provides the most granular analysis of specific FMI functions and their on-chain migration potential. The following table synthesizes that analysis:

FMI Function	On-Chain Migration Potential	Institutional Persistence Required	Primary Risk in Tokenized Environment
Record-keeping	High — immutable ledger provides real-time audit trail	Governance over ledger access and permissioning	Data integrity at oracle inputs
Settlement finality	High — atomic DvP eliminates settlement risk	Legal recognition of on-chain finality by jurisdiction	Settlement asset availability
Collateral management	High — automated margin calls, substitution, liquidation	Legal enforceability of automated liquidation	Smart contract logic errors
Reporting and surveillance	High — real-time on-chain data reduces reporting latency	Regulatory interface and interpretation	Data privacy and pseudonymity
Issuance and lifecycle	Moderate — programmable corporate actions possible	Legal wrapper for token as security	Jurisdictional legal treatment
Clearing and CCP functions	Moderate — default fund automation on single ledger	Loss mutualization governance, systemic risk oversight	TWAP manipulation, oracle risk
Governance and discretion	Low — code cannot exercise judgment	Irreducibly institutional	Accountability gap in automated decisions
Legal enforceability	None — requires external legal system	Irreducibly institutional	Jurisdictional fragmentation

This function-level mapping is the practical foundation for hybrid architecture design. The on-chain migration potential column determines where automation investment yields the highest return. The institutional persistence column determines where governance investment is non-negotiable. The risk column determines where model risk frameworks need to be extended.

Five Strategic Imperatives for Financial Institutions

Synthesizing the IMF and OECD analyses against NextFi's advisory framework produces five concrete imperatives for institutions currently engaged in or evaluating tokenization initiatives.

1. Adopt the IMF Ledger Taxonomy as a Sequencing Framework

The IMF's three-ledger typology — single ledger, common ledger, compatible ledger — is not merely descriptive. It provides a sequencing logic that maps directly onto institutional build-out decisions. Compatible ledger arrangements are the lowest-friction entry point and most closely resemble existing arrangements, but they carry coordination overhead and do not capture the full efficiency gains available in more integrated models. Common ledger arrangements offer deeper automation potential but require shared governance frameworks that are operationally complex. Single ledger platforms offer the fullest automation of settlement, collateral management, and default fund mechanics, but require the highest degree of legal and governance maturity to deploy safely.

Institutions should assess where they currently sit in this taxonomy, identify their target state, and design a transition path that does not require institutions to leap across multiple ledger types simultaneously. NextFi's Operating Model Strategy pillar is specifically designed to support this kind of sequenced architecture assessment — mapping current-state infrastructure against the ledger taxonomy and identifying the minimum governance and legal investments required to advance.

2. Resolve the Settlement Asset Decision Before Scaling Distribution

The OECD's impediment analysis makes clear that settlement asset selection is upstream of distribution strategy. Institutions that have built tokenized asset distribution pipelines on settlement asset assumptions that have not been stress-tested against credit risk, liquidity conditions, and cross-border FX exposure are carrying embedded risk that is not visible in current market conditions but will become visible under stress.

The near-term decision framework is: tokenized deposits as the operational instrument, structured with explicit provisions for the credit and liquidity risk characteristics the OECD identifies; wCBDC as the long-term settlement infrastructure target, with architectural compatibility built in now so that migration does not require platform reconstruction when central bank availability expands; and cross-border interoperability — through frameworks such as BIS Hub Project Meridian or SWIFT's evolving digital asset connectivity — as a parallel workstream, not a deferred consideration.

3. Treat Governance Design as a First-Order Architecture Input

The IMF's identification of governance and legal certainty as irreducibly institutional functions — and the OECD's documentation that legal rights adhere differently across jurisdictions — collectively make the case that governance is not a layer added to tokenization architecture after the technology is built. It is a first-order input to the architecture itself. Smart contract logic that operates without a governing institutional framework is not a resilient FMI component; it is an operational risk that has not yet been triggered.

This imperative directly supports NextFi's advisory model. In our Operating Model Strategy and Program Leadership engagements, we design governance frameworks, model risk controls, and legal wrappers in parallel with technical architecture — not as a subsequent review. The cost of retrofitting governance onto a deployed tokenization platform is substantially higher than designing it in from the outset. Institutions in early-stage programs should treat this brief as a prompt to audit whether their current governance design process is running in parallel with their technical build, or trailing it.

4. Address the Liquidity Bootstrapping Problem as a Strategic, Not Operational, Challenge

The OECD's identification of the liquidity bootstrapping problem — tokenized assets require critical mass of participants and volume before network effects activate — is a market structure observation with direct strategic implications. It means that the value of a tokenized asset platform is not a function of its technical architecture alone; it is a function of the network it can access on day one.

This reframes the partnership and ecosystem strategy that accompanies tokenization programs. Institutions that are designing tokenized fund or RWA distribution strategies in isolation — without explicit first-mover partnerships with other market participants, primary dealers, or custodians who can provide initial liquidity — are building platforms whose value realization is contingent on a network formation problem they have not solved. NextFi's ecosystem intelligence and institutional relationship infrastructure exists precisely to address this gap: identifying counterparties, custodians, and distribution networks that can provide the initial liquidity conditions a new tokenized asset platform requires to become self-sustaining.

5. Align Tokenization Strategy with the Convergence Economy Thesis

The structural argument in both IMF and OECD papers maps directly onto what NextFi has described as the Convergence Economy: two cost inputs — cognitive labor and transaction coordination — are being compressed simultaneously. The IMF's analysis of on-chain settlement, collateral automation, and reporting efficiency quantifies the transaction coordination compression. The governance and discretion functions that remain institutional represent the point at which human judgment — increasingly augmented by AI — remains the non-substitutable input.

Institutions that understand their tokenization strategy as one dimension of a broader Convergence Economy positioning — where AI-driven workflow automation and programmable settlement infrastructure are complementary cost compressors — will extract materially more value from their investments than institutions that treat tokenization as a standalone capital markets technology initiative. The strategic surplus is largest for institutions that can govern both cost compression vectors simultaneously, because the coordination advantage compounds across functions.

THE STRATEGIC BOTTOM LINE

The IMF and OECD have done the analytical work. The hybrid FMI model is no longer a hypothesis — it is the multilaterally validated destination.

The question financial institutions now face is not whether to build toward it, but whether their current programs are sequenced correctly to get there without costly remediation. The institutions that will capture the structural surplus are those that recognize governance and legal architecture as the binding constraints, resolve the settlement asset question before scaling distribution, and treat ecosystem partnerships as a strategic prerequisite rather than an operational afterthought.

This is the moment to move from experimentation to execution — and the design decisions made in the next twelve to eighteen months will determine which institutions are positioned to lead the hybrid FMI transition and which will be remediating their infrastructure while their competitors are already capturing it.

Alignment with NextFi's Published Intelligence and Advisory Framework

The convergence of IMF and OECD framing on hybrid FMI does not arrive in isolation for NextFi Advisors. It arrives as external validation of a thesis we have been building across multiple intelligence publications and client engagements.

Programmable Settlement as a Structural Cost Compressor

Our **Convergence Economy** thesis argues that two cost inputs — cognitive labor and transaction coordination — are being compressed simultaneously, and that together they generate structural surplus that is real, persistent, and contested.

The IMF paper operationalizes the transaction coordination side of that thesis with precision: atomic DvP settlement, automated collateral substitution and margin calls, and on-chain default fund automation each represent measurable reductions in the operational overhead that currently sits between trade execution and finality. These are not theoretical efficiency gains. They are functions that existing FMI participants perform today at material cost, and that on-chain logic can increasingly perform at near-zero marginal cost.

The OECD paper complements this by cataloguing precisely why that cost compression has not yet materialized at scale — not because the technology is inadequate, but because the surrounding conditions (legal clarity, settlement asset availability, interoperable regulatory treatment) remain incomplete. The surplus is latent. The institutions that position now to capture it when those conditions resolve are the ones that will benefit most.

Rail-Agnostic Architecture and the IMF Ledger Taxonomy

In our advisory work on Financial Markets Infrastructure, NextFi has consistently argued for rail-agnostic design: architectures that do not bet on a single settlement layer, tokenization protocol, or custody model, but instead preserve optionality across ledger environments as the market structure evolves. The IMF's three-ledger taxonomy — single ledger, common ledger, and compatible ledger platforms — gives that design principle a formal structural foundation.

Compatible ledger platforms most closely resemble current arrangements. They require coordination overhead but impose the least institutional disruption. Common ledger platforms offer deeper integration and enable more automated collateral and default fund interactions but require shared governance. Single ledger platforms deliver the highest automation density — atomic settlement, on-chain default fund prefunding, programmable corporate actions — but require the greatest institutional commitment and face the steepest legal recognition requirements.

The practical implication for institutions is that the ledger taxonomy is not a menu of alternatives — it is a migration path. Most institutions today operate in compatible ledger environments. The strategic question is how they sequence toward common ledger participation, and under what governance conditions they would commit to single ledger platforms for specific asset classes or functions. NextFi

has operationalized this sequencing in wealth management and capital markets engagements, and the IMF taxonomy validates that sequencing framework as analytically sound.

SWIFT's Blockchain Shift and the Interoperability Imperative

Our published intelligence on ***SWIFT's Blockchain Shift*** and ***DTCC vs. SWIFT: Solving Interoperability*** both addressed the competitive and cooperative dynamics emerging between incumbent infrastructure providers and distributed ledger-based alternatives. The IMF and OECD papers reinforce the conclusion we drew in those publications: interoperability is not a technical preference — it is a structural requirement. The OECD explicitly identifies the absence of cross-border CBDC interoperability as a prerequisite for global tokenized markets. The IMF's common ledger model requires shared interfaces between ledger environments that today do not speak the same language.

SWIFT's current positioning as a potential interoperability layer between tokenized and traditional settlement environments reflects precisely the kind of incumbent adaptation that hybrid FMI theory predicts. The question for financial institutions is not whether to engage with that interoperability layer, but how to ensure their own architecture does not create lock-in dependencies that constrain future optionality as the interoperability landscape continues to evolve.

Stablecoin Payments, Tokenized Deposits, and the Settlement Asset Question

Our published work on ***Stablecoins for Payments*** and ***The Plumbing of Stablecoins*** addressed the mechanics and institutional risks of stablecoin payment rails in detail. The OECD's treatment of the settlement asset problem maps directly onto that analysis. The paper's conclusion — that tokenized deposits represent the near-term practical bridge between commercial bank money and the eventual availability of wholesale CBDC at scale — aligns with our advisory position that stablecoin and tokenized deposit strategies are near-term execution opportunities, not deferred considerations.

But the OECD also surfaces a dimension that NextFi has flagged in our ***Stablecoin Spillover to FX Markets*** intelligence: tokenized commercial bank money introduces its own credit and liquidity risk characteristics, and the cross-border functioning of these instruments carries FX exposure that is not present in wCBDC alternatives. Institutions designing tokenized settlement architectures need to be explicit about the risk profile of their settlement asset, not just its technical compatibility with the platform.

Multi-Agent Design and the Governance Gap

Our published intelligence on ***Multi-Agent Design Models for Financial Institutions*** explored how AI agent architectures can automate complex workflows while preserving human oversight at decision points that require judgment, legal accountability, or regulatory compliance. The IMF's argument that governance and discretion remain irreducibly institutional in tokenized FMI environments is structurally parallel. In both cases — AI-driven workflow automation and smart contract-driven settlement — the technology can compress the operational cost of routine execution, but it cannot substitute for the

institutional accountability that regulators, counterparties, and legal systems require at consequential decision points.

This parallel is not coincidental. It reflects the same underlying dynamic that our Convergence Economy thesis describes: the structural surplus generated by cost compression accrues to institutions that govern the compressed functions effectively, not to those that simply deploy the technology. Governance is the durable competitive advantage, in both AI and tokenization contexts.

KEY INSIGHT

The IMF and OECD have independently converged on a conclusion that closes the strategic debate for financial institutions: *neither full disintermediation nor full continuity with existing FMI architecture survives scrutiny.*

The hybrid model — on-chain for settlement finality, collateral automation, and reporting efficiency; institutional for governance, legal enforceability, and systemic oversight — is the validated destination. The IMF's ledger taxonomy provides the sequencing framework. The OECD's impediment map provides the prerequisite checklist.

Together they constitute an implementation roadmap, not just an analytical conclusion. Institutions that have been treating tokenization as a technology question should now recognize it as an architecture and governance question — one where the design decisions made in the near term will determine whether they are positioned to capture the structural surplus when market conditions resolve or forced into costly remediation when regulatory and operational requirements catch up with their deployments.

Cross-Source Tensions and Where Institutions Should Apply Judgment

Balanced synthesis requires acknowledging where the two documents create productive tension, not just alignment.

Pace of Settlement Asset Resolution

The OECD is explicitly cautious on wholesale CBDC timelines, noting that it could be years before wCBDCs reach full operational readiness at scale, and framing tokenized deposits as the interim solution. The IMF, while similarly acknowledging the wCBDC constraint, frames the common ledger and BIS Unified Ledger interfaces in terms that implicitly assume a trajectory toward wCBDC availability. The practical tension for institutions is: how long does the tokenized deposit bridge need to hold? If wCBDC timelines extend further than either paper anticipates — which the record of central bank digital currency pilot programs suggests is plausible — the institutional risk of tokenized deposit settlement assets accumulates for longer.

Institutions should stress-test their settlement asset strategies against a scenario where wCBDC availability is delayed by five or more years, and ensure that their tokenized deposit arrangements include explicit provisions for credit risk, liquidity conditions, and cross-border FX exposure over that extended timeframe.

Regulatory Convergence vs. Fragmentation

The OECD paper is the more candid of the two on regulatory fragmentation. It documents the inconsistency of legal treatment of token ownership rights across jurisdictions, the variation in custody obligations, and the absence of cross-border regulatory equivalence frameworks as active suppressants of market development — not transitional frictions that will self-resolve. The IMF paper, while acknowledging that legal certainty is an irreducible institutional function, is somewhat more optimistic in tone about the trajectory toward regulatory clarity, framing the hybrid FMI model as an achievable near-term architecture rather than a destination still blocked by upstream policy work.

The practical tension for institutions is directional: if the OECD's fragmentation diagnosis is the more accurate baseline, then the timeline for scaling tokenized asset distribution across jurisdictions is materially longer than the IMF's architectural framing implies. Legal framework clarity is not a parallel workstream — it is a prerequisite, and in multiple major markets it remains genuinely unresolved.

NextFi's position is that institutions should build to the hybrid architecture now, but sequence their distribution strategy to follow legal framework clarity jurisdiction by jurisdiction. Luxembourg, the UK, Singapore, and the UAE represent the clearest near-term environments for scaled tokenized asset distribution; other major markets require explicit legal risk assessment before distribution commitments are made.

Technology Readiness vs. Institutional Readiness

Both papers acknowledge that DLT and smart contract technology is sufficiently mature to support tokenized FMI functions. Neither paper treats technology readiness as the binding constraint. The IMF catalogs the novel operational risks that tokenization introduces — oracle dependencies, smart contract vulnerabilities, TWAP manipulation in on-chain collateral valuation — but treats these as manageable through governance design rather than fundamental technology barriers.^[1] The OECD's impediment map is similarly oriented toward legal, regulatory, and market structure constraints rather than technology limitations.

The productive tension here is that most institutional tokenization programs are still organized as technology projects — with technology teams leading, and legal, compliance, and governance teams in a secondary review role. Both papers, read together, invert that organizational logic. The binding constraints are institutional, regulatory, and legal. Technology is the enabler, not the obstacle. Institutions that have not yet reorganized their tokenization programs to reflect that inversion are building in the wrong sequence.

Footnotes

[^1]: Wholesale CBDC refers to central bank digital currency issued for interbank and large-value institutional transactions, as opposed to retail CBDC issued to the general public. At the time of publication, wholesale CBDC programs in most jurisdictions remain in exploration or pilot phases. The BIS Project Hub Meridian and related initiatives represent the most advanced work on cross-border wCBDC interoperability, but full operational readiness at scale is not anticipated before 2027–2028 in the most optimistic scenarios, and could extend further in jurisdictions where central bank mandates, legal frameworks, and technological infrastructure are less aligned. The novel operational risks flagged by the IMF — oracle dependencies, smart contract logic errors, and TWAP manipulation in on-chain collateral valuation — do not map onto existing model risk frameworks and require dedicated governance design before institutional deployment.

[^2]: BIS Hub Project Meridian is the Bank for International Settlements' initiative to develop a unified ledger framework enabling interoperability across retail CBDC, wholesale CBDC, and tokenized deposit environments. SWIFT's evolving digital asset connectivity strategy positions the network as a potential interoperability layer bridging traditional settlement infrastructure (DTCC, Fedwire, TARGET2-Securities) with emerging distributed ledger-based platforms. The practical implication for institutional architecture is that neither Meridian nor SWIFT should be treated as a finished solution — both remain works in progress — but that architectural decisions made today should preserve optionality to connect to these interoperability layers as they mature, without requiring platform reconstruction.

About NextFi Advisors

NextFi Advisors is an independent advisory and consulting firm helping financial institutions move from experimentation to execution across AI and digital asset transformation. Our work is commercially viable, regulator-ready, and operationally durable.

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Sources: IMF Working Paper WP/26/136 | OECD Business and Finance Policy Papers No. 75. Additional sources: company disclosures, regulatory publications, and market infrastructure documentation reviewed by NextFi Advisors.

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