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Regulatory Landscape for Tokenization of Non-Financial Assets

Qatar

Qatar has recently established a comprehensive legal framework for digital assets, primarily within the Qatar Financial Centre (QFC). The focus is on regulating tokenization activities and aligning Qatar's laws with international best practices in digital trade. Key developments include:

- **QFC Digital Assets Regulations 2024:** In September 2024, the QFC Regulatory Authority enacted the Digital Assets Framework, including the Digital Assets Regulation, Investment Token Rules 2024, and Token Service Provider Guidelines [1] [2]. This framework defines *permitted tokens* and governs token ownership, transfers, and cancellation. It also creates licensing categories for **token service providers**. Notably, **"investment tokens"** (tokens representing rights in property that qualify as securities or derivatives) are regulated as financial instruments. Any token services involving investment tokens require authorization by QFCRA and a QFC license [3]. For token services involving **non-investment tokens** (e.g. tokens representing tangible assets that are not securities), a QFC commercial license is required, though full financial regulation may not apply [2]. The framework also imposes **AML/CFT compliance** on all token service providers, and includes guidelines on cybersecurity and consumer protection to ensure a secure tokenization ecosystem [4] [5].

- **Token Service Provider Legislation:** Under the QFC rules, various token service activities (such as token issuance, transfer, exchange, or custody) are defined and subject to licensing. An entity providing token transfer services is considered a **Token Transfer Service Provider** and must be licensed [6]. The QFC framework introduced categories like **Tokenized Schemes** and **Token Investment Schemes** with specific disclosure and risk management requirements for tokenization projects [4]. This means a platform facilitating the issuance or transfer of asset-backed tokens in Qatar would need to obtain the appropriate QFC license and adhere to these regulatory standards.

- **Movable Collateral Registry:** Qatar launched an electronic **Movable Collateral Registry (MCR)** in 2022 to record security interests in personal (movable) property [7]. The MCR, established under Qatar's Law No. 16 of 2021, covers a broad range of movable assets – consumer goods, equipment, farm products, inventory, receivables, etc. – that can be used as collateral [8]. This public registry enhances transparency and creditor rights by allowing lenders to register charges on assets like vehicles or machinery. The first phase opened the MCR to banks, financial institutions, and leasing companies, with a second phase extending access to individuals and businesses securing loans with movables [9]. The MCR is part of Qatar's effort to modernize secured transactions and complements tokenization: if tangible assets are tokenized, the registry can be used to record any liens or security interests on those tokenized assets, thereby facilitating their use as collateral.

- **MLETR Adoption (Digital Trade):** Qatar is progressing in adopting the **UNCITRAL Model Law on Electronic Transferable Records (MLETR)** to give legal effect to electronic trade documents. In 2025, Qatar's first draft law aligned with MLETR was completed, moving the country to **Stage 6** of MLETR adoption [10]. This draft legislation, developed with UNCITRAL's help, will recognize **electronic transferable records** (like electronic bills of lading, warehouse receipts, promissory notes, etc.) as legally equivalent to paper [11] [12]. By implementing MLETR, Qatar aims to provide legal certainty for digital documents, ensuring a single authoritative electronic record with features like uniqueness, integrity, and control equivalent to possession of paper documents [12]. This reform will greatly facilitate trade finance and the tokenization of trade assets, as electronic records of title or debt obligations can be created and transferred on blockchain platforms with full legal recognition [13] [14]. Overall, Qatar's embrace of MLETR and the new digital asset laws position it as a regional leader in **digital trade and asset tokenization**.

Bahrain

Bahrain has established itself as a pioneer in the regulation of crypto-assets and open banking in the Middle East. The kingdom's approach is to integrate fintech innovations (like crypto, stablecoins, and open APIs) into a supervised framework. Key points include:

- **Legality of Crypto-Assets:** Cryptocurrency is **legal and regulated** in Bahrain under a clear regulatory framework. The Central Bank of Bahrain (CBB) requires any firm offering crypto-asset services to be **formally licensed**, operating under CBB supervision [15]. Bahrain was one of the first countries to move from a sandbox (in 2017) to comprehensive rules (in 2019) for digital asset businesses [16] [17]. The CBB's Crypto Asset Module (part of CBB Rulebook Volume 6) lays out licensing categories (for exchanges, brokers, custodians, etc.), capital requirements, and customer protection rules. By 2023, the CBB expanded these regulations to cover **Digital Token Offerings**, bringing tokens with security-like features under its oversight [16]. In practice, this means crypto exchanges and tokenization platforms in Bahrain must obtain a CBB crypto-asset license and implement AML/KYC controls, ensuring a transparent and secure environment for digital assets [15] [18].

- **Stablecoin Regulatory Framework:** Bahrain is a regional frontrunner in regulating **stablecoins**. In July 2025, the CBB introduced the Stablecoin Issuance and Offering (SIO) module – the Gulf's first dedicated stablecoin regime [19] [20]. Under the SIO Framework (CBB Rulebook Vol. 6), issuers of fiat-backed stablecoins (pegged 1:1 to Bahraini Dinar, US Dollar, or other approved fiat) must be licensed by the CBB and meet strict prudential rules [21] [22]. Key requirements include maintaining reserves equal to at least 100% of outstanding stablecoins, holding reserve assets with authorized custodians, offering **redeemability at par** to holders within 5 business days, and providing transparency via whitepapers and audits [23] [24]. Stablecoin issuers must be locally incorporated and meet fit-and-proper and governance standards [25]. This framework legitimizes stablecoins in Bahrain while safeguarding users – it demonstrates that Bahrain permits stablecoins but under robust oversight. A tokenization platform in Bahrain that might use stablecoins for settlement or issue tokenized fiat assets would have to comply with these rules or work with licensed issuers [26] [27].

- **Open Banking and Fintech Integration:** Bahrain has also embraced **open banking** to foster innovation. The CBB introduced open banking rules in 2018 and a comprehensive Bahrain Open Banking Framework by 2020, mandating banks to provide third-party access to customer data (with

consent) via secure APIs [28] [29]. By September 2024, all Bahraini banks were required to fully comply with open banking standards, extending open API data sharing to corporate accounts as well [30] [29]. These regulations cover customer consent management, API performance metrics, and security standards [31] [32]. The open banking regime has stimulated Bahrain's fintech sector (e.g. personal finance apps, payment initiators) [33] [34]. While not directly about tokenization, Bahrain's open banking environment indicates a regulatory willingness to accommodate new financial technologies in a controlled manner, which is beneficial for firms building tokenization solutions that may need to integrate with banks or payment systems.

- **MLETR and Electronic Records:** Significantly, Bahrain was the **first country** to adopt the UNCITRAL MLETR. In 2018, Bahrain enacted an Electronic Transferable Records Law, giving electronic trade documents the same legal effect as paper [35]. This law means documents like electronic bills of lading or e-warehouse receipts are legally valid in Bahrain's courts, eliminating the need for paper by ensuring electronic records can be "possessed" and transferred with legal certainty [36]. Bahrain's early adoption of MLETR (alongside an updated Electronic Transactions law) paved the way for paperless trade and provides a supportive legal infrastructure for tokenizing trade assets or documents. A token representing ownership of goods or warehouse receipts, for example, would be recognized under Bahrain's law thanks to this reform. In summary, Bahrain's **crypto-friendly yet tightly regulated regime**, stablecoin rules, open banking, and digital trade laws create a comprehensive ecosystem encouraging tokenization of both financial and non-financial assets within a secure legal framework.

Saudi Arabia

Saudi Arabia currently takes a **cautious and restrictive stance** toward cryptocurrencies and tokenization, even as it explores fintech innovations under Vision 2030. The kingdom has not enacted specific crypto asset laws, resulting in a de facto ban on most crypto activities for now. Key observations:

- **Prohibition of Public Crypto Trading:** In Saudi Arabia, **cryptocurrency is considered illegal for public use or trading**. In 2018 a government committee (with the Saudi Central Bank (SAMA) and Capital Market Authority) officially declared that no entity is licensed to deal in virtual currencies, effectively banning their use [37] [38]. The Saudi Ministry of Finance has repeatedly warned the public against trading crypto, emphasizing these assets are outside regulatory oversight and pose risks of fraud and money laundering [39] [40]. As of 2025, this restrictive position remains: there is *no regulatory framework* for crypto exchanges or token offerings to obtain licenses in Saudi Arabia, and any such activities would be unlicensed and subject to legal penalties [41] [42]. This means a tokenization platform cannot operate openly for cryptocurrency trading or offerings in KSA at present. Saudi authorities instead focus on preventing misuse: SAMA and CMA monitor and shut down unauthorized crypto schemes, and a financial **Fraud Committee** continues to enforce the ban [43] [44].

- **Fintech Sandboxes and Pilot Programs:** Despite the public ban, Saudi regulators are exploring blockchain and tokenization in controlled environments. Both SAMA and the CMA have **regulatory sandbox** programs to allow limited testing of innovative financial solutions. For example, SAMA has run a sandbox for digital payments and even a CBDC pilot ("Project Aber" with the UAE for interbank digital currency) [45]. The Capital Market Authority has indicated interest in **tokenized securities** and has allowed some fintechs to experiment under supervision [46]. Saudi Arabia's approach is

"blockchain, not Bitcoin" – encouraging use of distributed ledger technology in banking, trade finance, and government, while keeping retail crypto out. This cautious openness is reflected in recent initiatives: in 2020 the CMA published a **position paper** on digital assets, and in 2023/24 the government formed a "Pakistan Crypto Council" equivalent in Saudi (or similar high-level study groups) to consider future regulation [47] [48]. However, no new law has been implemented yet. Essentially, **tokenization of non-financial assets** (like real estate or trade documents) might be piloted on a private basis in Saudi, but there is not yet a licensing regime to support a broad tokenization platform business.

- **Legal Recognition of Electronic Records:** Saudi Arabia has not formally adopted MLETR, but it has taken steps toward digitalizing trade and records. The Saudi Electronic Transactions Law (updated in 2020) provides general legal recognition of electronic records and signatures, which could support some aspects of digital assets. Moreover, Saudi Arabia is a signatory to regional frameworks (such as the **Framework Agreement on Cross-Border Paperless Trade in Asia and the Pacific**) and is likely moving in the direction of allowing electronic trade documents. Still, as of end-2024, paper documents (e.g. bills of lading or warehouse receipts) generally remain the norm legally. One notable development is that Saudi Customs and ports have trialed **electronic bills of lading** on blockchain platforms for import/export, signaling interest in adopting such technologies once laws permit. Any formal adoption of MLETR in Saudi law would significantly aid tokenization initiatives, but currently the legal environment for tokenized documents or assets is nascent.

In summary, **Saudi Arabia's regulatory climate is conservative**: crypto trading is banned to protect consumers and the financial system, and tokenization ventures can only proceed in closely watched pilots or sandboxes. A tokenization platform targeting Saudi would likely need to partner with authorized institutions and perhaps operate under a special approval (e.g. within the Digital Cooperative Regulatory Sandbox or under a CMA innovation test license). The outlook may change as Saudi's government studies crypto regulation – for instance, officials have hinted at developing a framework by 2025–2026 to attract digital asset businesses in a controlled manner [49] [50] – but until laws are enacted, the platform itself cannot be openly "regulated" in KSA (since there is no regime yet, aside from outright prohibition).

United Arab Emirates (UAE)

The UAE has a **multi-tiered regulatory framework** for digital assets, reflecting its federal structure and the presence of financial free zones. The country actively promotes itself as a hub for blockchain and tokenization, with regulators in Abu Dhabi and Dubai issuing some of the most advanced rules globally. Key points:

- **Federal Virtual Asset Regulation:** At the federal level, the Securities and Commodities Authority (SCA) oversees **Virtual Assets (VAs)** and Virtual Asset Service Providers (VASPs) across the UAE (except free zones). Cabinet Decision No.111 of 2021 and SCA's implementing regulations define virtual assets and list activities requiring a license – such as operating a virtual asset exchange, providing custody, brokerage, or dealing in virtual assets [51] [52]. In early 2022, the UAE government issued a **federal law on virtual assets** (Federal Decree-Law No.4 of 2022) that gave the SCA power to regulate and license VASPs nationwide. Under this framework, any platform offering tokenization services (if the tokens are considered "virtual assets") would require SCA authorization unless operating in a delegated jurisdiction. Notably, the SCA can **delegate powers to local authorities** [53]. In 2022 it delegated Dubai's onshore oversight to the new Dubai VARA, streamlining licensing in

Dubai [54]. For other Emirates, SCA directly licenses VASPs. The Central Bank of the UAE also plays a role, especially regarding **fiat-backed stablecoins and stored value** (the central bank regulates those under its Stored Value Facilities regulation) [55].

- **Dubai – VARA:** Dubai (excluding DIFC) has its own regulator, the **Virtual Assets Regulatory Authority (VARA)**, established by Dubai Law No.4 of 2022. VARA is responsible for licensing and supervising VASPs in Dubai's mainland and free zones (except DIFC) [56] [57]. In February 2023, VARA issued comprehensive **Virtual Assets and Related Activities Regulations** with detailed rulebooks for different activities (e.g. exchange services, advisory, custody, issuance) [58]. The VARA regime requires any firm providing virtual asset services in or from Dubai to obtain a VARA license; once licensed by VARA, the firm is also registered federally with SCA, allowing it to operate across the UAE [59]. VARA's rulebooks cover prudential requirements, market conduct, risk management, and technology governance for VASPs, ensuring high standards. For example, a platform that tokenizes real-world assets in Dubai and facilitates their transfer on a blockchain would need to fall under a VARA license category (possibly as an "VA Issuance Provider" or "VA Exchange" if there is trading between tokens) and comply with VARA's framework. VARA also has enforcement powers and a grievance mechanism for appeals, underscoring that Dubai takes compliance seriously in the virtual asset sector [60].

- **Financial Free Zones – ADGM and DIFC:** The UAE's financial free zones have separate regulatory regimes:

- **Abu Dhabi Global Market (ADGM):** ADGM's Financial Services Regulatory Authority (FSRA) was **the first jurisdiction globally (in 2018)** to implement a bespoke regulatory framework for virtual assets [61]. ADGM treats crypto and tokenized assets within a regulatory perimeter: it created a **Regulated Activity** of "Operating a Crypto Asset Business" covering exchanges, custodians, brokers, etc., and issued guidance on digital securities vs. utility tokens. Firms in ADGM dealing in tokens must get an FSRA license (Financial Services Permission) and adhere to rules on market integrity, AML, technology risk, and asset segregation. ADGM's framework distinguishes between **security tokens** (which represent shares, bonds or derivatives and are regulated like traditional securities) and **crypto commodities or utility tokens** (which are treated under the crypto asset framework). A tokenization platform in ADGM can operate legally if authorized; for instance, if tokenizing physical assets, it might be viewed as issuing **commodity tokens** and still require a license for dealing or arranging unless purely internal. ADGM continuously updates its rules to align with international standards, and notably, ADGM's jurisdiction directly applies English common law, which provides clarity on recognizing tokenized property rights [62] [63].

- **Dubai International Financial Centre (DIFC):** The DIFC is regulated by the Dubai Financial Services Authority (DFSA). In 2021, the DFSA introduced an **Investment Tokens** regulatory framework to cover tokens that are either securities or derivatives. By November 2022, the DFSA expanded this with a **Crypto Token** regime to allow certain cryptocurrencies and utility tokens to be offered in DIFC under strict conditions [64] [65]. The DFSA requires firms to obtain endorsement to deal in or advise on **Crypto Tokens**, with measures for consumer protection. However, retail promotion of unregulated tokens is restricted. For a tokenization platform focusing on non-financial assets in DIFC, if those tokens are not securitizing an investment, they might fall under the **Crypto Token** category; the platform would need DFSA approval to operate and would be subject to DFSA rules on custody, technology, and anti-fraud measures. DIFC's approach is somewhat more conservative than

VARA/ADGM for crypto, but it ensures any token offering in the centre is accountable under DFSA's investor protection regime.

- **Electronic Transactions and MLETR:** The UAE has also moved to recognize electronic records which facilitates tokenized trade documents. Abu Dhabi (within ADGM) was an early adopter of MLETR – ADGM's regulations allow **electronic transferable records** (e.g. e-bills of lading) to be used with legal equivalence to paper. In fact, in 2021 the **world's first cross-border MLETR-based trade** took place between Singapore and ADGM, since both had implemented laws to recognize electronic bills of lading [66] [67]. At the federal level, the UAE passed an updated **Electronic Transactions Law (Federal Law No.46 of 2021)** which, among other things, removed legal barriers to using electronic negotiable instruments and documents. In 2023, the UAE also amended its Commercial Transactions Law to permit electronic cheques. These steps align with MLETR principles, even if the UAE hasn't explicitly labeled it as MLETR adoption. For a tokenization platform, this means the legal system in the UAE is increasingly friendly to digitizing ownership documents – you can tokenize a bill of lading or warehouse receipt and have confidence the courts will uphold its validity, especially in ADGM or potentially under new federal provisions.

Overall, the **UAE offers a regulated yet innovation-friendly environment** for tokenization. There are multiple possible regulators depending on where one sets up (SCA, VARA, FSRA, DFSA), but each has clear rules for tokenized assets. Importantly, even tokenization of **non-financial, tangible assets** (like real estate, commodities, or movable property) is covered if those tokens are transferable and carry value. A tokenization platform with **no retail and no custody**, serving only institutions, might find slightly simplified requirements – for example, the UAE's draft federal rules exempt pure B2B crypto dealings from some authorization if no public users are involved [68] [69]. But generally, operating any token platform in the UAE will require engaging with the appropriate regulator and obtaining a license, ensuring compliance with AML, cybersecurity, and business conduct regulations.

Malaysia

Malaysia takes a **regulated approach** to digital assets, classifying many tokens as securities and bringing them under the Securities Commission's purview. While cryptocurrencies are not banned, they are not legal tender and are tightly controlled. Key features of Malaysia's framework include:

- **Digital Assets as Securities:** Malaysia's Securities Commission (SC) has defined **digital tokens and cryptocurrencies as securities** when used for investment or fundraising. A government order in 2019 (the **Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019**) officially brought digital assets into the securities law regime [70] [71]. This means that offerings of tokens (e.g. ICOs/IEOs) or operation of digital asset exchanges require authorization from the SC. The SC issued **Guidelines on Digital Assets** to regulate issuance of digital tokens and the activity of cryptocurrency exchanges (termed "Digital Asset Exchanges", DAX) [72] [73]. As of 2024, Malaysia had licensed a handful of exchanges and approved **Initial Exchange Offering (IEO) platforms** for token sales [74] [75]. For a tokenization platform dealing with non-financial assets, the key is whether the token is considered a **"digital token" under Malaysian law (a unit of value used for investment, ownership or interest in an asset or project)**. If the platform's tokens confer some form of interest or expectation of profit, the SC would likely view them as regulated securities tokens, necessitating compliance (approval of a whitepaper, issuer eligibility, etc.). Pure

utility tokens or private tokens not offered to the general public might fall outside these rules, but the scope is broad.

- **Licensing of Platforms and Custodians:** Under the SC's framework, any operator of a **digital asset exchange (DAX)** must be registered as a Recognized Market Operator with the SC [70]. These exchanges can facilitate trading of cryptocurrencies that the SC has approved. The SC has listed specific crypto assets that can be traded on licensed exchanges (such as Bitcoin, Ethereum, Ripple, and Litecoin as of recent years). For tokenized physical assets, if the platform enables secondary trading among investors, it might be considered a DAX. Malaysia also regulates **digital asset custodians** – entities providing custody of crypto must register and meet security standards. Additionally, in 2020 the SC updated guidelines to cover **Initial Exchange Offerings (IEOs)**, requiring IEO platform operators to conduct due diligence on token issuers and only list approved token sales [76]. The net effect is a **gatekeeper model**: to issue or trade tokens (even non-financial ones) in Malaysia's market, one typically must go through licensed entities (IEO platforms for issuance, DAX for trading). A tokenization platform serving, say, fractional ownership of machinery among a closed group of institutions might not trigger public offering rules, but if it were to solicit Malaysian investors or allow trading, it would need to either become a licensed operator or partner with one.

- **Role of Bank Negara Malaysia (BNM):** Malaysia's central bank does not recognize crypto as legal tender and restricts its use in payments [77]. However, BNM has designated digital currency exchanges as "reporting institutions" under AML laws, meaning they must register and implement AML/CFT controls. BNM's stance is mainly to ensure cryptocurrencies are not used to evade laws – it has not banned holding crypto, but all crypto exchange transactions are subject to strict KYC and reporting. Notably, BNM allows regulated experimentation through its **Financial Technology Regulatory Sandbox**, which in the past has included blockchain-based remittance and token projects. Malaysia has also shown interest in central bank digital currency (CBDC) development via Project Dunbar (a multi-country CBDC trial), which reflects openness to digital value transfer innovations. For tokenizing physical assets, one relevant legal development is Malaysia's consideration of electronic trade documents: in 2022–2023 Malaysia was looking into adopting laws aligned with MLETR as part of its commitment under the regional trade digitization agreement. If Malaysia amends its Electronic Transactions Act to accommodate electronic transferable records, it would facilitate tokenized documents of title or trade instruments.

In summary, **Malaysia treats most tokenization through a securities law lens**. A tokenization platform would likely fall under the SC's oversight if there's any capital market aspect (investment solicitation or trading). The platform would need to either register as a market operator or conduct offerings via an approved IEO portal, and implement robust AML/KYC measures. For non-financial tangible assets (like tokenizing a car or livestock ownership), if done internally or in a private consortium, it might not invoke regulatory scrutiny; but any broader offering (fractional ownership to investors, for example) would require compliance with the digital asset guidelines. Malaysia's clear regulations provide legal certainty but also impose a higher compliance burden, aiming to protect investors while still allowing innovation under watchful eyes.

Singapore

Singapore has a well-developed regulatory regime that encourages fintech and tokenization while maintaining strict oversight on risks. The city-state distinguishes between different types of tokens (payment tokens, securities, etc.) and applies regulations accordingly. Key aspects:

- **Payment Services Act (PSA):** The Monetary Authority of Singapore (MAS) regulates cryptocurrencies primarily through the **Payment Services Act 2019**, which covers "Digital Payment Tokens" (DPTs). A DPT is essentially any digital representation of value that is used as a medium of exchange (this includes major cryptocurrencies like BTC or ETH). Businesses dealing in DPT services – for instance, operating a crypto exchange, facilitating transmissions or providing custodial wallets – must obtain a PSA license (specifically a Major Payment Institution or Standard Payment Institution license, depending on transaction volumes) [78] [79]. The PSA imposes AML/CFT requirements and technology risk management standards on crypto service providers. However, **if a token is not a payment instrument** (for example, a token purely representing a unique physical asset or serving some utility in a closed system), it may *not* fall under the PSA's DPT category. Thus, a platform tokenizing cars or equipment on a private blockchain might not need a payment service license as long as those tokens aren't freely exchangeable or used as payment. MAS has explicitly stated that things like NFTs (non-fungible tokens) or loyalty points are not considered DPTs if not meant for payment. That said, if the platform utilizes public cryptocurrencies (e.g., using ETH to power transactions or charging fees in crypto), then ancillary involvement with DPTs could trigger licensing.

- **Securities and Futures Act (SFA):** If a token confers ownership in an investment or a share of revenues, it could be deemed a **Capital Markets Product** (e.g., a security or collective investment scheme) under the SFA. MAS has clarified through guidelines that digital tokens representing equity, debt, or investment in a project are subject to securities laws like any traditional security. This means an offer of such tokens to the public would require a prospectus or exemption, and intermediaries dealing in them need to be licensed (as broker-dealers, recognized market operators, etc.). For non-financial assets like a single piece of machinery, if the token simply tracks ownership and isn't marketed as an investment yielding profits, it likely falls outside the SFA. Singapore in 2020 allowed a recognized market operator (1exchange) to list tokenized securities (like tokenized shares of companies), showing a pathway for regulated token markets. For a tokenization platform not dealing with securities or derivatives, the SFA may not apply, simplifying compliance (no need for a capital markets license). But the boundary can blur – fractional tokens for profit could be seen as units in an investment scheme, so legal advice is usually needed to confirm status.

- **Stablecoins and Recent Developments:** In August 2023, MAS **finalized a regulatory framework for stablecoins** [80]. MAS will require issuers of single-currency stablecoins (SCS) pegged to SGD or any G10 currency to fulfill requirements if the circulation exceeds a certain threshold (e.g. SCS issuance over S$5 million may trigger regulation). These requirements include prudential rules (maintaining reserve assets of equivalent value in low-risk assets, independent attestations of reserves), redemption at par, and disclosure standards [81]. This framework, while not yet codified in legislation at that time, indicates that **fiat-pegged tokens** in Singapore will be supervised akin to stored value facilities or banking products. A tokenization platform itself might not issue stablecoins, but if it plans to use stablecoins (like USD Coin or a SGD-backed token) within its system, it will benefit from the fact that MAS-regulated stablecoins are trustworthy and legally recognized. Singapore is also pioneering **Project Guardian**, a MAS initiative working with financial institutions to

test tokenization of financial assets (bonds, liquidity pools, etc.) on public blockchains. Early pilots under Project Guardian in 2022-23 successfully traded tokenized government bonds and forex on DeFi protocols within a sandbox, demonstrating Singapore's proactive stance on integrating tokenization in mainstream finance.

- **Legal Recognition of Digital Records:** Singapore has been forward-looking in electronic transactions law. In 2021, Singapore amended its **Electronic Transactions Act** to legalize electronic transferable records in line with MLETR. Singapore is among the first adopters of MLETR – it legally recognizes electronic versions of trade documents (bills of lading, promissory notes, etc.) as equivalent to paper [66] [67]. This enabled, for example, the cross-border digital trade with ADGM mentioned earlier. Additionally, Singapore's courts have recognized crypto-assets as property and granted remedies like injunctions in cases of stolen crypto, reflecting a judiciary that's adapting common law concepts to digital assets. Combined, these give confidence that tokenized representations of assets or documents are on solid legal ground in Singapore.

In summary, **Singapore provides a clear but balanced regulatory environment**. A tokenization platform in Singapore must evaluate whether its activities involve: (a) **payment tokens** (if yes, PSA licensing and compliance is needed), (b) **securities or derivatives** (if yes, SFA and possibly sandbox authorization or license needed), or (c) neither – in which case the business may operate unlicensed but still under general law (contract law, tech risk guidelines, etc.). Given the platform described (no retail, no exchange trading, no custody for others), it's possible it could function as a technology provider to institutions without needing a license, as long as it doesn't facilitate something MAS defines as a regulated activity. Nonetheless, even unregulated crypto businesses in Singapore often choose to register with MAS for AML purposes or join sandboxes to be safe. With MAS's supportive approach (like grant programs and sandbox express), Singapore remains an attractive base for tokenization ventures targeting enterprise use cases.

Bangladesh and Pakistan

Bangladesh and Pakistan have generally restrictive stances on cryptocurrencies and by extension provide an unfriendly environment for tokenization of assets via public blockchains. Their regulatory focus is on preventing illicit use rather than enabling digital asset markets. Key points for each:

- **Bangladesh:** Cryptocurrency usage is **officially illegal** in Bangladesh. Bangladesh Bank (the central bank) and government agencies have issued numerous warnings that trading or using crypto violates the country's financial laws (such as the Foreign Exchange Regulation Act and anti-money laundering laws) [82] [83]. In practice, there is a *de facto* ban – exchanges are shut down and individuals have been arrested in the past for crypto trading. While no specific statute outlawing crypto exists, the authorities interpret existing laws to prosecute crypto transactions, and they instruct the public to refrain from "all transactions" involving cryptocurrency [84] [85]. This hardline position, reaffirmed by a 2017 central bank notice and ongoing enforcement, means there is no legal way to operate a tokenization platform involving crypto in Bangladesh currently. Even non-financial asset tokens would likely be seen as "virtual currencies" if on a blockchain and thus not permitted. The central bank also cites **AML/CFT risks** and has implied that crypto could be linked to terrorist financing, justifying the prohibition [86] [87]. On the positive side, Bangladesh has a **National Blockchain Strategy** (launched in 2020) which aims to use blockchain technology in government services (for land records, etc.) [88]. This suggests the government is interested in private/permissioned blockchain for transparency and efficiency, but strictly without any cryptocurrency

element. Bangladesh is even exploring a **CBDC** (Central Bank Digital Currency) issuance as a safe digital alternative, under Bangladesh Bank's guidance [89]. In sum, Bangladesh might support tokenization in a *closed-loop, government-controlled context* (like a private blockchain for tracking assets or trade documents), but any platform involving open token transfers or public crypto networks would be operating against current policy.

- **Pakistan:** Pakistan's position has fluctuated, but as of 2025 **cryptocurrencies are effectively banned** for trading or payment. In April 2018, the State Bank of Pakistan (SBP) issued a circular prohibiting banks and financial entities from dealing in or facilitating virtual currencies, which halted formal crypto exchange activity. In early 2022, a high-level report recommended a complete ban on crypto, and the Ministry of Finance signaled it did not support legalization. By 2023, Pakistani authorities were actively blocking crypto websites and warning citizens. The SBP and Finance Ministry in 2024 reiterated that digital currencies are *not recognized* and all crypto transactions are illegal [47] [90]. Pakistan's Financial Monitoring Unit has been pursuing those engaged in crypto trading as violating foreign exchange and AML laws [91]. However, there have been parallel developments: the Securities and Exchange Commission of Pakistan (SECP) did issue a consultation paper in late 2020 exploring a potential regulatory framework for digital assets [92] [50]. And notably, by early 2025 the government created the **Pakistan Crypto Council (PCC)** to study how to regulate and integrate digital assets, indicating a possible shift in the future [93] [94]. There were even reports (unconfirmed at the time) that Pakistan drafted a "Virtual Assets Ordinance 2025" to regulate crypto, but implementation remains unclear. Until any law passes, the status quo is that offering crypto or token services to the public is not allowed. For a tokenization platform, this means operating in Pakistan would require working under the SBP/SECP fintech sandbox or with special permission. Pakistan does encourage fintech innovation in other areas – e.g. Raast, its instant payment system, and digitization of trade documents for its export industry – so a non-crypto asset tokenization (like a closed system for supply chain tracking or bank-led tokenized deposits) might be conceivable in collaboration with regulators. But open, permissionless tokenization involving independent cryptocurrencies or public trading would currently be viewed as illegal. Both Bangladesh and Pakistan are also absent from the list of MLETR adopters; electronic trade documents lack full legal recognition in these jurisdictions, which is another barrier to tokenizing trade assets there.

In summary, **Bangladesh and Pakistan currently present significant regulatory hurdles** for tokenization platforms. Any venture in these countries would have to exclude cryptocurrency usage, comply strictly with foreign exchange regulations, and likely partner with government entities. The trajectory could change – Pakistan, in particular, seems to be re-evaluating and could introduce some regulated digital asset framework in coming years (perhaps learning from UAE or Bahrain models) [95] [50]. Until then, a tokenization platform focusing on these markets would probably need to limit itself to private networks and enterprise applications that do not trigger the crypto prohibitions.

United Kingdom (UK)

The UK is actively updating its laws to accommodate cryptoassets and tokenization, aiming to strike a balance between innovation and consumer protection. After Brexit, the UK has been moving swiftly to craft

its own regulatory framework for digital assets, separate from the EU's MiCA, though with similar goals. Key elements of the UK landscape:

- **Cryptoassets as Regulated Activities:** In 2023, the UK passed the **Financial Services and Markets Act 2023**, which (among many reforms) creates a pathway for bringing cryptoassets into the regulatory perimeter. Under this law, HM Treasury can designate cryptoasset activities as "regulated activities" via secondary legislation. Draft regulations published in April 2025 outline the planned regime [96] [97] . The proposal introduces new regulated activities such as:
- *Issuing or facilitating the use of stablecoins*** (termed "Digital Settlement Assets" in UK law) for payments.
- *Operating a platform for trading cryptoassets*** (essentially running a crypto exchange or multilateral trading facility for tokens).
- *Providing custody for cryptoassets.

- *Dealing in or arranging deals in cryptoassets (brokering).*
  *Firms carrying out these activities will need to be authorized by the Financial Conduct Authority (FCA)** [98] . Notably, the current draft suggests that exclusively serving institutional clients in the UK might be exempt from a full license, as long as no services are offered to retail or via an intermediary to retail [68] . This could be beneficial for a B2B tokenization platform – under future UK rules, if the platform's services involve only professional investors or companies (with no consumer involvement), it may not require direct FCA authorization (the burden might fall on the institution using the platform). However, this is subject to change as the rules are finalized. As of 2025, full implementation is pending, but the direction is clear: the UK will soon treat many crypto/token services similarly to traditional financial services, requiring authorization, prudential standards, and investor protections.

- **FCA Oversight and Interim Measures:** Even before these new laws, the UK has some existing measures. The **FCA currently supervises cryptoasset businesses for AML/CFT purposes** – any crypto exchange or custodian in the UK must register with the FCA for money laundering regulation and comply with AML rules. This regime (in force since 2020) doesn't equate to consumer protection regulation but ensures basic oversight (several firms failed to register and had to cease UK operations). The FCA has also issued guidance on crypto promotions. In fact, as of 8 October 2023, new FCA rules under the Financial Promotion Order require that marketing of cryptoassets to UK consumers meets certain standards (fair, clear, not misleading) and is either communicated by an authorized firm or an exempt person. Many overseas crypto firms had to stop advertising in the UK due to these rules. So, a tokenization platform in the UK (if any offering might reach retail) would need to be mindful of the financial promotions regime even ahead of formal licensing requirements.

- **Recognition of Digital Assets in Law:** The UK has been proactive in legally recognizing the unique nature of digital assets. In 2023, the **Law Commission of England and Wales** published recommendations on digital assets, and shortly after, the government introduced the **Property (Digital Assets) Bill**. This Bill (now in advanced stages as of mid-2025) explicitly confirms that cryptoassets and tokenized assets can be treated as **personal property** under UK law, with ownership rights protected [99] [100] . It essentially puts into statute the principles developed by UK courts in recent years (e.g., the UK Jurisdiction Taskforce's legal statement and cases like *AA v Persons Unknown* which treated crypto as property). This legal clarity is crucial for tokenization – it means English law will recognize that, for example, a token representing a car or a trade document is property that can be owned, transferred, and subject to proprietary claims (like trusts or liens), even

though it's intangible. This helps in enforcement (courts can issue orders like freezing injunctions on misappropriated tokens) and in insolvency (tokens can be part of an estate).

- **Electronic Trade Documents Act 2023:** The UK enacted the **Electronic Trade Documents Act (ETDA) 2023**, which came into force on 20 September 2023. This law is essentially the UK's implementation of MLETR principles in a common-law fashion [101]. It makes electronic trade documents (including bills of lading, bills of exchange, promissory notes, warehouse receipts, etc.) legally equivalent to paper ones, by recognizing the concept of **possession** of electronic documents [101]. Under ETDA, if certain criteria (called "gateway conditions") are met – such as the electronic document being tamper-proof, unique, and fully transferable – then that document can be "possessed", and an electronic title document can pass title to goods just like a paper bill of lading does [102] [103]. For a tokenization platform, this is a game-changer: one can create a token that *is* the electronic bill of lading for goods, and English law will accept that holding the token gives you legal title to the goods. The UK thus provides one of the most supportive legal environments for tokenizing tangible assets and trade instruments, since the longstanding legal hurdle (the inability to possess intangibles) has been removed [67] [104]. British businesses are now free to shift away from paper documents in trade, and platforms that facilitate that (using blockchain for e-documents) have clear legality.

- **Other Notable Points:** The UK has a strong fintech and open banking culture. **Open Banking** (under PSD2, retained in UK law post-Brexit) has been in effect since 2018, requiring banks to provide APIs for customer data and payments – this has enabled many fintech services. The UK is now looking at **Open Finance** to extend data sharing to investments, insurance, etc., which could in the future intersect with tokenization (e.g., consolidated dashboards that include tokenized assets). The Bank of England and HM Treasury are also exploring a **Central Bank Digital Currency (Digital Pound)**, which if introduced, could facilitate atomic settlement of tokenized asset trades in central bank money. Lastly, the UK has a very active blockchain industry in areas like supply chain (provenance tracking using tokens) and real estate (experiments with tokenized property shares under regulatory sandbox). Regulators like the FCA have run **sandboxes** that included token-based innovation (for instance, a 2019 test of a tokenized debt issuance). All of this positions the UK as a jurisdiction where a tokenization platform can operate with legal clarity and regulatory support – as long as it complies with the evolving rules on authorization and consumer protection.

European Union (EU)

The EU recently finalized the **Markets in Crypto-Assets (MiCA) Regulation**, creating the first unified regulatory framework for cryptoassets across member states. The EU's approach divides tokens into categories and seeks to protect users while fostering innovation in the single market. Key highlights:

- **MiCA Regulation (2023/1114):** MiCA was passed in 2023 and its provisions start to apply from mid-2024 to early 2025 (with stablecoin rules applying by July 2024 and the rest by December 2024) [105]. MiCA introduces a licensing regime for **Crypto-Asset Service Providers (CASPs)** and rules for **crypto-asset issuers**:
- **CASP Licensing:** Any firm providing services like operating a crypto trading platform, exchanging crypto for fiat or other crypto, custody of crypto assets, executing orders, giving advice on crypto, etc., must obtain authorization in an EU member state as a CASP. This authorization then allows passporting services across the EU. CASPs have conduct and prudential requirements – for example,

they must act honestly, segregate client assets, maintain minimum capital, and comply with detailed disclosure and operational rules. For a tokenization platform, if it sets up in the EU and offers, say, a marketplace for trading tokens that represent physical assets, it would likely need to be licensed as a CASP (operating a trading platform or exchange) [106] [107]. If it safekeeps private keys or wallets for clients, that's a custody CASP service requiring license as well. One advantage of MiCA is regulatory **passporting** – one license opens up the entire EU market.

- **Token Issuers:** MiCA requires issuers of **utility tokens** (any crypto-asset not otherwise regulated that is offered to the public) to publish a **white paper** with prescribed information and notify it to the regulator (but *not* seek approval, as long as it's not a significant offering). There are liability provisions if the white paper is misleading. This means if you tokenize a bunch of machinery and offer these tokens broadly in the EU (even if not a financial instrument), you need to produce a MiCA-compliant crypto-asset white paper describing the project, the rights of token holders (if any), the underlying asset, and risks. Certain small or private offers can be exempted (offer to fewer than 150 persons per member state, or below a €1 million total over 12 months, etc.). So small-scale or B2B tokenization might avoid the prospectus-like white paper requirement, but anything larger will trigger it, ensuring transparency to buyers.
- **Stablecoins:** MiCA distinguishes **Asset-Referenced Tokens (ARTs)** and **E-Money Tokens (EMTs)**. ARTs are stablecoins referencing a basket of currencies, commodities, or crypto (or one non-fiat asset like gold), while EMTs are basically stablecoins pegged 1:1 to a single fiat currency. Issuers of either will need authorization (as a credit institution or as a special MiCA stablecoin issuer) and must adhere to strict rules: maintaining reserves, redemption rights for holders, governance and capital requirements, and in some cases limits on issuance if deemed significant. For example, an issuer of a gold-backed token (asset-referenced) in the EU would need to be a legal entity, get licensed by the regulator, hold reserves of gold and other assets as required, and publish white papers and periodic disclosures. **Significant ARTs/EMTs** (large customer base or value) will face additional oversight by the European Banking Authority. For a tokenization platform, if it plans to incorporate any stablecoin usage or issuance for facilitating trades, MiCA will ensure those stablecoins are well-regulated (or if the platform itself wanted to issue a stable token representing, say, a commodity, it would have to become a licensed ART issuer).

- **NFTs:** MiCA largely excludes truly **non-fungible tokens** (unique digital collectibles not issued in series) from its scope. However, if something is marketed as a collection of NFTs or fractionalized in a way that they are fungible or have a common value proposition, regulators might deem them in scope. For example, tokenizing a single high-value physical asset (like one painting = one token) might be out of MiCA, but tokenizing a fleet of vehicles with each token representing a share might be treated as a fungible asset token and thus fall under MiCA's rules for utility tokens or even securities law if it looks like an investment.

- **DLT Pilot Regime:** In addition to MiCA, the EU implemented the **DLT Pilot Regime** in March 2023. This is a temporary regulatory sandbox that allows market infrastructures (exchanges, trading systems) to experiment with tokenizing traditional securities (stocks, bonds, etc.) on DLT with some regulatory waivers. Several stock exchanges and institutions in the EU have launched pilot platforms under this regime – for instance, for trading tokenized bonds or funds on blockchain with regulatory relief from certain MiFID II/CSDR requirements. While the pilot is about **financial instruments**, it showcases EU's willingness to modernize capital markets via tokenization. Lessons from the pilot will likely inform future legislation to fully allow tokenized securities trading beyond the pilot's 2026 horizon.

- **Electronic Documents and Law Harmonization:** At the member state level, a number of EU countries are adopting laws to recognize electronic documents and registers. For example, **France** and **Germany** have each passed laws to enable electronic negotiable instruments: Germany's eWpG (Electronic Securities Act 2021) allows electronic bond registers (and is expanding to stocks), and France recognized electronic promissory notes ("lettres de gage"). Several EU countries (e.g., **Italy, Spain**) have indicated plans to implement MLETR or similar rules for trade documents. Moreover, the EU is working on a **digital identity framework (eIDAS2)** which will likely facilitate trusted issuance of electronic documents and signatures across Europe – indirectly supporting tokenization by verifying owners and signers of digital asset transactions. While the EU does not yet have an EU-wide MLETR equivalent, the momentum in G7 (which the EU is part of) to adopt electronic trade documents is influencing member states. For instance, **Spain and Luxembourg** in 2023 publicly committed to enacting MLETR-based laws. This trend means over the next couple of years, the legal infrastructure in the EU for tokenizing warehouse receipts, bills of lading, etc., will strengthen.

In conclusion, the **EU's MiCA gives regulatory certainty**: any tokenization platform targeting EU customers will know what is expected. If the platform is providing services around crypto assets, becoming a CASP is the route to legitimacy [105] [108] . If issuing tokens tied to physical assets, compliance with MiCA's white paper and (if stable-value) possibly ART rules will be required. Consumer protection (including potential future **EU horizontal legislation on digital asset oversight**) will be a theme – for example, the EU is also looking at anti-money laundering with the proposed **EU AML Regulation** that will include CASPs. The upshot is that the EU is *welcoming but regulated*: tokenization of non-financial assets is allowed, but the operations around it must meet standards similar to those in traditional finance, to ensure market integrity and trust.

Does a Tokenization Platform Need to be Regulated?

Given the above jurisdictional analyses, a crucial question is whether a **tokenization platform** (especially one dealing with non-financial, tangible assets) needs to be regulated, and if so, how and by whom. The answer depends on the jurisdiction and the exact activities of the platform, but generally: **yes, most likely the platform or its activities will fall under some regulatory regime**, since tokenization often intersects with digital asset laws or financial services laws. Below is a breakdown of considerations and regulatory treatment:

- **Nature of Tokens:** If the platform tokenizes **non-financial assets (e.g. vehicles, equipment, livestock)**, one might assume this is outside typical financial regulation. However, many jurisdictions define *digital assets or virtual assets broadly* – often any token that can be transferred or traded and has value could be deemed a **"virtual asset" or "crypto-asset"**. For instance, Qatar's framework covers tokenized assets and regards tokens representing property as "permitted tokens" subject to rules [109] . In the EU, a token representing a physical asset might be considered a crypto-asset under MiCA (unless truly unique), meaning the platform offering or trading it would need a license. **Bottom line:** The content of the token (being a physical asset) does not on its own exempt the platform from regulation; regulators care about the token's usage (trading, raising funds, etc.).

- **Type of Services Provided:** The regulatory requirements hinge on what the platform does:

- If the platform **issues tokens to investors or the public**, many places will treat this like an issuance activity that may need authorization or at least disclosure filings. For example, in **Malaysia** and **Bahrain**, issuing tokens to raise funds or as an investment is a regulated activity requiring approval

by the Securities Commission and CBB respectively [16] [72]. In the **EU**, offering tokens to the public triggers MiCA's white paper requirement and, for asset-referenced tokens, licensing.

- If the platform **operates a marketplace or exchange** for token trading (even secondary transfers among institutional participants), this is often regulated. **Bahrain** mandates any crypto exchange to have a CBB license [15]. **ADGM** and **VARA** in the UAE require a license to operate a trading venue for tokens [110] [57]. **UK/EU** upcoming rules similarly would categorize running a token trading platform as a regulated activity [98]. So a token platform facilitating peer-to-peer sales or an order book needs regulatory approval as a trading facility in most jurisdictions.
- If the platform provides **custody of tokens or wallets** for others, that usually triggers regulation. Many crypto regimes (e.g., **MiCA**, **UK proposals**, **Bahrain CBB rules**) include custody as a licensable service to ensure asset safekeeping standards [98] [111]. However, the user here notes "No custody" – if the platform does not control client assets (perhaps users hold their own keys), then this particular regulated activity might be avoided.

- If the platform's role is akin to an **Issuance/Transfer Agent** and it only deals with **institutional clients** (no retail), some jurisdictions provide lighter treatment. For example, the **UK** draft allows overseas firms serving only UK institutional investors to not need a local license [68]. **Dubai/VARA** and **ADGM** might also have flexibility for institutional offerings (they often have the concept of "Qualified Investor" exemptions). Nonetheless, "institutional only" simply removes investor protection rules in some cases; a license might still be needed to operate, albeit the compliance burden is somewhat reduced (e.g., no need for certain disclosures to the public).

- **Jurisdictional Differences:** Summarizing who would regulate:

- In **Qatar (QFC)** – The QFCRA would regulate it if the tokens are "investment tokens" (tied to securities) [3]. If not, the QFC Authority still requires the platform to have a commercial license to operate token services [2]. So either way, a form of approval is needed in QFC. Outside QFC (mainland Qatar), currently there is no specific crypto law (QCB has banned crypto trading since 2018), so operating there is not feasible without QCB blessing.
- In **Bahrain** – The CBB is the regulator. A tokenization platform dealing in crypto-assets would need a CBB Crypto Asset license under Volume 6 rules [15]. If the platform issues stable-value tokens or runs an exchange, it falls squarely under the CBB's mandate and now the new stablecoin rules if applicable.
- In **Saudi Arabia** – As noted, no legal framework exists yet. Any such platform would currently be illegal to operate publicly. One would need to engage with SAMA/CMA perhaps via a sandbox pilot to do anything.
- In **UAE** – Depending on location: ADGM's FSRA (if in ADGM) or Dubai's VARA (if in Dubai) or SCA (for other areas) would license the platform. For example, in Dubai, VARA's licensing framework covers issuance, advisory, broker-dealer, custody, and exchange activities – the platform would fit into one of those categories and need a VARA license [57] [59]. In ADGM, the platform might need a "Operating a Crypto Asset Business" FSP. In DIFC, possibly a DFSA Innovation Testing License if it's a new concept, or a full license if it involves regulated tokens.
- In **Malaysia** – The Securities Commission would likely oversee it. The platform might need to register as a Recognized Market Operator (if facilitating trading) or an IEO platform (if primarily issuing tokens for companies) [70] [112]. Given no retail, they might try to structure under the SC's wholesale frameworks, but currently Malaysia does not exempt institutional token offerings from regulation if they meet the definition of digital securities.

- In **Singapore** – If the platform's tokens are not payment tokens and not securities, then surprisingly it might not require a specific license. It could operate as a technology service provider to its institutional clients. It would still need to ensure compliance with **MAS Notice PSN02** (which applies to even exempt token services for AML/CFT) if any payment token flows occur. If the platform at any point deals with cryptocurrency (for example, using Ethereum or accepting Bitcoin as payment for token purchases), it would trigger the Payment Services Act and need a license for **DPT service** [79] [78] . Also, if any token is deemed a capital markets product, the platform would either need to be an authorized intermediary or operate within the FinTech Sandbox if testing.
- **Bangladesh/Pakistan** – As discussed, one cannot currently be a lawful tokenization service provider. No license is available. So the only avenue would be academic or closed pilot projects with government approval.
- **UK** – In the short term, a platform might only need to register for AML with the FCA (if dealing in exchange or transfers of crypto). Once the new regime comes in (likely by 2025/26), if the platform's work falls under "operating a cryptoasset platform" or "dealing in cryptoassets", it will need an FCA authorization [113] [68] . Given the platform doesn't serve retail, it might take advantage of any exemption for serving only professionals, but such nuance will be clearer when the rules are finalized. If the platform only provides enterprise software (and doesn't itself take part in token transactions), it might position itself as an unregulated software provider – however, the moment it provides any facilitation of transactions or related custodial support, regulation kicks in.

- **EU** – Under MiCA, yes, likely regulated. The platform would either need to be a CASP (with an EU license) if it facilitates buying, selling, or swapping tokens or if it stores tokens for clients. If it just provides software for others to tokenize assets, and doesn't intermediate in transactions, it might avoid being a CASP. But lines blur: e.g. if the platform matches buyers and sellers of tokens, that's operating a trading platform = CASP. If the platform issues tokens itself representing assets and offers them, it becomes an **issuer** under MiCA and has legal obligations (even if it doesn't need a license, it must produce a compliant crypto-asset white paper and abide by advertising rules).

- **Role without Custody/Trading:** The user specifies *"No custody, trading or retail. Purely for institutional use. Issuance/transfer agent role."* This scenario in many jurisdictions might reduce regulatory load but not eliminate it. Acting as an **issuance agent** for tokens could be seen as arranging deals in investments or providing issuance services. For example, **Qatar's** framework says any token services for investment tokens require authorization [114] . **Bahrain** would consider even an OTC platform for institutions as a crypto-asset business needing a license (there's no exemption for institutional-only in their rulebook) [15] . On the bright side, institutional business often enjoys lighter ongoing compliance (fewer conduct rules regarding disclosures and possibly exemption from certain consumer-focused requirements). It might also allow the platform to use a regulatory sandbox to get started, as many jurisdictions limit sandboxes to innovative services not directly offered to retail (since retail adds risk). Being non-custodial also helps: it means the platform avoids one regulated function (safeguarding assets), focusing maybe only on technology and record-keeping. Some jurisdictions might not require a pure tech provider to be licensed – for instance, if the platform is **permissioned and used internally by a consortium of banks**, those banks might ensure compliance of usage, and the platform company itself might just be a software vendor. But if the platform is an active intermediary (even for institutions), many regulators would err on the side of licensing it for accountability.

- **Regulatory Bodies Likely Involved:** In summary, depending on where the platform operates or offers services:

- **Financial regulators** (like the FCA, MAS, SCA, CBB, QFCRA, SECP, etc.) will be the primary overseers. They would issue any required licenses (such as a payment institution license, a cryptoasset business license, a securities dealer license, or a bespoke tokenization service provider authorization).
- **Central banks** might directly regulate certain aspects if the tokenization touches on payments or currency (e.g., stablecoin issuance might bring in a central bank, or Bangladesh/Pakistan central banks banning things).
- **Market authorities** for capital markets if tokenized assets are treated as securities (like SEC in the US, or SC in Malaysia, or CMA in Saudi for any security tokens).
- **Dedicated crypto regulators** if they exist (VARA in Dubai, for example).
- Additionally, **AML authorities**: Regardless of licensing, the platform will almost certainly have to register or comply with anti-money laundering regulations in each jurisdiction (financial intelligence units will expect the platform to perform KYC on participants and report suspicious activity). This is universal – even jurisdictions with no crypto laws impose AML obligations (e.g., Singapore and UK enforce AML on crypto firms via general law).

Conclusion: A tokenization platform is not completely outside regulatory scope just because it deals with "non-financial" assets. The act of **tokenizing and enabling transfers of value** can itself be a regulated service under the umbrella of digital asset laws or existing financial laws. Practically: - You should **assume regulation is needed** in most target jurisdictions. Plan for engaging with regulators, obtaining sandbox testing approvals or licenses as required. - Design the business model to possibly leverage any **regulatory exemptions** (institutional-only, no retail; non-custodial service; technology provider to licensed firms, etc.) which can simplify compliance, but obtain legal advice per jurisdiction to confirm the status. - Once regulated, the platform will be supervised by the relevant authority (e.g., QFCRA in Qatar, CBB in Bahrain, VARA/SCA in UAE, FCA in UK, MAS in Singapore, etc.) which will set conditions on operations (capital requirements, audits, safeguarding client information, etc.).

By proactively working within regulatory frameworks, the platform not only stays compliant but also gains credibility. Many institutional clients will **only use the platform if it's properly licensed or operating with regulatory blessing**, since institutions themselves have compliance mandates. In the rapidly evolving regulatory climate of 2025, being ahead of the curve in licensing is a competitive advantage. Thus, engaging regulators in each jurisdiction from the outset – to clarify whether the platform needs a license and obtaining one if so – is an essential step for a successful tokenization platform deployment.

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