

# Tokenising Financial Assets:



## What Financial Leaders Needs to Know Today

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ASIA SCHOOL OF BUSINESS

## Event Overview

On the 29<sup>th</sup> of April 2025, FIDE FORUM hosted a high-impact thought leadership session titled “Tokenising Financial Assets: What Financial Leaders Need to Know Today”, aimed at enhancing board-level understanding of digital assets and exploring the implications of tokenisation in finance and investment. The event was attended by 53 directors and senior management representing financial institutions.

The featured speaker was Mr. Hann Liew, CFP, CFA, Founder and CEO of Halogen Capital, Malaysia’s first licensed digital asset fund manager. With over 18 years of experience spanning investment banking, fintech, and fund management, Mr. Liew offered expert insights into tokenisation, regulatory readiness, and Malaysia’s position in the digital asset ecosystem.

## Opening Remarks

Mr. Tay Kay Luan, CEO of FIDE FORUM, opened the session by highlighting tokenisation as a transformational force in the financial sector. He emphasised how disruptive technology is unlocking access to previously illiquid and exclusive assets such as real estate and private equity, and emphasised the need for financial leaders to understand both the benefits and risks of this rapidly evolving landscape.







# Presentation Highlights

**Speaker:** Mr. Hann Liew, CFP, CFA

**Topic:** Understanding Tokenisation and Its Strategic Impact on Financial Services

## Key Points Covered:

- **Defining Tokenisation:** Tokenisation refers to the process of converting real-world assets into digital tokens recorded on blockchain, enabling secure, transparent, and immutable ownership and transfer records.
- **Global Context:** Digital assets are now a \$3 trillion global asset class, with Bitcoin alone ranking among the world's top 10 in market capitalisation. Major institutions like BlackRock and Franklin Templeton have already launched tokenised investment products.
- **Malaysia's Leadership:** Malaysia has had regulatory clarity since 2019, classifying digital tokens and cryptocurrencies as securities. The Securities Commission (SC) and Bank Negara Malaysia (BNM) have created a favorable environment for innovation, further supported by initiatives like Securities Commission's (SC) DIGID grant.



## Presentation Highlights.....cont.

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### Key Points Covered:

- **Halogen Capital's Role:** Halogen has successfully tokenised Shariah-compliant income funds and co-developed tokenised capital market products with Securities Commission (SC) , enabling real-world asset tokenisation within regulated fund structures.
- **Use Cases and Benefits:** Tokenisation enhances asset liquidity, enables 24/7 global trading, and improves operational efficiency. It's especially impactful for traditionally illiquid assets like bonds, real estate, and private credit.
- **Challenges:** The key barrier is not technology, but commercial adoption. The market infrastructure for token trading—distribution channels, investor readiness, and regulatory harmonisation—must evolve alongside the technology.



# Key Takeaways

- ➔ Tokenisation is the next frontier beyond digitisation in financial services.
- ➔ Malaysia is among the first countries in the region with a regulatory framework for digital assets.
- ➔ Tokenised assets provide enhanced liquidity, security, and global market access.
- ➔ Financial institutions must align operations, cybersecurity, and compliance standards to handle tokenised products.
- ➔ Commercialisation strategies must accompany technical implementation for tokenisation to deliver value.



# Q&A Highlights

## **Q1: What are the key security concerns in tokenising financial assets?**

A: Security concerns are largely mitigated by the fact that the underlying asset remains intact even if the token is compromised. Tokenisation in regulated environments like Malaysia leverages best-in-class encryption (e.g., SHA-256) and permissioned systems. Additionally, tokens represent ownership, but the asset itself—such as a sukuk or bond—cannot be hacked. Investor protection mechanisms and asset recovery options remain in place.

## **Q2: How does Malaysia compare regionally in talent and awareness of tokenisation?**

A: Malaysia ranks among the global top 10 for crypto development talent and is home to five crypto unicorns. The local ecosystem is ahead of many regional markets, aside from Singapore. However, awareness at the board level remains limited, highlighting the need for continued education and leadership engagement.

## **Q3: Are 'digital assets' and 'crypto assets' the same?**

A: Technically, 'crypto asset' is the more accurate term, as it refers specifically to assets secured through cryptography. In Malaysia, regulators use the term 'digital assets' to avoid negative connotations, but internationally, digital assets may refer to any online asset—including websites and apps. It's important to distinguish between digital assets in the financial sense versus general digital property.

## **Q4: Does tokenisation always involve blockchain?**

A: Yes. Tokenisation is currently synonymous with blockchain technology. While you can digitise assets without blockchain, tokenisation refers specifically to recording and transferring ownership using blockchain, which provides transparency, immutability, and decentralised control.



# Q&A Highlights.....cont.

## **Q5: Is a Central Bank Digital Currency (CBDC) essential in the context of tokenised financial markets?**

A: The term “CBDC” isn’t what matters most—what’s important is having a trusted unit of account or “trading lubricant” for exchanging digital assets. In the traditional world, this role is played by currencies like the Malaysian Ringgit. In digital finance, it’s typically filled by stablecoins. Investors usually don’t mind whether this comes from a government or private source. However, the concern is that if private stablecoin issuers like Tether grow too large, they could pose systemic risks. That’s why, in my view, Bank Negara Malaysia should consider issuing a ringgit-based stablecoin—so that trusted, regulated entities, not unmonitored private companies, anchor digital financial transactions.

## **Q6: What distinguishes tokenisation from existing unit trust structures?**

A: Tokenisation offers key advantages such as decentralised settlement, blockchain-native compatibility, and 24/7 liquidity access. While unit trusts allow fractional ownership, they rely on centralised infrastructure. Tokens can be traded on global exchanges, allowing broader investor participation and efficiency.

## **Q7: What happens if the token issuer disappears?**

A: Tokenised systems are designed to operate independently of a central manager. In Malaysia, fund structures have trustees who act as custodians. Even if Halogen ceases operations, the token remains on the blockchain and retains its functionality and ownership record, thanks to smart contract automation and trustee safeguards.

## **Q8: Are there separate rules for token issuance vs. unit trusts?**

A: Currently, unit trust guidelines are more established. Tokenisation regulations are still developing, especially for peer-to-peer distribution. Nonetheless, tokenised products that comply with existing fund structures (e.g., using private mandates) can fit within current Securities Commission frameworks.

## **Q9: Is there a legal difference between digitisation and tokenisation?**

A: Yes. Digitisation refers to converting physical records into digital format. Tokenisation, under Malaysian law, involves issuing a blockchain-based representation of an asset. Digital assets, as defined by the Securities Commission, must meet specific regulatory criteria under the Capital Markets and Services Act (CMSA).



# Conclusion

The session provided a thorough and accessible understanding of tokenisation's technical, strategic, and regulatory dimensions. As the financial sector moves toward blockchain integration, boards must stay informed and agile.

Tokenisation is not just about embracing new technology—it's about rethinking financial infrastructure to enhance liquidity, transparency, and global reach. For Malaysia, the momentum is building—and the time to lead is now.

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# Thank You



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