

MALTA ENHANCES POSITION ON TOKENISATION OF FUND UNITS

In June 2025, the Malta Financial Services Authority (MFSA) issued a Position Paper, establishing its position on the tokenisation of units within collective investment schemes, from a transfer agency perspective. This publication follows several legislative steps taken by the jurisdiction since regulating crypto assets (then locally known as virtual financial assets) in 2018, establishing itself as a pioneer within the industry.

In the context of collective investment schemes, the functions of transfer agents comprise record-keeping obligations in relation to unitholders and investors, including maintenance of the shareholder register and issuing their respective certificates, whether dematerialised or physical. As emerging technologies become regulated on a regional and international level, particularly with the coming into force of the Markets in Crypto Assets Regulation (MiCAR), fund units have evolved into another form where they are represented as digital tokens.

As digital assets, the units in the fund can be easily traded, shared or owned in fractional portions on digital platforms. Tokenisation also has the potential to reduce settlement inefficiencies and support the evolution of a more streamlined, cost-effective transfer agency model. Moreover, the use of digital assets may avoid the need for a central authority, and title over the units is instead verified through permissionless blockchain (public access) or through permissioned blockchain (private access).

The transfer agent's role is therefore naturally evolving towards a digital-friendly function. In essence, in case where units are tokenised, the transfer agent is expected to maintain the central shareholder register on the blockchain. In an off-chain model, the transfer agent would have exclusive access to the shareholder register, whilst an on-chain model grants various parties access to the DLT network where the tokens are held.

In light of the regulatory dynamics brought about by technology, it is reasonable to expect further developments on digital assets within the context of funds and beyond. The MFSA's position marks an initial step on the subject-matter, and whilst tokenisation brings innovation and potential for growth, clear and harmonised rules across Europe are needed to further ensure and promote investor protection and confidence.

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