

October 5th - October 11th (Published October 12th)

PERSPECTIVES by Eric F. Risley

The IMF Takes Tokenization Seriously

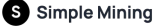
The International Monetary Fund devoted a full chapter of its October Global Financial Stability Report to tokenization, the representation of stocks, bonds, funds and other financial assets on shared programmable ledgers. The chapter is [here](#) and worth reading.

First, appreciation. It is thoughtful, balanced and built on data rather than the typical marketing speak we see from many participants. Advocates get real evidence of benefits. Skeptics get a sober list of what could go wrong, and a candid admission that many claimed benefits are really benefits of digitalization. That honesty helps everyone see the full picture rather than a one-sided marketing message.

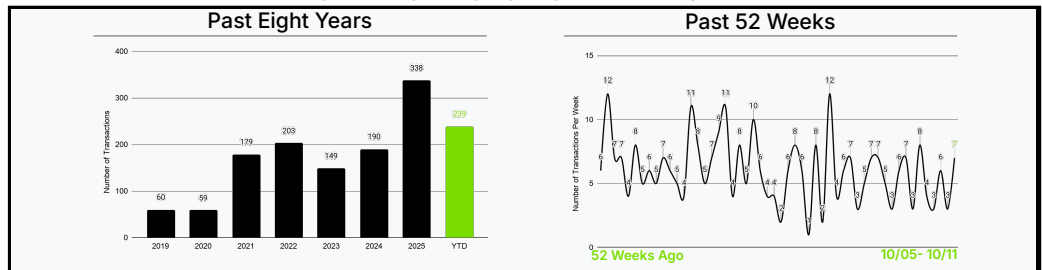
Second, scale. The IMF counts about \$65 billion of tokenized real-world assets, excluding stablecoins and repo. Our [own tokenization report last month](#), which also counts stablecoins, repo and private networks, found \$816 billion, or 0.3% of the \$272 trillion global securities market. Small either way, but compounding: by our count, tokenized assets outside stablecoins are up roughly 8x in 24 months. Retail speculators have arrived in tokenized stocks, where the IMF finds 80% of trades are for less than one share and more than half of volume occurs outside regular New York trading hours. More important is where institutions play. Tokenized bonds and money market funds are institutional markets, and tokenized repo, where banks borrow against collateral, averaged \$303 billion a day in July. Seven of the ten largest asset managers now offer a tokenized fund; none did three years ago. DTCC, custodian of \$114 trillion, has run live tokenized trades and is set to launch its tokenization service this month. JPMorgan's Kinexys has processed over \$4 trillion of transactions since launch. These are not institutions that chase fads. They are the plumbing of global finance, and they are rebuilding the plumbing.

(Continues on the next page)

RECENT CRYPTO M&A TRANSACTIONS ([click here for full AP M&A Tracker](#))

Target	Acquirer	Transaction Summary	M&A Alert
 First Digital		Transaction Value: \$250M Rationale: To give KOYN, a Nasdaq-listed SPAC, a stablecoin issuer with its own licensed custodian Sector: Investing & Trading Infrastructure Target Description: FDUUSD stablecoin issuer with Hong Kong-licensed trust & custody services	
 LoopScale		Transaction Value: Undisclosed Rationale: To add a fixed-rate credit layer that finances assets trading on Orca Sector: Investing & Trading Infrastructure Target Description: Solana-based fixed-rate onchain lending marketplace with a credit order book & yield vaults	
		Transaction Value: Undisclosed Rationale: To staff Anyflo's multi-chain stablecoin routing layer with Native's cross-chain engineers Sector: Investing & Trading Infrastructure Target Description: Sui-based Bitcoin lending & yield platform using MPC instead of bridges or custodians	
		Transaction Value: Undisclosed Rationale: To own a national consumer wallet running on its own verification infrastructure Sector: Payments Infrastructure Target Description: El Salvador's government-launched bitcoin & dollar wallet for remittances & merchant payments	
		Transaction Value: Undisclosed Rationale: To own the RPC & archival layer much of the NEAR ecosystem depends on Sector: Developer Tools & Infrastructure Target Description: NEAR RPC, archival node & data-feed infrastructure serving wallets, apps & developers	
		Transaction Value: \$1.5M Rationale: To add owned, already-energized Iowa capacity to its bitcoin-mining hosting platform Sector: Mining & Staking Target Description: Fully energized Iowa bitcoin-mining facility with ready-to-run hosting capacity	
		Transaction Value: Undisclosed Rationale: To own the payout rails corporates use, so stablecoin settlement can run on Anchorage custody Sector: Payments Infrastructure Target Description: Enterprise payouts for fiat & stablecoin disbursements with onboarding & tax compliance	

OVERALL CRYPTO M&A ACTIVITY LEVELS



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Third, the benefits are proving substantial. In plain English: Markets stay open around the clock, and overnight moves in tokenized stocks are largely reflected in traditional markets within five minutes of the open. Collateral moves faster, which is why repo scaled first. Back-office reconciliation gets simpler because everyone works from the same record. Settlement risk is being eliminated because the security and the cash change hands together or not at all. The ownership record is clear and complete. Coupons and dividends are increasingly paid automatically by code.

The IMF's cautions are fair too. Tokenized stocks are dramatically less liquid and 1.5 times more volatile than the underlying shares, and growth depends on four things the industry cannot deliver alone: legal certainty, regulatory clarity, interoperability and a safe settlement asset.

Fourth, our view, which regular readers know. Tokenization addresses markets worth hundreds of trillions of dollars, roughly two orders of magnitude larger than a crypto market worth a few trillion. In our Q2 and Q3 reports we called this the transformation of crypto from a \$3 trillion cottage industry into a building block for industries multiple orders of magnitude larger. The IMF has now drawn the same map with significant rigor.

Tokenization is the most important strategic growth theme in our industry and will drive strategic M&A for the next decade. It has already begun: 34 tokenization acquisitions in 2025 and 2026 so far versus 12 in the two prior years, with Bullish buying Equiniti, Nasdaq buying Level Markets and Standard Chartered buying Zodia Custody as the early markers. This is where crypto and institutional finance converge.