

The new **SILK ROAD** rebuilt in pixels: **GEORGIA** and the **TOKENIZATION** **FRONTIER**

For centuries, ownership of assets has been recorded on paper and confined to those wealthy enough to participate. Blockchain technology is dismantling that architecture. At the center of this transformation lies tokenization – the process of representing real-world assets in digital form on a distributed ledger, making them programmable, divisible, and tradeable in ways traditional markets cannot match.

While cryptocurrencies have dominated public debate, tokenization may ultimately prove the more consequential innovation. Rather than conjuring new assets, it works with what already exists – real estate, bonds, infrastructure projects, investment funds – recasting them as digital units that can be divided, transferred, and settled with far greater efficiency.

WHAT IS TOKENIZATION?

Tokenization is the digital representation of ownership rights in an asset. A building, a bond, a loan portfolio, or a share can each be encoded as a digital token on a distributed ledger.

The underlying asset remains unchanged; what changes is the infrastructure through which ownership is transferred.

In practical terms, tokenization divides assets into smaller units, dramatically lowering the threshold for participation. A commercial property worth \$20 million can be represented by thousands of digital tokens, each conferring a fractional ownership interest enabling investors of modest means to access markets previously reserved for institutional capital.

The result is a more inclusive market: broader participation, lower barriers to entry, and greater liquidity in asset classes long starved of it.

WHY ARE MAJOR FINANCIAL INSTITUTIONS INVESTING IN TOKENIZATION?

Interest in tokenization has moved well beyond the technology sector. BlackRock, JPMorgan, HSBC, and the Bank for International Settlements have active tokenization programs, and regulators across Europe, Asia, and the Gulf are legislating to accommodate digital securities. This is no longer an experiment. It is an emerging standard.

- **Cost efficiency:** tokenization can significantly reduce transaction costs by automating processes that have traditionally required chains of intermediaries such as custodians, clearing houses, transfer agents, each extracting fees and adding friction.
- **Settlement speed:** transactions can settle in near real-time, a stark contrast to the two- or three-day cycles of traditional markets, releasing capital that would otherwise lie dormant.
- **Democratized access:** fractional ownership opens asset classes such as real estate, private credit, infrastructure to investors previously excluded by high minimum thresholds.
- **Transparency and trust:** the immutability of blockchain records creates an auditable trail of ownership and transactions, reducing the scope for fraud and error while strengthening investor confidence in the integrity of markets.

WHY DOES IT MATTER FOR GEORGIA?

Georgia has earned its reputation as one of the most business-friendly economies in the region, with a stable banking sector and a track record of adopting modern regulatory frameworks at pace. Yet its capital markets remain shallow and its financing mix narrower than its economic ambitions demand.

Tokenization offers a credible path forward.

Real estate presents the most immediate opportunity. Georgia's property market already attracts domestic and international capital; tokenization would allow developers to reach a far broader pool of investors, while enabling those investors to build exposure to Georgian real estate without the need for prohibitively large upfront commitments.

Infrastructure financing presents a second frontier. Large-scale projects – ports, energy networks, transport corridors – demand patient capital over long horizons, historically limiting the investor universe. Tokenized structures could change that equation, drawing in a wider range of investors while embedding the transparency institutional capital requires.

Corporate financing stands to benefit as well. Small and medium-sized enterprises, the backbone of Georgia's economy, have long struggled to access long-term capital on competitive terms. Tokenized bonds and digital securities could open alternative channels to international investors.

Across all these applications, the logic is the same: tokenization connects Georgian assets to global capital with an efficiency that traditional structures cannot replicate.

THE REGULATORY DIMENSION

Technology is a necessary condition, not a sufficient one. The success of tokenization rests ultimately on legal certainty and investor confidence, without which even the most elegant technical architecture will fail to attract capital.

Investors must be confident that token-encoded ownership rights are legally enforceable. Regulators must ensure investor protection, anti-money laundering standards and market integrity are upheld. Tax treatment must be clear and predictable.

Building that foundation requires close collaboration between regulators, financial institutions, technology providers, and market participants. The goal is intelligent regulation: encouraging innovation without sacrificing the trust on which markets depend.

Georgia has demonstrated, on more than one occasion, a capacity to move from legislative intent to implementation faster than most of its peers. That agility is precisely the attribute that early-mover advantage in tokenization will reward.

LOOKING AHEAD

Tokenization is not a horizon technology. Around the world, pilot programs are becoming commercial infrastructure, and major institutions are committing capital and board-level attention to implementation.

For Georgia, the question is not whether tokenization will reshape financial markets. It will. The question is whether Georgia shapes that future or adapts to rules written by others.

The opportunity is considerable. By building the legal and regulatory foundations that digital asset markets require, Georgia can deepen its capital markets, draw in a new generation of international investors, and extend financing opportunities to the businesses and infrastructure projects that will define its next decade of growth.

As counsel to financial institutions, investment firms, and digital asset businesses, BLC Law Firm has been an active participant in the development of Georgia's digital asset ecosystem. The firm has advised on VASP licensing, payment services regulation, fintech structuring, and cross-border digital asset transactions, and continues to shape the legal conversations that will determine how Georgia positions itself in the emerging digital capital markets world.



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