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What to Expect When Tokenized Assets Join the Onchain Economy

August 2026

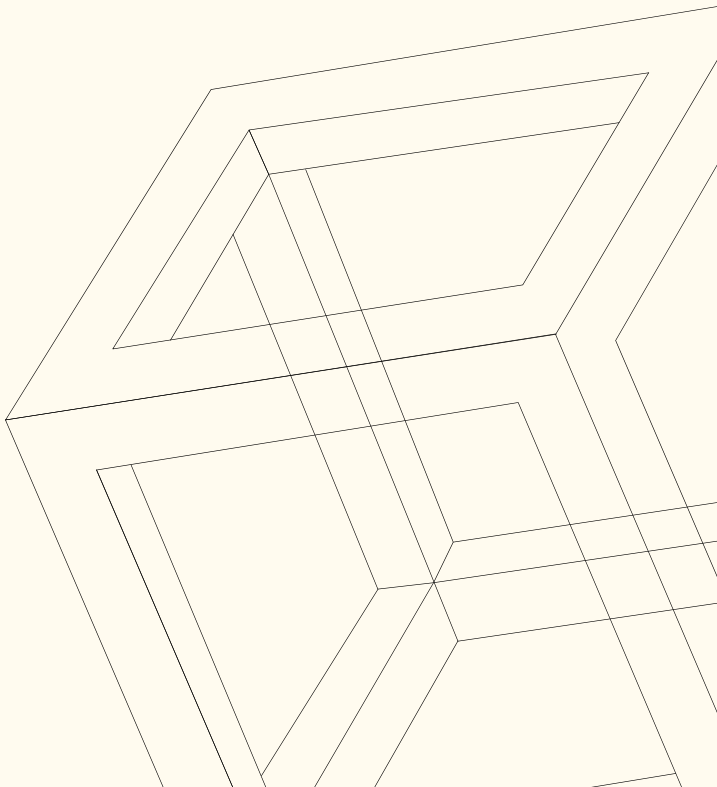


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Executive summary

An institutional allocator meets tokenized real-world assets from two directions. As a treasury or cash manager, the pitch is utility: a tokenized Treasury or money-market fund that settles around the clock, moves as collateral without leaving the balance sheet, and frees trapped liquidity. As an investor, the pitch is growth: $5.5 trillion of securities are projected to be tokenized by 2030 (Citigroup), a trend to hold a position in. Both rest on one premise: that real-world assets are migrating into an open, on-chain economy. This report tests it by measuring not what has been issued, but what is actually used, because for the allocator the two point in opposite directions.

Measured by issuance, the migration looks under way: about $60 billion in real-world assets is tokenized today (Forbes). Measured by use, it has barely begun. For every dollar circulating on a public chain, roughly ten sit in closed ledgers (rwa.xyz). The largest tokenized Treasuries turn over briskly (rwa.xyz), but that turnover is fund shares changing hands, not assets working in an open economy. And the composable use that would prove the migration, real-world assets pledged as collateral in decentralized lending, is under 3% of the stock and shrinking, from $1.75 billion to about $90 million in a year at what was once the largest such venue (BRN Research analysis of DeFiLlama data, July 2026).

That gap resolves both answers. On utility, the genuine, at-scale benefit has arrived, but in the wholesale plumbing of the banks, not the open economy, and it reaches the allocator only through specific functions still gated by custody and redemption. On the investment, the value of that plumbing accrues to its operators, and almost nothing trades as a pure play. The questions now are therefore which rail carries which benefit, where the value lands, and what would move the boundary: the map this report draws.

The funnel: from issuance to actual use

Roughly $60 billion of real-world assets has been tokenized to date (Forbes). That figure counts issuance (what has been minted), and issuance is where most accounts of the market stop. What it cannot tell is whether any of that stock does new work once minted.

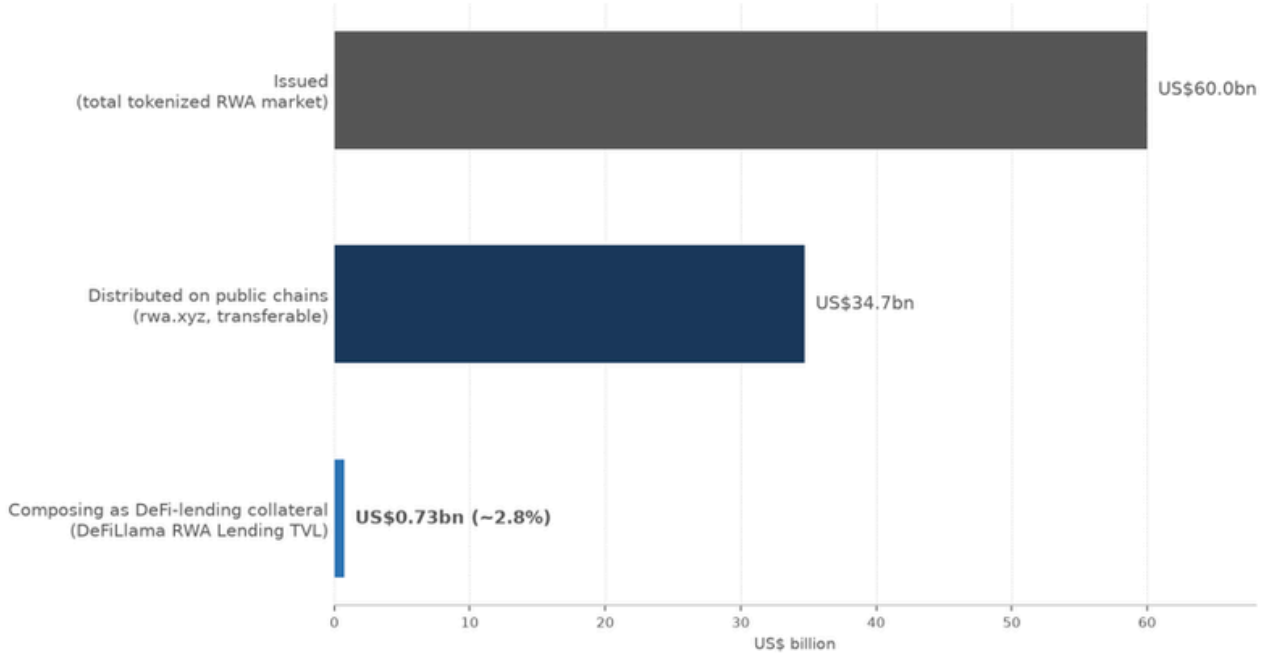
Two measurements say most of it does not. The first is circulation. On the public chains where the open economy is meant to form, value actually distributed to holders differs from value merely represented on-chain: representation-only tokens cannot be transferred peer-to-peer, inside or outside a provider's walled garden. The represented-distributed gap is roughly ten to one, so for every dollar in circulation about ten sit in ledgers that are closed or restricted (rwa.xyz). Some of that is by design: a share of represented value is wrapped tokens meant never to circulate, the on-chain equivalent of a registered share resting in custody (Forbes). But design does not explain a gap this wide. The second measurement is the use meant to prove the thesis: real-world assets pledged as collateral inside decentralized lending, the point at which a tokenized Treasury stops mirroring an off-chain holding and does something an off-chain holding cannot. It is under 3% of the tokenized stock and shrinking: at Sky (formerly MakerDAO), once the largest such venue, the real-world-asset collateral book has fallen from $1.75 billion to about $90 million in a year (BRN Research analysis of DeFiLlama data, July 2026).

Across three of the largest tokenized Treasury funds, trailing 30-day transfer volume runs from about 9% of assets at Ondo's USDY, to 37% at BlackRock's BUIDL, to 57% at Superstate's USTB (rwa.xyz). These products clearly move. But moving is not composing: the trillion-dollar migration story assumes assets working as programmable collateral in an open economy, not fund shares changing hands. On the first measure tokenized Treasuries are plainly alive; on the second – the one that would carry the trillion-dollar projections – the number remains small.

Set the stages side by side: issued, then circulating rather than sitting in a closed ledger, then actually composing as collateral. The shape is a wide mouth narrowing at every step that asks the asset to do more than exist. That is the conversion funnel in Figure 1.

Where that composition happens depends on which of the two rails carries it, and on the division of labor between them.

Figure 1: The market size of tokenized stocks narrows at every step that asks it to do more than exist



Sources: Forbes/BeInCrypto tokenized-asset survey (Forbes); rwa.xyz Distributed Asset Value dashboard (rwa.xyz); DeFiLlama API, own capture and computation, 20 July 2026 (DeFiLlama API); rwa.xyz individual-asset dashboards, DeFin's own computation (rwa.xyz).

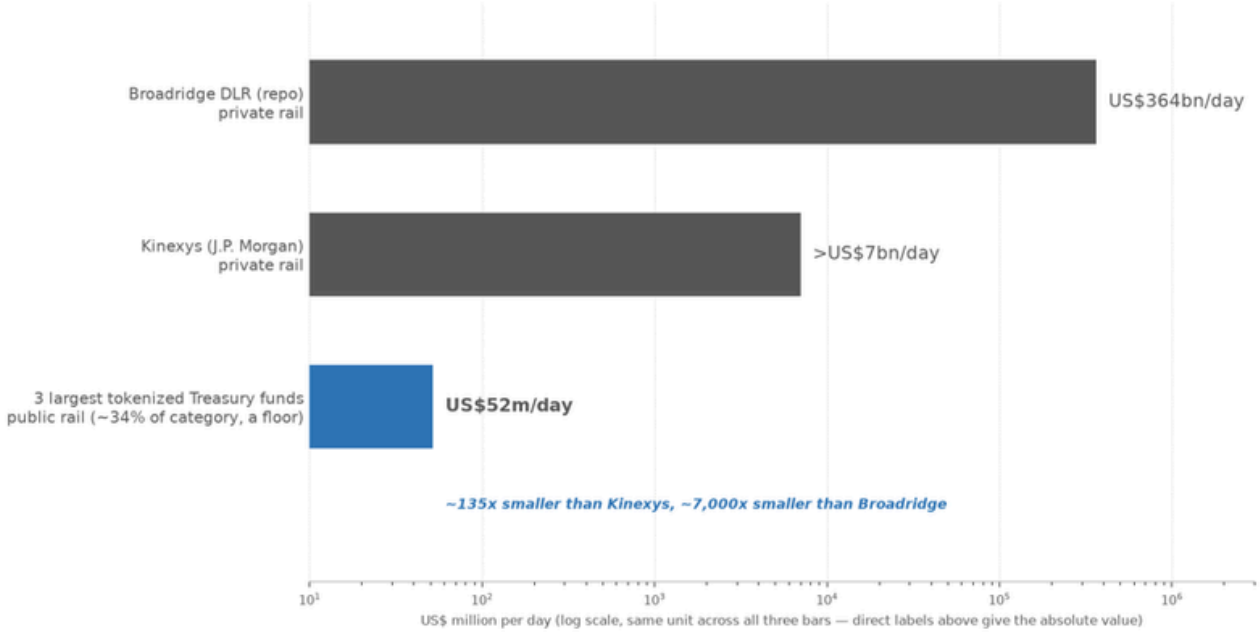
Two rails, two jobs

The little genuine composition that does happen is splitting along a line that has hardened over the past year. Tokenized assets are settling on two kinds of infrastructure, and the difference follows from the shape of each market and its technological foundations. A permissionless chain, such as Ethereum, Solana and their layer-2 networks, is open: anyone may hold a token and transact with it, and any application may plug into any other unless explicitly restricted. A permissioned ledger, such as J.P. Morgan's Kinexys or Broadridge's DLR, admits only vetted members, settles among banks and their clients, and forgoes open composability in exchange for privacy, legal certainty and a known counterparty on the other side of every trade. A third form sits between the two: hybrid public-permissioned networks such as the Canton Network behind much of the DTCC's tokenization work, which aim to combine institutional control with cross-network interoperability (Franklin Templeton / Canton Network).

The first question is which rail is growing faster, measured by activity. The three largest tokenized Treasury funds, about a third of the category by assets, together move some $1.6 billion a month (rwa.xyz). Kinexys clears more than $7 billion a day, and Broadridge's repo platform around $364 billion a day (CoinDesk; Broadridge): on the order of a hundred to several thousand times the public flow.

Figure 2 puts the two rails on that single axis. The gap is explained by the two doing different jobs: the public rail holds the investor-facing stock while the private rails carry the wholesale flow.

Figure 2: On the one axis both rails share, activity, the public open economy is a rounding error against private flow



Sources: rwa.xyz individual-asset dashboards, DeFin's own computation (rwa.xyz); J.P. Morgan Kinexys, June 2026 (CoinDesk); Broadridge Distributed Ledger Repo, May 2026 (Broadridge); heterogeneity-of-metrics finding, DeFin Research.

Some players are standing on both rails at once. Franklin Templeton runs its tokenized money-market fund, BENJI, on public chains (Stellar, Polygon, Arbitrum and others, with more than $844 million distributed), and has extended the same fund onto the hybrid public-permissioned Canton Network (Franklin Templeton / Canton Network). J.P. Morgan operates Kinexys as private plumbing while helping issue tokenized commercial paper on public Solana (J.P. Morgan). BlackRock's BUIDL, at about $2.6 billion, one of the largest tokenized Treasury funds, lives on public chains (rwa.xyz) even as BlackRock sits among the fifty-odd firms building the DTCC's institutional Treasury settlement (DTCC). These institutions are placing different functions on the rails that suit them: distribution and reach on the public side, settlement and financing on the private one, which makes sense only if both models are expected to persist.

Regulators describe the same shape from the outside. The DTCC, whose institutional settlement effort spans more than fifty firms (DTCC), has said plainly that it is not constructing "walled gardens" but chains meant to interoperate (Decrypt). Federal Reserve Governor Lisa Cook has been blunter still: "I do not see tokenization as replacing traditional market infrastructure" (Federal Reserve Board). Neither is forecasting a migration of everything onto open chains; both are describing a settlement layer that absorbs tokenization function by function while the existing system stays in place.

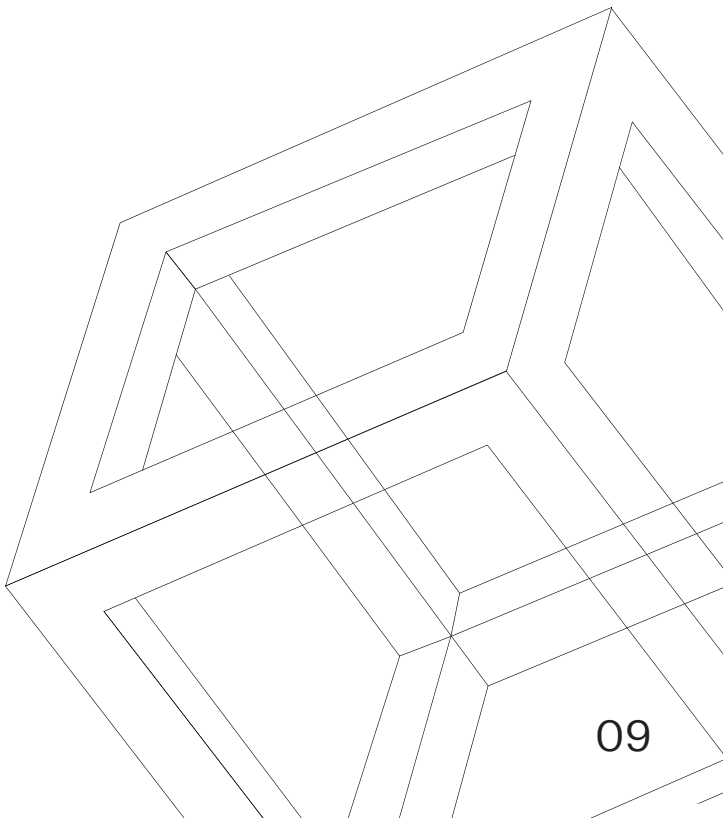
That leaves the question: which rail does which job? Table 1 maps the main wholesale functions onto the infrastructure now carrying them: intraday repo and collateral financing on permissioned bank ledgers; fund distribution and the few live composability use-cases on public chains; primary issuance splitting by asset class; secondary trading barely present on either.

Table 1: Each wholesale function is settling on one rail, not being contested by both

Function	Public / permissionless rail	Private / permissioned rail
Settlement / clearing	DTCC live pilot trades spanning public and private networks: collateral pledge, repo/Treasury DvP, equities DvP and DvD, CCP margin workflows; >30 firms. Pilot	DTCC Treasury settlement on the Canton Network (a hybrid, institution-only network): limited production targeted July 2026, wider launch October 2026. Pilot (production-dated)
Intraday repo & collateral financing	Publicly-issued tokens (e.g. BUIDL) eligible as derivatives collateral under the CFTC pilot, with weekly reporting to staff. Pilot	Kinexys Digital Financing (intraday repo, DvP in hours): Production; Broadridge DLR, ~$364bn/day: Production
Fund distribution	BlackRock BUIDL, $2.6bn: Production; Franklin Templeton BENJI, >$844mn across Stellar/Polygon/Arbitrum/Avalanche/Aptos: Production	Franklin Templeton BENJI extended to the Canton Network (hybrid, institution-only): Announced; Citi tokenized Digital Depositary Receipts on SIX (digital CSD infrastructure): Production, launched June 2026
Live composability use-cases	RWA pledged as DeFi-lending collateral (Sky/MakerDAO, Aave Horizon): Production, but under 3% of the tokenized stock and shrinking	Kinexys Tokenized Collateral Network: title transfer of MMF shares as collateral without moving the underlying asset. Maturity not confirmed by the primary source (production vs. pilot left ambiguous)
Primary issuance	J.P. Morgan / Galaxy tokenized commercial paper (USCP) on Solana: Production, issued December 2025; BlackRock BUIDL: Production	Citi tokenized DR issuance on SIX (digital CSD infrastructure): Production, June 2026; BlackRock new filings (Daily Reinvestment Stablecoin Reserve Vehicle; OnChain Shares): Announced
Secondary trading	Not identified in this catalogue as a confirmed production venue	Not identified in this catalogue as a confirmed production venue

Note – Bold tags mark maturity as recorded by the primary source: Production = live and operating at scale; Pilot = supervised, limited, or dated to a future launch; Announced = filed or stated intent, not yet operating. Read down either column and the "in production" cells cluster on one rail per function (public for distribution and the one live composability case, private for repo financing and settlement) rather than the same function racing on both rails at once. The one function with no confirmed production case on either side, secondary trading, is left blank rather than filled with a plausible-sounding guess.

Sources: DTCC pilot-trade coverage; DTCC/Canton Network partnership (DTCC); CFTC Press Release 9146-25 (CFTC); J.P. Morgan Kinexys (J.P. Morgan); Broadridge (Broadridge); rwa.xyz (rwa.xyz); Franklin Templeton/Canton Network (Franklin Templeton / Canton Network); CoinDesk (Citigroup; CoinDesk; J.P. Morgan); DeFiLlama API, own capture and computation (DeFiLlama API); J.P. Morgan Kinexys (J.P. Morgan).



How does all that help your desk?

Turn from where tokenized assets sit to what they can do for a desk that holds them, and there is one place where the utility is real, at scale, and already in production. It is not the open economy, and it is not yet at most desks, but in the wholesale plumbing between banks. J.P. Morgan's Kinexys runs an intraday repo product that lets an institution borrow cash against tokenized collateral and unwind the trade within hours rather than the conventional one-to-two-day cycle, with delivery-versus-payment settled by smart contract in near real time (J.P. Morgan). Broadridge's distributed-ledger repo platform settles collateral financing of this kind at some $364 billion a day (Broadridge), more each day than the entire public-chain stock. Here composability does genuine work: the token moves as collateral, on its own schedule, without waiting for the asset behind it to settle first.

What that utility attacks is idle collateral. A survey of 203 market participants, run by the ValueExchange and sponsored by Nasdaq (an industry survey, worth naming as such rather than treating as a neutral count), puts numbers on the waste: a quarter of the collateral firms post today earns them no return at all, and the largest firms estimate they forgo up to $340 million a year in interest as a result. Collateral that can move around the clock and settle in minutes is a direct answer, which is why 52% of those firms expect to begin using tokenized collateral by the end of 2026. That is a survey of intentions, not a record of adoption, but the respondents are treasury desks, not speculators. The Federal Reserve's Lisa Cook has granted the same point in plain terms: tokenized funds used to meet margin requirements "can simplify investors' cash management and dampen redemption pressure" (Federal Reserve Board).

Between that wholesale utility and the ordinary allocator's desk sits a row of frictions that the word "tokenized" tends to paper over. The first is that the wrapper is only half on-chain: as the European Central Bank has noted, tokenized funds generally tokenize their liabilities, the shares, while the underlying assets stay in traditional custody and settlement (European Central Bank). The token is a new front end on an old back office. The second is a timing mismatch that goes to the heart of the fungibility claim. A tokenized money-market share may be redeemable instantly and around the clock in name, but the fund's underlying assets can still only be subscribed to and redeemed at fixed cut-offs, T+1 in the United States (European Central Bank). The instantaneity belongs to the token, not to the asset backing it, and under stress that gap is exactly what Cook, in the same speech, flags as run risk (Federal Reserve Board). The third is accounting: whether a tokenized money-market fund counts as a cash equivalent runs on the same FASB test as its traditional twin (FASB, ASC 230), yet firms have asked the standard-setter for explicit guidance because the ambiguity carries real reporting risk (FASB). And regulatory permission to use these instruments as collateral, where it exists at all, remains a supervised pilot: the CFTC admits tokenized Treasuries and money-market funds as derivatives collateral only under weekly reporting to its staff (CFTC).

Table 2 sets a tokenized money-market share against the cash-equivalents an allocator already uses (a Treasury bill, a traditional money-market fund, a repo position) across the dimensions that decide whether a desk can treat it as interchangeable: redemption timing, custody, accounting treatment, collateral eligibility and hours of operation.

Table 2: On most dimensions that decide interchangeability, the token is nominally yes and practically gated

Dimension	Tokenized MMF share	T-bill	Traditional MMF	Repo position
Redemption timing	Nominal 24/7 at the token layer (e.g. Ondo USDY mints/redeems "24/7, including weekends and bank holidays"; BUIDL specifically: daily, 3pm ET cut-off), but the fund's underlying assets subscribe/redeem only at fixed cut-offs, T+1 in the US; the instantaneity belongs to the token, not the asset	Explicitly exempt from SEC Rule 15c6-1's T+1 settlement mandate (the rule governing most broker-dealer securities transactions); a T-bill has no "redemption" analogous to a fund: the holder either holds to maturity (paid face value automatically) or sells in the secondary market at the prevailing price	Same statutory regime the tokenized wrapper sits on top of: Rule 2a-7 requires ≥25% in daily liquid assets and ≥50% in weekly liquid assets; Investment Company Act §22(e) caps any suspension of redemption rights at 7 days, but the rule sets no single, SEC-mandated same-day/T+1 cut-off time; that is set fund-by-fund by the prospectus/transfer agent	Conventional repo settles and unwinds on a 1–2 day cycle; tri-party repo (~80% of >$1tn/day overnight volume) concentrates its unwind each morning, loan activity peaking around 8am and running to roughly 1pm. Tokenized repo (Kinexys, Broadridge) compresses this further, to hours, precisely because the conventional cycle is that slow
Custody	Liability side (the share) is tokenized; the fund's underlying assets stay in traditional custody. BUIDL: BNY Mellon. USDY: Treasuries via Morgan Stanley, deposits at SVB	Book-entry only, no physical certificate: held via the commercial book-entry system (Fedwire Securities Service / TRADES, with Federal	Legally mandated split, required for every registered fund under Investment Company Act §17(f): a qualified bank custodian holds the	Tri-party structure: Bank of New York Mellon is the market's sole clearing bank, acting as segregated

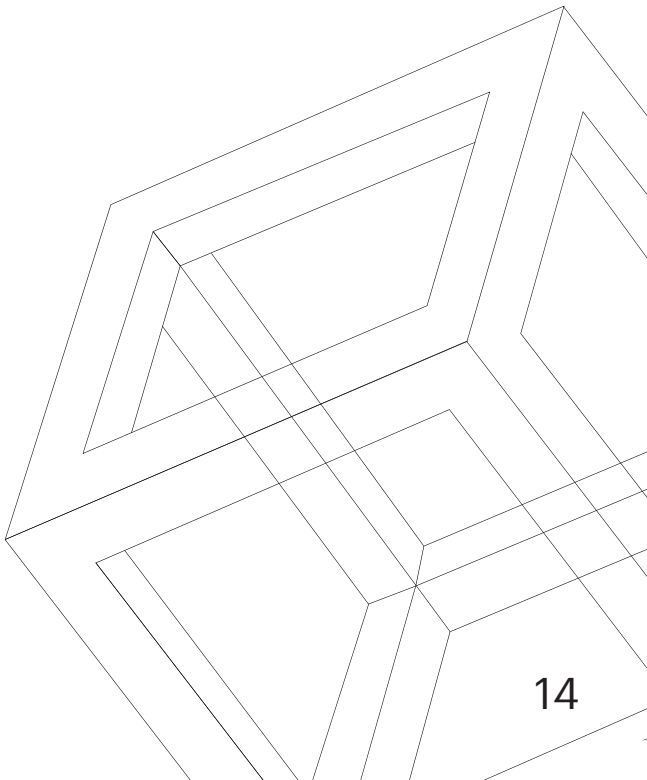
Custody		Reserve Banks as custodian-of-record for participant accounts, typically banks/broker-dealers who in turn custody for the end investor) or directly via TreasuryDirect, an account held with the Treasury with no intermediary	fund's securities in segregated safekeeping, while a separate transfer agent processes share purchases and redemptions and maintains shareholder records	custodian of collateral and performing daily valuation/margin calls; description sourced to 2021 data and not reconfirmed against a 2026 source in this round
Accounting treatment (cash-equivalent)	Same FASB ASC 230 test as the traditional twin: no automatic accounting flag for being tokenized; but firms have asked FASB for explicit guidance, citing reporting-risk ambiguity in practice	Named as a nominal example of a "cash equivalent" in ASC 230 reference literature (alongside commercial paper, MMFs and federal funds sold): a T-bill with original maturity ≤3 months qualifies automatically; longer-dated bills do not qualify near maturity unless acquired already inside the 3-month window	Same ≤3-month-original-maturity ASC 230 test as the tokenized wrapper; Rule 2a-7 compliance is used in practice as the proxy for qualifying as a cash equivalent, since the rule already mandates minimal credit risk and short duration	Explicitly not a cash equivalent: accounted for as secured borrowing under ASC 860-10-40-24A: the underlying securities stay on the transferor's balance sheet, cash received books as a liability, and the repo/repurchase-price spread accrues as interest expense; most repos fail the ASC 860 "effective control" test and are therefore financing, not sale

Collateral eligibility	Eligible as derivatives collateral only inside a supervised CFTC pilot, with weekly reporting to staff, not a standing, unconditional acceptance	Two standing eligibilities: Level 1 HQLA under the Liquidity Coverage Ratio rule, includable without limit and without haircut; and CFTC Reg. 23.156 eligible initial-margin collateral for uncleared swaps, with a standardised 0.5% haircut for sub-1-year government debt	Government MMF shares are CFTC Reg. 23.156(a)(1)(ix)-eligible initial-margin collateral for uncleared swaps; a final rule adopted 2026-07-13 eliminated a prior restriction that disqualified government MMFs whose managers could transfer fund assets via repo/securities-lending, broadening standing eligibility, unlike the tokenized wrapper, which remains confined to a supervised pilot	Collateralised financing by construction: there is no separate "eligibility" question the way there is for T-bill/MMF; the collateral (predominantly Treasuries/agency securities) sits in segregated custody with the tri-party clearing bank
Hours of operation	Token layer nominally 24/7 (USDY); BUIDL specifically gated to a daily 3pm ET cut-off); the "24/7" promise is not uniform even within the category	Fedwire Securities Service core business-day window: message processing opens 8:30am ET, final transfer cut-off at 7:00pm ET (with an earlier ~1:30pm ET cut-off for offline participants)	n/d for a specific hour: Rule 2a-7 sets no SEC-mandated uniform cut-off; timing varies fund-by-fund per prospectus/transfer agent, typically same-day with a morning processing window	Intraday tokenized repo (Kinexys) operates within an execute-and-unwind window of hours, not a fixed daily cut-off; the conventional tri-party window it compresses concentrates loan/unwind activity from roughly 8am to 1pm ET

Note – One cell remains "n/d": traditional MMF's specific redemption-processing hour, and even that is a sourced finding, not a missing one (the rule itself sets no uniform cut-off). Two further caveats apply rather than blanks: the tri-party repo custody/hours picture rests on 2021 Federal Reserve data with the BNY Mellon sole-clearing-bank structure not reconfirmed against a 2026 source, and the accounting cells (T-bill, MMF, repo) all trace to Deloitte DART as a tier-2 reference rather than FASB's primary codification text directly. None of these are filled with an assumed or plausible-sounding value. Across the dimensions that are sourced, the pattern holds and sharpens with the TradFi baseline in place: the token is nominally equivalent to the cash instrument it wraps, but the equivalence is gated: by a fixed subscription/redemption cut-off underneath the 24/7 promise (where the T-bill and repo baselines settle on defined, if different, windows and the MMF baseline is itself undefined by rule), by a collateral pilot rather than the standing acceptance T-bills and government MMFs already have, and by an accounting question still open with the standard-setter (against a repo baseline that is unambiguously not a cash equivalent by design).

Sources: European Central Bank (European Central Bank); Ondo Finance (Ondo Finance); rwa.xyz (rwa.xyz); FASB ASC 230 via Deloitte DART (FASB, ASC 230); FASB Agenda Consultation 2024, Circle comment letter (FASB); CFTC Press Release 9146-25 (CFTC); Broadridge (Broadridge); J.P. Morgan Kinexys (J.P. Morgan); TradFi baseline for T-bill, traditional MMF and repo (Davis Polk, "SEC Adopts T+1 Settlement"; U.S. Department of the Treasury; Federal Reserve Board / OCC / FDIC; CFTC, 17 CFR 23.156; Federal Reserve Financial Services; U.S. Securities and Exchange Commission; CFTC; Federal Reserve Board; Deloitte DART, "Roadmap: Transfers of Financial Assets"; 15 U.S.C. §80a-17).

On most of them the token scores a qualified yes: available in name, gated in practice. The utility is real, but function-specific: usable today in the narrow wholesale cases the banks have built for it, not yet as a general substitute for the cash-equivalent already on the desk. For the treasury manager, the capability exists and is worth tracking, but reaching it means clearing custody, redemption and accounting hurdles one at a time, a much more complex process than simply representing a token on-chain.



Where value lands

For the allocator coming through the door of an investor in the trend rather than a user of the tool, the funnel and the two rails deliver an awkward answer. The value created by tokenizing wholesale settlement accrues to whoever operates the rail and issues the asset: the banks running permissioned ledgers, the market infrastructures such as the DTCC and Broadridge, the asset managers whose funds are being wrapped. It does not accrue to an open, ownerless on-chain economy, because the at-scale activity is not happening there. The trillion-dollar projections describe a bigger pie (Citigroup), yet they do not describe a new, investable claim on it.

The ways to own the theme directly are strikingly few. The purest is Securitize, the tokenization platform behind BlackRock's BUIDL and funds for Apollo, KKR and Hamilton Lane, which reached the public market in July 2026 through a SPAC merger and now trades on the NYSE as SECZ (Securitize), close to the only listed pure-play in the sector. What makes the scarcity vivid is the counter-example: Digital Asset, the company behind the Canton Network on which the DTCC, J.P. Morgan and Goldman Sachs are building, has stayed private, raising at a $2 billion valuation rather than listing (The Block). Everything else is a fractional exposure inside a much larger business, where the tokenization line is a small part of the whole at a Broadridge, a Circle or a J.P. Morgan. The pattern repeats at issuance: the new tokenized vehicles are being filed by BlackRock (CoinDesk) and Citigroup (Citigroup), not by challengers. To invest in the tokenization theme through the public market is, in practice, to buy an incumbent and hope the line item grows.

The risk an allocator carries splits by rail as well, and each rail has its own failure mode. On the public side the danger is the one the token's own promise creates: the BIS and FSB warn that when a token is perceived as more liquid than the asset behind it, redemption pressure can turn into run risk, and that reliance on unregulated oracles and opaque smart contracts can impair valuation itself (Bank for International Settlements). On the private side the danger is the opposite: not too much liquidity but too little visibility. The FSB locates tokenization's systemic opacity precisely in the fact that most activity runs on private, permissioned ledgers, which makes the full picture hard to see under stress (Financial Stability Board). The familiar hazards of a closed system come with it: lock-in to a single operator, and concentration among a few providers.

The investment door, then, is narrow. The growth is real, but its value lands on operators and issuers already public in other guises; the one clean listed exposure is a single recently floated platform; and the risk changes shape by rail. A position in the tokenization theme today is closer to a position in the incumbents building it, a very different trade from the one the open-economy narrative implies.

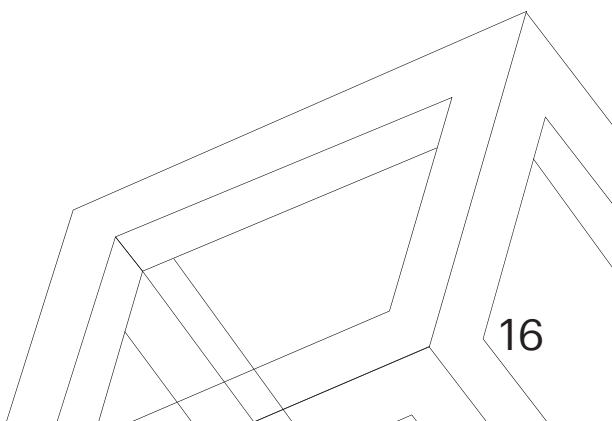
What to expect, and what to watch

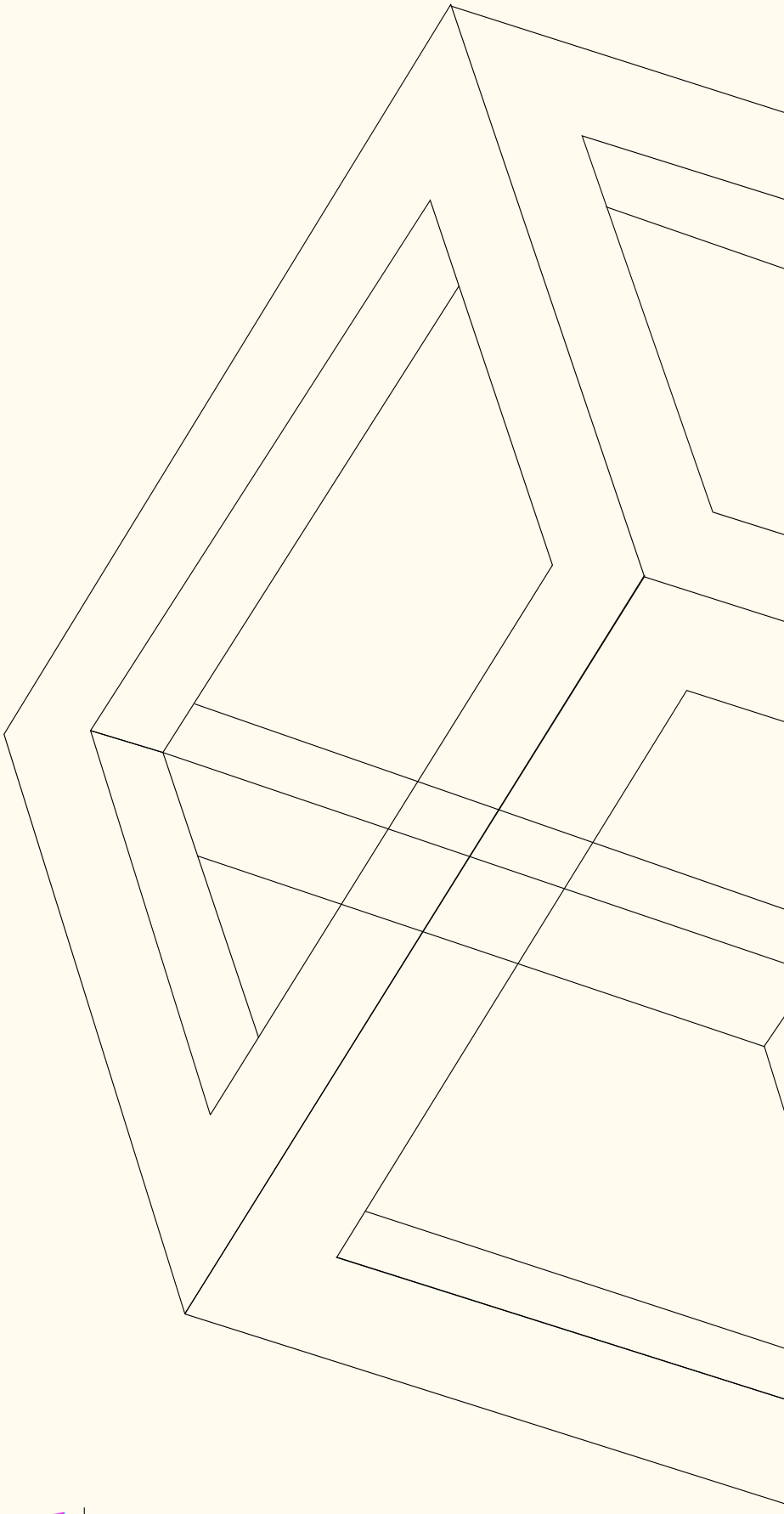
Step back and the tokenization story inverts the one that technology migration forecasts tell. The narrative runs from issuance outward to an open, composable economy; the evidence runs the other way. The genuine, at-scale utility arrived first in the least "crypto" place on the map: the wholesale plumbing of the banks, in intraday repo and collateral mobility. The open economy that was meant to be the point remains the last mile. Composability is happening, but so far it has composed balance sheets inside permissioned ledgers.

What to expect from here is a boundary that moves. The two rails will keep specializing, each doing more of what it already does well. The line between them will shift function by function as each is proved out. The most useful thing an allocator can watch is the conversion funnel: the share of tokenized value that actually circulates and composes beyond merely existing. The distributed-to-represented ratio is the cleanest public proxy for it, to be tracked quarter on quarter.

The near-term markers are concrete and dated. The DTCC's institutional Treasury settlement is targeted for limited production in 2026, with a wider launch in October (DTCC); the CME's tokenized-cash offering with Google Cloud is slated for the second half of the year, pending regulatory approval (CME Group / CoinDesk); the CFTC's collateral pilot will either widen its eligible assets or remain a supervised experiment (CFTC); and the FASB may or may not give tokenized money-market funds the cash-equivalent clarity firms have asked for (FASB). Each is a test of whether one more function crosses from announced to in production.

The thesis, coexistence by specialization, would be wrong if either rail began doing the other's job at scale: if composable, open-chain use climbed from its current low-single-digit share into double digits, or if the wholesale banks abandoned permissioned ledgers for public ones. Neither is visible today. So the two doors close where they opened. For the desk asking whether tokenized assets help it, the answer is yes, but narrowly, in wholesale functions still gated by custody and redemption, worth preparing for, not yet worth treating as cash. For the investor asking where the value goes, the answer is to the incumbents building the rails, with almost nothing to own as a pure play.





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