



# Programmable Funds: Tokenisation, Legal Wrappers and Automated Administration

A summary of Digital Jersey's 'FinTech in Practice' webinar, bringing together perspectives from law, administration and technology to explore how tokenisation is moving from concept to practical application in fund structures.

May 2026

# Executive Summary

Digital Jersey's latest FinTech in Practice webinar explored how tokenisation is moving from concept to practical application in fund structures, particularly where legal, administrative and technology components are properly aligned. The session brought together contributions from **Gemma Palmer** of Walkers, **Suzanne Howe** of IQ-EQ, and **Riccardo Conti** of Fume.

A recurring theme was that tokenisation should not be viewed simply as a technology experiment. When designed properly, it can support more efficient fund operations — including improved ownership tracking, faster lifecycle events, reduced reconciliation, and automation of subscriptions, redemptions, fee flows and distributions. As Riccardo Conti put it, the "prize" is not tokenisation alone, but **automating the back office** and reducing the need for people to move data manually between systems.

From a Jersey perspective, the island already has many of the key ingredients required to support tokenised fund structures: legal wrappers, governance frameworks, experienced administrators, regulatory engagement, and a developing professional services ecosystem. However, the panel was clear that these structures need to be designed carefully from the outset, with legal, regulatory, operational and technology considerations addressed together.

"Tokenisation can unlock meaningful efficiencies and new operating models, but it does not remove the need for governance, oversight, AML/CDD, risk management, professional administration or human accountability."

Gemma Palmer -  
Walkers



[Contact](#)

Suzanne Howe -  
IQ-EQ



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Riccardo Conti -  
Fume




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# The Core Problem Tokenisation Is Trying to Solve

The panel described tokenisation as a way of **reducing friction in fund structures**. At its simplest, tokenisation can allow money, ownership and fund interests to move according to predefined rules, helping to simplify cap table management, reduce manual reconciliations and enable faster, more transparent fund lifecycle events.

For fund managers and administrators, the opportunity is particularly relevant where existing processes involve repetitive manual work: onboarding investors, confirming subscriptions, issuing units, calculating fees, processing redemptions, reconciling broker data, and distributing returns. In those areas, smart contracts and automated workflows can potentially reduce operational drag and improve reliability.

For investors, tokenisation may also improve access and usability. Gemma Palmer noted that holding tokenised interests can reduce some of the traditional barriers associated with accessing fund investments, particularly where existing structures require intermediated processes or broker involvement.

 The practical takeaway: firms should not ask "Should we tokenise?" in isolation. They should ask, "Which workflow, friction point or operating cost are we trying to improve — and is tokenisation the right way to do it?"

# What Changes — and What Does Not

## What Stays the Same

- Proper legal documentation and investor terms remain essential
- Appropriate service providers are still required — administrator, legal advisers, custody
- AML/CDD obligations must be discharged at issuance and redemption
- Human review, sign-off, governance, exception handling and regulatory responsibility remain part of the operating model
- Programmability does not remove accountability

## What Changes

- Fund interests may be represented on-chain, allowing ownership and lifecycle events to be managed differently
- Smart contracts can automate unit issuance, redemptions, fee deductions, distributions and secondary transfers
- Records can be maintained on-chain with clearer traceability, reducing reliance on spreadsheets and manual data transfers
- Smart contracts may require audit and assurance; cyber and operational risk frameworks become important
- The relationship between legal documentation and automated code must be clearly understood

The most important principle is that the legal wrapper and governance model must be designed alongside the technology — not after it. Tokenisation changes the mechanics of how fund interests are recorded and transferred, but it does not alter the fundamental obligations of fund operators, administrators and service providers.

# Jersey Legal, Regulatory and Administration Considerations

The panel discussed several Jersey-specific considerations. At present, tokenisation structures may require **COBO consent**, although the COBO framework is expected to be repealed in 2027 and future consent requirements remain under discussion. Gemma Palmer noted that firms should be clear on the nature and features of the token being issued before approaching the regulator — in particular, whether the token is likely to be characterised as a security, what rights it represents, and how the structure maps against published regulatory guidance. Identifying credible service providers early is also critical, as the JFSC will want comfort around who is servicing the structure.

Suzanne Howe emphasised that one of the biggest misconceptions is that tokenisation automatically means full automation and therefore no administrator. In reality, **administrators remain critical**. Their role may evolve, but investor due diligence, NAV oversight, governance checks, risk controls and exception handling still need to be managed. Administrators need clarity on the regulatory position, the nature of the token, investor rights, and how smart contracts interact with the legal documentation.

The panel stressed the importance of involving administrators early. Firms should not design a tokenised structure in isolation and then hand it over for administration later. Instead, administrators, lawyers, technology providers and promoters should work together from the start to map workflows, identify operational issues and define responsibilities — including establishing governance around automation: who can pause a smart contract, amend a workflow, override an automated process, freeze an asset, or deal with an exception.

- ✓ The panel was broadly positive about Jersey's position, describing the island as having a responsive regulator, a developing pathway for these structures, and a professional services ecosystem capable of supporting high-quality tokenisation projects.

# Practical Automation: Workflows and Use Cases

Riccardo Conti provided a practical example based on a fund with monthly liquidity. In a traditional model, investor entries, broker transactions, reconciliations, NAV calculations, management fees and performance fees may involve repeated manual exchanges between fund managers and administrators. In a tokenised model, an investor subscription could trigger automated issuance of tokenised units once conditions are met, smart contracts could execute fee deductions, and records could be more traceable for audit purposes.



## Subscription & Issuance

Automated token issuance triggered once subscription conditions are met, reducing manual processing time.



## Redemptions & Transfers

Smart contracts can execute redemptions and secondary transfers with clearer on-chain traceability.



## Fee Flows

Management fees, performance fees and entry/exit fees can be automated, reducing reconciliation burden.



## Distributions & NAV

Distributions and NAV-related workflows benefit from on-chain records and reduced manual data transfer.

The strongest use cases are likely to be where there is meaningful transaction volume, regular subscriptions and redemptions, frequent NAV calculations, repeated fee flows, or demand for more efficient transferability. Conversely, if a fund has only a small number of investors, an annual NAV, limited transactions and a low manual administration burden, the benefits may not justify the effort. Tokenisation pursued purely for marketing reasons may also have limited value — the panel cautioned against tokenising "for the sake of it" without a clear operational or commercial rationale.

# AML, CDD, Custody and Liquidity Realities

The discussion highlighted the need for a **risk-based approach**. Tokenisation should not be treated as inherently problematic simply because it involves digital assets or blockchain infrastructure. Gemma Palmer clarified that CDD obligations need to be discharged at issuance and redemption. Depending on the structure, CDD may not need to be undertaken on each secondary transfer — particularly where freely transferable bearer tokens are involved rather than registered interests — but this does not remove the need for transaction monitoring, sanctions checks or appropriate controls.

Suzanne Howe emphasised that investor verification, source of funds checks, suitability checks, final reviews, sign-offs, exception handling, dispute resolution and material corporate actions are areas where **human oversight remains essential**. Automation can support compliance processes, but it should not be confused with outsourcing judgment or accountability to technology.

On custody, the panel distinguished between custody of the underlying assets and holding of the tokenised fund interests. There may be a need for a professional custodian to hold the underlying assets, providing comfort that those assets are ring-fenced. Tokenised fund interests themselves may, in some models, be held directly by investors in wallets — or abstracted through a platform interface for less technical investors.

⚠ One of the clearest messages from the Q&A: tokenisation does **not** automatically create liquidity. If an asset is illiquid before tokenisation, representing it as a token does not create buyers or demand. Actual liquidity still depends on demand, market infrastructure, authorised participants and trading venues.

# Asset Classes Where Tokenisation May Be Most Compelling



## Private Equity & Venture Capital

The attraction may be improved secondary transferability in structures where investors are otherwise locked in for long periods, making it easier to facilitate transfers without full fund restructuring.



## Open-Ended Hedge Funds

For funds with regular subscriptions, redemptions and fee calculations, the opportunity lies in automating operational workflows and reducing manual reconciliation between managers and administrators.



## Digital Asset Funds

A natural fit where investors, payments or operations are already taking place on-chain or using stablecoins, allowing end-to-end tokenised workflows.



## Money Market & Yield Products

Tokenisation may support more efficient and automated distributions, including potentially frequent yield payments to large numbers of investors.

For real estate, the panel noted potential interest in tokenised structures, but observed that tokenising Jersey property specifically may require more digitisation of existing property processes before tokenisation becomes practically viable.

# Key Misconceptions & Jersey's Opportunity

## Misconceptions Addressed

No administrator needed

Administrators remain critical — their role shifts to oversight, controls and exception management, not elimination.

Automatic liquidity

Tokenisation makes transfers easier but liquidity still depends on demand and market infrastructure.

Compliance disappears

AML, CDD, sanctions, monitoring and governance remain fully essential.

Full automation is the goal

Human judgment remains necessary for onboarding, exceptions, disputes and governance decisions.

It's only a technology issue

The legal wrapper, regulatory analysis and service-provider ecosystem come first.

## Jersey's Opportunity

The panel was positive about Jersey's opportunity in tokenised fund structures. Jersey has legal wrappers, governance frameworks, regulatory engagement and experienced service providers that can support tokenised structures when properly designed.

The discussion also suggested that Jersey is attracting quality enquiries from serious promoters who want to structure projects properly rather than simply launch quickly or cheaply. This aligns well with Jersey's positioning as a jurisdiction that combines **innovation with substance, governance and professional administration**.

The opportunity now is to continue building market familiarity. As more Jersey service providers gain experience with tokenised structures, the island's capability, confidence and competitiveness should continue to develop.

- ✓ Jersey already has the key ingredients: legal wrappers, governance frameworks, experienced administrators, regulatory engagement, and a developing professional services ecosystem.

# Practical Next Steps & Top Takeaways

For firms considering tokenised fund structures, the panel's discussion points to a clear practical checklist. The overarching principle is to **start small, prove one workflow, then scale**.

## Practical Checklist

01

### Define the commercial reason

Be clear on whether the objective is automation, investor access, secondary transferability or operational efficiency.

02

### Take legal advice early

The legal wrapper and regulatory analysis should come before technology implementation. Clarify token nature and investor rights.

03

### Identify all partners early

Engage administrator, legal, custody and technology partners from the outset. Map workflows from subscription to redemption.

04

### Establish governance over automation

Define who can pause, amend, override or freeze automated processes. Consider smart contract audits and technology assurance.

05

### Assess AML/CDD and upskill teams

Compliance obligations do not disappear. Teams need to understand flows, risks, controls and responsibilities — not just the technology.

## Top 10 Takeaways

1. Tokenisation is becoming practical, not purely experimental
2. The legal and regulatory structure comes first
3. Automation is the prize — not tokenisation for its own sake
4. Administrators remain essential
5. Human accountability remains central
6. Tokenisation can improve workflows but does not automatically create liquidity
7. CDD, sanctions and monitoring obligations remain important
8. Custody needs careful design, particularly for underlying assets
9. Jersey has a credible opportunity to support high-quality tokenised structures
10. Start small, prove one workflow, then scale

❏ This summary is provided for general information only and does not constitute legal, regulatory, tax, financial or investment advice. Firms should seek appropriate professional advice before structuring, launching or investing in tokenised funds or digital asset-related structures.

# Charting the Course: Engaging with Digital Jersey

As the landscape of tokenised funds continues to evolve from conceptual to practical, Jersey is strategically positioned to lead in this innovative space. The discussions highlight that while tokenisation offers immense potential for efficiency and accessibility, its successful implementation hinges on a robust foundation of legal clarity, regulatory adherence, and strong governance – areas where Jersey excels.

For firms ready to explore or advance their tokenisation projects, engaging with key local entities is a crucial next step. Digital Jersey serves as a central point for fostering innovation and connecting businesses with the necessary expertise and resources within the island's dynamic ecosystem.



## Regulatory Clarity

Navigate the complexities of legal wrappers and regulatory compliance with expert guidance tailored to Jersey's robust framework.



## Ecosystem Access

Connect with leading administrators, legal advisors, custody providers, and technology partners experienced in tokenised structures.



## Innovation Support

Benefit from an environment that encourages responsible innovation, supporting the development of cutting-edge tokenisation solutions.



## Strategic Guidance

Receive strategic advice on defining commercial objectives and mapping workflows to maximise the benefits of tokenisation.

Embrace the future of programmable finance with confidence. Digital Jersey and its network stand ready to support your journey, ensuring that innovation is balanced with the highest standards of substance and integrity.

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