

4 August 2025

Tokenisation of Collective Investment Schemes (CIS) in Malta – MFSA issues Position Paper

The Malta Financial Services Authority (MFSA) has recently issued a Paper on the subject of tokenisation of fund units issued by Collective Investment Schemes (CISs), reaffirming Malta's position in relation to operational efficiencies obtained by tokenising fund units.

Tokenisation enables the representation of traditional assets in digital format through smart contracts by way of digital ledger technology. This paper explains the use of tokenisation to facilitate seamless transfers and enable more cost-effective issuance of units of CISs.

The paper further highlights the critical role of the Fund Administrator in the tokenisation process, as well as the applicable transparency requirements. These include specific disclosures within the offering documentation of the CIS, such as obligations relating to Anti-Money Laundering (AML) and Know Your Customer (KYC) procedures, along with information and obligations on dealing in tokenised fund units.

MFSA's Chief Officer Supervision Dr Christopher P. Buttigieg remarked that *"This Position Paper marks an important step in ensuring that Malta's fund sector can innovate with digital technologies while preserving the highest standards of integrity and investor protection. Cognisant of EU developments, the MFSA remains open to innovation, whilst maintaining high standards of supervision,"*

Head of Investment Services Supervision Ian Meli said, *"This paper indicates the MFSA's forward-looking approach with respect to tokenisation of units of CISs. Although tokenisation brings about challenges to service providers, in particular in the area of cyber security. This development should lead to operational efficiency when it comes to settlement of fund dealings, also contributing to the automation of due diligence processes by the service provider."*

For further information, read the MFSA's Position Paper on the tokenisation of funds on the MFSA's [website](https://www.mfsa.mt).

About MFSA

The Malta Financial Services Authority (MFSA) is the single regulator of financial services in Malta, covering banks, insurance companies, investment services, trusts and pensions. In 2018, the MFSA became the first European regulator to develop a framework to regulate virtual financial assets. The MFSA's mission, as enshrined in its Strategic Statement, is to enhance its position as an independent, proactive and trustworthy supervisory authority with the main purpose of safeguarding the integrity of markets and maintaining stability within the financial sector, for the benefit and protection of consumers. The MFSA licenses over 2,000 entities to operate in the financial services sector.

