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Tokenized Fund Operations

Regulatory and Legal Guardrails

A practical primer for the three sides of the table

ALLOCATORS / LPs | FUND MANAGERS | SERVICE PROVIDERS

TODAY'S HEADLINE · 28 APR 2026

"The view on tokenization is that it will become part of the ETF ecosystem, but we're a couple of years away from some good use cases."

Ciaran Fitzpatrick, Global Head of ETF Product, JPMorgan · via The Block

THE THESIS IN ONE LINE

What is years away for JPMorgan is live in production for a $20M to $500M fund. Not because the smaller fund is smarter, but because it does not have JPMorgan's problems. The wrapper, the rails and the operating system already exist. Use them.

AT A GLANCE

5,000+	stablecoin-denominated funds operating today
21%	of fund fees burned on legacy admin
$2-10T	tokenized assets projected by 2030 (BCG / JPM)
1 Jul 2026	MiCAR full enforcement (EU) · GENIUS Act enacted Jul 2025

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01 · REGULATORY MATRIX

Six regimes that bite in 2026

While JPM says good use cases are years away, this matrix is already live. Read your row.

MiCAR

Full enforcement 1 Jul 2026

European Union

CASP licensing, stablecoin issuer rules, white-paper duties. Tokenized fund units typically sit under MiFID/AIFMD, not MiCAR. Wrapper choice decides perimeter.

GENIUS Act

Enacted Jul 2025 · NPRMs Apr 2026

United States

Federal stablecoin perimeter. Bank vs non-bank issuers, reserves, audit duties. Pulls US distribution and custody into a federal box.

Blockchain Law IV

In force

Luxembourg

Native dematerialised securities recordable on DLT. No paper register required for AIFs and SVs running tokenized units.

AIFMD II

Member-state transposition through 2026

European Union

Tightens delegation, liquidity tools, loan-originating funds. Hits substance and reporting profile of any tokenized AIF.

DIFC · VARA

Active and evolving

United Arab Emirates

DFSA fund regime (DIFC) and VARA virtual-asset rules (Dubai onshore). Two parallel perimeters in one country.

FATF Travel Rule

Active in major fund hubs

Global · varying transposition

Originator and beneficiary information must travel with crypto transfers above threshold. Hits onboarding, withdrawals, counterparty due diligence.

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02 · GUARDRAILS BY AUDIENCE

Same rules. Different obligations.

Your seat at the table determines what you must do, ask, or document.

ALLOCATORS / LPs

What to ask before wiring capital:

- Confirm the fund vehicle and its regulator. Tokenized is not a wrapper. AIF, SV, SPC, QIF, VCC: which one?
- Identify the depositary or custodian and their licence. Self-custody by the manager alone is a red flag.
- Demand the smart-contract audit report and upgrade governance. ChainSecurity or equivalent.
- Verify NAV methodology and oracle setup. Onchain NAV is a view, not a source of truth.
- Read the transfer-restriction terms before subscribing. Lock-up is rarely what you think it is.

FUND MANAGERS / SPONSORS

What to put in writing before launch:

- Securities classification opinion in every distribution jurisdiction. Get it on letterhead.
- AML / KYC delegation chain, named obliged entity, Travel Rule provider.
- Depositary or independent custody arrangement, with key-management policy.
- Smart-contract audit, upgrade rights, governance keys, incident playbook.
- Investor disclosures: tokenization risks, smart-contract risk, tax treatment, transfer restrictions.

SERVICE PROVIDERS

What to bring to the deal:

- Lawyers: securities and fund-formation opinion plus disclosure language for tokenized units.
- Fund admins: NAV reconciliation between onchain logs and your books, cadence in writing.
- Custodians: depositary equivalence position for onchain assets, agreed key-recovery model.
- Auditors: tokenization audit programme, controls testing for smart contracts and oracles.
- ManCos: substance and reporting upgrade where AIFMD II raises the bar.

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03 · RIGHT-FIT WRAPPERS

Fund structures that work with tokenization

Match wrapper to investor base, asset class and regulator. Then bolt on Fume.

Luxembourg

AIF (Part II, RAIF, SCSp) + ManCo · SV

Best fit: EU passport, institutional credibility, native DLT register under Blockchain Law IV.
Watch-out: Substance and AIFMD II reporting. SV is faster but limits active management.

Cayman Islands

SPC · Exempted Company · Mutual Fund Law / PFL

Best fit: Offshore alternative funds, US LP base, crypto and hedge strategies.
Watch-out: CIMA registration, economic substance, US tax considerations for US persons.

Singapore

Variable Capital Company (VCC) · S13O / S13U

Best fit: APAC institutional capital, MAS-regulated, treaty network, multi-strategy umbrella.
Watch-out: MAS substance and tax-incentive conditions. Sub-fund segregation must be properly papered.

DIFC (UAE)

DFSA QIF / EIF / PIF · ManCo licence

Best fit: MENA capital, Sharia-compatible options, English-law fund regime.
Watch-out: DFSA capital and substance. Distinguish DIFC from VARA (onshore Dubai).

Mauritius

GBC · CIS · Variable Capital Company

Best fit: Africa and India access, treaty network, lower cost base.
Watch-out: FSC supervision, OECD substance tests, reputational profile vs EU and GCC LPs.

BVI

Approved Fund · Incubator · Professional Fund

Best fit: Light-touch start-up funds, founder vehicles, manager incubation.
Watch-out: Lower investor-protection ceiling, may not satisfy institutional allocators.

Switzerland

FinSA / FinIA · DLT Trading Facility

Best fit: HNW and family-office capital, DLT-native securities since DLT Act.
Watch-out: Limited collective-investment passporting, FINMA expectations evolving.

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04 · ENGAGEMENT AND DISCLAIMERS

Where to go from here

Three doors. Three audiences. Two contacts.

ALLOCATORS / LPs

Looking at a tokenized fund?

Send the term sheet and the offering memorandum. We do an independent regulatory and structural read before you wire. fume.finance for the operations layer, hcpartners-group.com for the structuring view.

FUND MANAGERS / SPONSORS

Launching or migrating a fund?

Fume runs onchain admin: tokenized shares (ERC-6909), automated NAV, fees, distributions, AML-gated deposits. HC Partners covers the wrapper, jurisdiction and substance. Both, end to end.

SERVICE PROVIDERS

Lawyers, admins, custodians, auditors, ManCos.

List your firm at fume.finance/fund-builder. Eligible firms enter the recommendation wizard and receive inbound from fund-formation traffic. Trusted partner = co-marketing, referral, integration.

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Smart-contract and tokenization risks. Tokenized fund operations carry technology risks including smart-contract bugs, oracle failure, key compromise, chain reorganisation and bridge exploits. These risks are in addition to traditional fund risks.

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