

Real-World Asset Tokenization Glossary

Real-World Asset (RWA)

A tangible or intangible asset that exists off-chain (in the traditional financial or physical world), such as real estate, commodities, or bonds, which can be tokenized on a blockchain.

Tokenization

The process of converting rights to a real-world asset into a digital token on a blockchain.

Security Token

A digital token representing ownership in a real-world financial asset, subject to securities regulations.

Utility Token

A token used to access a product or service within a blockchain ecosystem.

Stablecoin

A cryptocurrency pegged to a stable asset such as fiat currency or gold.

Fractional Ownership

Allows multiple individuals to own a share of an asset through tokenization.

Smart Contract

Self-executing code on a blockchain that enforces agreement terms.

On-Chain

Data or transactions recorded directly on the blockchain.

Off-Chain

Assets or activities that exist outside the blockchain.

Custodian

A third party that securely holds the physical asset backing a token.

Oracles

Entities that bring off-chain data onto the blockchain.

DeFi (Decentralized Finance)

Financial services using blockchain technology without intermediaries.

Liquidity

Ease with which an asset can be bought or sold without affecting its price.

Yield Token

Token representing cash flows from a yield-bearing asset.

RegTech

Technology used to ensure regulatory compliance.

KYC (Know Your Customer)

Process of verifying the identity of users.

AML (Anti-Money Laundering)

Procedures aimed at preventing the illegal use of financial systems.

Proof-of-Reserve

Verification that tokens are backed 1:1 by real assets.

Legal Wrapper

Legal structure that ties on-chain tokens to off-chain legal rights.

Digital Twin

A digital representation of a real-world asset.

Primary Market

Initial issuance of a tokenized asset.

Secondary Market

Where tokenized assets are traded post-issuance.

Programmable Asset

Asset with embedded logic via smart contracts.

Settlement Layer

Layer of blockchain where asset ownership is recorded.

Composability

Interoperability of assets and protocols across DeFi.

Token Generation Event (TGE)

Initial creation and distribution of tokens.

Security Token Offering (STO)

A fundraising event issuing security tokens.

Non-Fungible Token (NFT)

Unique digital token that represents a distinct asset.

Token Standard

Set of rules a token follows on a blockchain (e.g., ERC-20).

ERC-20

Standard for fungible tokens on Ethereum.

ERC-721

Standard for NFTs on Ethereum.

ERC-1155

Multi-token standard supporting fungible and non-fungible tokens.

Blockchain

Distributed ledger technology enabling transparent transactions.

Ledger

A record of all transactions on a blockchain.

Public Key

Cryptographic key used to receive assets.

Private Key

Confidential key used to authorize transactions.

Cold Wallet

Offline crypto wallet offering high security.

Hot Wallet

Online wallet for quick access to tokens.

Layer 1 Blockchain

Base network like Ethereum or Bitcoin.

Layer 2 Solution

Scalability protocols built on Layer 1 chains.

Real Estate Tokenization

Tokenizing ownership rights in real property.

Commodity Tokenization

Tokenizing physical goods like gold or oil.

Treasury Tokenization

Issuing blockchain-based tokens backed by government bonds.

Collateralization

Using assets as security for a loan in DeFi.

Asset-Backed Token

Token directly backed by a physical or financial asset.

Synthetic Asset

A tokenized derivative mirroring the price of an underlying asset.

DAO (Decentralized Autonomous Organization)

Organization run by smart contracts and governed by token holders.

Staking

Locking tokens to support a network and earn rewards.

Burning

Permanently removing tokens from circulation.

Minting

Creating new tokens and adding them to circulation.

Gas Fees

Transaction fees on a blockchain network.

Whitepaper

A document explaining the technical and financial details of a token or platform.