



REGULATORY POLICY

Approval of Tokenised Funds

October 2026

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List of Acronyms

CIMA	Cayman Islands Monetary Authority
MAA	Monetary Authority Act
MFA	Mutual Funds Act
RSOG	Rules and Statement of Guidance
VASPA	Virtual Assets and Service Providers Act

Regulatory Policy Criteria for Approving Tokenised Funds

1. Introduction

- 1.1. This document establishes the Cayman Islands Monetary Authority's (the "Authority" or "CIMA") Regulatory Policy on the Approval of Tokenised Funds (the "Policy").
- 1.2. This Policy should be read in conjunction with:
- a) the Mutual Funds Act ("MFA");
 - b) the Private Funds Act ("PFA");
 - c) the Virtual Asset (Service Providers) Act ("VASPA");
 - d) the Anti-Money Laundering Regulations ("AMLRs"); and
 - e) any other relevant Acts and regulatory instruments issued by the Authority from time to time.

2. Statement of Objectives

- 2.1. This Policy sets out the criteria of the Authority for the approval of registration or licensing applications from Tokenised Funds as required under the various Regulatory Acts.
- 2.2. This Policy seeks to facilitate the efficient and consistent assessment of applications for registration or licensing of Tokenised Funds, while ensuring that tokenisation arrangements are implemented in accordance with the Regulatory Acts and applicable regulatory measures.

3. Statutory Authority

- 3.1. This Policy is consistent with:
- a) Section 6(1)(b) of the Monetary Authority Act (the "MAA") which provides that the principal functions of the Authority are, inter alia:

"(i) to regulate and supervise financial services business carried on in or from within the Islands in accordance with this Law and the regulatory laws;"
 - b) Section 6(3) of the MAA which provides that the Authority shall, in performing its regulatory and cooperative functions, inter alia:

"(a) endeavour to promote and enhance market confidence, consumer protection and the reputation of the Islands as a financial centre; (...)

(c) recognise the international character of the financial services and markets and the necessity of maintaining the competitive position of the Islands, from the point of view of both consumers and suppliers of financial services, while conforming to internationally applied standards insofar as they are relevant and appropriate to the circumstances of the Islands; (...)

(f) recognise the need for transparency and fairness on the part of the Authority.”

- c) The Authority’s statutory requirements as prescribed in any other relevant Regulatory Acts and/or regulations.

4. Scope of Application

4.1. This Policy applies to:

- a) Applicants seeking registration under the MFA or the PFA where the proposed fund intends to operate as a Tokenised Fund;
- b) Regulated Entities seeking the Authority's approval to operate as a Tokenised Fund pursuant to the MFA or the PFA; and
- c) any application where, during the Authority's assessment, the proposed structure is determined to constitute a Tokenised Fund.

5. Definitions

5.1. For the purpose of this Policy, the following definitions have been provided for clarity:

- 5.1.1 **“Applicant”** means a person seeking registration or licensing of a Fund under the MFA or the PFA.
- 5.1.2 **“Approved Auditor”** refers to a Firm that has received approval from the Authority as required under the relevant Regulatory Acts.
- 5.1.3 **“Digital Equity Token”** has the same meaning as defined in the MFA.
- 5.1.4 **“Operator”** has the same meaning as defined in the MFA.
- 5.1.5 **“Regulatory Acts”** has the same meaning as defined in the Monetary Authority Act.
- 5.1.6 **“Regulated Entity”** for the purposes of this Policy means any legal person or arrangement that has been granted a licence or registration to act as a Tokenised Fund in accordance with the MFA/PFA.

6. General Considerations Before Application

- 6.1. Applicants should ensure that they understand their obligations under the MFA or PFA, the Rule and Statement of Guidance on Tokenised Funds (“RSOG”) and any other applicable regulatory measures issued by the Authority. Prospective Applicants are encouraged to engage with the Authority, if required, before applying to register a Tokenised Fund.
- 6.2. Applicants should ensure that all information and supporting documentation required by the Authority is complete and accurate at the time of submission.

7. CIMA's Procedures for Processing Applications for Tokenised Fund

Processing the Application for Tokenised Funds

- 7.1. To apply for approval as a Tokenised Fund, the Applicant shall submit the completed Tokenised Fund Questionnaire through the Regulatory Enhanced Electronic Forms Submission (REEFS) platform. Upon receipt of the completed questionnaire, the Authority shall process the application, taking into consideration the following:
- a) the offering document (or equivalent);
 - b) the applicability of the VASPA;
 - c) any additional documents considered relevant by the Authority;
 - d) any regulatory considerations arising from the proposed structure; and
 - e) any proposed conditions or any other supervisory matters considered relevant.
- 7.2. In processing an application, the Authority may review, among other things, the following documents and may request such additional information or documentation as it considers necessary at any stage of the application process:
- a) the application for registration;
 - b) constitutional documents;
 - c) governance framework;
 - d) business continuity arrangements; and
 - e) any other supporting documentation considered relevant by the Authority.
- 7.3. The Authority may consult other divisions of the Authority or overseas regulatory authorities, where considered appropriate.

Approval of Application

- 7.4. Where the Authority is satisfied that an application meets the requirements of the applicable Acts and applicable regulatory measures, it may approve the application
- 7.5. The Authority may impose such conditions as it considers appropriate having regard to the nature, scale and complexity of the proposed Tokenised Fund.
- 7.6. Where the Authority determines that the application may proceed subject to conditions, the Applicant shall be notified of the conditional approval and requested to provide written confirmation within five business days. Where concurrence is not received within the prescribed timeframe, the Authority may return the application.

8. Assessment Criteria

- 8.1. In assessing an application, the Authority will consider whether the proposed tokenisation arrangements:
- a) are consistent with the applicable Acts and applicable regulatory measures;

- b) adequately protect the interests of investors;
- c) are supported by appropriate governance, operational and risk management arrangements;
- d) maintain the integrity of the Fund's register and investor records;
- e) provide appropriate disclosures to investors regarding the tokenisation arrangements; and
- f) do not give rise to material regulatory, operational or investor protection risks.

Assessing Tokenised Funds

- 8.2. Where, during the assessment of an application, the Authority identifies that the proposed structure constitutes, or may constitute, a Tokenised Fund, the Authority will determine whether the application falls within the scope of the legislative framework applicable to Tokenised Funds.
- 8.3. Where the Authority determines that the application falls within the scope of the legislative framework applicable to Tokenised Funds, it will:
 - a) require the Applicant to submit the Tokenised Fund Questionnaire; and
 - b) continue its processing of the application.

9. Relations with the Authority

- 9.1. The Authority expects that:
 - a) complete and accurate records relating to token issuance, transfers and redemptions are securely maintained and capable of independent audit through the relevant blockchain or other secured distributed ledgers;
 - b) the operators promptly notify the Authority where:
 - (i) issued tokens become impaired due to failures or disruptions affecting the supporting blockchain infrastructure;
 - (ii) the Fund is unable to redeem tokens within a reasonable period; and
 - (iii) any other event occurs which may materially affect the operation of the Tokenised Fund.
- 9.2. The Tokenised Fund shall, as soon as reasonably practicable, notify the Authority of any material changes that may affect the approved tokenisation arrangements or the basis upon which the Authority granted its approval.

10. Effective Date

- 10.1. This Policy is effective upon gazettment.



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