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# SEC GUIDANCE ON TOKENIZED SECURITIES AND HYBRID FINTECH INTEGRATION

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## INTRODUCTION:

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The U.S. SEC’s January 28, 2026 joint statement clarifies that tokenized securities — traditional securities represented as crypto assets with ownership records in whole or in part on a blockchain — remain subject to all federal securities laws regardless of whether they are recorded “on-chain” or “off-chain” SEC.gov+1. This means registration, disclosure, and trading rules apply equally to tokenized and conventional securities.

### Two Main Tokenization Models

#### ISSUER-SPONSORED TOKENIZATION

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- Issuer or its agent integrates distributed ledger technology (DLT) into the master securityholder file so that crypto asset transfers on a blockchain mirror security transfers off-chain SEC.gov+1.
- Alternatively, tokens can be used only to facilitate transfers without conveying ownership rights Norton Rose Fulbright.

#### THIRD-PARTY TOKENIZATION

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- **Custodial tokens:** Intermediary holds the underlying security and issues a token representing an interest in it (e.g., a “security entitlement”).
- **Synthetic tokens:** Token tracks or references the value of the underlying security without direct ownership, potentially triggering **security-based swap** rules if rights differ materially from the underlying.

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## REGULATORY IMPLICATIONS

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- **Same laws, new plumbing:** Tokenization changes the technology and recordkeeping, but not the regulatory perimeter.
- **Economic substance prevails:** If a token confers the same rights as a traditional share, it may be treated as the same class for legal purposes.
- **Structuring matters:** Differences in rights, obligations, or benefits can create a different security class or even a separate issuer under the Investment Company Act.
- **Synthetic tokens:** May be subject to swap restrictions (e.g., accredited investor limits, regulated trading venues).

## FOR HYBRID FINTECH ISSUERS OF REAL-WORLD ASSETS

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To align with SEC guidance:

- **Integrate DLT into your master securityholder file** for issuer-sponsored tokenization to ensure compliance with securities law requirements.
- **Map token rights to legal definitions** of securities to avoid unintended classification as swaps or other regulated instruments.
- **Maintain clear off-chain records** alongside on-chain data to support ownership verification and regulatory reporting [SEC.gov](https://www.sec.gov).
- **Engage with the SEC** early if using third-party tokenization to confirm treatment and avoid regulatory exposure.

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**Bottom line:** For a Hybrid FinTech issuing real-world assets, the SEC's stance is that tokenization is a technical change, not a regulatory escape. Success depends on infrastructure integration (DLT, custody, recordkeeping) that supports the full life-cycle — from issuance and registration to trading, custody, and settlement — while ensuring compliance with the same federal securities laws as traditional securities SEC.gov+2.