

# Tokenised Funds in the Cayman Islands: Build or Bolt-On?

The Cayman Islands' passage of the Mutual Funds (Amendment) Act, 2026 and the Private Funds (Amendment) Act, 2026 has established a comprehensive statutory framework for the tokenisation of interests in regulated investment funds. This legislative clarity, combined with a complementary amendment to the Virtual Asset (Service Providers) Act ("VASP") confirming that tokenised fund interests are excluded from VASP regulation, has removed any perceived barriers to institutional adoption.

In evaluating tokenised fund structures, a strategic question faced by investment managers and sponsors is whether to launch a dedicated tokenised fund from scratch, or to add a tokenised sleeve to an existing vehicle (through the creation of a new class of tokenised fund interests).

This article examines the key considerations informing that decision.

## Two Routes to Cayman Islands Fund Tokenisation

### *Build: Launching a New Tokenised Fund*

Several managers / sponsors have chosen to establish tokenised funds which are purpose-built around blockchain infrastructure. This is reflected in data published by Cayman Finance in September 2026, which notes that 13 tokenised

funds have been registered with the Cayman Islands Monetary Authority ("CIMA") since the Cayman Islands' statutory framework for tokenised fund structures came into force.<sup>1</sup>

Key considerations for launching a tokenised fund include:

- **Clean-sheet design:** Building from scratch allows the constitutional documents, offering memorandum and subscription mechanics to be drafted natively around distributed ledger technology, avoiding the complexity of retrofitting existing documentation.
- **Dedicated CIMA registration:** The tokenised fund will typically require a registration with CIMA under the Mutual Funds Act or the Private Funds Act (as applicable) and must complete CIMA's tokenised fund registration questionnaire, which covers fund classification, token offering characteristics, transfer and redemption mechanics, technology infrastructure, risk disclosure, record-keeping and AML / KYC procedures.
- **Full-service provider build-out:** The manager / sponsor will need to assemble a complete service provider framework, including an auditor, administrator (if applicable), legal counsel, and crucially a tokenisation agent responsible for token

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<sup>1</sup>Cayman Finance: <https://caymanfinance.ky/2026/09/28/why-tokenisation-matters-to-cayman/>

minting and management of the blockchain infrastructure.

- **Optimal for a new investment strategy or digitally native investors:** A new fully-tokenised fund may be particularly suitable where:
  - (i) the manager / sponsor is deploying a new investment strategy alongside the tokenised structure; and / or
  - (ii) the investor base is seeking digital equity tokens (in the case of a mutual fund) or digital investment tokens (in the case of a private fund).

#### *Bolt-On: Adding a Tokenised Sleeve to an Existing Fund*

For managers / sponsors with established fund platforms, layering a tokenised sleeve onto an existing vehicle can be a more efficient path to market. This allows for the introduction of digital tokens representing fund interests, while preserving the same economic rights that apply to existing non-tokenised shares or interests in the fund. Key considerations for the added sleeve approach include:

- **Upgradeability without disruption:** Tokenised interests can be layered into existing fund architectures without disturbing core governance or administrative processes, preserving familiar interfaces for investors.
- **Documentation workstream:** The fund's constitutional documents, offering memorandum and subscription documents will need to be amended to accommodate tokenised interests, including new defined terms, transfer restriction mechanics, risk disclosures specific to digital tokens, and provisions confirming the statutory register as the authoritative record of legal ownership.
- **Regulatory upgrade:** By issuing equity or investment interests represented by digital tokens, the existing fund will constitute a

tokenised fund and be subject to the enhanced regulatory requirements under the Mutual Funds Act or the Private Funds Act (as applicable) including annual record-keeping confirmation to CIMA and compliance with periodic reporting requirements.

- **Investor optionality:** Existing investors may elect to receive digital equity or investment tokens (as applicable), subject to approval by the fund, providing flexibility without forcing a wholesale transition.

### **Regulatory Requirements for Cayman Islands Tokenised Funds**

Regardless of the approach chosen, all tokenised funds must satisfy the same statutory and regulatory requirements:

- **CIMA conditions:** CIMA has imposed interim conditions pending promulgation of new rules, including requirements that token records be securely maintained and auditable, that any impairment to records or systems be promptly notified to CIMA, that an annual confirmation letter (auditor-confirmed) be submitted, and that at least one operator possess requisite knowledge and expertise in tokenised products.
- **Transfer restrictions:** An equity or investment interest represented by a digital token is only transferable with the approval of the fund operator in accordance with the fund's governing documents, ensuring managers retain control over investor eligibility.
- **Enhanced risk disclosure:** Offering documents must disclose risks specific to digital tokens, including cybersecurity and transferability risks, and set out how those risks are addressed or mitigated.

- **Service providers:** The tokenisation agent is a critical new appointment, responsible for infrastructure and smart contract development, token minting and burning, and management of the blockchain-integrated system.

Other appointments to consider include a digital custodian for administrative private keys, a stablecoin provider (if the fund will accept stablecoin subscriptions), blockchain analytics providers for AML screening, and existing service providers, the auditor and administrator (if applicable), each of whom must develop capabilities and comfort with the tokenised fund framework.

- **Regulatory flexibility:** CIMA is also empowered to impose additional specific restrictions on the characteristics of digital equity / investment tokens, with which the fund must comply.

### Choosing Between a New Tokenised Fund and a Tokenised Sleeve

The decision between launching a tokenised fund and adding a sleeve will depend on the manager's / sponsor's strategic objectives, existing fund infrastructure and investor base. A new tokenised fund offers clean design and the opportunity to build bespoke blockchain-native processes, but requires a full regulatory and operational build-out. An added sleeve leverages the existing platform and investor relationships, offering a faster route to market, but requires careful documentation and operational integration. In either case, the Cayman Islands now provides clear statutory backing for managers / sponsors to proceed with confidence.

### How the Maples Group Can Help

The Maples Group has advised on a number of market-leading tokenised fund mandates, including both new fund launches and the addition of tokenised sleeves to existing vehicles. Our Funds & Investment Management team provides expert guidance on structuring, constitutional document drafting, CIMA registration, smart contract governance, offering document preparation and ongoing regulatory compliance across the full tokenised fund lifecycle.

If you have any questions, please reach out to the authors below or your usual Maples Group contact.

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