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Two Markets, One Word

Why private assets require a different path to tokenization

Before committing to token design, clarify the rights, ownership, valuation and regulatory pathway.

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The word "tokenization" is used for two very different operating patterns. At one end are instruments that already have established legal, pricing and servicing frameworks. At the other are private assets that still need work on ownership, valuation, structure and regulation before token design makes sense. This paper is about the second.

01 One term, two operating patterns

Tokenized Treasury and money-market products start from familiar instruments. Their underlying assets are liquid, routinely priced and governed by established regulatory frameworks, so much of the legal and economic structure exists before the token is created.

Private assets are less standardized. Real estate, intellectual property, operating businesses and infrastructure can raise questions of ownership, valuation, entity, documentation and regulation that have to be resolved before token design begins. Each project requires a clear view of its regulatory context and intended investors. Established frameworks can guide the work, but the structure must fit the asset and the proposed transaction.

Most real projects sit somewhere between the two ends. The distinction is the amount of asset-level preparation still required. Some private assets already have well-established legal and operating structures; others require substantial work before a tokenization route can be assessed.

02 What the institutional market has shown so far

The best-known tokenized products are close to the first end. BlackRock's BUIDL, launched in March 2024, illustrates tokenization built around familiar underlying assets: cash, US Treasury bills and repurchase agreements; and Franklin Templeton's OnChain U.S. Government Money Fund was the first US-registered mutual fund to use a public blockchain as its official system of record.¹

The liquidity of the underlying assets should not be confused with unrestricted transferability or a liquid secondary market for the fund's tokens.

These products start from familiar legal forms and well-understood underlying assets. That reduces the asset-level structuring needed before the digital layer is added. They show that settlement, record-keeping and distribution on-chain can work. They say much less about a stake in a private company, a commercial building or a patent portfolio.

Broadridge's 2025 survey of 300 financial institutions in North America and Europe found that 63% of the custodians surveyed already offer tokenized asset services.²

03 Why private assets are different

Firms expect demand for tokenized private assets to grow. In the same survey, they expected institutional demand to concentrate in private equity (60%), real estate (53%) and private credit (45%), and individual demand in real estate (58%) and private equity (49%).²

Turning that interest into a workable project requires preparation at the asset level. Before committing to token design, a private asset usually requires clarity on these points:

Prerequisite	Why it cannot wait
Legal entity	The issuing or obligor entity, the rights being tokenized and the ownership chain need to be clearly identified. Some structures use a special purpose vehicle.
Regulatory pathway	Each jurisdiction classifies tokens differently. A mapped pathway is typically needed before regulated counterparties can determine whether and how they can participate.
Valuation	Investors and auditors need a documented basis for the price.
Ownership and IP	Gaps in the chain of title can block an issuance, especially for intellectual property.
Cross-border tax	Cross-border structures can raise withholding and other tax questions that qualified tax advisers need to review.
Investor onboarding	Know-your-customer and anti-money-laundering checks have to fit each target market.

Practical implication for private asset owners

A useful readiness test is whether the asset owner can identify the right being tokenized, the entity that holds or issues it, the basis for valuation, and the regulated path through which it could be offered or transferred. If those points are still open, committing to a technical design is premature.

04 Where tokenization can add value

Tokenization can provide a different way to record, administer and transfer rights in an asset. Its usefulness depends on the problem being addressed and on the legal, commercial and operating arrangements around it.

Participation and transferability. Where the structure and applicable rules permit, tokenization can support smaller investment units and additional ways to transfer holdings. This may broaden participation and help liquidity develop. Tokenization does not automatically create liquidity: there must still be buyers, sellers and workable trading arrangements.

Administration and settlement. Shared records and programmable processes can support ownership tracking, transfers and distributions. The practical benefit depends on how they connect with payment systems, custody, identity checks and existing operations.

Clearly defined rights. A useful tokenization structure makes clear what the holder owns or is entitled to, how those rights can be exercised and which restrictions apply. Legal documents, disclosures and qualified advisers remain central to that work.

A coordinated operating model. Tokenization brings together asset owners, technology providers and, where required, regulated firms. Clear responsibilities for issuance, custody, investor onboarding and ongoing administration help establish how the arrangement will work in practice.

For an asset owner, the starting point is the intended improvement: who could participate, which process could work better, or how rights could be administered. Readiness work examines whether the available materials and proposed structure support that purpose, and what remains unresolved.

05 Securities frameworks are becoming more specific

Regulatory uncertainty is the barrier institutions cite most often: 73% in Broadridge's survey.² For tokenized securities, though, several major jurisdictions are providing more specific rules or guidance.

- **European Union.** Tokens that qualify as financial instruments stay under securities law and outside MiCA.³ In December 2025 the Commission proposed widening the scope and duration of the DLT Pilot Regime, the framework for trading and settling tokenized securities.⁴
- **Japan.** On 15 July 2026 the Diet approved amendments concerning crypto-asset regulation under the Financial Instruments and Exchange Act. Approval should be distinguished from the commencement of individual provisions. Security tokens remain outside the crypto-asset definition and continue under the existing securities framework.⁵
- **United States.** In January 2026, SEC staff published a statement on tokenized securities. It distinguishes issuer-sponsored and third-party models and sets out staff views on how existing federal securities laws apply to different structures and rights.⁶ The statement expresses staff views and has no independent legal force or effect.

In practice, mapping the regulation has become part of structuring a project. Each jurisdiction has its own pathway, and the useful question is whether that pathway has been mapped for this asset and these investors.

o6 Identify structural gaps before committing further resources

Broadridge's survey shows differences in how adopters and non-adopters perceive tokenization's benefits and risks. These findings describe respondents' views; they do not establish the results an individual project will achieve.²

For private asset owners, the implication is different but related. Readiness work can identify structural blockers before legal, technical and distribution costs accumulate. Ownership, documentation, valuation and the regulatory pathway can be assessed before significant resources go into token design. As the infrastructure develops, assets with clearly documented rights and a mapped regulatory path should be easier for legal, technical and regulated counterparties to assess.

Considering tokenization for a specific asset or business?

Tell us what you are trying to achieve and which decision you need to make. We can discuss whether a scoped readiness assessment would be a useful next step.

The Tokenization Readiness Assessment provides a written report setting out the materials reviewed, unresolved questions and a recommendation on the next step. A Whitepaper or implementation work requires a separate scope and engagement.

Request a conversation: <https://earthberries.co.jp/contact>, or write to intake@earthberries.co.jp

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