

Tokenisation: the governance disruptor



The many dramas that occurred in the world of crypto currencies last year were good for headlines, if not for the investors who had allocated to this emerging asset class. But what happened to Bitcoin and other crypto currencies, as well as the FTX debacle, was no more than a diversion from what really matters when it comes to the digitalisation of assets: the onward march of tokenisation.

Tokenisation could well lead to a substantial restructuring of the entire global fund industry in the years ahead, especially on its private assets side. Tokenisation could end up being the greatest disruptor, to date, that the fund business has yet encountered. It has enormous implications for regulation, domiciliation and especially for governance.

On top of which it will almost certainly offer significant new and previously unthought of opportunities for investors and asset managers. It is still early days but it is possible that tokenisation will lead to a re-think of the industry's system of categorisation – both by investor and asset class. Tokenisation has the potential to upend the asset management industry's current structures; this could be creative destruction writ large. [Continued on page 12 >>](#)

Private equity fund governance review



The NED's last review of private equity fund governance was published just over a year ago. It made the point that governance standards in private equity, which have tended not to be as strong as those in other asset classes anyway, had deteriorated in the boom that lasted until the end of 2021.

By comparison with other asset classes, including other illiquid alternatives, the governance of private equity funds is often complex. It can also be unnecessarily opaque. That is because GPs tend to like it that way. Arguably, there is less independent oversight of private equity than perhaps in any other area of the asset management business. This might have something to do with the fact that there is a large local onshore PE industry in both the UK and US.

Back in the boom days GPs were masters of the universe. If investors wanted to allocate to one their funds it would be on their terms.

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