

28 September 2026

Bank of England
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Re: Bank of England and Financial Conduct Authority approach to joint regulation of systemic stablecoin issuers

Response deadline: 30 September 2026

JOINT REGULATION OF SYSTEMIC STABLECOIN ISSUERS

Assurance Transition, Supervisory Continuity and Evidence-Based Scaling

To the Bank of England and Financial Conduct Authority:

TauriPay, a Public Benefit Corporation, respectfully submits this response to the Bank of England and Financial Conduct Authority consultation on the joint regulation of systemic stablecoin issuers.¹

TauriPay supports the authorities' objective of providing a coordinated and proportionate pathway from FCA-only regulation into joint supervision. This response focuses on a narrower implementation question: as the permitted level of systemic reliance increases during transition, what operational evidence should mature with it?

An issuer can become systemically relevant while continuing to rely on substantially the same underlying infrastructure. As systemic reliance increases, assurance should mature with it.

The response therefore proposes an assurance-transition principle that works within the Bank's existing staged onboarding and transition framework, including mobilisation and scaling where applicable. It does not propose a new licensing category, technology regime or prescribed testing methodology.

¹Bank of England and Financial Conduct Authority, "Bank of England and Financial Conduct Authority's approach to joint regulation of systemic stablecoin issuers" (30 June 2026) (Joint Consultation), sections 1 and 4.

Executive Summary

The joint consultation recognises that an issuer may enter Bank supervision before it is able to meet every systemic requirement in full, and that transition may occur over a firm-specific period. The Bank expects a typical transition period of 12 to 36 months.²

The Bank's approach to onboarding new FMIs already provides discretionary mobilisation and scaling stages. Mobilisation permits live testing under de minimis limits; scaling permits economic activity subject to restrictions; and the systemic-at-launch example allows movement from mobilisation to scaling or baseline supervision depending on the firm's circumstances, with baseline supervision reached when the relevant higher supervisory assurances have been met.³

TauriPay's proposal is to make the evidentiary logic within those stages more explicit. This builds on established FMI disciplines concerning interdependencies, scalable capacity, testing after significant change, business continuity and third-party operational risk.⁴

Assurance transition means the progressive strengthening of the scope, quality and operational relevance of evidence supporting systemic use, commensurate with increasing scale, criticality and permitted reliance.

This response builds upon TauriPay's separate response submitted to the Bank of England on 17 September 2026 in connection with its consultation on the draft Code of Practice for sterling-denominated systemic stablecoins. That earlier response addressed these issues in greater technical detail, including end-to-end capacity, material infrastructure dependencies, authoritative financial state, finality, stress behaviour, recovery and continuing operational evidence. The present response is self-contained and addresses the narrower questions raised by this joint consultation.⁵

For this narrower consultation, TauriPay recommends five principles:

1. Systemic recognition should expand the relevant evidentiary perimeter.
2. Mobilisation and scaling should be evidence-gated as well as rule-gated.
3. The assurance boundary should follow the regulated financial outcome and its material dependency path.
4. Joint supervision should preserve continuity in the operational facts on which supervisory decisions depend.
5. Assurance should mature at least as quickly as systemic reliance.

TauriPay responds substantively to Questions 1, 2, 4, 5, 6, 7, 8 and 10. Questions 3 and 9, which concern the detailed calibration of capital and reserve requirements, are not addressed because they fall outside the operational-assurance focus of this response.

²Joint Consultation, section 4.2. The Bank states that it expects a typical transition period of 12 to 36 months.

³Joint Consultation, sections 4.1 and 4.3. Mobilisation permits live testing under de minimis limits; scaling permits economic activity subject to restrictions; in the systemic-at-launch example, a firm may move from mobilisation to scaling or baseline supervision depending on its circumstances, with baseline supervision reached when the relevant higher supervisory assurances are met.

⁴CPSS-IOSCO, Principles for Financial Market Infrastructures (April 2012) (PFMI), Principles 3 and 17; CPMI-IOSCO, Application of the Principles for Financial Market Infrastructures to stablecoin arrangements (13 July 2022), confirming the application of relevant PFMI principles to systemically important stablecoin arrangements.

⁵TauriPay, a Public Benefit Corporation, Response to the Bank of England Consultation on Sterling-Denominated Systemic Stablecoins, submitted 17 September 2026 (not yet published by the Bank).

Q1. Transition into Joint Regulation

Do you consider the onboarding approach set out in Section 4 to be appropriate for a stablecoin issuer transitioning to joint regulation? What are the benefits and/or challenges?

TauriPay generally supports the proposed onboarding approach.

The framework provides a practical means of bringing a systemically relevant issuer within joint supervision while allowing a proportionate transition toward full compliance. From the day an issuer is recognised as systemic by HM Treasury, it is jointly regulated by the FCA and Bank; the Bank may use its power of direction to waive or modify Code requirements during an agreed transition period.⁶

TauriPay suggests making one additional principle explicit:

Progression through transition should reflect demonstrated readiness for the level of financial reliance permitted at the next stage.

This would complement, rather than replace, the Bank's existing supervisory judgement. Different forms of evidence establish different propositions.

- A controlled functional test can demonstrate that a workflow operates; it does not necessarily establish sustainable production capacity.
- A component benchmark can establish the performance of that component; it does not necessarily establish performance of the complete regulated service.
- Production history demonstrates behaviour under conditions actually experienced; it does not necessarily establish behaviour under a materially different workload or dependency configuration.
- Stress testing demonstrates behaviour under the scenarios and conditions actually tested; the conclusion should remain bounded by that evidence.

The supervisory conclusion at each stage should therefore remain proportionate to what has actually been demonstrated.

This offers two practical benefits. First, it reduces the risk that systemic reliance grows faster than the evidence supporting material infrastructure dependencies. Second, it improves predictability: when relevant evidentiary expectations are understood in advance, infrastructure can be instrumented for measurement, tested and documented before scale develops or a supervisory concern emerges.

TauriPay therefore supports the onboarding model and suggests that the Bank consider incorporating an explicit assurance-transition principle into any subsequent guidance on transition and onboarding.

Q2. Transition Period

How long do you envisage it could take a firm to transition from being solo regulated by the FCA to fully meeting the requirements for a systemic stablecoin issuer?

TauriPay does not offer an independent numerical estimate beyond the Bank's proposed range. The consultation expects a typical transition period of 12 to 36 months. It states that the first part of that transition would allow up to 12 months to apply for access to a settlement account at the Bank and complete the backing-assets transition, while direct payment-system access may take more than 12 months.⁷

From an operational-assurance perspective, elapsed time is not itself a measure of readiness.

Issuers may enter joint regulation from materially different starting points concerning production history, direct payment-system access, capacity and stress evidence, dependency arrangements, recovery capabilities, governance, operational controls and the extent of architectural change required.

A firm with substantial relevant production history and demonstrated stressed operating performance therefore presents a different transition problem from an arrangement supported principally by design evidence, controlled pilots or limited operating volumes.

TauriPay consequently supports a flexible transition period while connecting stage progression and the relaxation of transitional restrictions to demonstrated readiness rather than elapsed time alone.

⁶Joint Consultation, sections 3.2 and 4.2. The Bank may use its power of direction under section 191 of the Banking Act 2009 to waive or modify Code requirements during transition.

⁷Joint Consultation, section 4.2.

Q4. T+0 Redemption and the Complete Operational Path

Have you identified any challenges for an issuer in transition to joint regulation to meet the redemption requirements on T+0 from the point at which a firm is recognised? If so, please elaborate on them.

Yes. The first step is to distinguish two related but separate questions:

- 1. Performance of the formal redemption obligation after the Bank's redemption clock begins; and**
- 2. The separate operational ability of a holder to reach the point at which that clock begins.**

The joint consultation states that the redemption timeframe begins after relevant AML/KYC checks and once the issuer receives the holder's stablecoin. The Bank then requires the issuer to complete redemption within 24 hours, and in real time wherever possible.⁸

T+0 performance after receipt

Under the Bank's June publication, a full redemption request exists once the request has been received, AML/KYC checks are complete and the coins are in the issuer's wallet. The Bank-defined redemption process is completed when the issuer or a third party acting on its behalf has instructed a valid payment order to transfer funds to the holder's account.⁹

Depending upon the arrangement, reaching that completion point may involve recognition and validation of the request, determination of the state upon which the issuer can safely act, sufficient prepositioned liquidity, payment-system access, exception management and generation of a valid payment order. Separate but related Bank requirements continue to address backing, recordkeeping and reconciliation through the redemption process.

The consultation itself identifies two transition dependencies: sufficient liquidity must be prepositioned before a valid payment order can be instructed, and direct access to a payment system may take more than 12 months to obtain.¹⁰

T+0 readiness should therefore be assessed against the end-to-end operational capability necessary to reach the Bank-defined completion point, not inferred solely from the performance of one technical component.

Capacity at the required assurance level

For systemic use, gross technical throughput alone may not describe the capacity relevant to the regulated outcome. Useful evidence may distinguish, where material, among requests presented, accepted activity, successful processing, failed or unresolved actions, retries or replacements, activity reaching the state on which the issuer relies, valid payment orders generated and full redemption requests completed under the Bank's definition in normal and stressed conditions.

TauriPay's September response used redemption-effective capacity to examine capacity across the broader redemption path, including the infrastructure needed for valid redemption activity to reach issuer receipt and recognition. The term is cited here only to illustrate the broader principle that capacity evidence should be tied to the financial proposition being assessed; it should not be used to redefine the Bank's formal T+0 clock.¹¹

TauriPay does not propose that term as a mandatory supervisory metric. The underlying principle is that evidence relied upon to establish redemption readiness should measure the parts of the lifecycle necessary to support the redemption conclusion being drawn.

Access to the redemption process

A related but distinct issue exists before the formal T+0 timeframe begins. The Bank requires issuers to ensure that holders can redeem at any time, keeps the issuer responsible irrespective of the redemption model used, and expects the arrangement to operate in normal and stressed conditions.¹²

Where the holder must transfer coins through external infrastructure before the issuer receives them, congestion, custody dependencies, infrastructure degradation or uncertainty concerning transaction state can affect the practical ability to reach the redemption process. This does not change the Bank's definition of the redemption clock, but it can affect continuous redeemability at systemic scale.

TauriPay therefore suggests preserving the distinction between formal redemption performance and redemption access. Both can matter to systemic resilience, but they should remain analytically distinct.

⁸Joint Consultation, Table D and section 4.2, "Redemption."

⁹Bank of England, Sterling-denominated systemic stablecoins: Policy Statement and consultation on draft Code of Practice (22 June 2026) (June 2026 Publication), section 2.2.3 and draft Code of Practice Part 5, Issuance, Legal Claim and Redemption.

¹⁰Joint Consultation, section 4.2, "Payment system direct access" and "Redemption."

¹¹TauriPay September 2026 Response, section III-C, "Redemption-Effective Capacity."

¹²June 2026 Publication, section 2.2.3 and draft Code of Practice Part 5, Issuance, Legal Claim and Redemption. The Bank states that issuers remain responsible for ensuring redemptions can be processed at all times and that, where third parties are used, issuers must demonstrate that risks are sufficiently mitigated and coinholders can redeem in normal and stress conditions.

Q5. Additional Transition Challenges

Are there any areas not covered above that present significant challenges for a firm transitioning into joint regulation? Please list the identified challenges.

1. Continuity across overlapping supervisory responsibilities

The joint framework identifies overlapping Bank/FCA responsibility in areas including operational resilience, governance, audit, risk control, outsourcing, recordkeeping, reporting, issuance, legal claim and redemption. The Payments MoU and the consultation provide coordination, escalation and information-sharing mechanisms for those overlaps.¹³

TauriPay does not suggest replacing those mechanisms. The additional consideration is continuity in the underlying operational evidence relied upon through transition.

Where material, a firm should be capable of establishing consistently the proposition being relied upon, the state relevant to that proposition, the source or authority establishing that state, the evidence supporting it, material unresolved dependencies and what action may safely follow.

A transition in supervisory responsibility should not itself create ambiguity in the operational facts on which supervisory decisions depend.

2. Authoritative financial state and recovery

For purposes of this response, authoritative financial state means the state or record relied upon to determine a relevant financial outcome where observations differ, a transaction remains partially resolved, or state must be reconstructed following disruption. The term is used as an operational-assurance concept, not as a proposed new legal category of settlement or finality.

Restoration of technical service does not by itself establish whether prior financial actions have been correctly resolved, reconciled or reconstructed. PFMI Principle 17 similarly frames business continuity around timely recovery of operations and fulfilment of the FMI's obligations following major disruption.¹⁴

Recovery assurance may therefore need to address both time to recovery and state to recovery.

3. Material change during transition

Transition can itself alter the arrangement being assessed. An issuer may change payment-system access, backing infrastructure, custody, service providers, liquidity processes, governance, software, operational controls or transaction paths to satisfy systemic requirements.

PFMI Principle 17 provides a useful analogue: systems, operational policies, procedures and controls should be reviewed, audited and tested periodically and after significant changes.¹⁵

The practical principle is not that every change requires complete re-testing. It is that evidence supporting one material configuration should not automatically be treated as evidence for a materially different dependency path.

4. Decision-time observability

For systemic functions, some facts may become important while an incident is occurring rather than only during later investigation. Institutions and supervisors may need timely information concerning what succeeded, failed, remains pending, was retried, reached a relevant assurance state, depends upon degraded infrastructure or requires reconciliation.

TauriPay's September response described this as the need for decision-useful evidence during material stress: sufficient evidence to establish the relevant state, who or what produced or asserted it, the supporting provenance and what could reasonably have been known when material decisions were made.¹⁶

A useful assurance continuum runs from ex-ante assessability, through decision-time observability, to ex-post reconstructability.

The appropriate depth will depend upon the function and event. The concept need not create a new reporting rule in this consultation; it can inform subsequent work on operational resilience, recordkeeping, reporting and supervisory guidance.

¹³Joint Consultation, section 2.2, Table C, and Annex on regulatory cooperation.

¹⁴PFMI, Principle 17, Operational risk, key consideration 6.

¹⁵PFMI, Principle 17, key consideration 2.

¹⁶TauriPay September 2026 Response, sections XI and XIII-B.

Q6. Mobilisation, Scaling and Evidence Progression

Are there other areas that might require an issuer entering the mobilisation or scaling stage for firms transitioning into joint regulation? Please explain.

Yes. TauriPay believes mobilisation and scaling provide the most natural place to operationalise the assurance transition.

The Bank's onboarding approach already differentiates mobilisation, in which live testing can occur under de minimis limits, from scaling, in which business can be conducted for economic value subject to restrictions or conditions. The joint consultation applies that approach to transitioning and systemic-at-launch issuers.¹⁷

The following framework is illustrative rather than prescriptive. 'Initial transition assessment' is an analytical starting point, not a proposed additional Bank onboarding stage:

Illustrative point in transition	Principal supervisory proposition	Illustrative evidence emphasis
Initial transition assessment	The arrangement and transition plan are sufficiently understood to identify material systemic dependencies and transition requirements.	Architecture; material dependencies; governance; operating model; existing production history; material states and obligations; transition changes required.
Mobilisation	The arrangement operates as represented within a bounded live environment and can generate reliable evidence for further progression.	Controlled live activity; state-transition evidence; monitoring; reconciliation; failure handling; dependency observation; access controls; initial recovery exercises.
Scaling	The arrangement can support meaningful economic activity at representative scale while preserving the properties on which increased reliance depends.	End-to-end workload evidence; measurement provenance; successful completed activity; stress/degradation behaviour; failures and retries; relevant assurance or finality evidence; dependency disruption; recovery and reconstruction.
Baseline systemic supervision	The arrangement has demonstrated sufficient operating fitness for the contemplated systemic reliance and can continue to evidence that fitness.	Sustained production evidence; representative stress evidence; demonstrated recovery; supervisory observability; continuing dependency assurance; material-change reassessment.

The purpose of the framework is not to require every issuer to produce the same evidence. It is to distinguish the proposition associated with each phase or stage.

- A functional demonstration should not automatically be treated as evidence of production fitness.
- A microbenchmark should not automatically be treated as evidence of end-to-end capacity.
- Normal-state production history should not automatically establish stressed behaviour.
- Technical restart should not automatically establish that financial state has been correctly reconstructed and reconciled.

This distinction is consistent with existing FMI principles. PFMI Principle 17 requires adequate and scalable capacity, testing after significant changes, business continuity and management of operational risks arising from participants, other FMIs and service providers. PFMI Principle 3 requires an FMI to review material risks arising from interdependencies and develop appropriate risk-management tools.¹⁸

Material dependency path

Where the regulated outcome depends upon several components, relevant assurance should follow the material dependency path necessary to establish that outcome. Depending upon the function, analysis may identify the proposition established by a component, the source or authority supporting that proposition, the observation path, relevant evidence, material assumptions, remaining dependencies and the action that may safely follow.

This does not require every dependency to be separately regulated or certified. It means that a conclusion concerning the regulated service should not ignore a consequential dependency solely because the dependency lies outside a particular technical, contractual or corporate boundary.

Continuing assurance

Stage exit should not be treated as a permanent conclusion about an unchanging arrangement. The joint consultation expressly contemplates continuing monitoring of growth, risk and compliance, and the Bank may amend the transition plan where necessary.¹⁹

A systemic suitability conclusion should not exceed what the available evidence demonstrates, and the evidence supporting that conclusion should remain commensurate with the scale and conditions of reliance actually reached.

¹⁷Joint Consultation, section 4.1.

¹⁸PFMI, Principle 3, key consideration 3; Principle 17, key considerations 2, 4, 6 and 7.

¹⁹Joint Consultation, section 4.2.

Q7. Systemic at Launch

Do you consider the onboarding approach set out in Section 4 to be appropriate for a new stablecoin issuer entering the market? What are the benefits and/or challenges?

TauriPay generally supports the approach for firms recognised as systemic at launch.

Systemic-at-launch recognition presents a distinct evidentiary situation: an arrangement may reasonably be expected to become systemically important before it has accumulated the production history associated with an established systemic infrastructure. The consultation therefore contemplates recognition based on likely systemic importance, followed by mobilisation and, depending on the circumstances, scaling or baseline supervision.²⁰

Expected systemic significance and demonstrated production fitness are different propositions. The mobilisation framework provides a useful means of reconciling them.

Early systemic recognition can place the arrangement within the appropriate supervisory perimeter, while controlled mobilisation and, where applicable, scaling allow production evidence to develop before unrestricted systemic reliance occurs.

A new architecture should not be presumed unsuitable solely because it lacks extended production history. Equally, expected adoption, institutional participation or successful pilot performance should not be treated as though they already demonstrate production fitness at systemic scale.

Staged onboarding allows evidence to mature with reliance.

Q8. Guidance for Systemic-at-Launch Entrants

Are there any further challenges for a firm recognised as systemic at launch where more guidance could help businesses looking to enter the UK market?

Yes. Additional guidance concerning the evidentiary meaning of mobilisation and scaling could improve predictability for new entrants. The Bank has expressly stated that consultation responses may inform updates to its Approach to FMI Supervision, Approach to onboarding new FMIs and Payments MoU, as well as additional guidance for transitioning and systemic-at-launch issuers.²¹

At a principles level, guidance could distinguish among:

- **Design and specification evidence;**
- **Controlled functional demonstration;**
- **Component performance;**
- **End-to-end testing;**
- **Limited live operation;**
- **Representative production evidence;**
- **Stressed or degraded performance;**
- **Recovery evidence; and**
- **Continuing production assurance.**

These forms of evidence are complementary but not interchangeable. The appropriate evidence should depend upon the proposition being assessed and the consequences of reliance upon it.

Guidance could also clarify that, where a regulated financial outcome materially depends upon external infrastructure, the assurance analysis should take account of those dependencies rather than ending automatically at the issuer's organisational perimeter. This would improve predictability without prescribing an architecture.

²⁰ Joint Consultation, sections 3.1-3.2 and 4.3.

²¹ Joint Consultation, section 5, "Next steps."

Q10. Mobilisation and Scaling for Systemic-at-Launch Firms

Are there other areas that might require an issuer entering the mobilisation or scaling stage for firms recognised as systemic at launch? Please explain.

The assurance-transition principles described in response to Q6 apply equally to systemic-at-launch firms, but the absence of mature production history changes the evidentiary mix.

1. Systems should be sufficiently instrumented during mobilisation to generate reliable evidence for subsequent supervisory decisions.
2. Controlled live activity can test assumptions established through design work and laboratory testing before substantial economic reliance develops.
3. Representative stress, recovery and dependency testing may play a comparatively greater role where production history is limited.
4. Materially greater operating scale should be accompanied by evidence that assumptions established during mobilisation continue to hold under actual workload and dependency interactions.
5. Material differences between the arrangement tested during mobilisation and the arrangement deployed during scaling should remain visible to the supervisory assessment.

The Bank's systemic-at-launch example already contemplates de minimis live testing and supervisory requirements for progression and, where scaling is used, restrictions during that stage, with movement to baseline supervision once the relevant higher supervisory assurances are met. The assurance-transition framework gives that sequence an explicit evidentiary interpretation.²²

Anticipated systemic significance can justify earlier supervision, but the evidence supporting unrestricted systemic reliance should mature before that reliance develops.

²²Joint Consultation, section 4.3.

Conclusion

TauriPay supports the coordinated approach taken by the Bank of England and Financial Conduct Authority to the transition into systemic stablecoin regulation.

The framework's principal strength is that joint supervision begins at recognition while the Bank can use transitional directions and, where appropriate, mobilisation and scaling to support a proportionate path to full systemic requirements.

TauriPay's principal recommendation is to make the relationship between increasing systemic reliance and increasing operational assurance more explicit within that framework. In practical terms, TauriPay respectfully suggests that subsequent guidance make four points clear:

1. Progression and the relaxation of transitional restrictions should reflect evidence commensurate with the greater scale and reliance permitted at the next stage.
2. Where a regulated outcome depends on multiple components, the assurance boundary should follow the material dependency path necessary to establish that outcome.
3. Material changes to architecture, dependencies, governance or operating conditions should prompt proportionate reassessment where they affect a property on which an earlier supervisory conclusion relied.
4. Joint supervision should preserve continuity in the operational facts and evidence on which supervisory decisions depend, including the relevant state, supporting provenance, unresolved dependencies and recovery position.

These principles do not prescribe an architecture or a single testing methodology. They are intended to ensure that supervisory confidence remains supported by evidence appropriate to the financial function, scale, conditions and consequences of reliance.

As systemic reliance increases, assurance should mature with it.

Equality Act 2010

TauriPay has not identified any differential impacts on persons sharing protected characteristics under the Equality Act 2010 arising from the proposals addressed in this response.

Publication

TauriPay consents to the Bank of England publishing the name of TauriPay, a Public Benefit Corporation, as a respondent to this consultation.

Respectfully submitted,

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