

L27: Real-World Asset Tokenization

Module C: NFTs & Digital Assets

Blockchain & Cryptocurrency Course

December 2025

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A homeowner excitedly holding a smartphone: “I tokenized my house into 10,000 NFTs!” A lawyer nearby with a stack of paperwork: “Great, now explain to the Delaware court how your smart contract interacts with property law, bankruptcy proceedings, and tenant rights.”

Blockchain creates tokens—law creates property rights

The Promise vs. Reality

- Promise: Fractional real estate for everyone
- Reality: Legal bridges needed everywhere
- Tokens don't automatically grant property rights

What We'll Explore

- How RWA tokenization actually works
- Legal wrappers (SPVs) that make it valid
- BlackRock BUIDL: Institutions go on-chain

By the end of this lesson, you will be able to:

- Define real-world asset (RWA – Real-World Assets—physical items) tokenization and its benefits
- Describe real estate tokenization platforms and legal structures
- Explain securities tokenization and regulatory compliance frameworks
- Analyze BlackRock BUIDL fund as institutional RWA case study
- Evaluate market size and growth projections for tokenized assets

Building on L26: Gaming NFTs and Metaverse

The Problem: How do we tokenize physical assets?

The Challenge

How do we tokenize physical assets while maintaining legal validity and enforceable ownership rights?

Why It Matters

- Trillions in illiquid assets (real estate, art, private equity) locked away from most investors
- Historical failures: Security token offerings failed to gain traction (2017-2019) due to legal uncertainty

What We Need

- Bridge between on-chain tokens and off-chain legal ownership
- Regulatory frameworks that recognize tokenized securities
- Mechanisms to fractionalize expensive assets for retail investors

The Cryptoeconomics Question

How do we create and capture value from previously illiquid assets?

Today's lesson: How Real-World Asset Tokenization addresses this challenge

How Do You Turn Physical Assets into Tokens?

RWA Tokenization (assets as digital tokens): Representing ownership of physical assets as blockchain tokens

Asset Classes:

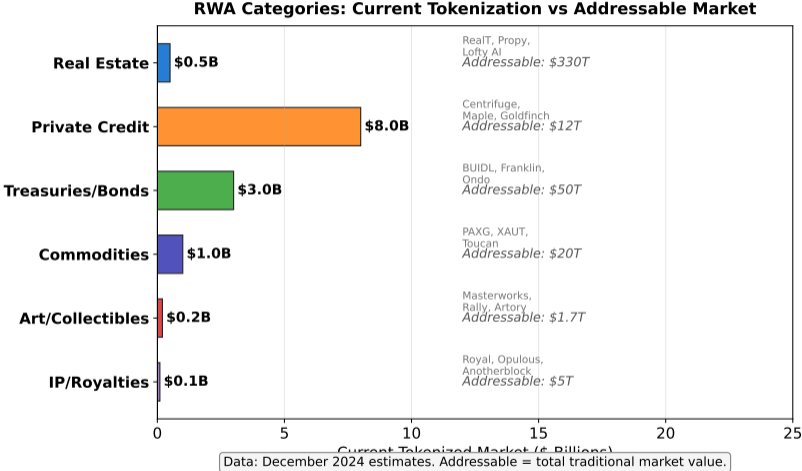
- Real estate (residential, commercial)
- Securities (stocks, bonds, funds)
- Commodities (gold, oil, carbon credits)
- Art and collectibles (paintings, wine, watches)
- Debt instruments (loans, mortgages, invoices)

Key Benefits:

- **Fractional ownership (divided into small shares):** Divide expensive assets into affordable shares
- **Liquidity:** Trade traditionally illiquid assets 24/7
- **Transparency:** Ownership and transaction history on-chain

→ *Problem: How do we tokenize physical assets? — What is Real-World Asset Tokenization? Tokenization promises fractional ownership, but legal enforcement remains the hard problem.*

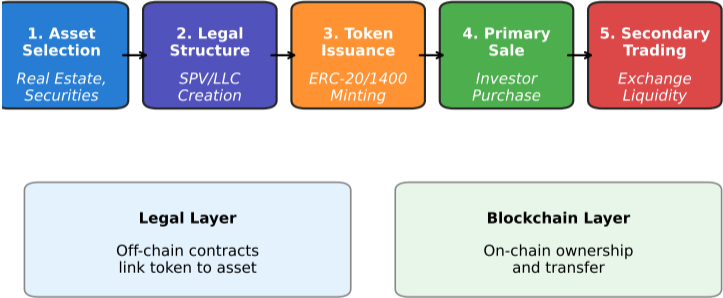
What Asset Categories Can Be Tokenized?



Private credit and treasuries lead current tokenization; real estate has largest addressable market

How Does the Tokenization Process Work?

Real-World Asset Tokenization Process



6-step process from asset selection to secondary market trading

How Does Tokenization Compare to Traditional Ownership?

Traditional Asset Ownership:

- High minimum investment (e.g., \$100k+ for real estate)
- Illiquid (weeks/months to sell)
- Paperwork-heavy (legal docs, notaries, brokers)
- Limited access (accredited investors only for many assets)

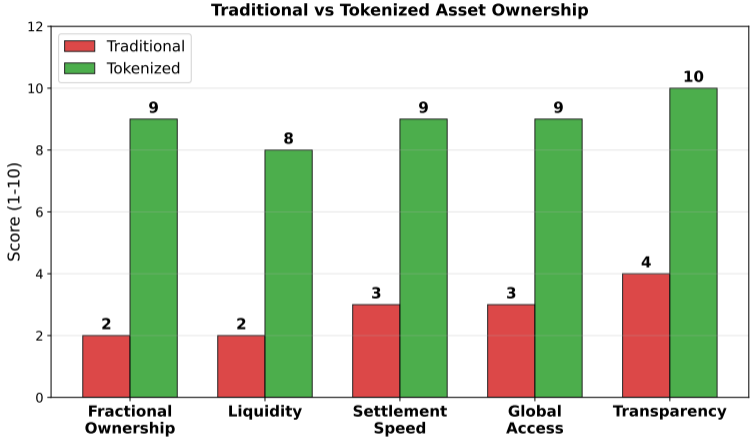
Tokenized Asset Ownership:

- Fractional shares (invest \$100-\$10k+)
- 24/7 trading on secondary markets
- Smart contract automation (instant settlement)
- Broader access (retail investors if compliant)

Critical Requirement: Legal framework linking token to real-world asset rights

Key point: Traditional Asset Ownership

What Are the Key Differences Between Traditional and Tokenized Ownership?



Tokenization dramatically improves fractional ownership, liquidity, and settlement speed

How Does Real Estate Tokenization Work?

Value Proposition: Make real estate investment accessible and liquid

Tokenization Models:

- 1 **Direct Property Ownership:** Tokens = shares in SPV owning property
- 2 **Debt-Backed:** Tokens represent mortgage or loan on property
- 3 **REIT (Real Estate Investment Trust) Tokenization:** Digitize traditional REIT shares

Example: \$10M commercial building

- Issue 10,000 tokens at \$1,000 each
- Investors buy tokens (minimum \$1,000)
- Rental income distributed pro-rata to token holders

Platforms: RealT, Propy, Lofty AI, Polymath

Key point: Value Proposition

How Does RealT Enable Fractional Real Estate?

Platform: Ethereum-based real estate tokenization (USA properties)

Model:

- RealT buys US rental properties
- Property held in LLC, tokens issued on Ethereum
- Minimum investment: \$50 per property
- Daily rent distribution (stablecoins to wallets)

Example Property:

- Address: 123 Main St, Detroit, MI
- Token price: \$52.50 per token
- Total tokens: 5,000 (property value \$262,500)
- Annual yield: 8-12% (rent minus costs)

Regulatory Compliance: Reg D (US private sales to wealthy) or Reg A+ (mini-IPO for regular investors)

→ *Problem: How do we tokenize physical assets? — RealT: Fractional Real Estate US securities law (Reg D, A+) determines who can buy—compliance is expensive.*

How Do Security Tokens Differ from Utility Tokens?

Security Token: Digital token representing traditional security (stock, bond, fund share)

Difference from Utility Token:

- **Security Token (regulated investment):** Investment contract, subject to SEC regulation
- **Utility Token (service access token):** Access to product/service, may avoid securities law

Regulatory Frameworks (USA):

- **Reg D (Rule 506):** Private placement, accredited investors only
- **Reg A+ (mini-IPO for regular investors):** Mini-IPO, retail investors, up to \$75M raise
- **Reg S (non-US investor exemption):** Offshore sales to non-US investors
- **Reg CF:** Crowdfunding, retail investors, up to \$5M raise

Compliance: KYC/AML (identity verification), transfer restrictions, accreditation verification

Key point: Security Token

What Standards Are Used for Security Tokens?

ERC-20 Limitations for Securities:

- No built-in transfer restrictions (KYC/AML)
- Cannot enforce accredited investor rules
- No compliance checks before transfer

Enhanced Token Standards:

- **ERC-1400 (security token standard):** Security token standard with partitions
- **ERC-3643 (T-REX):** Transfer restrictions, compliance modules
- **DS Protocol:** Debt securities tokenization

Key Features:

- Identity verification (KYC whitelist)
- Transfer restrictions (lock-ups, accreditation checks)
- Document references (prospectus, legal agreements)

Key point: ERC-20 Limitations for Securities

What Is BlackRock's BUIDL Fund?

Fund: BlackRock USD Institutional Digital Liquidity Fund

Details:

- **Launch:** March 2024
- **AUM (Assets Under Management):** \$2.9B (December 2024) – largest tokenized fund
- **Blockchain:** Ethereum, Solana, Arbitrum, Optimism, Polygon, Aptos
- **Asset backing:** US Treasury bills, cash, repos
- **Token:** BUIDL (ERC-20 security token)
- **Yield:** 5% APY (Treasury yield minus fees)

Significance:

- World's largest asset manager enters on-chain finance
- Legitimizes tokenized securities for institutions

Key point: Fund

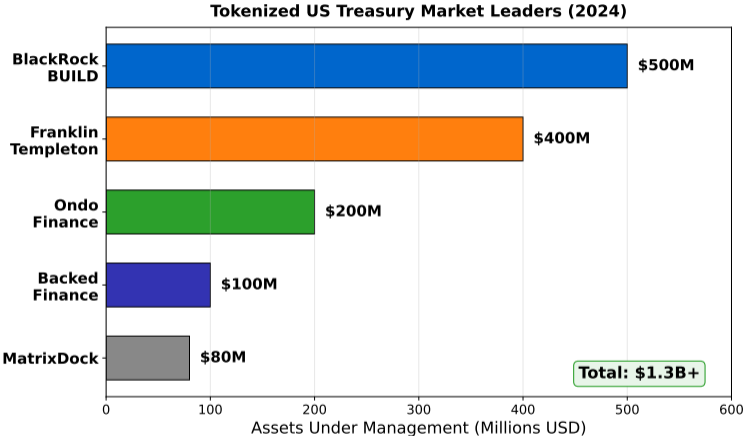
How Does the BUIDL Fund Work?

How It Works:

- 1 Institutional investor completes KYC/AML (accredited only)
- 2 Investor deposits USD (wire transfer)
- 3 BlackRock mints BUIDL tokens 1:1 with USD
- 4 Tokens represent pro-rata share of fund assets
- 5 Fund invests in US Treasuries and cash equivalents
- 6 Interest accrues daily, distributed as new BUIDL tokens
- 7 Investor can redeem BUIDL for USD (T+1 settlement)

Key point: How It Works

Who Leads the Tokenized Treasury Market?



BlackRock BUIDL and Franklin Templeton dominate the tokenized Treasury market

Recall Our Problem

How do we tokenize physical assets?

What We've Learned So Far

- Fractional ownership via tokens makes expensive assets (real estate, art) accessible to small investors
- SPVs (Special Purpose Vehicles) hold physical assets; tokens represent shares in the SPV
- The oracle problem: blockchain cannot verify real-world asset status—trusted intermediaries remain

Still to Address

- Regulatory frameworks: Reg D (accredited only), Reg A+ (mini-IPO), MiCA (EU)
- If tokenization requires trusted custodians anyway, what's the advantage over traditional shares?

Think About

- Based on what you've seen, how would *you* solve this problem?
- What trade-offs do you expect?

Pause and reflect: How does what we've learned so far address "How do we tokenize physical assets?"?

What Legal Hurdles Block RWA Adoption?

Key Issues:

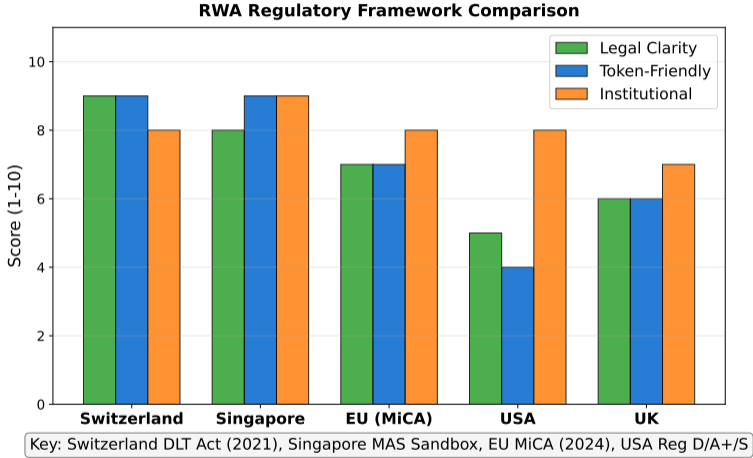
- ① **Property Rights:** Does token legally represent asset ownership?
- ② **Jurisdiction:** Which country's laws apply (asset vs. token location)?
- ③ **Enforcement:** How to enforce rights if smart contract disputes?
- ④ **Bankruptcy (token holders may lose investment):** What happens if SPV or platform goes bankrupt?

Solutions:

- Robust legal agreements (off-chain documentation)
- Established jurisdictions (Delaware, Switzerland, Singapore)
- Regulatory engagement (work with SEC, FINMA, MAS)
- Insurance and guarantees

Key point: Key Issues

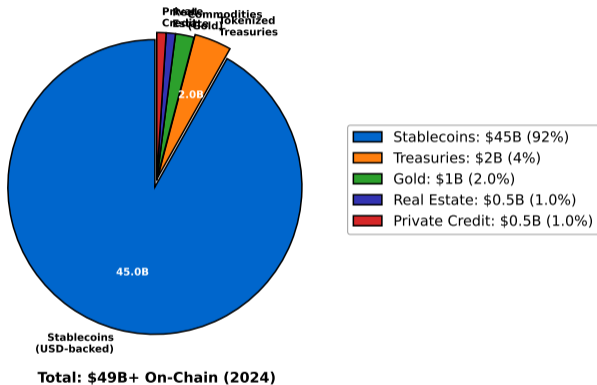
How Do Regulatory Frameworks Compare Globally?



Switzerland and Singapore lead in legal clarity and token-friendliness

How Are Current RWA Assets Distributed?

Tokenized Real-World Assets by Category



Stablecoins dominate (92%), with Treasuries emerging as fastest-growing category

What Is the Current RWA Market Size?

Current Market (December 2024):

- Total tokenized RWA (excl. stablecoins): \$15.2B (up 85% YoY)
- Breakdown:
 - Tokenized Treasuries: \$3B+ (BUIDL: \$2.9B)
 - Private credit: \$8B+
 - Real estate: \$500M
 - Commodities (gold): \$1B

Growth Projections:

- **BCG (2022):** \$16T tokenized assets by 2030
- **Citi (2023):** \$4-5T by 2030
- **BlackRock (2024):** “Next evolution of markets”

Drivers: Institutional adoption, regulatory clarity, infrastructure maturity

Key point: Current Market (December 2024)

What Benefits Does RWA Tokenization Offer?

For Investors:

- Fractional access to assets
- 24/7 liquidity, global access
- Transparent ownership

For Asset Owners:

- Unlock illiquid asset value
- Lower cost of capital
- Programmable rights

For Markets:

- Instant settlement
- Financial inclusion
- Fewer intermediaries

Compare the approaches shown above

What Risks and Limitations Exist?

Key Risks:

- Legal uncertainty (enforceability)
- Smart contract vulnerabilities
- Custody/counterparty risk
- Regulatory changes
- Liquidity illusion

Mitigation Strategies:

- Established legal jurisdictions
- Thorough smart contract audits
- Insurance for custody/assets
- Legal recourse mechanisms

Compare the approaches shown above

How Do RWAs Integrate with DeFi?

RWA as DeFi Collateral:

Use Cases:

- Deposit tokenized Treasuries, borrow stablecoins
- Earn DeFi yield while holding real-world assets
- Leverage real estate tokens for liquidity

Platforms:

- **MakerDAO:** Accepts RWA as collateral for DAI minting
- **Aave Arc:** Permissioned pool for institutional RWA
- **Compound:** Exploring RWA collateral integration

Advantage: Bridges traditional finance yield with DeFi composability

Key point: RWA as DeFi Collateral

Problem Solved? Real-World Asset Tokenization

The Original Problem

How do we tokenize physical assets while maintaining legal validity?

How Real-World Asset Tokenization Solves It

- Legal wrappers (SPVs) connect tokens to asset ownership rights
- Oracles and custodians verify real-world asset status (gold vaults, property registries)
- Regulatory frameworks (Reg D, Reg A+, DLT Act) provide legal certainty

Remaining Limitations

- Requires legal enforcement in traditional courts (jurisdiction-dependent)
- Counterparty risk: SPV, custodian, or platform insolvency
- Liquidity illusion: tokens trade 24/7 but underlying asset remains illiquid

Open Questions

- Will RWA tokenization achieve mainstream adoption or remain a niche?
- Risk: Extractive tokenomics, unsustainable yields in private credit markets

Real-World Asset Tokenization partially solves "tokenizing physical assets" but introduces new trade-offs

Incentive Structure

- Creating and distributing economic value
- Value capture aligned with value creation
- Creators capture value, users pay for utility

Economic Security

- Attack cost must exceed potential gain
- Honest behavior = Nash equilibrium

Cryptoeconomic security: Honest behavior must be the Nash equilibrium

Key Economic Question

Who Pays, Who Earns?

Creators capture value, users pay for utility

Design Principle

Attack Cost $>$ Potential Gain

Alternatives Considered

- 1 **Chosen Design:** Fee models, token distribution
- 2 **Alternative:** Alternative value capture mechanisms

Trade-offs Made

- Every design optimizes some properties
- ... at the expense of others

Design Questions

- What would YOU change?
- What's optimized? What's sacrificed?
- Are there other approaches?

Key Insight

No Perfect Solution

All blockchain designs involve trade-offs between decentralization, security, and scalability.

Every design is a trade-off. Understanding alternatives reveals the "why" behind choices.

Critical Failure Mode

- Extractive tokenomics, unsustainable yields
- Economic incentives misaligned

Root Cause

- Assumption violated
- Incentive structure broken
- External shock

Historical Context

- Multiple real-world failures documented
- Patterns repeating across protocols

Early Warning Signs

- ! Unusual economic behavior
- ! Incentive misalignment
- ! Centralization drift

Prediction: What could cause this to fail? How would you detect it early?

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A tokenized real estate investor happily trading on their phone: “24/7 global liquidity!” Meanwhile, the token crosses a digital border and multiple regulators appear: SEC (USA), FINMA (Switzerland), MAS (Singapore), each with different rulebooks. “Which laws apply here?”

Global tokens meet local laws—regulatory clarity is RWA’s biggest bottleneck

The Jurisdiction Problem

- Asset in Delaware, token on Ethereum
- Buyer in Singapore, seller in Germany
- Which court handles disputes?

Current Solutions

- Reg D/A+: US accredited investor rules
- MiCA: EU harmonized framework (2024)
- Switzerland DLT Act: Token-friendly
- Compliance built into token (ERC-3643)

Key Takeaways

- 1 RWA tokenization represents ownership of physical assets as blockchain tokens
- 2 Real estate tokenization enables fractional ownership and liquidity (RealT, Propy)
- 3 Securities tokenization requires regulatory compliance (Reg D, Reg A+, ERC-1400)
- 4 BlackRock BUIDL fund (\$2.9B) legitimizes institutional RWA adoption
- 5 RWA market: \$15B current (excl. stablecoins), projected \$4-16T by 2030
- 6 Legal frameworks and custody remain critical challenges for mainstream adoption

Next Lesson: L28 – Lab: NFT Evaluation

Key point: Next Lesson

L28: Lab – NFT Valuation

Hands-on activities:

- Develop comprehensive due diligence checklist
- Identify red flags and scam indicators
- Conduct rarity analysis and trait valuation
- Prepare investment recommendation report
- Practice evaluating NFT projects systematically

Preparation: Review all previous lessons on NFT technology, marketplaces, and categories

Key point: L28: Lab – NFT Valuation

Continued

What's the Step-by-Step Tokenization Process?

Typical Process:

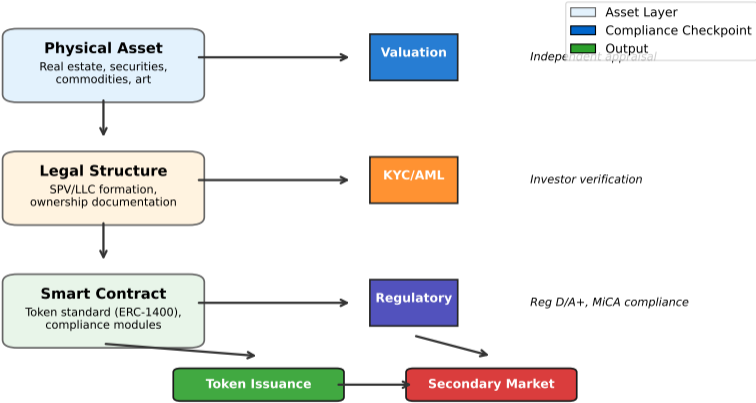
- 1 **Asset Selection:** Identify real-world asset (e.g., building)
- 2 **Legal Structure:** Create SPV (legal entity holding asset) to hold asset
- 3 **Valuation:** Independent appraisal determines asset value
- 4 **Token Issuance:** Mint tokens representing fractional ownership
- 5 **Distribution:** Sell tokens to investors (primary market)
- 6 **Trading:** Tokens trade on secondary markets (exchanges)

Legal Bridge: Smart contract references off-chain legal agreement

Key point: Typical Process

What Compliance Checkpoints Are Required?

RWA Tokenization Workflow with Compliance Checkpoints



Each stage requires compliance checkpoint: valuation, KYC/AML, and regulatory approval

How Does Propy Handle Blockchain Real Estate Transactions?

Platform: End-to-end real estate transactions on blockchain

Services:

- Property listings and search
- Smart contract-based escrow
- NFT property deeds (ownership certificate)
- Cross-border transaction facilitation

First Blockchain Property Sale (2017):

- Property: Apartment in Kiev, Ukraine
- Deed issued as NFT on Ethereum
- Sale price: \$60,000 (ETH payment)

Limitations:

- Legal recognition varies by jurisdiction
- Most countries require traditional deed registration

Key point: Platform

Continued

Smart Contract Functions:

- Transfer restrictions (KYC whitelist)
- Dividend distribution automation

Key point: Smart Contract Functions

How Did BUIDL Impact the RWA Market?

Before BUIDL:

- Tokenized Treasuries: ~\$1B total market
- Skepticism from traditional finance
- Retail-focused platforms (small scale)

After BUIDL:

- BUIDL grew to \$2.9B in 9 months (largest single fund)
- Competitor launches: Franklin Templeton, Fidelity, WisdomTree
- Institutional validation (“if BlackRock does it, it’s real”)
- Total tokenized Treasury market: \$3B+ (December 2024)

Trend: Major asset managers tokenizing money market funds and Treasuries

→ *Problem: How do we tokenize physical assets? — BUIDL Impact on RWA Market Real estate tokens must solve: custody, legal title, and what happens in bankruptcy.*

How Are Commodities Tokenized?

Gold Tokenization:

- **Pax Gold (PAXG – gold-backed token):** 1 token = 1 troy oz of gold
- **Tether Gold (XAUT):** Similar model, Tether-issued
- **Backing:** Physical gold in vaults (audited)
- **Redeemability:** Can redeem for physical gold (high minimums)

Carbon Credit Tokenization:

- **Toucan Protocol:** Tokenizes verified carbon credits (TCO₂)
- **KlimaDAO:** Carbon-backed currency
- **Use case:** Corporations offset emissions via token purchases

Oil and Energy:

- Tokenized oil barrels (experimental)
- Renewable energy certificates as NFTs

Key point: Gold Tokenization

How Are Art and Collectibles Tokenized?

Fine Art Fractionalization:

- **Masterworks:** Tokenizes blue-chip art (Banksy, Basquiat)
- **Rally:** Fractional ownership of collectibles (cars, comics, art)
- **Model:** Platform buys asset, issues shares as tokens

Example: Banksy Artwork:

- Artwork value: \$2M
- Tokenized into 10,000 shares at \$200 each
- Investors earn returns if artwork appreciates and sells

Challenges:

- Storage and insurance costs
- Illiquid underlying asset (art market)
- Valuation subjectivity

Key point: Fine Art Fractionalization

Continued

How Are Private Credit and Debt Tokenized?

Tokenized Loans:

- **Centrifuge (real-world loan tokenization):** Real-world asset lending protocol
- **Goldfinch (crypto loans to businesses):** Crypto loans to non-crypto businesses
- **Maple Finance:** Institutional undercollateralized lending

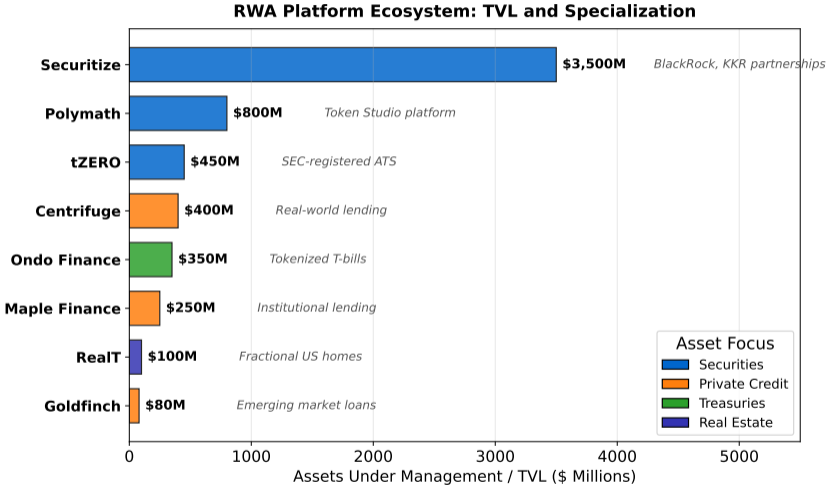
How It Works:

- 1 Company needs loan (e.g., \$1M for inventory)
- 2 Platform originates loan, tokenizes it
- 3 DeFi investors buy loan tokens (earn interest)
- 4 Company repays loan + interest over time

Risk: Default risk (borrower fails to repay), requires legal recourse

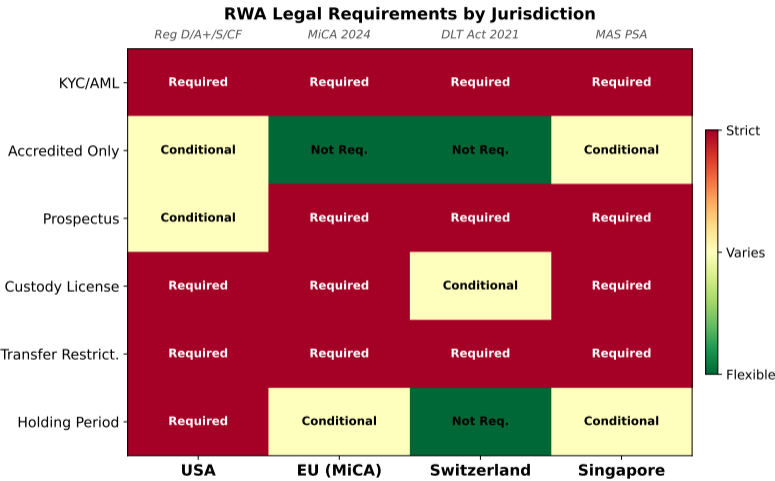
Key point: Tokenized Loans

What Platforms Dominate the RWA Ecosystem?



Securitize leads with \$3.5B AUM; platforms specialize in securities, credit, or real estate

What Legal Requirements Vary by Jurisdiction?



USA most restrictive (accreditation, holding periods); Switzerland most flexible

How Do Regulatory Frameworks Differ Across Jurisdictions?

United States:

- SEC oversight (securities laws apply)
- Reg D, Reg A+, Reg S compliance required
- State-level licensing (money transmitter laws)

Switzerland:

- DLT Act (2021): Legal framework for tokenized securities
- FINMA guidance on token classifications
- Crypto Valley (Zug): Hub for RWA projects

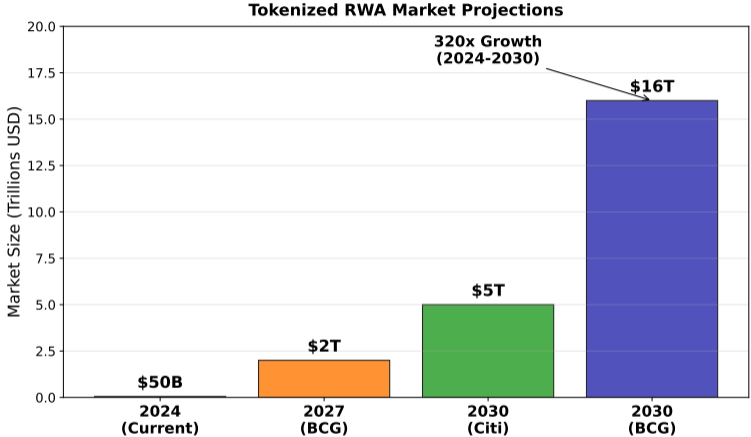
Singapore:

- MAS (Monetary Authority) sandbox for tokenization
- Payment Services Act covers digital tokens
- Project Guardian: Institutional DeFi pilot

EU: MiCA (EU crypto regulation 2024 – Markets in Crypto-Assets) regulation (2024)

→ *Problem: How do we tokenize physical assets? — Regulatory Frameworks by Jurisdiction MiCA (EU 2024) provides clearer rules than US, potentially shifting RWA activity to Europe.*

What Are the RWA Market Projections for 2030?



BCG and Citi project \$5-16T in tokenized assets by 2030 (320x growth)

Problem Solved?

Continued

- ① What are the primary barriers to widespread RWA tokenization adoption?
- ② How can legal systems ensure token holders have enforceable rights to underlying assets?
- ③ Should all security tokens be regulated like traditional securities, or is lighter regulation appropriate?
- ④ What risks does DeFi integration of RWA collateral introduce to financial stability?
- ⑤ Will RWA tokenization democratize investing, or create new forms of inequality?

Key point: Discussion Questions

Quiz

Quiz Questions (1–5)

Q1. What is the primary benefit of real-world asset (RWA) tokenization?

- A) Eliminates all legal requirements
- B) Enables fractional ownership and liquidity
- C) Guarantees asset appreciation
- D) Removes all investment risk

Answer: B – Tokenization allows expensive assets to be divided into affordable shares and traded 24/7.

Q2. What is an SPV (Special Purpose Vehicle) in RWA tokenization?

- A) A blockchain protocol
- B) A legal entity that holds the physical asset
- C) A cryptocurrency wallet
- D) A type of smart contract

Answer: B – SPV is the legal structure that owns the asset while tokens represent fractional ownership.

Q3. What is the minimum investment on RealT platform?

- A) \$10
- B) \$50
- C) \$500
- D) \$5,000

Answer: B – RealT enables fractional real estate ownership with a minimum of \$50 per property.

Q4. Which regulatory framework allows retail investors in the USA?

- A) Reg D
- B) Reg A+
- C) Reg S
- D) All accredited-only

Answer: B – Reg A+ is a mini-IPO framework that allows retail investors (up to \$75M raise).

Q5. What was the first blockchain property sale in 2017?

- A) Apartment in Dubai
- B) Apartment in Kiev
- C) House in California
- D) Office in London

Answer: B – Propy facilitated the first blockchain property sale (Kiev apartment, \$60k, NFT deed).

Quiz Questions (6–10)

Q6. Why can't ERC-20 tokens be used directly for security tokenization?

- A) Too expensive
- B) No transfer restrictions or compliance checks
- C) Not compatible with Ethereum
- D) Cannot represent ownership

Answer: B – ERC-20 lacks built-in KYC/AML, accreditation verification, and transfer restrictions.

Q7. What is the AUM of BlackRock BUIDL fund as of December 2024?

- A) \$500M
- B) \$1.5B
- C) \$2.9B
- D) \$5B

Answer: C – BUIDL reached \$2.9B AUM in 9 months, making it the largest tokenized fund.

Q8. What assets back the BlackRock BUIDL token?

- A) Bitcoin and Ethereum
- B) Real estate portfolios
- C) US Treasury bills and cash
- D) Corporate bonds

Answer: C – BUIDL is backed by US Treasuries, cash, and repos, yielding 5% APY.

Q9. What does 1 PAXG token represent?

- A) 1 gram of gold
- B) 1 troy ounce of gold
- C) 1 kilogram of gold
- D) \$1 of gold

Answer: B – Pax Gold (PAXG) is backed 1:1 by physical gold (1 token = 1 troy oz).

Q10. Which platform tokenizes verified carbon credits?

- A) Propy
- B) RealT
- C) Toucan Protocol
- D) Centrifuge

Answer: C – Toucan Protocol tokenizes carbon credits as TCO2 for corporate emissions offsetting.

Quiz Questions (11–15)

Q11. What is the total RWA market size (excluding stablecoins) in December 2024?

A) \$5B B) \$15.2B C) \$50B D) \$100B

Answer: B – RWA market reached \$15.2B (up 85% YoY), with Treasuries and private credit dominating.

Q12. What is BCG's projection for tokenized assets by 2030?

A) \$1T B) \$5T C) \$16T D) \$50T

Answer: C – Boston Consulting Group projects \$16T in tokenized RWAs by 2030 (320x growth).

Q13. Which jurisdiction has the DLT Act (2021) for tokenized securities?

A) United States B) Singapore C) Switzerland D) United Kingdom

Answer: C – Switzerland enacted the DLT Act in 2021, providing legal framework for tokenized securities.

Q14. What protocol enables real-world asset lending on-chain?

A) Uniswap B) Centrifuge C) Aave D) Compound

Answer: B – Centrifuge tokenizes real-world loans, enabling DeFi investors to earn interest.

Q15. What is the settlement time for BUIDL token redemption?

A) Instant B) T+1 (1 business day) C) T+3 (3 days) D) T+7 (1 week)

Answer: B – BUIDL tokens can be redeemed for USD with T+1 settlement (1 business day).

Quiz Questions (16–20)

Q16. What is the main legal challenge in RWA tokenization?

- A) High transaction fees
- B) Slow blockchain speeds
- C) Ensuring token legally represents asset ownership
- D) Limited blockchain scalability

Answer: C – The critical challenge is bridging token ownership to enforceable real-world property rights.

Q17. Which ERC standard includes compliance modules and transfer restrictions?

- A) ERC-20
- B) ERC-721
- C) ERC-1155
- D) ERC-3643

Answer: D – ERC-3643 (T-REX) includes identity verification and transfer restrictions for securities.

Q18. What percentage of current RWA market is stablecoins?

- A) 50%
- B) 75%
- C) 92%
- D) 99%

Answer: C – Stablecoins dominate at 92%, with Treasuries as the fastest-growing non-stablecoin category.

Q19. Which platform uses NFT property deeds for real estate?

- A) RealT
- B) Propy
- C) Lofty AI
- D) Polymath

Answer: B – Propy issues property ownership certificates as NFTs on Ethereum.

Q20. What risk does “liquidity illusion” refer to in RWA tokenization?

- A) Smart contract bugs
- B) Tokens trade but underlying asset remains illiquid
- C) Regulatory changes
- D) Custody failures

Answer: B – Tokens may trade 24/7, but the underlying real-world asset may still be difficult to sell.