

**COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK (USE OF DISTRIBUTED LEDGER TECHNOLOGY IN AUTHORISED FUNDS) INSTRUMENT 2026**

**Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”);
    - (a) section 137T (General supplementary powers);
    - (b) section 139A (Power of the FCA to give guidance);
    - (c) section 247 (Trust scheme rules); and
    - (d) section 261I (Contractual scheme rules); and
  - (2) regulation 6(1) (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228).

**Commencement**

- B. This instrument comes into force on 30 April 2026.

**Amendments to the Handbook**

- C. The Collective Investment Schemes sourcebook (COLL) is amended in accordance with the Annex to this instrument.

**Citation**

- D. This instrument may be cited as the Collective Investment Schemes Sourcebook (Use of Distributed Ledger Technology in Authorised Funds) Instrument 2026.

By order of the Board  
23 April 2026

## Annex

### Amendments to the Collective Investment Schemes sourcebook (COLL)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless stated otherwise.

#### 6 Operating duties and responsibilities

...

#### 6.4 Title and registers

Application

6.4.1 R ...

(2) ~~COLL 6.4.9~~ COLL 6.4.9R (Plan registers) also applies to the *ACD*, any other *director* and the *depository* of an *ICVC*.

6.4.1A G COLL 6.4.10G (Using distributed ledger technology to operate the unitholder register) and COLL 6 Annex 4 (Use of distributed ledger technology for the operation and maintenance of registers for authorised funds) apply to the *ACD* of an *ICVC*, the *authorised fund manager* of an *AUT* or *ACS*, and the *depository* of an *authorised fund*.

...

Plan registers

6.4.9 R ...

Using distributed ledger technology to operate the unitholder register

6.4.10 G COLL 6 Annex 4 provides *guidance* on the use of distributed ledger technology for the operation and maintenance of the *register* of an *authorised fund*.

Insert the following new Annex, COLL 6 Annex 4, after COLL 6 Annex 3 (Guidance notes on UK UCITS management company of UCITS schemes: Derivative Use Report (FSA042: UCITS)). The text is not underlined.

#### 6 Annex 4 Use of distributed ledger technology for the operation and maintenance of registers for authorised funds

Application and interpretation

6 Annex 4.1 G (1) This Annex applies to the *authorised fund manager* and the *depository* of an *AUT*, *ACS* or *ICVC* which is a *UCITS scheme* or a *non-UCITS retail scheme*.

- (2) In this Annex, the *person* who is responsible for maintaining the *register* for an *authorised fund* is referred to as the ‘responsible *firm*’.

#### Purpose

- 6  
Annex  
4.2 G The *guidance* sets out the *FCA*’s views on how distributed ledger technology (DLT) may be used in the operation and maintenance of the *register* of an *authorised fund*. It also identifies a number of other matters which *firms* should consider.
- 6  
Annex  
4.3 G The *guidance* is designed for *authorised fund managers* and *depositories* of *authorised funds* that are using or considering using DLT in this way.
- 6  
Annex  
4.4 G In *COLL* 6 Annex 4.32G to *COLL* 6 Annex 4.34G (Personal data and other information recorded on a register using DLT), a reference to a ‘data controller’ has the same meaning as in *data protection legislation*.

#### Using a DLT network as the primary record of transactions

- 6  
Annex  
4.5 G Where the responsible *firm* utilises DLT to establish and maintain a *register* of *unitholders* in compliance with the *rules* and *guidance* in *COLL* (including in this Annex) and, where applicable, the requirements of the *OEIC Regulations*, the on-chain DLT record of transactions may be considered the primary books and records for this activity.

#### Powers of the responsible firm to make changes to the register

- 6  
Annex  
4.6 G The *rules* in *COLL* and provisions of the *OEIC Regulations* require the *authorised fund manager* or the *depository* of the *authorised fund* to establish and maintain a *register* of *unitholders* and ensure it is complete and up to date.
- 6  
Annex  
4.7 G The requirements on the responsible *firm* to establish and maintain a *register* in relation to a *UCITS scheme* or a *non-UCITS retail scheme* and keep it up to date are set out in the following places:
- (1) in relation to *schemes* that are *AUTs* or *ACSSs*, *COLL* 6.4.4R (Register: general requirements and contents); and
  - (2) in relation to an *ICVC*, paragraphs 1 and 3 of Schedule 3 to the *OEIC Regulations*.
- 6  
Annex  
4.8 G To ensure that a *register* recorded on DLT is accurate and kept up to date, the responsible *firm* will need to have the power and the ability to make amendments to the *register*. Where the *register* is recorded on DLT, or utilises records on DLT, the responsible *firm* will need to ensure that it can amend that *register* as necessary without requiring the consent or agreement of any third party. This does not extend to consents or agreements that support the normal operation of the DLT network, such as standard consensus mechanisms that validate the authority of those providing instructions to the network.

- 6  
Annex  
4.9
- G The ability of the responsible *firm* to make unilateral changes to such a *register* may not exist by default. Such functionality could be delivered through ‘smart contracts’ (see *COLL 6 Annex 4.14G* to *COLL 6 Annex 4.18G* (Smart contracts and eligibility verification)), or through off-chain functionality embedded into contractual terms with *unitholders*. The responsible *firm* may also be able to effect updates to the *register* through direct control of private keys, or a ‘master-node’ function.
- 6  
Annex  
10
- G The responsible *firm* may utilise multiple DLT networks to establish and maintain a *register* of *unitholders*, even within the same *class* of *units*, provided the arrangements are consistent with our *rules* and the broader regulatory regime. For example, some *units* in a given *class* may utilise blockchain A, while other *units* in the same *class* may utilise blockchain B. The underlying rights of *unitholders*, and the charges per *unit* taken from *scheme property*, should remain the same within a *class*.
- 6  
Annex  
4.11
- G *COLL 6.7.4R(4)* does not permit payments to third parties for the safekeeping or administration of *units* on behalf of *unitholders*, rather than on behalf of the *authorised fund* itself.

#### Remedying changes to a register made by a third party

- 6  
Annex  
4.12
- G In addition to being used to operate a *register*, DLT may provide other opportunities. For example, DLT may allow distributors or *unitholders* to instruct or request amendments to the *register*. Records on DLT are formed by reference to a series of transactions, including ‘burning’ and ‘minting’ tokens representing *units*, or functionality to ‘freeze’ or ‘unfreeze’ or effect a forced transfer of tokens. DLT may allow distributors or *unitholders* to instruct or request amendments to the *register* by submitting new records to the DLT.
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Annex  
4.13
- G In the *FCA*’s view, the use of DLT to allow parties other than the responsible *firm* to alter the *register* of an *authorised fund* may still be compatible with the *rules* and the *OEIC Regulations*, provided the responsible *firm* is able to make unilateral changes to the *register* – for example, to reverse incorrect entries or create new ones. The responsible *firm* will also need to have processes and procedures in place to identify incorrect entries and take remedial action.

#### Smart contracts and eligibility verification

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Annex  
4.14
- G The use of DLT may enable *unitholders* to transfer *units* between themselves or to third parties. This gives rise to risks that the *register* is incomplete and not up to date and also that a *unit* may be transferred to a *person* who is not an eligible *unitholder* under the *rules*, the *Act*, the *instrument constituting the fund* or the *prospectus*.
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Annex  
4.15
- G To address these risks, the responsible *firm* should consider whether additional technology controls are required to ensure that the *units* are transferred only to, from, or between eligible *unitholders*.

- 6  
Annex  
4.16 G One way in which such transfers of *units* could be controlled is through arrangements whereby tokens are transferred only to known account numbers that the *authorised fund manager* has verified as belonging to a *person* who is an eligible *unitholder*. This is often referred to as ‘whitelisting’, or having an ‘allow list’ that references a set of addresses on the DLT enabled through ‘smart contracts’.
- 6  
Annex  
4.17 G Such functionality could also be used to keep track of a *unitholder’s* tax status or their right to access certain *classes* of *unit* with a particular fee rate or minimum investment limit. A *firm* may utilise accepted token standards that allow for the verification of a *unitholder’s* identity and ensure that they have the necessary capacity and credentials to hold *units*.
- 6  
Annex  
4.18 G Where the responsible *firm* relies on smart contracts for the verification of *unitholder* addresses or the operation or management of the *fund*, these smart contracts should be regularly audited to meet evolving industry standards – for example, in relation to security. This will help the responsible *firm* demonstrate compliance with its obligations under *Principle 2*, which requires a *firm* to conduct its business with due skill, care and diligence, and *Principle 3*, which requires a *firm* to take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.

#### Aggregation of units

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Annex  
4.19 G In broad terms the *COLL rules* and the *OEIC Regulations* also require that a *register* specifies the number of *units* in each *class* held by a *unitholder* (see *COLL 6.4.4R(3)(b)* and paragraph 6(1)(c) of Schedule 3 to the *OEIC Regulations*).
- 6  
Annex  
4.20 G This may be challenging where an *authorised fund* uses DLT. For example, transactions may be recorded across blocks on a blockchain and a *unitholder* may hold positions through different wallets represented by different addresses.
- 6  
Annex  
4.21 G To comply with the requirements referred to in *COLL 6 Annex 4.19G*, the responsible *firm* should ensure there are systems in place (whether on or off DLT) that can aggregate the information held on the DLT.

#### Management of network risks and outsourcing

- 6  
Annex  
4.22 G An interruption to a DLT network could prevent the *authorised fund manager*, *unitholders* or the responsible *firm* from inspecting the *register*, or prevent *unitholders* from effecting or instructing transactions in *units*.
- 6  
Annex  
4.23 G As already noted, *Principle 3* requires a *firm* to take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems. *Firms* are also required to assess and manage risks including *operational risks* under the requirements in one or more of *SYSC 7* (Risk control), *COLL 6.11* (Risk control and internal reporting), *COLL 6.12* (Risk management policy and risk measurement), *FUND 3.7* (Risk management) and articles 38 to 45 of the *AIFMD level 2 regulation*.

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Annex  
4.24
- G To comply with these requirements, the *FCA* expects the responsible *firm* to include within its risk management policies and procedures the risks of DLT network outages. An *authorised fund manager* should ensure that it has appropriate operational and business resilience plans that enable it to manage such risks.
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Annex  
4.25
- G The *authorised fund manager* should have alternative processes and contingencies in place to allow for *unitholders* to *buy, sell* or transfer their *units* in the event of a network outage, including where use of fiat *money* or off-chain processes may be necessary.
- 6  
Annex  
4.26
- G In exceptional circumstances where the DLT network becomes unavailable for an extended period of time, the *authorised fund manager* and the *depository* should have processes and procedures in place to allow the *authorised fund* to be wound up in accordance with the *rules* in *COLL 7*, by realising the assets and distributing the proceeds to *unitholders* proportionately to their respective interests.

#### Inspection of the register

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Annex  
4.27
- G *COLL 6.4.4R(6)(c)* requires the responsible *firm* to make the *register* available for inspection free of charge in the *United Kingdom*. Paragraph 9 of Schedule 3 to the *OEIC Regulations* requires the *register* to be kept available for inspection at the company's head office or at another place in that part of the *United Kingdom* where the company is registered and which has been notified to the *FCA* under regulation 36(3)(b).
- 6  
Annex  
4.28
- G To comply with these requirements, a *firm* should use systems that combine both on-chain and off-chain records where this cannot be achieved fully on DLT.

#### Public or consortium-based DLT networks

- 6  
Annex  
4.29
- G Where public or consortium-based DLT networks are utilised to establish and maintain a *register* of *units*, this activity may take place *overseas* or the location of this activity may be uncertain. The responsible *firm* should consider whether any use of such DLT networks affects the *scheme's* domicile.

#### Compliance with the Money Laundering Regulations

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Annex  
4.30
- G The responsible *firm* will need to ensure it complies with the requirements of the *Money Laundering Regulations* and applicable sanctions regimes.
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Annex  
4.31
- G A *firm* may need to be registered as a cryptoasset exchange provider or custodian wallet provider under the *Money Laundering Regulations* where it is carrying on an activity which requires registration under the *Money Laundering Regulations*.

Personal data and other information recorded on a register using DLT

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Annex  
4.32
- G Where an *authorised fund* uses DLT to operate the *register*, the responsible *firm* and/or any other *person* who is the data controller of the personal data in the *register* (if different) will need to ensure they comply with *data protection legislation*. This is particularly the case where public networks are used, and recorded information is not secured through encryption by default.
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Annex  
4.33
- G When considering how to comply with the *data protection legislation*, the responsible *firm* and any other *person* who is a data controller should consider inherent risks, such as the permanence of records on the DLT network, and that emerging technology, such as quantum computing, could compromise information about *unitholders*.
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Annex  
4.34
- G Information on DLT may also allow trading strategies to be identified or deduced. For example, where transactions in *units* are recorded or instructed on DLT before execution at a future *valuation point*, it may be possible for third parties to anticipate large deals in underlying *securities*. Where relevant, a *firm* should consider the implications of this in product design and ongoing liquidity monitoring controls and ensure that *unitholders* are not adversely affected.

Amend the following text as shown.

## 8 Qualified investor schemes

...

### 8.5 Powers and responsibilities

...

#### 8.5.8 R ...

Using distributed ledger technology to operate the unitholder register

- 8.5.8A G (1) *COLL 6 Annex 4 provides guidance on the use of distributed ledger technology for the operation and maintenance of the register of an authorised fund.*
- (2) *The guidance referred to in (1) applies to the authorised fund manager and the depositary of an authorised fund subject to the rules in this chapter as if:*
- (a) *references to a 'UCITS scheme' or 'non-UCITS retail scheme' were references to a qualified investor scheme;*
- (b) *in COLL 6 Annex 4.7G(1), the reference to 'COLL 6.4.4R (Register: general requirements and contents)' was a reference to 'COLL 8.5.8R (The register of unitholders: AUTs or ACSs)'; and*

(c) COLL 6 Annex 4.11G was omitted.

...

## 15 Long-term asset funds

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### 15.7 Powers and responsibilities of the authorised fund manager and the depositary

...

15.7.12 R ...

Using distributed ledger technology to operate the unitholder register

15.7.12 A G (1) COLL 6 Annex 4 provides guidance on the use of distributed ledger technology for the operation and maintenance of the register of an authorised fund.

(2) The guidance referred to in (1) applies to the authorised fund manager and the depositary of an authorised fund subject to the rules in this chapter as if:

(a) references to a ‘UCITS scheme’ or ‘non-UCITS retail scheme’ were references to a long-term asset fund;

(b) in COLL 6 Annex 4.7G(1), the reference to ‘COLL 6.4.4R (Register: general requirements and contents)’ was a reference to:

(i) ‘COLL 15.7.11CR (The register of unitholders: AUTs or ACSs (schemes made available to retail clients who are not limited protection LTAF investors))’; or

(ii) (if COLL 15.7.11CR does not apply to the scheme) ‘COLL 15.7.12R (The register of unitholders: AUTs or ACSs (schemes intended only for limited protection LTAF investors))’; and

(c) either:

(i) in COLL 6 Annex 4.11G, the reference to ‘COLL 6.7.4R(4)’ was a reference to ‘COLL 15.8.15CR(4) (Payments out of scheme property)’; or

(ii) (if COLL 15.8.15CR(4) does not apply in relation to the scheme) COLL 6 Annex 4.11G was omitted.

...