

Canada's Tokenization Moment: The Regulatory Landscape and Market Trends Impacting Real- World Assets

Corporate & Commercial

15 June 2026

The tokenization of real-world assets - the process of encoding ownership or rights in physical or financial assets on a blockchain - has moved decisively from experimental pilots to production-grade financial infrastructure. What was once driven by retail speculation is now increasingly an institutional initiative. Endorsements from global financial institutions such as BlackRock, HSBC, and Goldman Sachs reflect a growing consensus that, in the words of Larry Fink, "tokenization is the future of finance."

Against this backdrop of accelerating institutional adoption, the regulatory question becomes jurisdiction-specific. In Canada, tokenized assets are not governed by a bespoke regime, but instead must be structured within existing securities, payments, and prudential frameworks. For Canadian institutions and investors, the question is therefore no longer whether tokenization will arrive, but how it must be implemented within these constraints.

This article highlights current market trends in the United States and Canada and outlines the key elements of Canada's evolving regulatory landscape.

The Shift in Market Trends from Experimentation to Institutional Initiative

Growth in tokenized real-world assets has been led primarily by cash equivalents and government securities. As of June 2026, non-stablecoin real-world assets on public blockchains have increased to surpass over USD\$30 billion globally, with tokenized U.S. Treasuries alone now accounting for over USD\$10 billion of that amount.

Institutional products have played a central role in this expansion. BlackRock's USD Institutional Digital Liquidity Fund, launched in 2024, has rapidly accumulated assets under management and is increasingly used for collateral and cash-management purposes in both centralized and decentralized markets. Other asset managers, including Franklin Templeton, VanEck, and WisdomTree, have followed with similar offerings.

Tokenized equities remain a comparatively small segment, approaching approximately one billion US dollars in aggregate value in early 2026. Tokenized real estate, while expanding, still represents a modest share of the overall market, with global capitalization remaining in the low hundreds of millions. While tokenization has not eliminated the structural frictions of property markets - such as valuation complexity, tenancy law, and land registry requirements - it has reduced issuance and transfer costs where integrated custody and credit infrastructure exists.

One of the most promising near-term use cases is collateral mobility. Traditional systems for transferring assets across custodians, jurisdictions, and settlement systems remain slow and costly. Market participants are increasingly exploring tokenized gold, money market funds, and industrial commodities such as copper and aluminum to enable real-time collateralization and margining within derivatives markets.

As these use cases mature, regulatory treatment becomes increasingly central to determining which models can scale and under what conditions.

Canada's Regulatory Framework

Canada's regulatory position toward tokenized assets is anchored in three principal regimes: securities law, payments regulation, and prudential oversight of federally regulated financial institutions. Taken together, these regimes form an overlapping framework that governs issuance, distribution, settlement, and institutional balance sheet treatment of tokenized products.

Tokenization Within Existing Securities Law Frameworks

The Canadian Securities Administrators (CSA) continue to apply existing securities law principles to tokenized offerings. In most cases, tokens representing fractional interests in real estate, funds, or corporate equity will constitute securities under Canadian law.

Issuers must therefore comply with prospectus requirements unless a valid exemption applies, such as the accredited investor exemption. Registration requirements for dealers and advisers may also be triggered depending on distribution and advisory activity.

Importantly, tokenization does not displace core securities law obligations. Transfer restrictions, suitability requirements, know-your-product obligations, and ongoing disclosure obligations continue to apply. As a result, tokenized structures often carry significant compliance complexity despite their technological innovation.

Payments Regulation for Stablecoins and Value-Referenced Crypto Assets

In parallel with securities regulation, Canada maintains an interim framework for value-referenced crypto assets (VRCAs) - the CSA's designation for fiat-backed stablecoins. Registered or pre-registered trading platforms may offer VRCAs only where strict conditions are satisfied, including requirements relating to reserve composition, redemption at par value, disclosure, and issuer undertakings.

This payments framework is particularly relevant to tokenized markets because stablecoins increasingly function as settlement assets and liquidity instruments within tokenized ecosystems.

At the federal level, proposed legislation (often referred to as the Stablecoin Act) contemplates a Bank of Canada-administered registry for fiat-referenced stablecoin issuers. Until federal legislation is enacted and harmonized with the CSA regime, market participants must operate in an environment of overlapping provincial and federal oversight.

Prudential Regulation Governing Capital Treatment and Risk Limits

For federally regulated financial institutions, updated prudential guidance aligns with the primary global standards set by the Basel Committee on Banking Supervision. Institutions are subject to limits on exposure to higher-risk "Group 2" crypto-assets, capped at 5% of Net Tier 1 capital. The updated prudential guidance generally became effective as of November 30, 2025, for financial institutions with a fiscal year end of October 31, and January 1, 2026, for financial institutions with a fiscal year end of December 31.

Within this framework, properly structured tokenized traditional financial assets and qualifying fiat-backed stablecoins may receive capital treatment consistent with their non-tokenized equivalents. In some cases, they may also qualify as eligible collateral, provided the underlying instruments meet existing regulatory criteria.

This prudential layer is critical in determining whether tokenized assets can move beyond pilot programs into core balance sheet and liquidity management functions.

Different Paths Taken by Canada and the United States

Differences in regulatory architecture are now translating into divergent market infrastructure approaches between Canada and the United States.

In Canada, market development has been incremental. While Canadian institutions have announced initiatives involving tokenized cash and near-instant settlement infrastructure in partnership with global technology providers, the ecosystem remains dependent on existing clearing and custody rails.

By contrast, the United States has begun integrating tokenization directly into core market infrastructure. In March 2026, the SEC approved Nasdaq's rule change permitting tokenized securities to trade alongside traditional equities on a unified order book under a single CUSIP framework, facilitated through the Depository Trust Company's pilot program.



Bay Adelaide Centre — East Tower
22 Adelaide Street West, Suite 3600
Toronto, ON M5H 4E3

Phone: 416.865.6600
Fax: 416.865.6636
contactGR@grllp.com

Canada has not yet announced a comparable depository-level initiative. However, Canadian clearing agencies and custodians are increasingly positioned as interoperability layers between traditional financial infrastructure and blockchain-based systems, rather than replacements for it.

These structural differences reflect not only regulatory philosophy, but also the pace at which capital markets infrastructure can be implemented in each jurisdiction.

Structuring Challenges as the Central Constraint

Canada's tokenization landscape continues to evolve at a slower pace than that of the United States, but momentum is clearly building in foundational asset classes such as cash equivalents and fixed income, where legal character and regulatory treatment are relatively well understood.

More complex asset classes - particularly real estate and private market instruments - present greater structuring challenges. These include clearly defining token-holder rights, ensuring enforceability of smart contract-based transfer restrictions, and aligning on-chain processes with applicable laws and reporting obligations, including corporate and securities, along with, in the case of real estate, land registry systems.

Ultimately, successful tokenized product offerings in Canada will depend less on technological capability and more on legal structuring within existing regulatory frameworks. Tokenization is not a departure from these frameworks, but an extension of them into a new operational environment. A PDF version is available for download [here](#).

If you are interested in learning more about Gardiner Roberts LLP and its ability to assist you with navigating Canada's capital markets, including the evolving regulatory framework concerning the tokenization of real-world assets, debt or equity financings, corporate governance or any other securities law matters, please contact the authors.

(This blog is provided for educational purposes only, and does not necessarily reflect the views of Gardiner Roberts LLP).

Authors



Michael C. DeCosimo

Partner

416.865.6785

mdecosimo@grllp.com



Parish Bhumgara

Associate

416.865.6732

pbhumgara@grllp.com



Bay Adelaide Centre — East Tower
22 Adelaide Street West, Suite 3600
Toronto, ON M5H 4E3

Phone: 416.865.6600
Fax: 416.865.6636
contactGR@grllp.com