

PRESS RELEASE

DIGITAL ASSETS BREAKTHROUGH: ABERDEEN INVESTMENTS, LLOYDS BANKING GROUP AND ARCHAX COMPLETE UK-FIRST USE OF DIGITAL ASSETS

- **Landmark collaboration underscores the UK's capability to become a global hub for digital asset innovation**

Lloyds Banking Group (Lloyds), Aberdeen Investments, and Archax today announce a landmark collaboration of their trading businesses to advance the use of cutting edge blockchain technology using tokenised real-world assets (RWAs) as collateral.¹

In a UK-first initiative, tokenised units of Aberdeen Investment's money market fund (tMMF) and tokenised UK gilts were used as collateral for foreign exchange (FX) trades between Aberdeen and Lloyds. These digital tokens were issued, transferred, and securely held by Archax - a UK FCA-regulated digital asset exchange - on the Hedera Hashgraph public permissioned blockchain.

The UK trades \$5.4 trillion in FX and interest rate derivatives daily, accounting for half of global activity.² This trade demonstrates that regulated digital assets can serve as collateral in this market, which is a significant milestone. Digital assets can be programmed to automatically follow the rules of trading agreements streamlining the margining process, reducing operational costs, enhancing collateral efficiency, and minimising counterparty risk.

Wider adoption of tokenised funds as collateral could also help reduce systemic risk during periods of market stress by enabling digital transfers instead of forced asset sales—thereby reducing volatility.

This collaboration between two of the UK's largest financial institutions and a homegrown regulated fintech marks a major step forward in digital finance. The successful pilot lays the foundation for scaling tokenised collateral solutions, reinforcing the UK's leadership in next-generation financial infrastructure.

Emily Smart, Chief Product Officer, Aberdeen Investments says: "Tokenisation has long been seen as a key enabler in the new world of digital innovation. That's why we are delighted to collaborate with Lloyds and Archax, to demonstrate real-world application of on chain collateral movements using tokenised assets. This demonstrates the ability of digital assets to streamline processes and increase efficiency."

Peter Left, Head of Digital Finance at Lloyds Banking Group, said: "This groundbreaking initiative proves that digital assets can be used in regulated financial markets under existing legal frameworks here in the UK. It's a major step forward in demonstrating how tokenisation can enhance collateral efficiency, reduce friction, and unlock new trading opportunities."

Graham Rodford, CEO and co-founder of Archax, adds: "This latest use-case for Nest, our permissioned DeFi collateral transfer network, highlights the power of regulated digital infrastructure to support institutional-grade needs. We're excited to be partnering with Lloyds and Aberdeen on this initiative and look forward to scaling the use of tokenised RWAs as transferable collateral. This has established another key digital milestone in the foundation for a more open and efficient financial system."

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¹ Tokenisation is the representation of ownership on a blockchain

² Source: Latest BIS triennial OTC survey. <https://www.bis.org/statistics/rpfx22.htm>

NOTES TO EDITORS

Aberdeen Investments

At Aberdeen, we are focused on growing our direct and advised wealth platforms and repositioning our specialist asset management business to meet client demand. We are committed to providing excellent client service, supported by leading technology and talent.

As at 31 March 2025, we managed and administered £500.1bn of our clients' assets. Our Investments business is a specialist asset manager that focuses on areas where we have both strength and scale to capitalise on the key themes shaping the market, through either public markets or alternative asset classes.

Our teams collaborate across regions, asset classes and specialisms, connecting diverse perspectives and working with clients to identify investment opportunities that suit their needs.

As at 31 March 2025, our Investments business manages £359.6bn on behalf of clients, including insurance companies, sovereign wealth funds, independent wealth managers, pension funds, platforms, banks and family offices. www.aberdeeninvestments.com

About Lloyds Banking Group

Lloyds Banking Group is the largest UK retail and commercial financial services provider with around 27 million customers and a presence in nearly every community. We are proud to support British businesses, with nearing one million UK businesses supported by our leading digital and relationship banking services. Our main business activities include retail and commercial banking, general insurance and long-term savings, provided through well recognised brands including Lloyds, Halifax, Bank of Scotland and Scottish Widows.

Our purpose is Helping Britain Prosper. We have served Britain through our products and services for more than 320 years, across every community, and millions of households. Our success is interwoven with the UK's prosperity, and we aim to help Britain prosper by operating as a responsible, sustainable and inclusive Group.

About Archax

Archax is an FCA regulated Digital Asset Exchange, Broker and Custodian based in the UK, targeted at the professional and institutional investor community globally. Founded by experts from traditional capital markets, Archax supports all types of digital assets – from unregulated cryptocurrencies through to regulated tokenised real-world assets (RWAs).



Archax covers the full digital lifecycle from token issuance and fundraising, through to trading and custody. www.archax.com

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