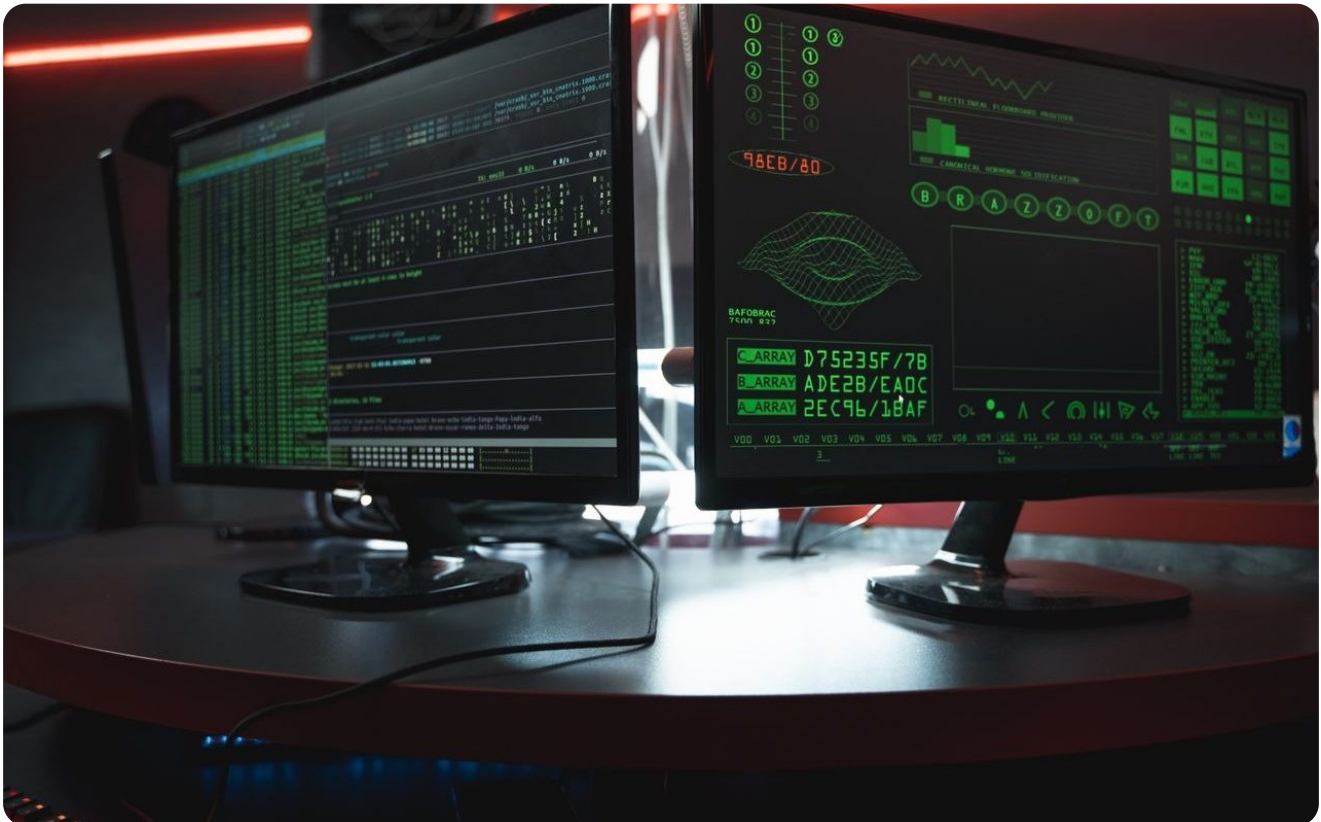


The Evolution of Digital Securities

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From paper certificates to tokenised assets: a journey through time.

“Tokenisation is where the internet was in 1996,” wrote Larry Fink, CEO of BlackRock, in a guest essay for The Economist in December 2025. The head of the world’s largest asset manager was making a simple point: the digitalisation and tokenisation of assets is still at the very beginning of its development. Much as the internet was to most users in the mid-1990s, digital securities are uncharted territory for most investors today.

Back then, few people foresaw the possibilities the World Wide Web held. Google, Amazon, Netflix and PayPal were all founded in those years, and the people who recognised the opportunity early shaped the decades that followed.

Why have securities lagged so far behind? Part of the answer lies in the famously conservative financial industry, which puts security, and above all transaction security, ahead of almost everything else.

When securities lived in vaults

As late as the 1970s, moving money and securities was extremely slow. Trades were placed by telephone and settled with paper certificates delivered by courier. Every bank had its own templates, abbreviations and wording, and staff had to read each message, interpret it and type it into their own systems by hand.

The launch of SWIFT in 1977 was a revolution by comparison. It standardised the messages banks sent each other, which made automated processing possible. Instructions that once took days to deliver and decipher could now travel between banks in moments, even if final settlement still took longer.

For decades, shares and bonds were issued as physical certificates and stored in vaults. Selling them meant physically moving the paper, and that invited crime. In 1990, a money-broker's messenger was held up at knifepoint in the City of London in what became known as the City Bonds Robbery, the largest securities theft in history. He was carrying bearer bonds and US Treasury bills worth £292 million, roughly \$385 million at the time. Police eventually recovered almost all of the certificates, but the case laid bare the risks of holding securities on paper.

Computer records cannot be stolen in that physical sense, and they speed up transactions dramatically because nothing has to be moved. The logical next step was the shift from paper certificates to pure electronic credits in so-called book-entry systems, where an entry in a register serves as proof of who owns a security.

The law goes paperless

The United States moved first. In 1977, a revision of Article 8 of the Uniform Commercial Code (UCC), the body of model law that governs commercial transactions across US states, gave paperless “uncertificated securities” a legal basis. In 1994, a further revision introduced the concept of “security entitlements”, establishing with legal certainty that an investor owns a position recorded electronically with an intermediary.

Many other countries took far longer to give fully electronic securities their own legal footing. By then, a new technology was already changing the question entirely.

Enter the blockchain

In 2008, an unknown person or group writing under the pseudonym Satoshi Nakamoto published the now-legendary Bitcoin white paper. It described a blockchain: a database distributed across many computers on the internet, in which records are grouped into blocks and linked in chronological order, so that past entries cannot be quietly altered.

The technology first served as the foundation for cryptocurrencies such as Bitcoin. But it has many other uses, most notably smart contracts: pieces of code stored on a blockchain that execute automatically when predefined conditions are met, such as releasing a payment once a security has been delivered.

Lawmakers followed. In 2021, Germany passed its Electronic Securities Act (eWpG), which allows bonds to be issued without a paper certificate, including on a blockchain-based register. In 2022, the US Uniform Law Commission and the American Law Institute approved UCC Article 12, which defines how purely digital assets, such as tokenised securities and stablecoins, can be transferred with legal certainty as “controllable electronic records”. At EU level, the DLT Pilot Regime has allowed authorised market infrastructures to trade and settle certain DLT financial instruments since March 2023. MiCA has applied in full since December 2024, but it expressly excludes crypto-assets that qualify as financial instruments; tokenised securities therefore remain subject to the applicable EU securities-law framework.

Low-cost, tamper-resistant, divisible

Ownership rights can be recorded on a blockchain in exactly the same way. Tokenised assets are ownership or creditor rights in almost any asset, from shares and bonds to real assets such as property, recorded as digital tokens on a blockchain. Blockchain infrastructure can make transfer and settlement processes faster and more automated, but a regulated security does not simply move worldwide within seconds. Issuance and transfers remain subject to securities laws, KYC/AML requirements, investor eligibility and transfer restrictions, custody or wallet controls, ownership records and a compliant settlement mechanism.

The ledger is considered tamper-resistant because it does not sit with a single bank. Identical copies are held by many participants at once, and each new block is cryptographically linked to the one before it. Any attempt to alter an entry would break that chain and be rejected by the rest of the network. Many tokenised securities run on permissioned blockchains, where only approved institutions keep a copy, but the principle is the same.

Ownership can also be split into almost any size. Where the legal and operational framework supports it, faster processing, potential cost efficiencies and secure recordkeeping, combined with fractional units that can open assets to smaller investors, could materially change financial markets.

The opportunities are drawing serious attention. In January 2026, Wharton's Initiative on Financial Policy and Regulation hosted a roundtable on the paper "Tokenizing Real-World Assets" by Will Cong, Simon Mayer and Daniel Rabetti. The authors argue that tokenising illiquid assets such as loans makes claims on them far easier to transfer, creating secondary-market liquidity where little existed before.

On 15 June 2026, Christine Lagarde, President of the European Central Bank, made a strong case for tokenisation in a keynote speech in Frankfurt. She criticised the fact that cross-border transactions in the EU still have to pass through a chain of separate custodians, each with its own register, which drives up costs. "Tokenisation offers a way past this," Lagarde said. "We have been trying for decades to weave our national systems into one. Now we can build a new layer that is complete from the start."

Rapid growth

The global market for tokenised real-world assets, such as government bonds, money market funds, private credit and real estate issued as digital tokens on blockchains, is growing fast. According to data from the analytics platform RWA.xyz, its on-chain value (excluding stablecoins) passed \$30 billion by May 2026, more than tripling from around \$5.4 billion at the start of 2025.

Tokenised US Treasuries are the largest single category. They grew from \$3.9 billion in January 2025 to around \$16 billion by late July 2026, roughly a fourfold increase in 18 months. BlackRock's own tokenised money market fund, BUIDL, held more than \$2.8 billion by that point.

Only the beginning

We are at the start of a shift in which assets can increasingly be represented and transferred digitally, with some markets capable of operating around the clock where regulation and market infrastructure permit. That could include shares, bonds, stakes in unlisted companies and private loans, as well as real-world assets such as property, ships, commodities, gold mines, artworks, classic cars, fine watches or whisky.

Several things still have to fall into place. Trading volumes on secondary markets remain thin for many tokens, rules differ from one jurisdiction to the next, and the question of how tokenised trades are settled, in stablecoins, tokenised deposits or central bank money, is still being decided. Projects such as the ECB's Pontes and Appia initiatives are working on exactly that.

For private markets, this is the central point: tokenisation is only one layer of the infrastructure. A compliant digital security still requires a lawful offering framework, investor onboarding and KYC/AML, eligibility and suitability controls where applicable, subscription and payment processing, reliable ownership records, transfer controls, reporting and, where secondary trading is

offered, appropriately regulated market infrastructure. Blockchain can automate parts of that chain; it does not remove them.

If Larry Fink is right and this is 1996 again, the most important chapters of the story have yet to be written

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