GBBC GSMI 6.0
TOKENIZATION & CUSTODY

KEY TAKEAWAYS

PURPOSE OF TOKENIZATION
Tokenization creates a digital representation, a "token," for an off-chain or on-chain asset, enabling verification, transfer, and lifecycle management on distributed ledgers

KEY FEATURES
- **Representation:** Digital twins of off-chain or native on-chain assets
- **Memory Aid:** Tokens as ledger-based equivalents of contracts & records
- **Ownership Records:** Provenance, verification, and settlement finality
- **Fractionalization:** Smaller tradeable units for wider access
- **Liquidity & Authentication:** Unlocking liquidity while verifying authenticity

WHY IT MATTERS
Tokenization is becoming a new foundation for financial innovation, linking payment rails with investment rails, while enabling programmable transactions, faster settlement, efficient collateral, and improved transparency as TradFi and DeFi converge

THE 2 SIDES OF TOKENIZATION USE CASES

Asset Representation

Payment Solutions
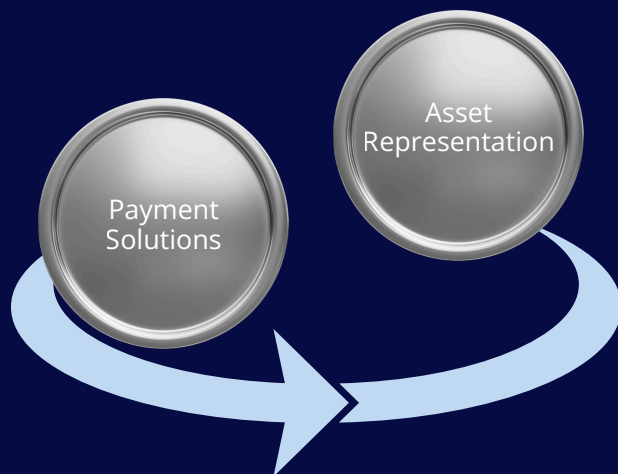
TOKENIZATION VALUE CHAIN

STEP 1 **Asset Origination**	Identify asset to tokenize
STEP 2 **Legal Structuring**	Ensure compliance & determine legal representation of ownership
STEP 3 **Custody &** **Asset Backing**	Real asset is valued and held by a custodian
STEP 4 **Token Issuance**	Primary distribution
STEP 5 **Trading**	Secondary markets
STEP 6 **Redemption**	Issuers ensure token holders can redeem tokens for underlying assets

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