

Tokenisation: a better way to own what you own

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Show notes

Summary:

Tokenisation represents an “operating system upgrade” for the investment industry, says Theo Golden, Baillie Gifford’s new head of digital assets. In this episode, they explain what it involves and how it should deliver a better experience, both by reducing the number of middlemen between you and your investments and making your holdings more “useful”.

Background:

In this conversation, Theo Golden tells *Short Briefings...* host Leo Kelion about how tokenisation can reduce costs and complexity – and pave the way for providing clients with new services that better fit their needs.

Tokenisation means taking an asset – such as a fund – and turning it into a line of code. This lives on a blockchain: a shared digital record that no single party owns or controls. The investment itself doesn't change, but what does are the ways that ownership is recorded and transferred. Instead of a chain of intermediaries, each keeping their own set of books, everyone can work from one shared record. As Golden puts it, it's “the same but better” – the same investments, on faster, lower-cost, more flexible rails built for the internet age.

It also paves the way to new capabilities. Among those Golden discusses are making it much easier for clients to use the funds they invest in as collateral for loans, and the development of “agentic wealth management” – AI bots that autonomously plan and, potentially, update an individual client’s portfolio based on their risk appetite and changing circumstances.

Baillie Gifford’s first steps with tokenisation involve fixed income, but in time the ambition is to “build across our investment universe,” Golden says. “So be ready for Baillie Gifford on chain.”

Resources

- [Baillie Gifford digital assets hub](#)
- [Dr Ian Hunt: *Replicating Legacy is Squandering the Promise of Tokenisation: We Are Building a Faster Horse*](#)
- [Short Briefings on Long Term Thinking podcast archive](#)

Timecodes (audio version):

- 00:00** Introduction
- 01:40** “A world with less friction”
- 02:15** The lesson from losing it all
- 04:50** From Bloomberg to bonds
- 06:35** Defining tokenisation and the blockchain
- 08:20** Same assets, better system
- 09:35** One golden source of truth
- 12:35** Making assets more useful
- 16:10** Turning assets into “Lego bricks”
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- 30:27** Book pick

Glossary of terms (in order of mention):

Trading volumes: The amount of buying and selling taking place in a market over a period of time.

Blockchain-based tokenisation: The use of blockchain technology to create digital tokens that represent ownership of assets.

Self-sovereign: Controlled directly by the owner, rather than depending entirely on a bank, platform or intermediary.

Custody: The safekeeping of assets. Self-custody means holding and controlling the asset directly yourself.

Counterparties: The other parties involved in a financial transaction or agreement.

Multi Asset: An investment approach that can invest across several asset classes, such as shares, bonds, currencies and infrastructure.

Catastrophe bonds: Bonds that transfer insurance-related risks, such as natural-disaster losses, from insurers to investors.

FX rates: Foreign exchange rates.

Smart contract: Computer code that automatically carries out agreed rules when certain conditions are met.

Token: A digital representation of an asset or ownership right on a blockchain.

Walled garden: A closed system where users can only operate within the rules and limits of one provider or platform.

Fixed income fund: A fund that invests mainly in bonds or other debt instruments that typically pay interest.

Growth equity fund: A fund that invests in companies expected to grow faster than the wider market.

Vehicle for transfer: The system or method used to move ownership or value from one party to another.

Rails: The underlying infrastructure that allows transactions or transfers to take place.

Reconciliation: The process of checking that different records match each other.

Shareholder registry: The official list of people or organisations that own shares or fund units.

Transfer agency register: A fund-administration record that tracks investor ownership and transactions.

Wallet: A digital tool used to hold and manage blockchain-based assets.

Finality: The point at which a transaction is considered complete and cannot easily be reversed.

Unitisation: The process of dividing a fund into units so investors can buy and sell a share of the fund.

Inert: Hard to move, transfer or use in other financial activities.

UK gilt: A UK government bond.

Margin call: A demand for more cash or collateral when the value of an investment or position has fallen.

Interoperability: The ability of different systems, assets or pieces of software to work together.

Composability: The ability to combine digital assets or software components, like building blocks, to create new services.

COBOL: Common Business-Oriented Language – an older computer programming language still used in some legacy financial systems.

AI agents: Software that can act semi-independently to carry out tasks on behalf of a user.

On-chain books and records: Official ownership and transaction records kept on a blockchain.

Stablecoin: A digital asset designed to track the value of a traditional currency, such as the US dollar or pound.

Fiat currency: Government-issued money, such as pounds, dollars or yen, that is not backed by a physical commodity such as gold.

USDC: A stablecoin issued by Circle that is designed to track the value of the US dollar.

FCA: The Financial Conduct Authority, the UK regulator for financial services firms and markets.

Burn a token: Permanently cancel or destroy a digital token so it can no longer be used.

Remit a token: Re-issue a token to a new wallet.

Neobank: A digital-first bank, usually operating mainly through apps or online services.