CAPITAL MARKETS AUTHORITY
Promoting Capital Markets Integrity

VIRTUAL ASSET OFFERING PROVIDER (VIRTUAL ASSET TOKENIZATION) APPROVAL CHECKLIST

Compliance with Licence Requirements

The Virtual Asset Service Providers Act, 2025; Capital Markets Act, Part II, Part III, Part IV and Part VI of the Virtual Asset Service Providers Regulations, 2026, and any other relevant Regulations and Guidelines.

Virtual Asset Offering Provider (Virtual Asset Tokenization) means licensed to undertake conversion of real-world assets (like real estate, art, or, commodities) into digital token on a blockchain, in accordance with Part VII of the Regulations.

No.	Requirement	Met (Y/N/NA)	Comment
1.	Contact person of the applicant - name, business telephone number and email address of a senior officer knowledgeable about the application.		
2.	Proof of License for Virtual Asset Offering Provider – Virtual Asset Tokenization.		
3.	A written application to the Capital Markets Authority for approval to undertake a virtual asset offering of a tokenized real-world asset under regulation 62, accompanied by: i. a white paper meeting the requirements of regulation 63; ii. the governance structure of the issuer (board and senior management); iii. policies and procedures for monitoring the cycle of issuance and offering; iv. information on where the proceeds raised will be transferred or deposited; v. a report by an independent valuer showing the real-world asset's fair market value; vi. disclosure of the underlying technology; vii. evidence that the real-world asset can be tokenized and that ownership can be established; viii. an agreement on the proposed custody arrangements, including the person holding title to and custody of the real-world asset; ix. evidence that the real-world asset is clear of any encumbrances.		

No.	Requirement	Met (Y/N/NA)	Comment
4.	Confirmation that the real-world asset intended for tokenization has clear legal rights and is independently verifiable with respect to its valuation, existence and condition.		
5.	A white paper providing full and accurate disclosure, including: i. director/senior management/adviser biodata; ii. key information about the tokenized assets including their location; iii. a clear description of the rights or value the token grants; iv. whether the token represents direct or fractional ownership and how this is structured; v. applicable legal/regulatory requirements on transactions in the tokenized assets; vi. the policy on creation and destruction of tokens in circulation; vii. custody arrangements and custodians involved; viii. risk assessments (credit, market, counterparty and liquidity risk); ix. accounting and valuation treatment and methodology; associated challenges, risks and mitigating measures; x. distribution information and cycle-monitoring policy; xi. how tokens will be traded or transferred and any transferability restrictions; xii. payment methods; xiii. refund or withdrawal mechanism; xiv. experience and track record of third-party vendors/service providers; xv. systems and controls to safeguard against cybersecurity risk; xvi. DLT interoperability between issuer and other parties' systems and networks; xvii. mechanisms for creating tokens on a distributed ledger representing fractional ownership; xviii. the redemption mechanism on asset disposal or insolvency of the licensee;		

No.	Requirement	Met (Y/N/NA)	Comment
	xix. the timeline for distribution of proceeds to token holders; xx. target market and investor restrictions; xxi. the offer timetable and minimum subscription level; xxii. secondary market trading mechanisms; xxiii. three years' audited financial statements (or opening statements for a new issuer); xxiv. the trading platform(s) where listing will be sought and related investor access information and costs; xxv. technology/DLT information; and xxvi. the issue price denominated in Kenya Shillings and/or virtual assets.		
6.	Compliance with the token creation and listing requirements under regulation 65. These include: i. creation of tokens on a distributed ledger technology platform representing fractional ownership of, or rights to, the real-world asset; ii. coding of the rules of ownership, transferability, compliance and profit distribution into the distributed ledger technology platform using smart contracts or equivalent mechanisms; iii. distribution of tokens through a primary offering; iv. listing of the tokens on a licensed token issuance platform to enable liquidity and investor exit options; and v. disclosure of any issuance of additional tokens vi. disclosure of the introduction of smart contracts or equivalent mechanisms affecting the tokenized real-world asset.		
7.	Undertaking to seek the Authority's prior approval, before effecting any intended change to the business model likely to significantly influence the purchase decision of holders or prospective holders (regulation 64).		
8.	The application fee specified in the First Schedule		