



GLOBAL FUND SERVICES

Asset Digitisation And Composability

The Drive for Digital Distribution

- The panel opened with observations on how blockchain and tokenization are being driven by investor demand for instant outcomes and a digital experience aligning with broader consumer expectations.
- It was noted that incoming generations of investors expect diverse asset classes and round-the-clock access to markets, leading to substantial changes by key market participants to accommodate these demands.

Money Market Funds and Collateral Efficiency

- Money Market Funds (MMFs) were discussed as the leading use case for tokenization, particularly to enable faster and more transparent collateral movement during periods of market stress.
- The adoption of tokenized MMFs can create efficiencies by allowing instant transfer of ownership, transforming collateral management practices.
- Regulatory moves in key jurisdictions now permit on-chain registers to fulfill the role of legal fund registers, removing previous operational frictions.

Tokenization Models and Native Issuance

- The panel compared synthetic models, shadow/mirror registers, and native issuer-led tokenization, favoring native issuance for its ability to fully automate asset management and lifecycle tasks.
- While native tokenization is seen as the technical ideal, legal and operational realities often necessitate interim approaches until regulations adapt.

Composability and Personalized Asset Management

- The concept of composability was explored, highlighting the trend towards tokenizing not just entire funds but also individual asset components for more tailored investment solutions.

- Technology advances such as vaults and real-time data oracles were mentioned as enablers for more granular and personalized asset management.

Privacy and Multi-Chain Governance

- Participants identified transparency on public blockchains as both an opportunity and a challenge, with privacy concerns requiring cryptographic solutions and careful network management.
- The shift towards multi-chain environments was noted as creating new governance and oversight tasks, especially for those managing digital registers. Solutions for interoperability were discussed as critical for the future.

Future Outlook and Industry Predictions

- Widespread adoption of tokenized MMFs was forecasted, as these products underpin the growth of digital cash and stablecoin markets.
- The importance of updating infrastructure for "cash legs" and settlement efficiency was stressed, alongside the need for established institutions to keep pace with market entrants leveraging digital distribution.
- Overall, the panel emphasized blockchain's strengths in disintermediating financial processes and providing immutable records, but noted that it is not a cure-all for every technical or market challenge.