Received by NSD/FARA Registration Unit 08/12/2024 2:02:04 PM

White Paper Finds Fund Domiciles will be 'Front and Centre' of Tokenisation Trend

Asset managers can expect to feel the full impact of tokenisation before the end of this decade – but fund domiciles need to keep up with the pace of change if they are to reap the rewards of this trend, according to a new white paper.

The paper, 'The Evolution of Virtual Assets and Jersey's Growing Role', has been published by IFI Global in conjunction with Jersey Finance this week.

Highlighting that 5% - 10% of all assets are expected to be virtual by 2030 (Northern Trust and HSBC, 2023), the paper drills down into how the infrastructure needed to support tokenisation is developing.

In particular, it identifies a diversity in asset classes looking at tokenised options for investors. As well as asset classes that are well-known early adopters, such as real estate, the research found that projects are being worked on in almost all investment areas, including sustainable investing.

Other key findings include:

- Access to more investors is the main perceived benefit of tokenisation. Improved automation of the investing process was seen as the second greatest benefit.
- Family offices and high-net worth investors are seen as the investor class that is likeliest to be interested in tokenised options for the time being, particularly in illiquid alternative asset classes.
- Most managers intend to put their tokenised funds on private permission areas of public blockchains, rather than on pure private or public blockchains.
- More regulation is seen as the biggest factor in helping to advance tokenisation at the present time.

In addition, the paper explores the role of fund domiciles in supporting the growth of tokenisation, assessing in particular Jersey's approach to virtual assets development.

The paper includes insights from representatives from the Government of Jersey, the Jersey Financial Services Commission, Digital Jersey and Jersey's financial services industry to provide an analysis of the Island's regulatory framework and tokenisation capabilities, as well as a number of real-life case studies.

Elliot Refson, Head of Funds at Jersey Finance, said: "Jersey is home to a growing number of credible virtual assets businesses, thanks to its world-class digital infrastructure, renowned regulatory framework and broad range of corporate vehicles – indeed, this year marks ten years since the world's first Bitcoin fund was launched in Jersey.

"As this paper outlines, however, the sector continues to evolve at pace and being prepared for a variety of future permutations is prudent. While jurisdictions will vary in their perspectives on risk, Jersey's financial regulator has an established approach to consider applications involving token-generating events with meaningful substance backed by a credible promoter."

Received by NSD/FARA Registration Unit 08/12/2024 2:02:04 PM

Received by NSD/FARA Registration Unit 08/12/2024 2:02:04 PM

Simon Osborn, Editor of IFI Global and author of the white paper, commented: "Whilst it may not yet be clear exactly how the process of digitalising investment assets will impact the funds industry, it is sure to be wide-ranging - and it could possibly mean a period of greater change for the industry than it has experienced to date. Domiciles like Jersey will be front and centre of whatever changes are coming as a result of this process."

The white paper can be found on the Jersey Finance website. It builds on a previous paper published by IFI Global last year entitled 'The Tokenisation of Real Assets', which set out a bullish forecast for asset tokenisation.

Ends.

For further information, please contact Adam Riddell at Crystal PR on tel. +44 (0) 1534 618613 or e-mail adam@crystalpr.co.uk

Notes to Editors

Methodology:

The research was carried out in Autumn 2023. The methodology used was a combination of personal interviews and written replies to a survey questionnaire.

This information is distributed by Peregrine Communications Inc on behalf of Jersey Finance Limited and additional information is on file with the US Department of Justice, Washington, District of Columbia.

Received by NSD/FARA Registration Unit 08/12/2024 2:02:04 PM