



Beyond pilots—Scaling the minimum viable operating model for tokenized funds

How asset managers can align tokenized fund design with strategy, servicing, distribution, and market connectivity



Key takeaways

- Tokenized infrastructure operates through networks, and its value depends on the participants and systems connected to them. State Street’s research indicates traditional and tokenized infrastructure will coexist for a decade or more.
- To scale tokenized funds and share classes, operating models should support a wide group of investors, distributors, service providers, networks, settlement options, and jurisdictions. PwC presents five decision layers that can help asset managers develop the minimum viable operating model based on “why” they’re tokenizing.
- The tokenization ecosystem may be fragmented in the interim, but that isn’t necessarily a flaw. The objective isn’t high connectivity but connections to the parts of the market ecosystem the product should have so it can achieve its intended purpose.
- Rather than wait for convergence on a dominant set of networks, platforms, or standards, build optionality into your operating model through data portability, migration and termination rights, business continuity, service-provider accountability, and the ability to connect with other market participants.
- The tokenized funds that ultimately attract assets may not be those with the fastest path to launch but those with products and operating models that can adapt to investor needs, market standards, regulations, tax rules, and the wider ecosystem.

Fund tokenization is moving from experiment to reality

25%

of all capital market assets
to be tokenized by 2030

Source: State Street 2026 Digital
Assets Study

Tokenizing a fund or share class has moved out of the laboratory and beyond isolated pilots. Public filings show a growing number of tokenized registered funds in the US, while private funds, feeder vehicles, money market and Treasury products, and alternative investment structures are also emerging globally through private placements and jurisdiction-specific digital asset frameworks. **PwC projects tokenized fund AUM** to grow at a 41% CAGR to \$715 billion globally by 2030. State Street's 2026 Digital Assets Study widened the aperture of the tokenization market and found that nearly a third of respondents expect at least 25% of all capital market assets to be tokenized by 2030.

Still, early movers are demonstrating that there's much more work to do for tokenization to scale alongside traditional markets. An entire ecosystem of digital wallets, settlement rails, distributors, secondary venues, collateral platforms, and other infrastructure will be needed for tokenized funds to scale. No single asset manager or service provider can build that ecosystem alone.

Let's look at the decisions asset managers **can** control: the fund operating model and the partners required to launch a tokenized fund or share class, as well as the connectivity issues that could stand in the way of your goals. But before getting into all that, there's a primary determination you need to make. Why do you want to tokenize?

Tokenization is here. Managers need to develop operating models that can deliver value at scale.



An important question: Why are you tokenizing?

“Tokenization’s progression from pilots to production is shifting the conversation away from ‘does it work?’ to ‘how and where does it deliver value?’”

Angus Fletcher

Head of Digital Asset Solutions, State Street

You’ve probably heard many of the reasons for tokenization, such as once your asset is represented by a token, investors can quickly and economically transfer or trade it, use it as collateral, and so on. (For details on the mechanics and benefits of tokenization, see PwC’s **[Tokenization in financial services: Delivering value and transformation.](#)**)

But before deciding on a fund or share class to tokenize, know that the operating model you choose flows from the strategic objective you’re pursuing. It’s because of that logical flow of decisions that we believe the first step is to determine why you’re tokenizing to begin with. The answer is important as it guides the subsequent decisions you’ll make, such as which blockchain to use or which providers to appoint.

Asking “why” also helps you define the tokenization benefits you’re seeking to create for investors or your firm, and how those objectives fit into your broader strategy. Are you looking for collateral mobility? Secondary-market access? Faster settlement? Operating efficiency? That will shape the product structure, distribution model, blockchain strategy, and service provider model.

Let’s say you want collateral mobility. You should meet a certain set of requirements.

- Can the tokenized fund interest be legally pledged or transferred?
- Will relevant counterparties and collateral platforms recognize it?
- Is settlement finality sufficient?
- Will the provider ecosystem connect to the required liquidity and collateral venues?

That said, it’s important to understand that the decisions you make to support one objective may constrain other objectives later, so you should consider how the product you’re tokenizing may change over time. The initial purpose may eventually require a connection to additional distributors, custodians, settlement venues, collateral platforms, liquidity providers, or blockchain networks. The decisions you make at launch will determine how readily the tokenized product connects to that broader ecosystem.

The preferred operating model often depends on the original “why,” expected return on investment, sensitivity of proprietary information, and the level of third-party risk the manager assumes. Asset managers should also consider these decisions across their broader product portfolio, balancing consistency in the operating model with product- and fund-specific requirements.

The “why” of the product decision drives the operating model decision.

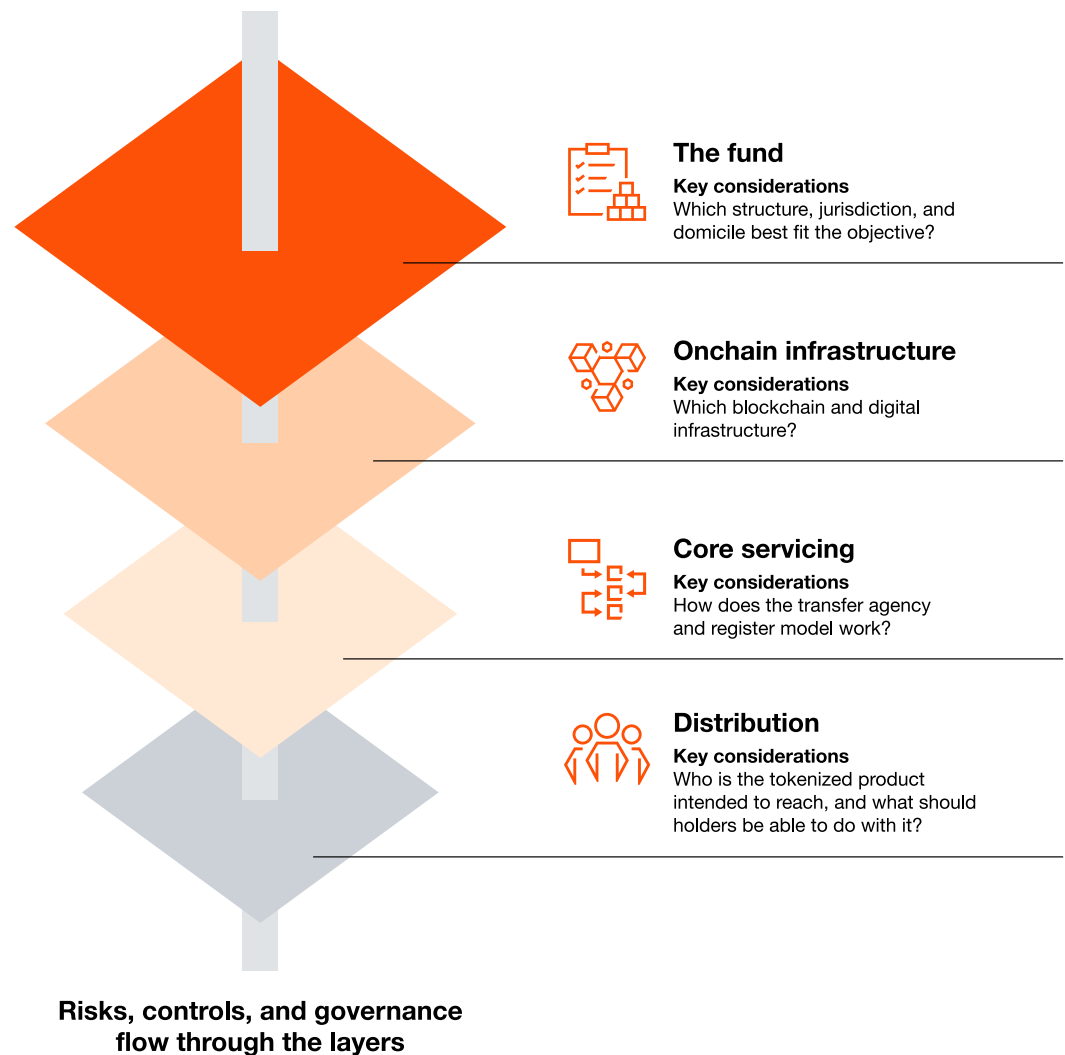
Fund tokenization—Five decision layers that help create a minimum viable operating model

Respondents to State Street's study cite a broad range of benefits likely to accrue from tokenization. A combination of operating cost reduction, revenue increases, and improved investment performance expected from areas as diverse as faster settlement to new client acquisition.

Launching a tokenized fund needs an operating model to both support the fund and capture tokenization's benefits. The issuer of the tokenized fund will have to consider custody, cash, servicing, distribution, and the register—and how they'll all work together.

To determine if the operating model you're choosing can scale, we've identified five layers of decision-making and key considerations within each layer. These layers are not exhaustive. Instead, the choices you make can vary based on which product, domicile, and operating model you're implementing.

A fund's decision layers



Layer 1: The fund

Domicile, legal form, and investor eligibility sit upstream of the decisions that follow. Those foundational items shape the product structure, ownership, and recordkeeping requirements as well as tax treatment and path to market.

Key consideration: Which structure best fits the objective?

Two models currently dominate registered and private-fund markets: a tokenized share class or interest in an existing fund and a fully tokenized fund or feeder vehicle. Cost considerations (build costs, efficiency gains) typically frame the choice between these two models. A share class can reuse elements of an existing fund's legal structure or offering framework, governance, servicing, and track record, potentially reducing product setup requirements. Launching a fully tokenized fund requires a new product structure, contracts, and seed capital, but lacks an operating history. (There are other models besides these two, including digital twins, tokenized feeder structures, and privately placed fund interests, though these vary by jurisdiction and investor type.)

Your objectives needn't be mutually exclusive, and a manager may pursue more than one objective within a single operating model. The tradeoff is reuse versus reach. A share class reuses the parent fund's legal structure or offering framework, servicing model, and approvals but inherits its constraints, while a fully tokenized fund carries the full build cost but with none of the inherited limits.

Key consideration: Which jurisdiction and domicile?

Domicile sets the outer limits of the product and tokenized fund activity is already emerging across multiple jurisdictions, including the US, Europe and parts of Asia. The important parameters include permitted fund structures, ownership and recordkeeping requirements, investor eligibility, transferability, and tax treatment. The importance you place on each consideration depends on your objective. Pursuing cross-border distribution, for example, may prioritize eligibility and distribution requirements. If you're seeking a blockchain-integrated recordkeeping model, you should consider if the jurisdiction and applicable regulatory framework support that structure.



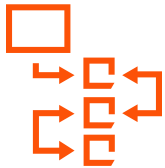
Layer 2: Onchain infrastructure

This is the genuinely new layer tokenization brings. The technical infrastructure is quite diverse, ranging from the network and tokenization platform to the digital register, wallets and keys, and smart contracts. These infrastructure choices are underpinned by broader decisions around cash and settlement, which can affect how the product operates and accesses liquidity. The recent SWIFT launch for a blockchain-based digital ledger, for instance, potentially enables 24/7 cross border payment and settlement. The market has yet to coalesce around a preferred way of doing business in many of these areas, and the sheer number of operational blockchains and niche service providers in a still-nascent market means future consolidation is likely.

Key consideration: Which blockchain and digital infrastructure?

Asset managers assess digital infrastructure for its resiliency, security, scalability, interoperability, regulatory acceptance, and connectivity. But these requirements can change as products evolve. The digital infrastructure supporting an initial use case may need to include additional providers, networks, or functionality as the product expands.

Connectivity is therefore a key consideration in infrastructure selection. Access to relevant liquidity pools, venues, and counterparties, while reaching distinct investor bases, may require deploying across several chains. Some money market funds, for example, operate across multiple public blockchains to broaden investor access. Selecting a chain should consider not only connectivity to the investors, liquidity sources, and counterparties the strategy requires, but also how the infrastructure will be governed and whether the network has a sufficiently active ecosystem to support the product over time. This will often be a consideration for both managers and other issuers and investors, with regulations likely playing a key role in their decision-making. Respondents to the State Street Digital Assets Study indicate secure and consistent regulation across various areas of the digital assets markets are among the more important factors governing their decision-making.



Layer 3: Core servicing

Tokenization can change how ownership is recorded and how servicing activities connect across onchain and traditional infrastructure. But for many of the potential changes, certain things remain the same. A tokenized fund still requires core servicing functions such as custody, administration, accounting and NAV operations, transfer agency, and the machinery of subscriptions and redemptions.

Key consideration: How does the transfer agency and register model work?

A tokenized fund has to establish how to maintain its official ownership record. In some cases, the transfer agent maintains the authoritative register off-chain and the onchain record reflects it. In others, blockchain records form part of the official shareholder register the transfer agent maintains. This model is likely to evolve as transfer-agent rules and servicing practices develop to address DLT records, tokenized securities, wallet-level data, cybersecurity, operational resilience and compliance oversight. The appropriate model for you depends on the fund structure, jurisdiction, regulatory treatment, investor base, provider model, and your appetite for change. The model you select determines how ownership is recorded, where reconciliation is required, and who's accountable for maintaining the record.



Layer 4: Distribution

The distribution layer spans know-your-customer and anti-money laundering regulations, investor onboarding (including tax documentation), distributor connectivity, required regulatory disclosures, and investor reporting. This layer can be launch-critical when your objective is new distribution, collateral mobility, or secondary-market access.

Key consideration: Who is the tokenized product intended to reach, and what should holders be able to do with it?

Distribution is where your objective becomes most visible because it determines who the fund can reach and how investors can use their holdings. Investors still need to satisfy applicable KYC and eligibility requirements and receive the appropriate regulatory and tax disclosures and reporting. What changes is reach. Whether or not your fund interests can move across distributors, trade on a secondary venue, or be pledged as collateral depends on the product's eligibility, transferability, tax treatment, and connectivity.

If you're seeking collateral mobility, secondary-market access, or new distribution, you may need this layer to do much more than support onboarding. But if you're focused primarily on internal operating efficiency, a narrower model may be sufficient.

**Layer 5: Risk, controls, and governance**

This layer covers cybersecurity, operational resilience, third-party risk, compliance, tax, and audit. It flows through the other four layers rather than sitting beside them. Respondents to State Street's Digital Asset Study 2026 rank these issues among the top barriers to widespread adoption of onchain digital asset investments: 46% cite lack of regulatory clarity, while 44% cite safety and soundness of the technology, including cybersecurity.

For fund boards, the governance question is not if directors can explain the blockchain architecture. It's whether management can explain why tokenization is being pursued, how the operating model changes, who is accountable for each new function, what can fail, which controls exist, and what the playbook requires if something goes wrong.

44%

of respondents cite safety and soundness, including cybersecurity, as a top barrier to widespread adoption of onchain digital asset investments

Source: State Street 2026 Digital Assets Study

Where tokenized funds rely on decentralized or partially decentralized infrastructure, governance does not mean controlling every component but clarifying who selected the infrastructure, who monitors it, what fallback arrangements exist, and who is accountable when the network, smart contract or service provider fails. Tokenization should be incorporated into existing board oversight of service providers, compliance, cybersecurity, audit, disclosure, fees, and business continuity rather than treated as a one-time technology approval.

Key consideration: How can you control hybrid onchain/off-chain operations?

It seems likely that tokenized funds will operate across onchain and traditional infrastructure for the foreseeable future. This creates new integration, reconciliation, and control requirements that can vary with the recordkeeping model. In a blockchain-integrated model, the blockchain may form part of the authoritative ownership record, streamlining that same record-to-record reconciliation, but integration and control requirements remain as the fund connects with off-chain data and traditional servicing processes. The operating model therefore determines where reconciliation is required, which controls apply, and who is responsible for resolving exceptions.

Importantly, investors and issuers should realize the benefits while not experiencing significant differences in their interactions with their providers when transacting onchain. At the same time, traditional market cutoffs are not just tech constraints. Existing rules, valuation practices, liquidity terms, banking hours, and market conventions may still apply. Tokenization may change how ownership is recorded or transferred, but it doesn't remove the need for clear controls, escalation procedures, and board-level reporting across onchain and off-chain operations.



How PwC can help

To have a deeper discussion about how this topic might impact your business, please contact your engagement partner or one of the following PwC contacts.

Andrew Thorne

Partner, US Asset Management, PwC US
andrew.thorne@pwc.com

Aditi Lyall

Principal, Digital Asset Enablement Offering Lead, PwC US
aditi.lyall@pwc.com

Roland Kastoun

Global Asset and Wealth Management Leader, PwC
roland.kastoun@pwc.com

Contributors

Angus Fletcher

Global Head of Digital Asset Solutions, State Street