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Bringing tokenized investment funds to Canada

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SIMA webinar: The future of funds: Tokenization in Canada |
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Presentation Outline

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    - Where the CSA and CIRO can help

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Why tokenize investment funds?

The global picture: early and small, but bonds and money market funds lead

— Tokenized real-world assets (**RWAs**) are still early: IOSCO calls the ecosystem "still nascent", and 91% of the regulators it surveyed saw nil or very limited commercial use

— Bonds and funds lead: about US$10 billion of tokenized bonds issued over a decade (against about US$140 trillion outstanding); tokenized money market funds (**MMFs**) attracted billions in two years; tokenized public stocks only about US$16 million

— Tokenized U.S. Treasury funds now total about US$14.2 billion across 119 products (RWA.xyz, November 2, 2026)

— Real uses today: collateral and repo (Kinexys by J.P. Morgan has processed over US$1.5 trillion and US$ 2 billion daily), and tokenized MMFs used as stablecoin reserves and crypto collateral

— What holds it back: limited interoperability between blockchains and a lack of credible on-chain settlement assets

Sources: IOSCO, Tokenization of Financial Assets, Final Report (November 2025); RWA.xyz

Why tokenize investment funds?

What tokenization offers funds, and why Canada now

What tokenization offers funds	Why Canada, why now
— Faster settlement, up to simultaneous delivery against payment — 24/7 transfers between approved wallets — Collateral that moves without a redemption — Programmable income: daily dividends paid in tokens, yield accrued by the second — One shared record, with fewer reconciliations between dealers, Fundserv and transfer agents	— Leading global asset managers offer tokenized U.S. MMFs; they are not available in Canada and there are no Canadian equivalents — CIRO's Digital Asset Custody Framework covers tokenized assets (February 2026) — The CSA's Project Tokenization (launched March 2026) is exploring opportunities and risks; later phases could include a discussion paper or live testing. — Fundserv has completed a test version of a tokenized trading platform for funds (October 29, 2026) — Stablecoin Act: Royal Assent March 26, 2026 (not yet in force); draft regulations published October 24, 2026; includes a "no interest or yield" prohibition — The Bank of Canada, BMO, CIBC and Scotiabank have joined Project Agorá, and Canada's six largest banks are exploring a Canadian-dollar tokenized deposit solution

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Why start with money market funds?

The natural first product

— Proven demand: MMFs lead tokenized funds globally, from BlackRock and Franklin Templeton to start-ups such as Spiko and Ondo

— Simple, liquid, short-term portfolios with daily dealing

— A stable NAV target means the price is effectively known when the order is placed, which makes near-instant settlement realistic

— A clear use case: on-chain cash management and collateral, alongside stablecoins that cannot pay yield

— A familiar rulebook: the money market fund requirements in section 2.18 of NI 81-102

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Why start with money market funds?

International examples: three ways to record ownership

Fund	Legal structure	Eligibility	Official record of ownership	Model	AUM[1]
BlackRock USD Institutional Digital Liquidity Fund (BUIDL)	British Virgin Islands company; private fund	U.S. qualified purchasers; non-U.S. investors outside the U.S.	Transfer agent's off-chain books; token transfers take effect when recorded	Off-chain register, on-chain mirror	US$2.08 billion
JPMorgan OnChain Liquidity-Token Money Market Fund (JLTXX)	Registered U.S. government MMF, designed as a reserve asset for U.S. stablecoin issuers	Institutional investors; US$1 million minimum	Transfer agent's off-chain register; tokens on Ethereum and Solana, approved wallets only	Off-chain register, on-chain mirror	US$792 million
WisdomTree Treasury Money Market Digital Fund (WTGXX)	Series of WisdomTree Digital Trust; registered U.S. government MMF	Retail and institutional investors	Transfer agent's book-entry record; tokens on several public blockchains, reconciled daily	Off-chain register, on-chain mirror	US$668 million
State Street Galaxy Onchain Liquidity Sweep Fund (SWEEP)	Delaware LLC (onshore) and Cayman Islands company (offshore); private fund that also holds stablecoins	Qualified purchasers; US$5 million minimum for entities	Not stated publicly: the administrator keeps each investor's capital account and has the tokenization agent issue or burn matching tokens on Solana	Likely off-chain register, on-chain mirror	US$284 million

[1] Assets under management (**AUM**), measured as the value of tokens outstanding, per RWA.xyz (November 2, 2026)

Why start with money market funds?

International examples: three ways to record ownership (continued)

Fund	Legal structure	Eligibility	Official record of ownership	Model	AUM[1]
Franklin OnChain U.S. Government Money Fund (BENJI)	Series of a Delaware statutory trust; registered U.S. government MMF	Retail and institutional investors	Transfer agent's blockchain-integrated system	Blockchain-integrated register	US$834 million
Spiko EU T-Bills Money Market Fund	Sub-fund of a French SICAV; UCITS MMF	All investors except U.S. persons	The ledger itself, under French law	On-chain legal register	US$494 million
Ondo OUSG	Delaware limited partnership; private fund that holds tokenized liquidity funds (mainly SWEEP, BUIDL and BENJI)	Qualified purchasers in the U.S. and other eligible countries	Not disclosed: tokens are on-chain, but Ondo does not say whether the chain or an off-chain register governs	Overlay: fund of tokenized funds	US$315 million

[1] Value of tokens outstanding, per RWA.xyz (November 2, 2026). OUSG's holdings of SWEEP, BUIDL and BENJI are also counted in those funds' figures

Why start with money market funds?

NAV: what tokenization has and has not changed

What has changed	What has not
— More frequent pricing: BENJI (Franklin Templeton) has struck NAV hourly (8 a.m. to 5 p.m. ET) since May 2026	— NAV is still calculated off-chain by the fund administrator, on business days
— Income by the second: BENJI (Franklin Templeton) allocates yield on transfers; WTGXX (WisdomTree) accrues it continuously	— Registered funds still price every order at the next NAV (forward pricing)
— 24/7 transfers between approved wallets, which are not at NAV	— The underlying T-bills still settle in market hours
— Third-party liquidity: Circle buys BUIDL (BlackRock) for USDC 24/7; WTGXX (WisdomTree) trades 24/7 at US$1.00 through a dealer under SEC exemptive relief	— 24/7 liquidity is limited by a dealer's balance sheet or the fund's stablecoin holdings

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Tokenized money market fund vs tokenized private liquidity fund

Same token technology, different rulebooks

	Public tokenized MMF	Private tokenized liquidity fund
U.S. example	Franklin OnChain U.S. Government Money Fund: registered, open to retail	BlackRock BUIDL: private fund for qualified purchasers
Canadian route	Prospectus; NI 81-102 (including s. 2.18), NI 81-101, NI 81-106	Prospectus exemptions (NI 45-106); resale rules (NI 45-102); NI 81-102 does not apply
Investors	Retail and institutional, through registered dealers	Accredited and institutional investors
NAV and dealing	Fair-value NAV; forward pricing; payment in cash	Set by the fund documents
Stablecoins or tokenized assets in the fund	Stablecoins barred; tokenized securities likely caught too (NI 81-102 s. 2.3(1)(j))	Permitted if the mandate allows
Custody	NI 81-102 Part 6 for fund assets; CIRO rules for units held by dealers	NI 31-103 custody requirements; CIRO rules for units held by dealers
Best suited for	Retail scale and cash management	Piloting 24/7 and stablecoin features; institutional collateral

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STA and PPSA Considerations

The ownership layer is largely ready

— The Permanent Editorial Board for the Uniform Commercial Code (**UCC PEB**) concludes (August 2026) that under existing Article 8, transferring control of a token can be the holder's instruction to register a transfer, or create a control agreement. The token is a record, not the security

— The same analysis applies in Ontario, BC and Alberta: their STAs are modelled on revised Article 8, with the same concepts of "instruction", control and the issuer's duty to register a transfer

— It applies to fund units as well as shares: mutual fund units are securities, and a token cannot be a "security certificate", so tokenized units are uncertificated securities

— The register can incorporate public-blockchain data: the UCC PEB accepts that, if the issuer's organic documents and other law permit, the platform could be on a public blockchain and might itself be the issuer's books and records. NI 81-102 requires up-to-date records but does not prescribe their form

— Lenders: the PPSAs already allow perfection by control of investment property, so a lender can take control of tokenized units through the same token mechanism[1]

— IFMs to do: write the token mechanism into the declaration of trust and unit terms[2]

[1] No equivalent of Article 12 of the Uniform Commercial Code (controllable electronic records) is needed for tokenized fund units, which are securities. Article 12 was developed for digital commodities such as bitcoin.

[2] Corporate class funds incorporated under the Canada Business Corporations Act do not fit, as that Act does not provide for uncertificated securities.

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Canadian Securities Regulatory Considerations

Investment fund rules, CIRO rules and market infrastructure

—Investment fund rules (NI 81-102)

—CIRO rules (custody and segregation)

—Market infrastructure (marketplaces and clearing agencies)

- —U.S. vs. Canada: How far behind are we?
- —Consultation Proposal: a staged approach to on-chain trading

—Where the CSA and CIRO can help

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Canadian Securities Regulatory Considerations

National Instrument 81-102 Investment Funds

Assumption: Some key benefits of a tokenized MMF would be: (1) on-chain settlement of subscriptions and redemptions, and (2) inclusion of digital assets in fund portfolio (such as other MMFs, tokenized bonds, tokenized deposits and stablecoins)

NI 81-102 Rule	Impediment to Tokenized MMF
Forward pricing (ss. 9.3(1), 10.3(1)): orders are priced at the NAV next determined after the order is received; no backward pricing (companion policy s. 10.4)	Settling on-chain at a price known when the order is placed needs relief; hourly or more frequent NAV strikes are allowed (NI 81-106 s. 14.2(3) sets only a minimum)
Order receipt (ss. 9.1(5), 10.2(5)): an order is received when it reaches an "order receipt office"; electronic redemption orders need prior arrangements with the fund (s. 10.1(1)(b))	Unclear whether a smart contract can be an order receipt office, and when an on-chain order counts as received
Payment (ss. 9.4(2), 10.4(3)): purchases are paid in cash in a currency in which NAV is calculated, in securities, or in crypto assets that the fund itself is permitted to buy (s. 9.4(2)(c)); redemptions in cash in the NAV currency or, with consent, in portfolio assets	MMFs are not able to accept subscriptions in stablecoins because stablecoins: (i) are not "cash"; (ii) are crypto assets, which MMFs cannot buy (s. 9.4(2)(c)); (iii) may be securities, which MMFs cannot buy (s. 9.4(2)(b)); and (iv) are not eligible assets for MMFs (ss. 2.3(1)(j), 2.18). CSA relief would be required to permit for MMFs to accept subscriptions as subscription proceeds and hold stablecoins. These restrictions may not apply to tokenized deposits, which could be considered “cash”.
Failed purchases (s. 9.4(4)-(6)): if a purchase is not paid for by the settlement date, the fund redeems the units, and the principal distributor or the dealer that delivered the order must pay any shortfall (s. 9.4(6))	If an investor subscribes on-chain directly with a fund that has no principal distributor, no one is responsible for the shortfall; on-chain delivery against payment would avoid failed purchases
Trust accounts (ss. 11.1, 11.3): cash that distributors and service providers receive for purchases or redemptions must sit in an interest-bearing trust account at a financial institution	On-chain stablecoin escrow does not fit; CIRO dealers are exempt (s. 11.4), but other service providers, such as token-layer operators, are not
Crypto assets (s. 2.3(1)(j)): a mutual fund cannot "purchase, sell, use or hold a crypto asset" except as permitted, and the term is read broadly (companion policy s. 2.01(4))	Could bar the fund from holding stablecoins, tokenized bonds, tokenized deposits or other tokenized MMFs, and stop other mutual funds from holding its units
Money market funds (s. 2.18): only cash, cash equivalents, short-term rated debt, qualifying floating rate debt and other MMF securities	Tokenized bonds and deposits must still fit these categories; the CSA has said the MMF conditions already prohibit holding crypto assets
Custody (Part 6): a custodian holding crypto assets must keep the private keys in offline storage (s. 6.5.1) and obtain an annual public accountant's assurance report (s. 6.7(1.1))	Any digital assets the fund holds need a custodian that can meet these requirements

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Canadian Securities Regulatory Considerations

CIRO rules (custody and segregation)

CIRO's rules bind dealers, not the investment fund manager (**IFM**), but an IFM that wants dealer distribution must design for them

CIRO Requirement	Application to Tokenized MMFs
Acceptable securities location (**ASL**): a dealer must hold client securities at a location suitable to hold them without a capital penalty, under a written custody agreement (CIRO Form 1)	A fund's book-entry register can be an ASL today, through CIRO's bare trustee agreement
Bare trustee agreement: the IFM signs one prescribed agreement with CIRO, which acts as bare trustee for its dealers, so the fund's register becomes an ASL	Works in principle for a tokenized fund's register, but the standard agreement lacks the terms CIRO now requires for tokenized assets, so new "tokenization" provisions should be added for IFMs that want to offer tokenized funds
Key protections: no use or disposal without the dealer's consent; prompt delivery or transfer on demand; segregation free of liens; no set-off	The IFM's token mechanism and the fund's register would need to deliver the same protections
Listing and monitoring: CIRO publishes the approved list monthly, and the dealer must monitor the IFM's ongoing compliance	Dealers' monitoring would extend to the token platform and smart contracts, not just the register
Digital Asset Custody Framework (February 3, 2026): tokenized assets, including stablecoins, must be held at an ASL that also meets digital safeguards (SOC 2 assurance, specific custody-agreement terms and insurance); approved dealers may hold them themselves	Applies to tokenized fund units that dealers hold for clients; CIRO says its classifications do not pre-judge the CSA's policy direction on tokenization
Self-hosted wallets: not approved locations	A dealer could act on subscriptions and redemptions delivered to a client's own wallet, but could not treat those units as in its custody; capital, segregation, client statements and Canadian Investor Protection Fund coverage need CIRO confirmation

Canadian Securities Regulatory Considerations

Market Infrastructure (marketplaces and clearing agencies)

— On-chain subscriptions and redemptions between the IFM or its agent (e.g. a dealer) and unitholders are not marketplace activity: a system that only lets an issuer sell its own securities is not a marketplace (21-101CP s. 2.1(5))

— But most on-chain liquidity protocols and applications (**On-Chain Venues**), such as automated market makers (**AMMs**) and decentralized exchanges (**DEXes**), are designed for multiple buyers and sellers to optimize price discovery and liquidity

  — A 2024 Bank of Canada staff paper observes that AMMs appear to perform key marketplace functions, including clearing and settlement, as well as dealer-like and custodial functions; but a decentralized protocol has no operator to seek recognition or relief from marketplace and clearing agency requirements

— An On-Chain Venue that falls within scope of the "marketplace" definition would need to be recognized or exempt from recognition by the CSA before an IFM or dealer could use it to distribute or trade tokenized fund units with Canadian investors. That means compliance with the CSA's marketplace rules NI 21-101, NI 23-101, NI 23-103 and CIRO's Universal Market Integrity Rules

— For similar reasons, many On-Chain Venues would fall within scope of the "clearing agency" definition, which means recognition or exemption across the CSA and compliance with applicable provisions of NI 24-102

— Fundserv has been a recognized clearing agency since 2012, so a Fundserv-run ledger can likely sit inside its regime with OSC approvals; on-chain settlement may need a variation of its recognition order

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Canadian Securities Regulatory Considerations

Market Infrastructure: U.S. vs. Canada

United States	Canada
— Nasdaq: the SEC approved trading of securities in tokenized form (March 2026) — NYSE: building a platform for 24/7 trading and on-chain settlement of tokenized securities, with stablecoin-based funding (announced January 2026) — ICE clearing houses: working with BNY and Citi to support tokenized deposits for margin (January 2026) — DTCC: its tokenization service for DTC-custodied securities went live (October 2026) — SEC Innovation Exemption: permissioned on-chain venues can trade tokenized stocks (September 2026)	— No Canadian exchange or CDS (Canada's central securities depository) has launched tokenized trading or settlement — Fundserv, a recognized clearing agency, has completed a test version of a tokenized trading platform for funds (October 2026) — Project Samara: the Bank of Canada, Export Development Canada, RBC and TD issued Canada's first tokenized bond on a permissioned platform built for the experiment, with RBC DS as a centralized platform operator that obtained exemptive relief from marketplace[1] and settlement system[2] rules (March 2026) — CSA: Project Tokenization's Phase 1 findings are pending, and the proposed IT systems rule (NI 26-101) leaves tokenization to a later phase (October 2026)

[1] OSC (principal regulator) and AMF, Decision, In the Matter of RBC Dominion Securities Inc. (March 2, 2026): exemption from NI 21-101, NI 23-101 and NI 23-103

[2] AMF, Décision no 2026-SMVD-0001 (February 25, 2026): exemption from recognition as a settlement system (Securities Act (Québec), s. 169) and from NI 24-102

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Canadian Securities Regulatory Considerations

Market Infrastructure: a staged approach to on-chain trading

- In the long term, tokenized funds should be able to trade through on-chain applications, not just bilaterally with the issuer or a dealer
- Stage 1: launch tokenized MMFs with minimal on-chain trading and settlement, in compliance with existing CSA market infrastructure requirements
- Stage 2: CSA public consultation on modernizing market infrastructure framework so Canadians can hold units in self-custody wallets and tokenized fund units can trade on On-Chain Venues
  - Consultation would evaluate minimum governance, security standards and technical requirements for On-Chain Venues, and the IFMs and dealers that seek to participate on such On-Chain Venues
  - Proposed NI 26-101 Information Technology System Integrity starts this discussion; comments due Jan 29, 2027
    - Tokenization-specific standards are deferred; international alignment proposed
  - Centralized intermediaries would retain obligations to comply with Canadian AML/ATF and sanctions laws when participating on On-Chain Venues
  - Canadian IFMs, dealers and marketplaces would have direct input into the framework
  - Ultimately, CSA clarity will allow Canadian providers to design and build solutions
  - For this process to work, industry needs to start researching and experimenting now so they can provide meaningful feedback to the CSA

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Canadian Securities Regulatory Considerations

Where the CSA and CIRO can help

— A taxonomy for tokenized securities, similar to the SEC staff's guidance[1]; this may come out of the CSA's Project Tokenization Phase 1 findings

— Confirmation that tokenized securities and tokenized deposits are not "crypto assets" under NI 81-102

— A path for settling subscriptions and redemptions in stablecoins or tokenized deposits

— "Tokenization" provisions for the CIRO bare trustee agreement, and guidance on units held in self-hosted wallets

— A public consultation on modernizing the marketplace and clearing framework for On-Chain Venues, with a view to facilitating investment by traditional marketplaces and/or easing the burden on new entrants so they are not discouraged from entering Canada

[1] SEC Divisions of Corporation Finance, Investment Management, and Trading and Markets, Statement on Tokenized Securities (January 28, 2026)

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- UCC PEB, The "Tokenization" of Securities Transfers Under the UCC (August 10, 2026)
- SEC staff, Statement on Tokenized Securities (January 28, 2026)
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- Securities Transfer Act, S.B.C. 2007, c. 10 (BC)
- Securities Transfer Act, S.A. 2006, c. S-4.5 (Alberta, CanLII)
- Personal Property Security Act (Ontario)
- Canada Business Corporations Act, Part VII
- ULCC, Uniform Securities Transfer Act project update (2002)
- Ontario committee Hansard, May 11, 2006 (Bill 41)
- NI 81-102 (BC Laws, current to October 20, 2026)
- NI 81-102 consolidation effective October 1, 2026 (ASC)
- Companion Policy 81-102CP consolidation effective October 1, 2026 (ASC)
- CSA notice on NI 81-102 crypto asset amendments (April 17, 2025)
- NI 81-106
- CIRO, Terms and Conditions of Digital Asset Custody
- CIRO, Bare Trustee Agreements
- CIRO Form 1

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- NI 21-101 Marketplace Operation
- Companion Policy 21-101CP
- NI 23-101 Trading Rules
- NI 23-103 Electronic Trading and Direct Electronic Access to Marketplaces
- CIRO, Universal Market Integrity Rules
- NI 24-102 Clearing Agency Requirements (BC Laws)
- OSC, FundSERV Inc. recognition orders
- OSC, Coinbase Canada Inc. decision (April 1, 2026)
- CSA, proposed NI 26-101 Information Technology System Integrity (October 1, 2026)
- Stablecoin Act
- Draft Stablecoin Regulations, Canada Gazette Part I (October 24, 2026)
- Bank of Canada joins Project Agorá (May 27, 2026)
- BMO joins Project Agorá (September 29, 2026)
- CIBC joins Project Agorá (September 29, 2026)
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- AMF, Décision no 2026-SMVD-0001, Project Samara (February 25, 2026)
- Bank of Canada Staff Discussion Paper 2024-12
- SEC order approving Nasdaq trading in tokenized form (March 18, 2026)
- ICE, NYSE develops tokenized securities platform (January 19, 2026)
- DTCC Tokenization Service goes live (October 28, 2026)
- SEC Innovation Exemption for tokenized NMS stock (September 17, 2026)
- Franklin Templeton Canada, mutual fund and ETF series
- iShares Premium Money Market ETF (CMR) facts
- WisdomTree, WTGXX fund page
- Ondo OUSG holdings
- Galaxy, SWEEP fund terms
- SEC, Form D, State Street Galaxy Onchain Liquidity Sweep Onshore Fund, LLC (May 4, 2026)
- RWA.xyz, tokenized U.S. Treasury funds (November 2, 2026)
- J.P. Morgan, JLTXX FAQ

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Tokenization and wealth management

November 5, 2026

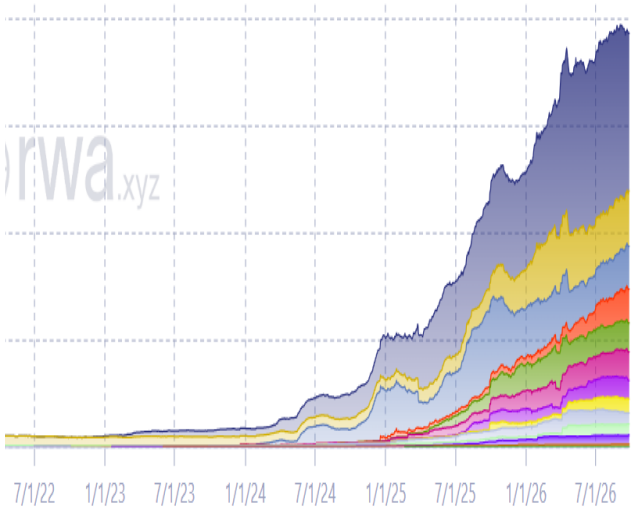


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Leading issuers are fueling the rapid growth of tokenized real-world assets (RWAs)

Tokenized RWAs are scaling rapidly, led by private credit and treasuries [1]

9/27/26	$38,598,207,649
US Treasury Debt	$14,721,977,991
Commodities	$5,169,000,833
Active Strategies	$4,008,083,703
Stocks	$3,155,452,580
Asset-Backed Credit	$2,698,855,472
Specialty Finance	$2,657,533,278
Corporate Credit	$1,711,418,833
Private Equity	$1,329,500,746
non-US Government Debt	$1,038,643,500
Venture Capital	$1,035,576,559
Diversified Credit	$845,584,274
Real Estate	$226,579,871
Municipal Credit	$8.18



Total RWA Onchain: $38.6B (69% YoY growth)

[1] Source: rwa.xyz

Leading Issuers Driving the Growth of Tokenized RWAs [1]

Category	Description
Private Credit	On-chain lending pools (primarily consumer/retail loans) offering high-yield private debt
U.S. Treasuries	Tokenized T-bills & money market funds delivering yield
Commodities	Tokenized gold and metals for 24/7, fractional access
Alt Funds / Other	Tokenized PE, hedge funds, and pilot tokenized bonds

Benefits of Tokenization



Instant settlements

Smart contracts finalize trades immediately, reducing risk and freeing trapped capital.



Real-time shareholder data

Immediate visibility into shareholder registers and activity.



Lower administrative costs

Automated workflows and fewer intermediaries slash expenses and free up resources.



Grow investor base

Greater investor participation with lower investment minimums, coupled with increased liquidity drives AUM growth, while attracting a new, global set of investors.



Programmable asset servicing

Smart contracts automate income distributions, corporate actions, and lifecycle events, reducing manual processing and operational risk.



Fractional ownership

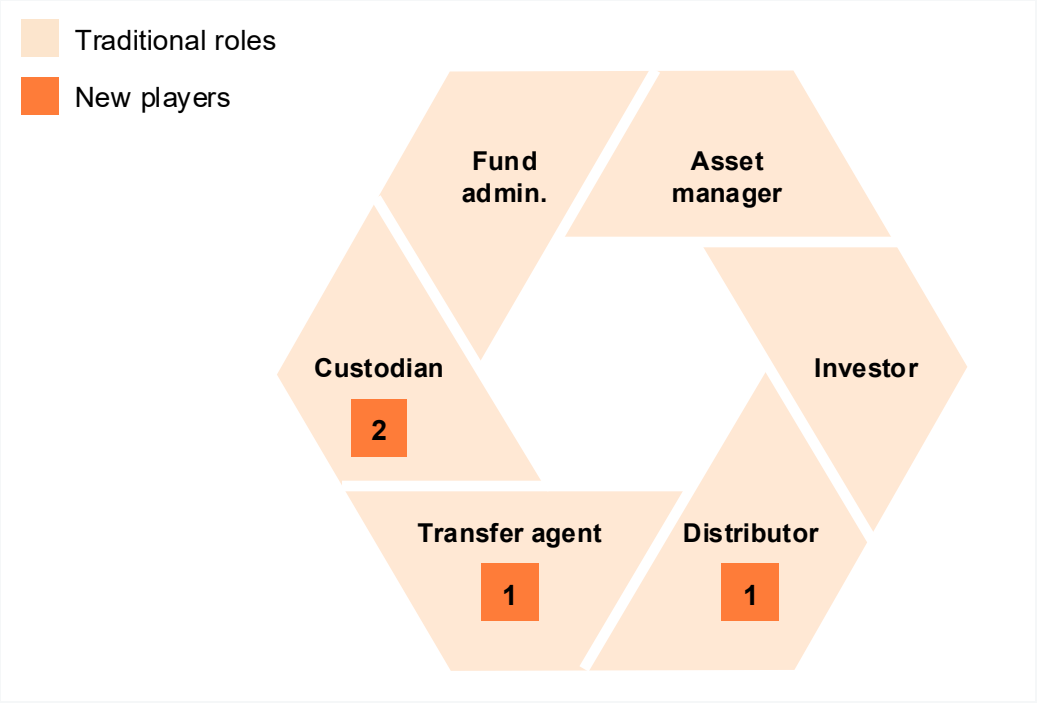
Enables divisible ownership of traditionally illiquid assets, lowering minimum investment thresholds and broadening access across investor segments.

On-chain product capabilities can transform offerings to improve access, liquidity, and transparency in private markets

	Pain points	Investor survey	What on-chain products can unlock
Private Funds	• Limited transparency on performance and fees • High minimums, low liquidity • Slow, manual subscription	PwC projects tokenized fund AUM to grow at a 41% CAGR to $715 billion globally by 2030 Source	A transparent and accessible platform that **lowers entry minimums**, enhances reporting, **and speeds up subscriptions and redemptions**
Real Estate	• Limited access to fractional ownership • Fragmented management and reporting • Costly, slow and illiquid transactions	40% of investors cite liquidity as a top barrier to adoption Source	A digital ecosystem that **enables fractional ownership**, streamlines management, and **improves liquidity**
Infrastructure	• Complex, inefficient capital raising • Restricted investor access • Limited transparency in cash flow distributions	PwC's Asset and Wealth Management Survey notes that 38% of asset managers view tokenization as a significant driver of revenue growth by 2030 Source	An on-chain financing model that **simplifies fundraising**, **broadens investor access**, and automates distributions

New market players are working with the existing AWM value chain and absorbing traditional roles for tokenized products

AWM value chain disruption



Fund tokenization has started to disrupt the AWM value chain with the emergence of new market players.

E.g., a tokenization platform can work with an asset manager and fund administrator to take on the role of the transfer agent and distributor

1 Tokenization platform

- **Supports issuance of security tokens** on a blockchain representative of shares in a fund
- **Enables near-instant settlement** of fund shares
- **Creates new avenues for distribution** by acting as placement agent or supporting direct-to-investor
- **May disrupt transfer agency services** by moving the subscriber register on-chain

2 Key custody provider

- **Creates digital wallets** on a blockchain platform representing holder accounts
- **Custodies private keys** of the wallets
- **Enables flexibility in custody options** for fund participants to choose how they hold their tokens

Digital assets and tokenization introduce several new risks and enhances pre-existing risk considerations



Key Risk considerations*

Accounting treatment
- Control, ownership, and presentation of assets.

Asset custody
- Custody and wallet types, comingling of assets, private key management

Anti-money laundering
- Know-Your Customer and use of blockchain forensic analysis

Token and asset diligence
- Token and vendor diligence (token support, platform, market).

Regulatory
- Different approaches by jurisdiction

Technology
- No single standard; interoperability with traditional platforms

Financial reporting
- Reporting disclosures and critical accounting policies

Fraud
- Internal and external fraud through digital asset transactions

Lack of liquidity
- Market Activity can be thin for many tokens/products

Smart Contracts
- Potential software errors and other cyber risks

Sanctions compliance
- Customer and wallet address screening

Tax
- Tax accounting methods, information, and reporting

*Risk considerations are representative and non-exhaustive.

Thank you!

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TMX POST TRADE

SIMA –
5 November 2026

TMX Post-Trade: Digital Assets

VISION

Canada's premier sovereign digital asset infrastructure provider.

Seamlessly bridging traditional and on-chain assets with institutional-grade compliance and security.

CORE OBJECTIVES

- **To enable secure, scalable access to digital asset markets for our clients**
- **To ensure Canada maintains a competitive edge in financial markets**
- **To facilitate and champion innovation**

TMX Core Commitments

TMX is uniquely positioned to deliver trusted market commitments in the digital era

Interoperability

Creating a platform capable of bridging CDS traditional post-trade systems with on-chain networks.

Operational Scalability

Deploying scalable architectures robust enough to support high-volume institutional clearing and settlement.

Safeguarding Assets & Enhanced Security

Ensuring institutional-grade custody and settlement for digital assets in the CDS ecosystem.

Regulatory Certainty

Building infrastructure that natively adheres to existing resiliency standards, FMI principles, CSA guidelines, KYC/AML rules, and provincial laws.

Legal Confidence

Ensuring tokenized assets carry the same legal rights and protections as traditional off-chain securities custodied at CDS.

CDS: Current and Future State

Bridging off-chain & on-chain into one integrated capital markets ecosystem

CDS | ESTABLISHED MARKETS

TradFi

✔ **Trust**
Regulated, systemically important FMI
✔ **Scale**
$8T+ in custody
✔ **Connectivity**
Deep participant ecosystem
✔ **Finality**
Proven settlement & risk management

Traditional System Evolution

- Netting
- Payments
- Settlements
- Cross-margining
- CCMS

CDS *Digital* | EXPANDED OPPORTUNITIES

DeFi

✔ **Trust**
Regulated infrastructure
✔ **Scale**
Built for growth
✔ **Connectivity**
Domestic & international
✔ **Finality**
Integrated settlement
✔ **Interoperability & Liquidity**
Bridging markets, greater mobility

Digital Market Evolution

- Collateral
- Digital issuance
- Cross-border collateral
- CCMS

Consolidated Future Clearing & Netting Experience

Ledger Alignment	Consolidated Risk Management	Ledger Synchronizer	Lifecycle Management
Single source of truth	Holistic view across assets	Real-time alignment	New CDS & CDS *Digital* products

SECURE • SCALABLE • INTEROPERABLE

For More Information

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