Broadridge®

# Next-gen markets: The rise and reality of tokenization

A roadmap to realizing the full potential of this pivotal shift.

# Executive summary

Tokenization, or the representation of traditional financial and private assets as digital tokens on blockchain infrastructure, is quickly becoming a pivotal innovation with the potential to reshape capital markets. The 2025 Broadridge Tokenization Survey, covering 300 financial institutions across North America and Europe, underscores that tokenization has moved from concept to operational reality. Custodians, asset managers, and wealth managers all recognize this shift, but their paths toward adoption differ significantly.

Custodians are leading the charge, with 63% already offering tokenized asset services and an additional 30% preparing to do so within two years. Their primary motivations include enhanced security, operational efficiency, and improved transparency. Asset managers are rapidly gaining ground, driven by investor demand for new, innovative products, especially within the high-growth private assets space. Although only 15% of asset managers currently offer tokenized funds, 41% plan to introduce them soon. Wealth managers trail in adoption, with only 10% actively involved, yet nearly a third (33%) anticipate entering the tokenized market in the near term.

Private assets, particularly private equity and real estate, have emerged as the clear initial use cases. Tokenization has the potential to uniquely address traditional barriers such as illiquidity, high operational costs, and barriers to entry for retail investors. Indeed, survey respondents highlighted democratized investment access (58%) and improved liquidity (61%) as critical benefits driving interest in these asset classes.

The move toward direct-to-investor distribution models – one of the key trends shaping adoption in this space – further highlights both the opportunity and risk inherent in tokenization. More than 80% of early adopters recognize significant potential for enhanced client engagement and operational simplification through direct distribution. Yet this model also presents strategic risks, notably potential disintermediation, particularly for wealth managers and asset managers who traditionally rely heavily on intermediary-driven sales channels.

Despite clear enthusiasm, critical barriers remain. Regulatory uncertainty is the top concern, cited by 73% of respondents. Institutions continue to seek greater clarity on how tokenized assets are classified, regulated, and integrated with existing frameworks in major jurisdictions, including the U.S., EU, UK, and Canada. However, recent movement, such as the passage of the GENIUS and CLARITY Acts in the U.S. and the launch of tokenized stocks for European investors by firms including Robinhood, suggests that both regulatory and retail momentum are building, which could ease institutional hesitancy and lead to broader adoption.

Security represents another nuanced challenge: While nearly two-thirds of early adopters recognize the potential for improved security through robust implementation, 54% of surveyed firms cited technology and cybersecurity concerns as significant risks. This underscores a vital insight: Tokenization done correctly is a security asset, but when executed poorly, it can exacerbate risk.

Ultimately, financial institutions must strategically position themselves to capture tokenization's benefits and mitigate its risks. This paper explores the tokenization landscape comprehensively, identifies best practices, and outlines actionable recommendations tailored specifically for custodians, asset managers, and wealth managers. As firms navigate this transformation, Broadridge stands ready to provide the necessary infrastructure, security expertise, and regulatory insights to help the industry realize the full potential of tokenized markets.

**Survey methodology**
This paper presents results from the Broadridge Tokenization Survey. In early 2025, Broadridge conducted a survey of 300 financial institutions, including asset managers, wealth managers, and custodial institutions in North America and Europe. Respondents were asked about their current and planned tokenization offerings, as well as their overall views on the benefits, risks, and strategic implications of emerging tokenization technologies and products across the financial services landscape.

# The evolving tokenization landscape

## What is tokenization?

Asset tokenization is the process of creating a digital representation of an asset on a blockchain or distributed ledger. This digital representation, or "token," confers ownership rights and can be exchanged, transferred, or used as collateral much like the underlying asset. Importantly, tokenization also introduces built-in programmability, called smart contracts, via embedded code, enabling new forms of automation, interoperability, and composition in financial products and services. In financial markets, tokenization spans a wide array of asset classes, from traditional financial instruments like equities, bonds, and funds to real assets, such as real estate, commodities, art and collectibles, and even intangible assets, like intellectual property.

In practice, virtually any asset with value (public or private) can be tokenized, including private equity stakes, debt instruments, investment funds (e.g., mutual funds or alternatives), and one-of-a-kind or luxury items. By converting ownership rights into digital tokens on a shared ledger, tokenization enables fractional ownership and near-instant transfer of assets, which can enhance liquidity and accessibility in markets that have traditionally been illiquid or siloed.

### Tokenization is not one size fits all

Tokenization means different things to different institutions. Its impact, and its relative importance to the enterprise, varies based on a firm's role in the financial value chain.

- **Custodians** are at the vanguard of tokenization adoption and positioned at the center of asset servicing and settlement. By embedding tokenization into their core infrastructure, they are automating settlement, enhancing fund administration, and securely managing digital keys. This opens new revenue lines and strengthens their role as essential enablers of the technology.
- **Asset managers** see tokenization as a way to modernize product delivery. They are exploring blockchain-based funds that reduce costs, improve access, and increase utility. These features are particularly beneficial for digitally native or global investors.
- **Wealth managers** are intrigued by tokenization's ability to diversify offerings and enable 24/7 access, but remain more measured in their approach. Many are weighing the benefits against added operational complexity and the risk of disintermediation from direct-to-investor platforms.

### Public market use cases: From pilots to practice

Institutional adoption is no longer theoretical. Financial firms are actively deploying tokenization across public market instruments, particularly in regulated, high-liquidity asset classes.

BlackRock's BUIDL fund (launched in 2023) has grown to over $2.3 billion AUM (as of August 2025) and now operates across multiple public blockchains. It offers institutional exposure to tokenized U.S. Treasuries and money market instruments with blockchain-native settlement.

Franklin Templeton's FOBXX fund represents another key milestone. As the first U.S.-registered mutual fund using a public blockchain as its system of record, it enables peer-to-peer share transfers, stablecoin funding via BENJI tokens, and real-time ownership tracking. Other firms, like WisdomTree, Fidelity, and Invesco, are following suit with tokenized ETFs and fixed-income offerings, bringing composability and transparency to investment products long known for stability rather than innovation.

These developments demonstrate that tokenization is gaining traction not only in emerging asset classes but also in the most traditional corners of finance.

### Institutional adoption: Who's moving and why

The pace of, and approach to, adopting tokenization varies significantly by institution type. According to the 2025 Broadridge Tokenization Survey, custodians have emerged as clear early leaders, with asset managers and wealth managers moving more cautiously.

Institutional enthusiasm is increasingly reflected in adoption rates:

- 63% of custodians already offer tokenized asset services, with another 30% planning to enter within two years
- 15% of asset managers have launched tokenized offerings, and another 41% expect to follow suit
- Among wealth managers, 10% offer tokenized products today, while 33% are planning future launches

Custodians are clearly out front, leveraging their infrastructure to provide secure custody, smart contract integration, and real-time asset servicing. A notable example is BNY Mellon, which recently launched its Digital Asset Data Insights product, enabling fund accounting data to be broadcast on Ethereum, using smart contract automation. These services are not speculative; they are foundational to how tokenized assets will be created, distributed, and managed.

Asset managers are moving strategically, using tokenization to build compliant, on-chain fund structures. Franklin Templeton's BENJI token and BlackRock's BUIDL fund are helping define the regulatory and operational playbook for others to follow.

Wealth managers remain measured, driven by a need to preserve advisory relationships while expanding access. They see the opportunity, but also the complexity and competitive threat of direct-to-investor models.

## Where the market is headed: Accelerating demand and convergence

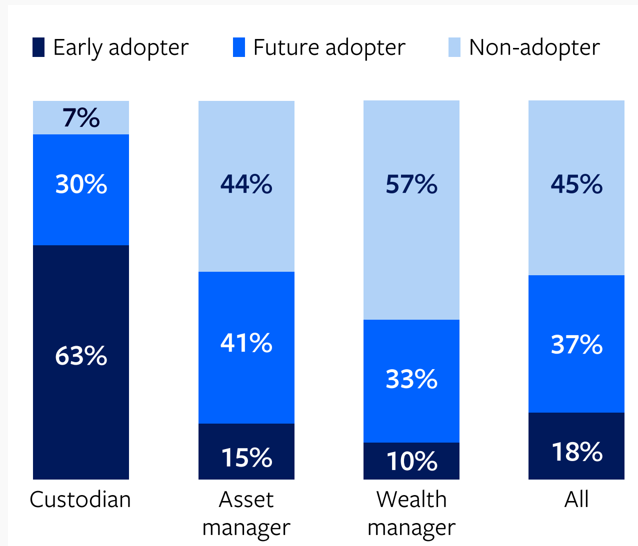
While tokenization is still in its early stages, financial institutions and consulting firms alike view it as one of the most significant structural shifts on the horizon for global capital markets. Long-term projections vary, but industry reports indicate that tokenized assets could represent $10 trillion to $16 trillion in value by 2030, with the bulk of growth expected to come from private markets, treasuries, and fund tokenization. These forecasts reflect not just technological potential but growing conviction across the institutional ecosystem that tokenization will reshape how financial products are structured, distributed, and serviced. Ultimately, however, the realization of this anticipated growth scenario is dependent on investor attitudes, a complex regulatory environment, and other dynamic factors.

**Regulatory clarity is advancing.** In the U.S., Congress is actively progressing on foundational asset-tokenization legislation. The bipartisan GENIUS Act, signed into law on July 18, 2025, is setting rigorous guardrails for payment stablecoins, including one-to-one reserve backing, transparency, and oversight. Alongside this, the Digital Asset Market CLARITY Act aims to define jurisdiction between the U.S. Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC). Together, these efforts mark a turning point, providing the legal scaffolding necessary to scale institutional participation.

**Retail interest is heating up.** Platforms like Robinhood, Kraken, and Ondo are pioneering tokenized U.S. stocks and ETFs. Initially launched for European users via Arbitrum layer-2 for commission-free, 24/5 trading, these tokens offer economic exposure rather than direct ownership. Crucially, Dinari has received SEC approval to offer tokenized U.S. equities in the U.S. market, while Galaxy Digital became the first public company in the U.S. to natively issue tokenized equity, providing a roadmap that combines innovation with regulatory engagement.

**Exhibit 1 Stages of tokenization adoption**

*Has your firm already launched a tokenized fund, or do you plan to offer one over the next two years? Is your firm now offering or planning to offer bonds, mutual funds, or any other securities or alternate assets in tokenized form over the next two years? Is your organization now offering or planning to offer clearing or custody services for digital/ tokenized securities/funds over the next two years?*




Source: 2025 Broadridge Tokenization Survey

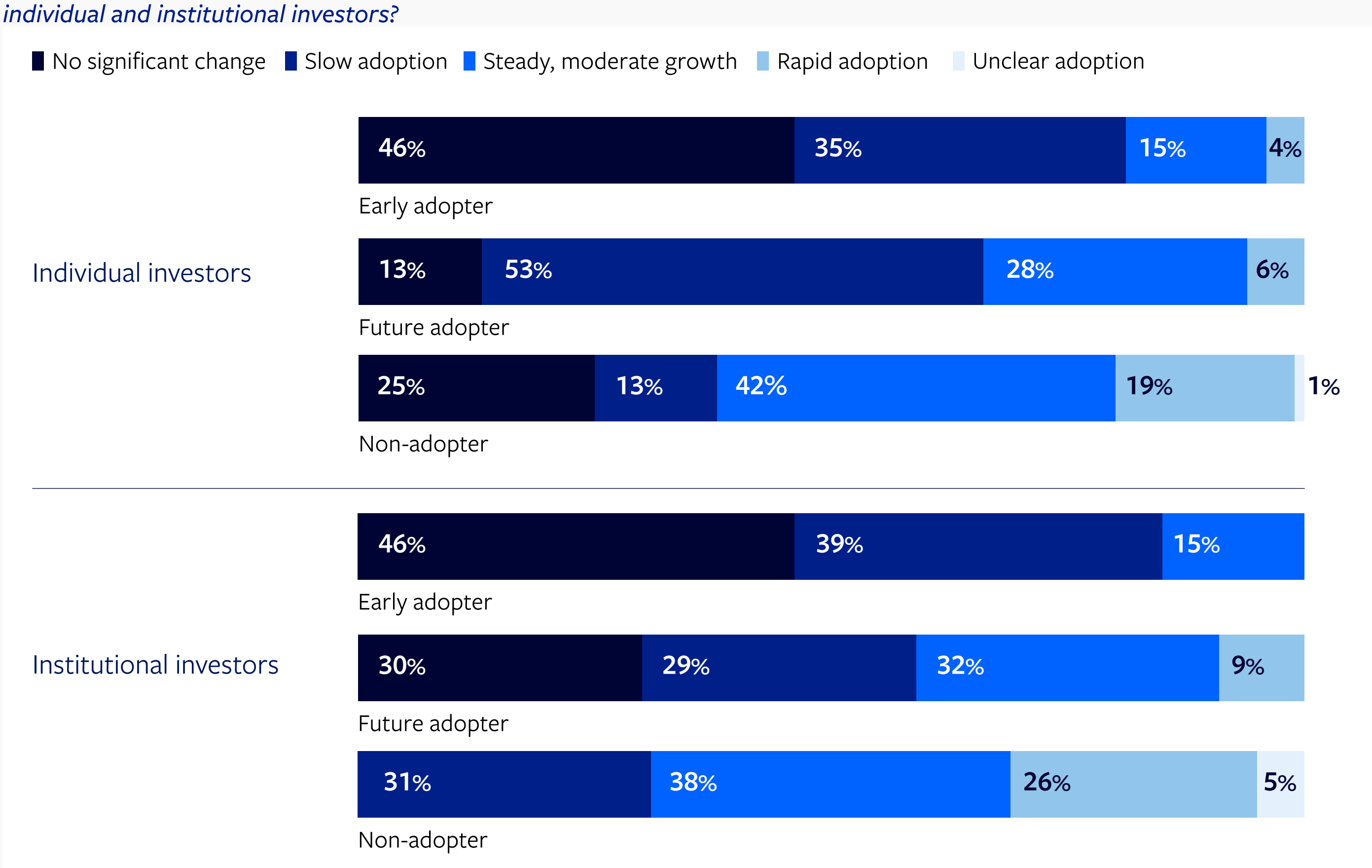
> "Tokenization will facilitate the creation of new products, opening new market opportunities for financial firms to reach more investors in different wealth segments."
>
> Chief Strategy Officer, Retail Asset Manager, UK

Despite varied current adoption levels, survey responses indicate a clear consensus around growing future demand. More than half of institutions surveyed anticipate moderate to rapid growth in investor demand for tokenized assets over the next five years. Custodians are most optimistic, reflecting confidence in their existing infrastructure and early-mover advantages. Each segment's distinct motivations and concerns underscore the importance of tailored adoption strategies.

All indicators–including regulatory framework solidification (GENIUS & CLARITY), retail and platform engagement (e.g., Dinari's U.S. launch and Robinhood, Kraken and Ondo launching in the EU), and survey-backed institutional readiness–point to acceleration. This momentum could be the catalyst for broader adoption in wealth channels, especially as greater clarity helps RIAs and advisors move from concept to execution.

**Exhibit 2 Firms' expectations for demand growth for tokenized assets, by tokenization progress**

*How do you foresee demand for tokenized assets evolving over the next one to five years for individual and institutional investors?*




Source: 2025 Broadridge Tokenization Survey

> "Financial firms will benefit from this in the coming years as more investors are attracted to tokenized assets due to the possibility of remarkable returns."
>
> Direct Report to Chief Investment Officer, Wirehouse, UK

## The benefits of tokenization: Why early movers see greater rewards

The benefits of tokenization are becoming more concrete, but they aren't distributed equally. Firms that have already implemented tokenized solutions are reporting deeper, broader advantages, while those still evaluating the space may be forgoing benefits due to over-looking value propositions.

According to the 2025 Broadridge Tokenization Survey, early adopters report experiencing four to five distinct benefits, on average, compared to fewer than three cited by non-adopters. There is one clear distinction between the two groups: Among early adopters, insights are based on real operational use, not projections.

Chief strategy officers, often tasked with long-term growth and transformation, consistently see the greatest benefits. Heads of digital assets, by contrast, tend to be more cautious, grounded in the practical challenges of implementation, from technology integration to regulatory ambiguity.

### What early movers are actually gaining

Among early adopters, the most widely cited benefits include:

- Improved transparency and data tracking (66%), thanks to real-time, immutable blockchain records
- Greater liquidity and investor accessibility (61%), supported by fractional ownership, digital-first distribution, and 24/7 market availability
- Lower operational costs (57%) achieved through automation and reduced intermediaries

Perhaps more telling is what only early movers are seeing at scale:

- Cybersecurity and regulatory benefits: Over 60% cite improved risk management and auditability, gains tied directly to secure blockchain infrastructure.
- Efficiency gains in legacy asset classes: Two-thirds report faster, more cost-effective servicing for traditional products like bonds, equities, and private equity.
- Product innovation and market expansion: Early movers are leveraging tokenization to create entirely new distribution models and investor experiences.

**Among early adopters, the most widely cited benefits include:**

| | |
|---|---|
| **66%** | Improved transparency and data tracking |
| **61%** | Greater liquidity and investor accessibility |
| **57%** | Lower operational costs |

Source: 2025 Broadridge Tokenization Survey

### Real-world evidence: What's playing out in practice

These benefits are no longer hypothetical. Institutions with live tokenization programs are already seeing material gains:

- BlackRock's BUIDL fund offers near-instant settlement and daily liquidity for tokenized U.S. Treasuries — features that are reshaping short-term cash management.
- Franklin Templeton's BENJI token allows investors to convert USDC stablecoins into mutual fund shares, conduct peer-to-peer transfers, and track ownership on public blockchains, delivering operational efficiency and next-gen investor access.
- BNY Mellon has begun broadcasting fund accounting data on-chain through smart contracts, demonstrating how custodians can embed transparency and automation deep within the asset lifecycle.

These are not proofs of concept, they are operational systems serving institutional and retail clients today. And they offer a preview of the broader efficiencies and capabilities firms stand to gain as adoption grows.

## Non-adopters: Undervaluing the upside

Non-adopters tend to focus on a narrower set of benefits, primarily transparency, cost savings, and access. Fewer than one-third recognize tokenization's potential for:

- cybersecurity improvements;
- new product creation;
- market reach expansion; or
- greater efficiency in existing portfolios

This underappreciation may reflect a lack of direct exposure, but it also signals a potential risk: Firms delaying investment could give up their option to lead disruptive innovation and capture material upside as tokenized markets mature.

## Why it matters now

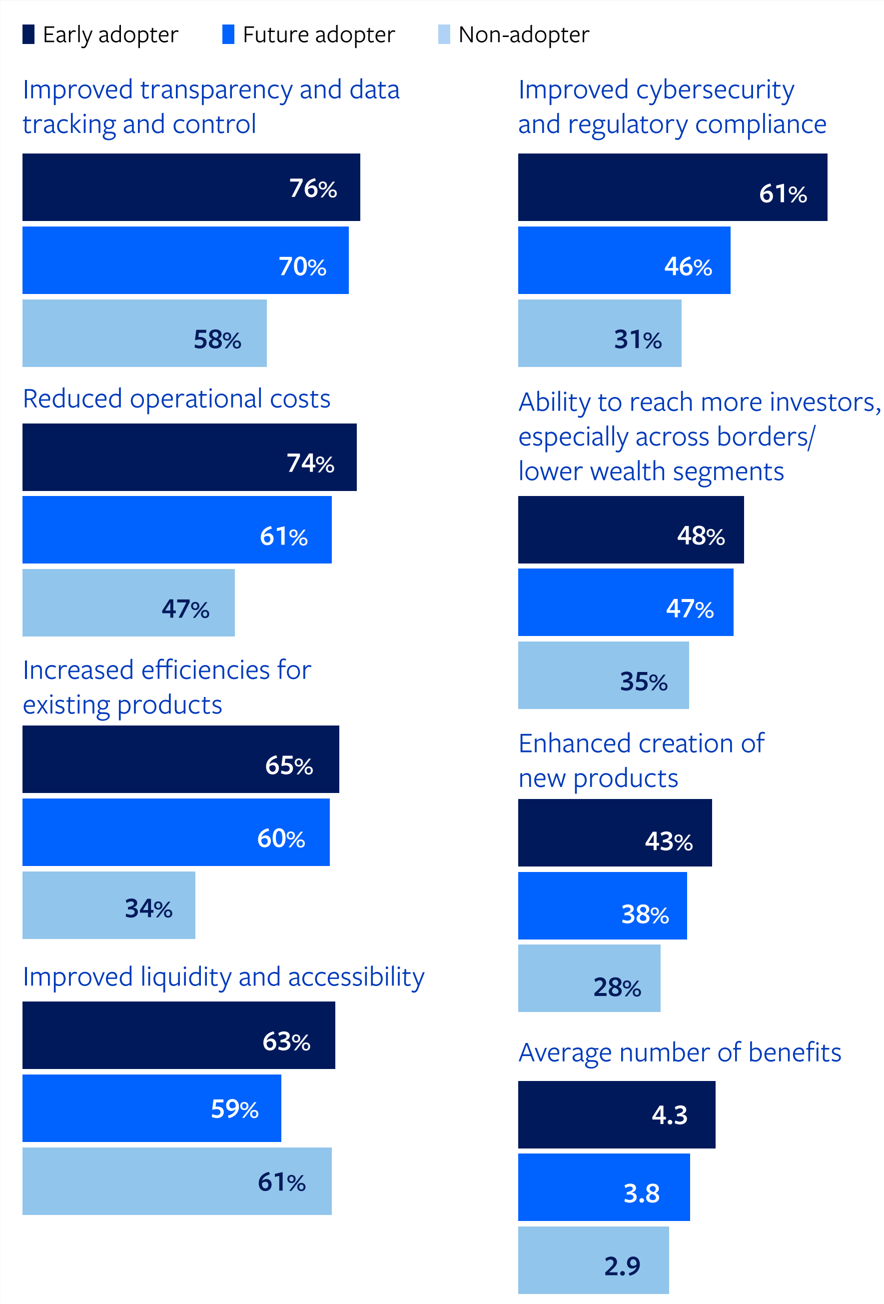
As adoption spreads, the firms already building tokenization capabilities are positioning themselves to lead, not just in infrastructure, but in new product design, global distribution, and operational scalability. For them, tokenization isn't a theory; it's a proven lever for growth.

## The value for investors

Beyond enhancing transparency, liquidity, and access to new asset classes, tokenized assets also allow firms to leverage decentralized finance (DeFi) protocols to generate additional yield opportunities for their clients.

**Exhibit 3 Key benefits of tokenization for the firm, by tokenization progress**

*From your perspective as a financial institution, what are the key benefits of tokenization?*




Source: 2025 Broadridge Tokenization Survey

## Private assets: An emerging opportunity

While tokenization holds potential across a wide range of financial instruments, the tokenization of collateral and automation of transaction lifecycle through smart contracts has seen the widest adoption in capital markets. Broadridge's Distributed Ledger Repo platform is at the forefront of these initiatives.

Applying a similar lens, private assets with inherent structural inefficiencies – high investment minimums, limited liquidity, and complex administration – have emerged as an area with a compelling value proposition for tokenization.  As an asset class, private assets are well-suited for the native transparency, automation, and fractionalization that blockchain enables.

Tokenization removes many of the traditional barriers that have kept alternative investments, like private equity, real estate, private credit, and collectibles, out of reach for most investors. By creating digital representations of ownership, tokenization enables fractional access, broader distribution, and faster settlement across assets that have historically been slow, costly, and opaque.

### Rising demand from both individual and institutional investors

The 2025 Broadridge Tokenization Survey reveals a sharp uptick in expected demand for tokenized private assets over the next five years, especially from early adopters, who are already building offerings in this space.

Among individual investors, firms anticipate the strongest demand for tokenized real estate (58%), followed by private equity (49%), and art or collectibles (35%). This shift reflects increasing interest from mass affluent and digitally native investors who seek portfolio diversification and access to high-quality private assets, without the large upfront commitments that these asset classes traditionally required.

Among institutional investors, demand is expected to concentrate in private equity (60%), private credit (45%), and real estate (53%), as firms seek higher returns and portfolio diversification. These trends suggest that institutions increasingly view tokenized private assets as a strategic lever for expanding product offerings and improving liquidity in alternative investments.

Institutions are motivated by access to higher yields, more flexible structuring, and the ability to improve liquidity through token-enabled secondary markets.

### Early movers are already reaping the benefits

Several major firms are already live with tokenized private asset offerings:

- Hamilton Lane, a leading private markets investment manager with over $940 billion in AUM, has partnered with Securitize to tokenize feeder funds on the Polygon blockchain. These vehicles dramatically lowered minimum investment thresholds from $5 million to as little as $20,000, opening access to a broader set of qualified investors.
- Apollo Global Management has piloted tokenized private credit funds via digital platforms like Figure, enabling broader distribution, automated interest payments, and future potential for secondary liquidity.
- KKR has similarly experimented with tokenized private equity funds, including partnerships that bring digital access to flagship strategies for wealth management platforms.
- In real estate, firms are issuing tokenized stakes in standalone properties and commercial portfolios, allowing fractional ownership, real-time valuation updates, and streamlined secondary trading.

**Among individual investors, firms anticipate the strongest demand for:**

| | |
|---|---|
| 58% | tokenized real estate |
| 49% | private equity |
| 35% | art or collectibles |

**Among institutional investors, demand is expected to concentrate in:**

| | |
|---|---|
| 60% | tokenized real estate |
| 53% | art or collectibles |
| 45% | private equity |

Source: 2025 Broadridge Tokenization Survey

These examples underscore that tokenization isn't limited to niche, digital-native platforms; rather, it's being actively embraced by some of the largest and most established players in private capital markets.

## Unlocking access and efficiency

Tokenization makes private assets more accessible, liquid, and manageable. It also opens up new business models:

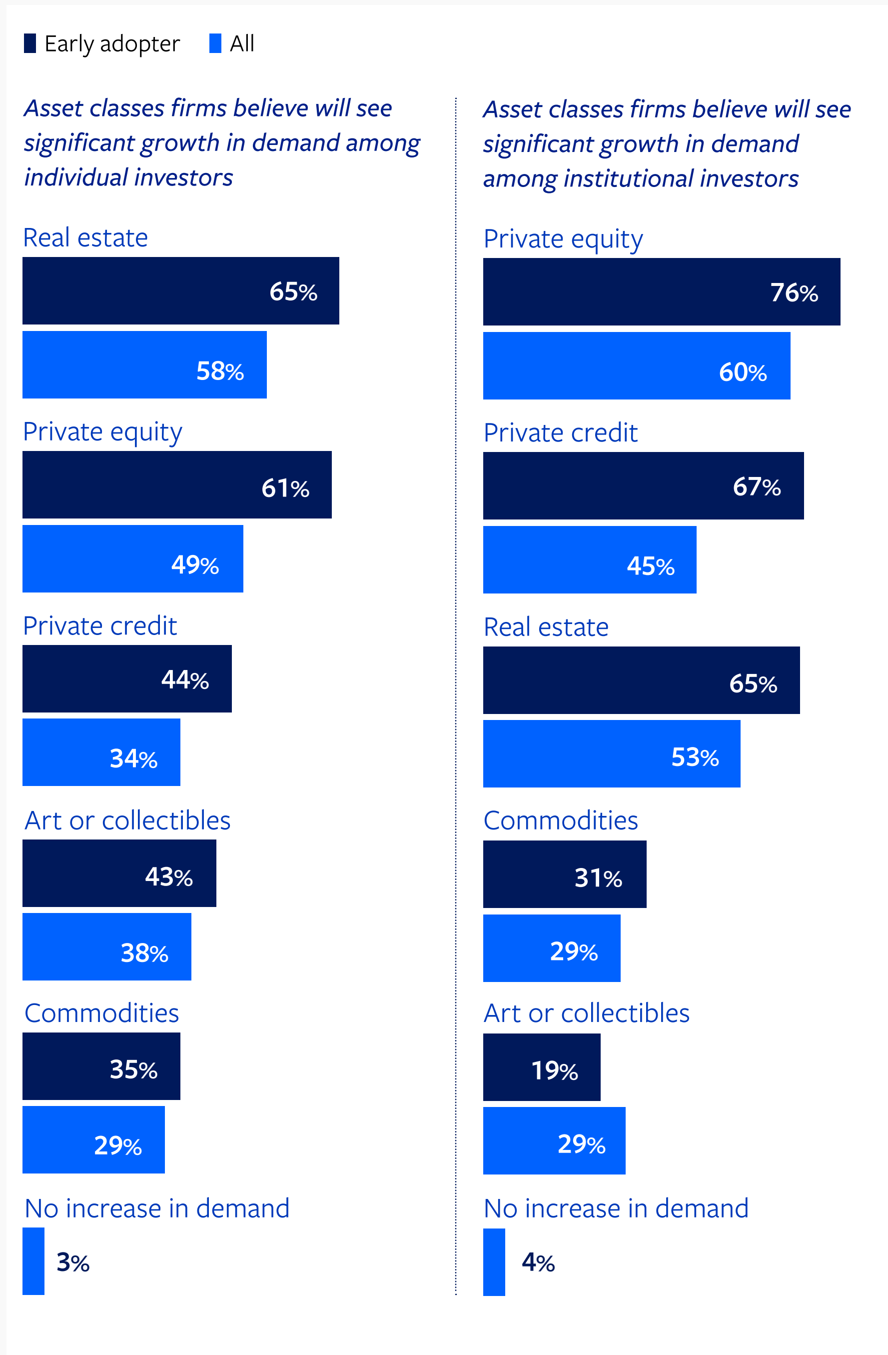
- Feeder funds for private equity can be digitized and distributed globally with lower entry points.
- Real estate tokens can trade on 24/7 platforms with automated rental income distribution.
- Private credit funds can use smart contracts to streamline coupon payments, NAV calculations, and compliance reporting.
- Defined contribution plan participants can simplify their investments, aligning with recent White House initiatives to expand access to direct ownership.

For both institutional and individual investors, the result is a new degree of portfolio flexibility and transparency, without compromising on premium asset exposure.

> "Tokenization will eventually allow us to meet investors where they are—digitally, directly, and globally."
>
> Head of Strategy, Wealth Platform, EU

**Exhibit 4 Anticipated demand growth, by asset class**

*For which of the following tokenized asset classes do you see demand growing significantly among individual and institutional investors?*




Source: 2025 Broadridge Tokenization Survey

## From pilot to scale: What's blocking progress?

While interest in tokenization is accelerating, scaling real-world adoption remains complex. Many firms are transitioning from early-stage experimentation to operational deployment, where practical barriers come into sharper focus. According to the 2025 Broadridge Tokenization Survey, most institutions identify three to four key risks impeding progress. The top cited challenges: Regulatory uncertainty, technology and security risk, and infrastructure limitations.

These hurdles are not insurmountable, but overcoming them will require industry-wide collaboration, clearer regulatory direction, and significant modernization of legacy infrastructure.

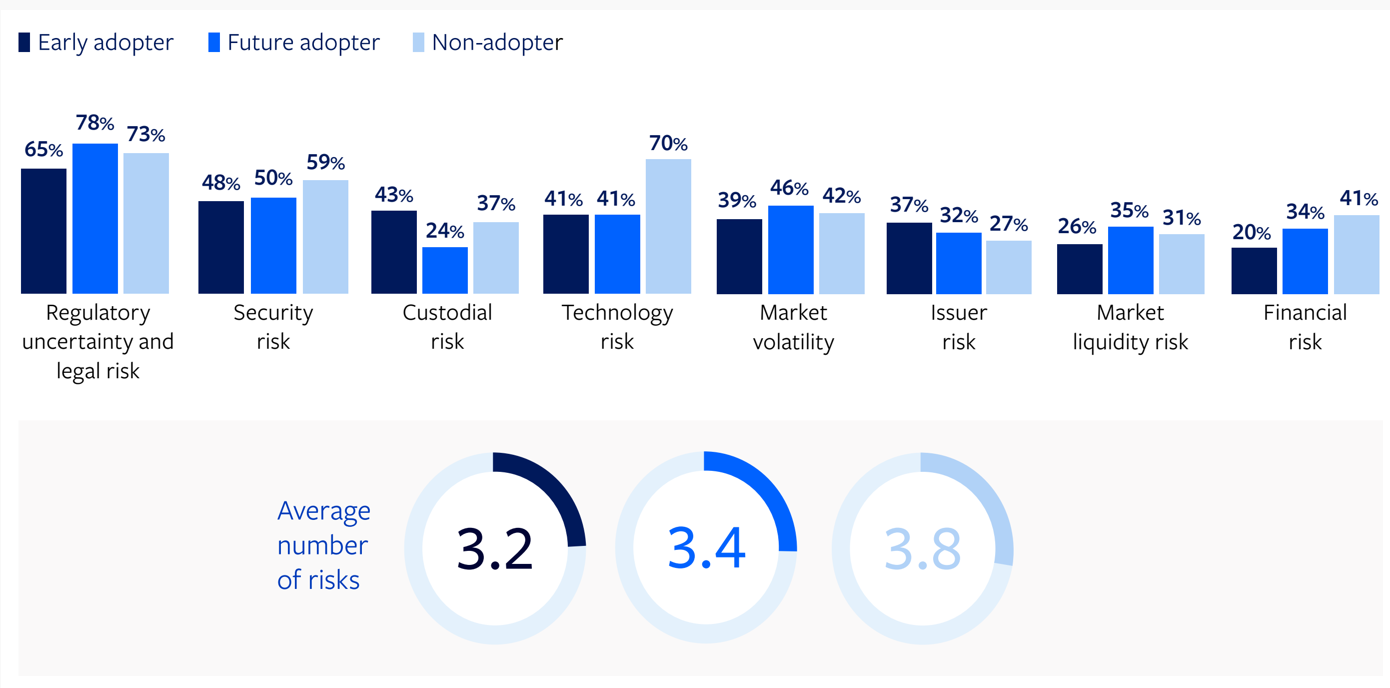
### Regulatory uncertainty: The dominant barrier

Regulatory uncertainty continues to constrain broader tokenization adoption. In the 2025 Broadridge Tokenization Survey, 73% of financial institutions identified unclear or insufficient regulation as the top challenge to scaling tokenized offerings.

As mentioned, recent U.S. legislative progress, including the passage of the bipartisan GENIUS Act and the introduction of the CLARITY Act, signals that lawmakers are beginning to address core regulatory gaps in areas such as stablecoins and agency oversight. In parallel, high-profile retail experiments, like the launches of tokenized U.S. stocks in Europe by Dinari, Robinhood, Kraken, and Ondo, are putting additional pressure on regulators to respond with clear, forward-looking frameworks that can support broader market engagement.

**Exhibit 5 Key risks of tokenization for the firm, by tokenization progress**

*What do you see as the main risks for your firm around these assets?*




Source: 2025 Broadridge Tokenization Survey

Firms aren't calling for deregulation; they're asking for clear, principle-based frameworks that align with traditional finance while supporting innovation. Specifically, respondents highlighted several high-priority regulatory gaps:

- Securities classifications (65%): Institutions want unambiguous guidance on how tokenized instruments should be treated — are they securities, funds, structured products, or something else entirely? This is particularly important for compliance, distribution, and investor protections.
- Investor protection measures (63%): Wealth and asset managers, in particular, called out the need for stronger safeguards tailored to tokenized product distribution and retail investor access.
- Standardized protocols for tokenized transactions (53%): The lack of common technical and legal standards for issuing, transferring, and recording digital assets makes interoperability and scalability difficult.

Other key concerns included custody and safekeeping regulations (49%), anti-money-laundering and know-your-customer (KYC) responsibilities (47%), cross-border compliance (41%), smart contract enforceability (38%), and tax treatment of tokenized assets (36%). All of these issues create friction for multi-jurisdictional operations and slow the development of cross-border tokenized markets.

These challenges are especially acute for firms operating in hybrid environments, where traditional and digital assets must coexist under different sets of rules.

> "Without a globally consistent framework, we're limited in how far we can scale tokenized offerings."
>
> Head of Digital Assets, Asset Manager, EU

Recent statements from the SEC indicate a more favorable view of tokenizing regulated securities, viewing it as a market innovation. SEC Chair Paul Atkins has highlighted tokenization's potential for market infrastructure improvements, like real-time settlement.

## Where regulation stands today

While progress is being made, the global regulatory environment remains fragmented.

**United States: Regulatory clarity is improving, but compliance remains essential. The U.S. is transitioning from enforcement to proactive guidance, although full frameworks are still pending.** The SEC confirmed that tokenized securities remain subject to existing securities laws, underlining the need for compliance despite technical differences. The president's Working Group on Digital Assets outlined recommendations for immediate action by the SEC, including, "consider[ing] amendments to Regulation NMS (or to applicable national market system plans) to better accommodate tokenization of national market system (NMS) securities, or trading of non-security digital assets alongside NMS securities, including requirements applicable to transaction reporting and mechanisms for collecting bids, offers, quotation sizes, and other national market system information. This may include consideration of how amendments could facilitate the use of oracles, aggregators, and other DeFi constructs in the trading of NMS securities and/or non-security digital assets."

Signals from SEC Chair Paul Atkins point to institutional endorsement. Atkins identified stock tokenization as a priority, with the SEC planning guidance and round table discussions. The SEC is looking to encourage market participants to explore new business models and services through innovation exemptions. Robinhood, Kraken, and Gemini are actively trialing tokenized U.S. stock offerings internationally, while engaging the SEC on U.S. deployment.

**European Union: The EU offers a more structured regime via Markets in Crypto-Assets (MiCA), but gaps persist in areas overlapping traditional securities and retail protections.** The EU's MiCA regulation, set to come into force in 2025/2026, offers more comprehensive coverage. It defines asset-referenced tokens, clarifies issuer responsibilities, and supports licensing for digital custodians. However, its focus on crypto assets leaves some ambiguity around tokenized traditional securities. EU regulators, including the European Securities and Markets Authority (ESMA) and the Bank of Lithuania, are scrutinizing tokenized equity products like Robinhood's offerings due to concerns around consent and transparency. The EU also leads with live bond issuances and pilot programs on blockchain-based securities.

**United Kingdom: A deliberate, sandbox-driven approach is creating a nimble yet regulated environment, well-suited for institutional experimentation**. The UK is pursuing a phased approach through the Digital Securities Sandbox and the Law Commission's recognition of digital assets as personal property. In 2024, HM Treasury endorsed legislation enabling the use of distributed ledger technology (DLT) for settlement, positioning the UK as a measured but proactive jurisdiction.

**Canada: Canada remains cautiously experimental, innovative in pockets but constrained politically and institutionally.** Regulators have signaled openness to innovation but remain cautious. Recent sandbox programs and exemptions for digital fund offerings have helped early movers test products under controlled conditions; however, national regulatory harmonization remains a challenge.

This regulatory snapshot underscores a core truth: Firms need to design tokenized products that are both adaptable and jurisdiction-aware. While global frameworks remain uneven, the overall trajectory is shifting from resistance to readiness, especially as major regulators begin clarifying how blockchain can coexist with traditional financial laws.

**Exhibit 6  Additional regulations needed**

*What additional regulations or regulatory clarifications are needed, if any, for the tokenization of securities?*

| | All | Custodian | Asset Manager | Wealth Manager |
|---|---|---|---|---|
| Clear guidelines on securities classifications | 65% | 67% | 63% | 67% |
| Enhanced investor protection measures | 63% | 47% | 65% | 65% |
| Standard protocols for tokenized transactions | 53% | 33% | 56% | 55% |
| Custody and custodian regulations | 49% | 63% | 46% | 49% |
| AML and KYC responsibilities for issuers | 47% | 60% | 45% | 46% |
| Cross-border regulations; compliance with multiple jurisdictions | 65% | 67% | 63% | 67% |
| Validity and enforceability of smart contracts | 38% | 20% | 39% | 41% |
| Tax treatment of tokenized assets | 36% | 37% | 39% | 31% |
| Liberalization of regulations on accredited investors | 34% | 40% | 35% | 31% |

Source: 2025 Broadridge Tokenization Survey

## Technology and security: Risk depends on execution

One of the most debated aspects of tokenization is its impact on cybersecurity. According to the 2025 Broadridge Tokenization Survey, the industry is divided: 54% of firms believe tokenization introduces new security risks, while 42% say it actually improves security and compliance. And both perspectives are valid.

The reality is that security outcomes depend entirely on execution. If tokenized systems are implemented without proper safeguards, including strong encryption, secure key management, or hardened IT environments, they can introduce new vulnerabilities. Smart contracts with exploitable code, insecure wallet integrations, or mismanaged digital identities can expose firms to fraud, breach, or reputational damage.

On the other hand, when designed and governed effectively, tokenization can enhance cybersecurity. By replacing sensitive information with tamper-proof digital tokens and leveraging immutable ledgers, tokenized infrastructures reduce attack surfaces and improve auditability. For example, tokenized fund ownership can eliminate the need to store and transmit personally identifiable investor data, minimizing exposure and simplifying compliance.

This duality helps explain why adoption stage influences perception. Among non-adopters, 70% cite technology and cybersecurity as major concerns, compared to just 41% of early adopters, who have had the opportunity to build and iterate with secure infrastructure. The more experience a firm gains, the more confident it becomes in its ability to manage digital asset risk.

Ultimately, the lesson is clear: Technology is not the blocker; maturity is. The right controls, standards, and partnerships can turn tokenization from a risk vector into a cybersecurity asset.

> “Implementation of tokenization requires careful consideration of security measures to mitigate risks.”
>
> Chief Investment Officer, Broker, U.S.

## Infrastructure limitations: Where legacy inhibits progress

Even firms confident in tokenization’s long-term value often struggle to operationalize it. Most capital markets environments today run on fragmented systems, with tokenized and traditional assets operating in parallel but not in sync. Challenges include siloed data environments; duplicative workflows for reconciliation, reporting, and compliance; and lack of integration with legacy custody, trade processing, and fund administration tools.

These infrastructure mismatches can erode the efficiency gains tokenization promises. For many firms, the transition from pilot to production stalls when the underlying systems aren’t ready to support hybrid operations.

According to the survey, firms with more modern and modular technology stacks are far more likely to have launched tokenized offerings. This reinforces the idea that operational readiness, not just enthusiasm, enables firms to move ahead.

## Risk is a function of readiness

One of the clearest takeaways from the Broadridge survey is that risk perception evolves with exposure. Early adopters don’t ignore tokenization risks; they manage them more effectively. These firms have:

- stronger governance across compliance, operations, and technology;
- established partnerships with credible blockchain providers; and
- greater internal alignment around digital asset strategy.

By contrast, non-adopters often operate with fragmented ownership of tokenization initiatives and legacy assumptions about complexity and cost.

The message is clear: Readiness reduces risk. Firms that invest in integration, compliance, and education today will be best positioned to scale confidently in a transforming regulatory and technical environment.

## What's next: A strategic blueprint for tokenization

Tokenization is no longer theoretical. It's catalyzing structural change in how financial products are recorded, serviced, and distributed, shifting the underlying architecture of markets from legacy databases and batch processes to blockchain-enabled, real-time systems.

### Infrastructure is being rewritten

Three core shifts are redefining financial infrastructure:

- **Blockchain as the primary record of ownership**
  Distributed ledgers are poised to replace traditional recordkeeping systems. According to the 2025 Broadridge Tokenization Survey, nearly three-quarters of institutions believe blockchain is likely or very likely to become the primary system of record for digital securities. Among custodians and early adopters, this confidence is even stronger. Real-time updates, tamper-resistance, and native auditability are driving this momentum, offering a compelling alternative to fragmented and manual post-trade processes.
- **Redefined transfer and servicing functions**
  Tokenization is reshaping registrar, transfer agency, and fund servicing operations. Early adopters report tangible gains. For example, 91% of tokenization-active custodians cite improvements in efficiency and transparency across these functions. In a tokenized environment, transfer records are updated automatically via smart contracts, eliminating reconciliation delays and enhancing data fidelity across stakeholders.
- **Emerging distribution channels**
  The traditional intermediary-heavy distribution model is beginning to shift. More than 75% of asset managers say direct-to-investor distribution is important to their tokenization strategy. Across all surveyed firms, 85% believe direct distribution is at least feasible, if not likely to become mainstream. This shift could expand access to underserved investor segments while creating operational and compliance challenges that firms must address in advance.

These shifts are not future hypotheticals. They are present today in tokenized Treasury products, money market funds, and early-stage private market platforms. But to move from isolated innovation to market-wide scale, firms must act with intention.

### Early adopters report tangible gains

91%

of tokenization-active custodians cite improvements in efficiency and transparency across transfer and servicing functions.

Source: 2025 Broadridge Tokenization Survey

## What financial institutions must do now

Tokenization does not demand a wholesale replacement of infrastructure overnight, but it does require strategic modernization. Every institution should consider the following near-term actions:

***Prepare systems for interoperability***
Legacy systems were not built to interact with blockchain-based ledgers or smart contracts. Firms should identify where integration is needed across fund servicing, compliance reporting, and client portals, and prioritize solutions that bridge existing workflows with tokenized environments.

***Establish a digital asset governance framework***
Tokenization introduces new considerations around asset classification, smart contract oversight, key management, and data privacy. Firms must create cross-functional governance teams (including legal, compliance, and technology) to establish and continuously refine policy guardrails.

***Rethink distribution strategy***
Direct-to-investor models are not just technically feasible, they are strategically inevitable. Firms should explore hybrid distribution approaches that blend traditional advisory services with digital-native channels. For wealth managers, this includes reinforcing the role of the advisor as a source of guidance in an increasingly digital landscape.

***Prioritize investor education***
Survey data reveals that fewer than half of firms believe investors understand tokenization risks. Education is not just a consumer issue; it's a business imperative. Building trust will require clear, proactive communication about product mechanics, investor protections, and the real value of tokenized offerings.

## How Broadridge helps firms scale tokenization

Broadridge sits at the intersection of current market infrastructure and emerging innovation. The advantage of engaging an experienced partner is translating new technology into trusted operational solutions without disrupting what works.

Broadridge supports financial institutions in three critical ways:

**1. Infrastructure modernization and interoperability**

Broadridge's platforms support blockchain-based recordkeeping, tokenized fund administration, and on-chain settlement, all while integrating with existing systems. This layer of interoperability allows firms to deploy tokenized offerings at their own pace, without needing to rebuild their architectures from scratch.

**2. Regulatory alignment and compliance strength**

With 62% of surveyed firms citing compliance and security as their top infrastructure priorities, Broadridge's embedded expertise can help firms confidently address these challenges. From AML/KYC workflows to regulatory disclosures, Broadridge ensures tokenization initiatives remain aligned with evolving global standards.

**3. Go-to-market enablement and investor engagement**

For firms launching tokenized products, Broadridge provides both back-end infrastructure and front-end support, including investor onboarding, communications, and reporting. This is especially critical for asset and wealth management firms seeking to launch in a compliant, investor-friendly way.

## Coordinated action for a shared opportunity

Institutional interest, technology readiness, and regulatory engagement are converging to push tokenization toward mainstream adoption. Custodians are establishing core infrastructure, asset managers are piloting practical use cases, and wealth managers are preparing for a more digital-native investor base. Each actor plays a vital role, but success will depend on how well they align across shared rails and evolving standards.

The opportunity is substantial. Tokenization is poised to make markets more efficient, inclusive, and transparent. But realizing this vision will require deliberate action, trusted partnerships, and a clear understanding of each firm's role in a changing value chain.

Broadridge is committed to supporting this transformation—helping firms move from proof of concept to production, from pilot to scale, from fragmentation to interoperability. In doing so, we're not just adapting to what's next, we're working alongside our clients to help create it.

Across all segments, tokenization is more than a technology shift; it's a foundational change in how financial products are created, distributed, and serviced. Firms that move early have the opportunity to shape standards, define best practices, and deepen investor engagement.

Scan now to learn more about our award-winning DLR platform.

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Ready for Next

Broadridge Financial Solutions (NYSE: BR) is a global technology leader with trusted expertise and transformative technology to help the financial services industry operate, innovate, and grow. We power investing, governance, and communications for our clients—driving operational resiliency, elevating business performance, and transforming investor experiences.

Our technology and operations platforms process and generate over 7 billion communications per year and underpin the daily average trading of over $15 trillion of equities and fixed income trades. A certified Great Place to Work®, Broadridge is part of the S&P 500® Index, employing over 15,000 associates in 21 countries.

For more information about us, please visit Broadridge.com.


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