



HOGSWOOD
RWA INSIGHTS

PEOPLE
MARKETS
OPPORTUNITY
REAL OUTCOMES

RWA INSIGHTS • OCTOBER 2026

KENYA 2026

The Real-World Asset Opportunity

Building a regulated real-world asset business in East Africa's leading financial and technology hub – tokenisation, securities regulation, licensing and the practical route to market.



AN INSIGHT FOR INTERNATIONAL INVESTORS, ORIGINATORS,
PLATFORMS AND MARKET OPERATORS

REAL ASSETS. REGULATED MARKETS. REAL OUTCOMES.

FROM SANDBOX EXPERIMENTATION TO A STATUTORY FRAMEWORK

I. Executive Summary

Kenya has moved rapidly from regulatory experimentation with tokenisation to an express statutory framework for virtual assets and real-world asset tokenisation.

The **Virtual Asset Service Providers Act 2025**, which came into force on 4 November 2025, established Kenya's first dedicated legislative framework for virtual asset service providers. The **Virtual Asset Service Providers Regulations 2026**, gazetted in July 2026, have subsequently operationalised that framework.

For real-world assets, the legislation expressly contemplates **tokenisation of real-world assets**, while the Regulations establish an application process for a person seeking to undertake virtual-asset tokenisation. The Capital Markets Authority (CMA) is the relevant regulator for that activity. The Central Bank of Kenya (CBK) licenses wallet providers, payment processors and stablecoin issuers.

But the existence of a tokenisation licence does **not** mean that every RWA proposition can be treated simply as a virtual-asset business. Kenya already regulates shares, debt securities, collective investment scheme interests, asset-backed securities, REITs and securities exchanges under its conventional capital-markets framework. The legal nature of the underlying investor right therefore remains fundamental.

Kenya has already confronted this question in practice. In January 2025, the CMA admitted **Yeshara Tokens Limited** to its Regulatory Sandbox to test blockchain-based trading of tokenised securities, initially focused on real estate.

LICENSING DEADLINE

4 Nov 2026

Providers that were already operating when the Act commenced have until 4 November 2026 to become licensed. For any business already active in or from Kenya, that deadline is now imminent.

THE PRACTICAL TASK

For an RWA entrant, the practical task is therefore to identify:

- 1 what the investor legally owns;
- 2 whether that right constitutes a security or another capital-market product;
- 3 what virtual-asset activities are being undertaken; and
- 4 which permissions are required across the complete RWA lifecycle.

THIS CREATES A PARTICULARLY IMPORTANT DISTINCTION

Tokenising a real-world asset and issuing a tokenised security are related, but they are not necessarily the same regulatory activity.

KEY FACTS FOR MARKET ENTRY

RWA Market Entry at a Glance

RWA MARKET ENTRY AT A GLANCE		KENYA
REGULATORS AND LEGISLATION		
Principal RWA regulator	Capital Markets Authority	
Other key regulator	Central Bank of Kenya (wallet providers, payment processors and stablecoin issuers)	
Principal VA legislation	Virtual Asset Service Providers Act 2025	
Implementing framework	Virtual Asset Service Providers Regulations 2026	
Licensing deadline for existing providers	4 November 2026 IMMINENT	
TOKENISATION ROUTE		
Dedicated RWA tokenisation route	Yes	
Tokenisation regulator	CMA	
Per-offering approval	Yes – CMA approval of each tokenised asset offering	
Securities framework may also apply	Yes	
MINIMUM PAID-UP CAPITAL		
Tokenisation	KES 10 million (c. \$76k)	
Virtual Asset Exchange	KES 100 million (c. \$765k)	
Wallet Provider	KES 150 million (c. \$1.1m) – CBK	
Token Issuance Platform	KES 20 million (c. \$153k)	
OPERATING MODEL AND OUTLOOK		
Local presence	Kenyan or locally registered company, local office, Kenya-domiciled CEO	
Taxation	10% excise duty on VASP fees	
Regulatory Sandbox	Yes – CMA	
Tokenised securities tested	Yes – including real estate	
Secondary trading	Possible, but regulatory structure is critical	
Regulatory position	Operational and developing	

The final 2026 Regulations reduced several of the capital requirements that appeared in the March draft. Current commentary on the gazetted Regulations reports **KES10 million (c. \$76k) minimum paid-up capital for virtual-asset tokenisation**, compared with KES100 million (c. \$765k) for a virtual-asset exchange and KES150 million (c. \$1.1m) for a wallet provider.

THREE STRANDS DEVELOPING SIMULTANEOUSLY

2. Why Kenya?

Kenya is an unusually interesting RWA jurisdiction because three strands are developing simultaneously:

01

An established capital market

02

A dedicated virtual-asset regulatory regime

03

Actual regulatory experimentation with tokenised securities

NOT JUST CRYPTO ADOPTION

The RWA opportunity is therefore not based solely upon cryptocurrency adoption. It is based on the possibility of connecting existing investment assets and capital-market structures with new digital issuance, administration and transfer infrastructure.

Nairobi is one of East Africa's principal financial and technology centres. Kenya has long been associated with financial-services innovation, particularly mobile and digital finance, and its capital-markets regulator has operated a Regulatory Sandbox specifically intended to allow new financial products and infrastructure to be tested under controlled conditions.

Most importantly, tokenised real estate has already moved beyond discussion. In January 2025, the CMA admitted Yeshara Tokens Limited to a one-year sandbox test for a blockchain platform designed to facilitate trading in tokenised securities, initially focused on real estate. The CMA itself described tokenisation of real estate as having potential to broaden access to international financial markets for local and global investors.

That makes Kenya one of the more useful African jurisdictions in which to examine the relationship between **RWAs, virtual assets and securities regulation**.

ASSET CLASSES RELEVANT TO TOKENISATION

Kenya also has asset classes naturally relevant to tokenisation:

- ◆ real estate;
- ◆ agriculture and commodities;
- ◆ infrastructure;
- ◆ private credit;
- ◆ funds and collective investments; and
- ◆ asset-backed securities.

THIS IS THE CENTRAL ISSUE IN KENYA

3. The Regulatory Perimeter: RWA, Virtual Asset or Security?

The Virtual Asset Service Providers Act defines and regulates virtual-asset activities and expressly gives the regulatory framework power to address both **requirements for listing tokenised assets on securities exchanges** and **requirements for tokenisation of real-world assets**.

At the same time, Kenya's Capital Markets Act already defines securities broadly. The definition includes shares, debt instruments, interests and rights in securities, units in collective investment schemes and **asset-backed securities**, among other instruments. A securities exchange is correspondingly defined around the offering, purchase and exchange of securities and related clearing, settlement and transfer services.

The practical consequence is important. Consider a building in Nairobi. It could potentially be represented digitally in several ways:

01 Property token The token represents a direct or beneficial property interest.	02 SPV equity token A company owns the property and investors acquire tokenised shares or interests in that company.	03 Debt token Investors finance the property owner or SPV and receive a contractual return.	04 Fund / REIT interest Investors participate through a pooled investment or real-estate investment structure.	05 Revenue token The holder receives contractual rights to rental income or another defined cash flow.
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All may be marketed colloquially as tokenised real estate. They do not necessarily have the same legal classification.

THE HOGSWOOD PRINCIPLE

Start with the legal right, not the token.

THE QUESTIONS ARE

- 1 What does the investor own?
- 2 Against whom is that right enforceable?
- 3 Does the arrangement constitute a security, collective investment, REIT, asset-backed security or another regulated product?
- 4 What regulated activity is performed when that right is issued, sold, held or traded?

Only after those questions have been answered should the virtual-asset and technology structure be finalised.

ONE LABEL CAN HIDE SEVERAL REGULATED ACTIVITIES

4. Four Different RWA Businesses

As elsewhere, an RWA business in Kenya should not be treated as one regulatory activity.

01

Originator / Issuer

Identifies the asset and creates the legal investment structure. Depending upon the product, conventional securities, public-offer, collective-investment, REIT or other capital-market requirements may apply.

02

Tokenisation / Offering Platform

Creates or facilitates the digital representation and offering of the RWA. The VASP framework now provides an express regulatory route for virtual-asset tokenisation.

03

Marketplace / Trading Venue

Provides secondary transfer or trading. This may engage the virtual-asset exchange regime, conventional securities-exchange rules, or potentially both elements depending upon the instrument.

04

Custody

Safeguards the relevant assets, digital credentials or investor holdings. Again, custody of the digital representation and custody/legal control of the underlying asset should not be confused.

DESIGN PRINCIPLE

The business model must therefore be mapped across the complete lifecycle before the licensing strategy is determined.

AN EXPLICIT LICENSING PROCESS

5. The Virtual-Asset Tokenisation Route

Kenya's 2026 Regulations now establish an explicit licensing process for **virtual asset tokenisation**.

A person wishing to undertake virtual-asset tokenisation must apply to the **Capital Markets Authority**. The application requirements include information concerning ownership, transferability, compliance and profit distribution where distributed-ledger technology is used, together with an independent audit of the systems used for tokenisation.

The final Regulations prescribe minimum paid-up capital of:

KES 10 MILLION c. \$76k

For virtual-
asset
tokenisation.

This is materially lower than the capital requirement contained in the March 2026 draft Regulations, which proposed KES200 million (c. \$1.5m), a reduction of 95%.

That movement itself is noteworthy: Kenya consulted on the framework and materially recalibrated the entry threshold before finalisation.

The final Regulations also provide a defined licensing process. Commentary on the gazetted framework records that a complete application is to be determined within **30 days** following receipt of the required documents and completion of due diligence.

This gives prospective entrants considerably greater regulatory visibility than existed only a year earlier.

TOKENISATION CAPITAL: DRAFT VS FINAL

March 2026 draft

KES 200m c. \$1.5m

Final Regulations

KES 10m c. \$76k

-95%

LICENCE DECISION

30 days

following receipt of the required documents and completion of due diligence.

Approval of each tokenised offering

A tokenisation licence is not the end of the process. Each tokenised asset offering also requires CMA approval. The supporting material includes:

- | | |
|---|---|
| <p>01 A white paper</p> | <p>02 An independent valuer's report on the asset's fair market value</p> |
| <p>03 Evidence that the asset can be tokenised and is free of encumbrances</p> | <p>04 A custody agreement identifying who holds legal title and who has custody of the asset</p> |
| <p>05 Evidence that ownership can be transferred after tokenisation</p> | <p>06 A fee of 0.25% of the value of a successful offering, subject to a minimum of KES 200,000 (c. \$1,500) and a maximum of KES 30 million (c. \$230k)</p> |

In practice, the legal and asset-verification work described in this Insight is therefore not optional preparation. It forms part of the regulatory approval itself.

LICENSING DEADLINE

Section 47 of the Act gave providers already operating at commencement one year to comply. That period ends on 4 November 2026. Businesses already offering virtual-asset services in or from Kenya should ensure that their licensing position is resolved before that date.

THIS IS OF KEY IMPORTANCE

6. But the VASP Licence Does Not Replace Securities Law

A business should not assume:

“We have a tokenisation licence, therefore we can tokenise and sell any investment.”

The tokenisation permission regulates an activity. It does not necessarily change the legal character of the underlying instrument. If an RWA token represents shares, debt securities, units in a collective investment scheme, an asset-backed security or another instrument within the Capital Markets Act, the relevant capital-markets rules must also be considered.

Kenya’s existing regulatory treatment of Yeshara is particularly instructive. The CMA did not simply describe the project as crypto. It described Yeshara’s proposed instruments as **tokenised securities** and admitted the business to its Regulatory Sandbox to test trading of those instruments, initially involving real estate. This demonstrates the distinction in practice.

TWO REGULATORY QUESTIONS

VIRTUAL-ASSET QUESTION

Are we conducting tokenisation, exchange, custody, brokerage or another activity regulated under the VASP framework?

SECURITIES QUESTION

What investment instrument has been created, how may it be offered, who may distribute it, and where may it subsequently trade?

For some RWA structures, **both questions may need to be answered**.

TESTING NOVEL STRUCTURES UNDER SUPERVISION

7. The Regulatory Sandbox

Kenya’s CMA Regulatory Sandbox is particularly relevant to novel RWA structures. It allows innovative capital-market products and services to be tested within a controlled regulatory environment before wider deployment.

Tokenisation has already been tested through that mechanism. Yeshara’s admission is significant because its proposed model involves **fractional investment and secondary trading of real-estate security tokens**. The one-year test began in January 2025; to our knowledge, the CMA has not published its outcome.

For a genuinely novel RWA model, the sandbox may therefore remain useful even after enactment of the VASP framework.

NOT A SUBSTITUTE

However, the sandbox should not be regarded as a substitute for permanent authorisation. Its purpose is to test innovation and address regulatory uncertainty before the business moves into the appropriate permanent regulatory structure.

CORPORATE, REGULATORY AND OPERATIONAL STRUCTURE TOGETHER

8. Establishing the Business

A Kenyan RWA proposition should be designed across the corporate, regulatory and operational structure simultaneously.

01

Corporate structure

Which entity owns or originates the underlying asset?
 Which entity issues the investment? Which entity operates the tokenisation platform?

02

Governance

The final VASP framework imposes governance and financial requirements on licensed businesses. The appropriate board, senior management and control functions need to reflect the activities actually undertaken. Reported requirements include a board of at least three directors, at least one-third of whom are independent, a chairperson who is not the chief executive, and a chief executive domiciled in Kenya.

03

Local presence

Applicants must be a company incorporated in Kenya or a foreign company registered in Kenya, and must maintain a physical office and banking arrangements in Kenya. The framework applies to services provided in or from Kenya.

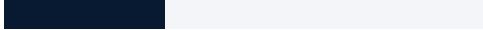
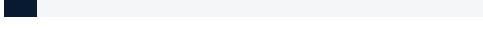
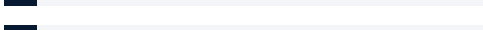
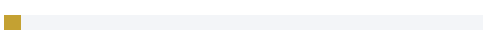
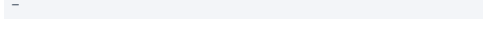
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Capital

Capital requirements vary substantially by activity. Current reported minimum paid-up capital under the final Regulations is set out below.

MINIMUM PAID-UP CAPITAL BY ACTIVITY

Final 2026 Regulations, as reported. Categories marked (CBK) are licensed by the Central Bank of Kenya; the others are licensed by the CMA.

Stablecoin Issuer (CBK)		KES300m c. \$2.2m
Wallet Provider (CBK)		KES150m c. \$1.1m
Virtual Asset Exchange		KES100m c. \$765k
Token Issuance Platform		KES20m c. \$153k
Initial Coin Offering Provider		KES20m c. \$153k
Virtual Asset Manager		KES20m c. \$153k
Virtual Asset Tokenisation		KES10m c. \$76k
Virtual Asset Broker		KES10m c. \$76k
Payment Processor (CBK)		KES10m c. \$76k
Virtual Asset Investment Adviser	-	No minimum

 Virtual Asset Tokenisation
  CMA-licensed
  CBK-licensed

ESTABLISHING THE BUSINESS - CONTINUED

The implication is that **building every component internally can dramatically increase the capital and regulatory workload.**

05

Technology

The Regulations expressly require an independent audit of systems used for RWA tokenisation.

06

Asset control

The platform needs reliable evidence that the underlying asset exists, is owned by the appropriate party and is subject to the rights represented to investors.

07

AML/CFT

The VASP Act expressly establishes AML, counter-terrorist-financing and proliferation-financing obligations as part of the regulated framework. Kenya has been subject to FATF increased monitoring (the "grey list") since February 2024 and remained on it after the June 2026 plenary. International banks and investors are likely to factor this into their due diligence.

08

Tax

The Finance Act 2025 repealed Kenya's digital asset tax and replaced it with a 10% excise duty on fees charged by virtual-asset service providers. The Finance Act 2026 requires VASPs to file annual information returns with the Kenya Revenue Authority. The tax treatment of the underlying asset, the token and the investor's return should be analysed for each structure.

INVESTOR RIGHTS

Smart contracts and digital records should reflect – rather than attempt to replace – enforceable legal rights.

THE SAME HOGSWOOD LIFECYCLE APPLIES IN KENYA

9. From Real Asset to Digital Investment



FROM REAL ASSET TO DIGITAL INVESTMENT - CONTINUED



ASSET → LEGAL RIGHT → TOKEN → INVESTOR → LIFECYCLE → EXIT

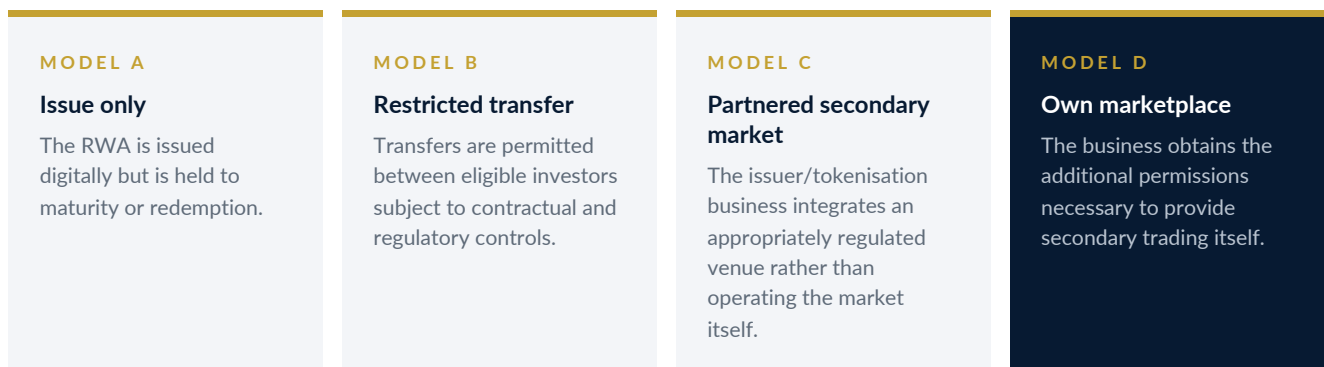
The blockchain should support that chain. It cannot substitute for it.

LIQUIDITY IS A SEPARATE DESIGN QUESTION

10. Secondary Trading and the Marketplace Question

Secondary liquidity is one of tokenisation's strongest potential attractions – and one of its most significant regulatory complications.

Kenya's VASP framework provides for virtual-asset exchanges, while conventional capital-markets legislation regulates securities exchanges and dealing in securities. The VASP Act itself expressly contemplates regulations concerning **listing tokenised assets on securities exchanges**. This creates several possible models.



LOWER REGULATORY, CAPITAL AND OPERATIONAL BURDEN

GREATER CONTROL

The fourth model provides the greatest degree of control but potentially carries substantially greater regulatory, capital, surveillance and operational requirements.

For an entrant seeking to establish an RWA business quickly, **partnering for secondary-market infrastructure may therefore warrant serious consideration.**

FIVE AREAS WITH CLEAR UNDERLYING ECONOMIC LOGIC

II. Where the Opportunity May Be

01

Real Estate

This is the clearest immediate RWA use case. Kenya already has direct regulatory experience with tokenised real-estate securities through the CMA sandbox. Potential structures include income-producing property, development finance, fractional ownership, debt and regulated pooled-investment structures.

02

Agriculture & Commodities

Kenya's substantial agricultural economy creates potential use cases involving commodities, warehouse receipts, trade receivables and agricultural financing. The underlying asset, enforceability and custody arrangements would be central to the structure.

03

Infrastructure

Energy, transport, housing and other infrastructure projects can produce identifiable financing requirements and long-term cash flows potentially capable of digital structuring.

04

Private Credit

Contractual debt claims can provide defined principal, yield and maturity characteristics suitable for digital administration.

05

Funds and Collective Investments

Digital distribution and administration may broaden access to conventional investment products.

Kenya has recently introduced and expanded licensing for technology-enabled intermediary platforms that connect investors with regulated capital-market products while leaving execution, asset management and custody with appropriately licensed institutions. The Capital Markets (Licensing Requirements) (General) Regulations 2025 introduced an Intermediary Service Platform Provider licence for this purpose, and the CMA approved further platforms in 2026.

A WIDER LESSON

That model is relevant beyond funds: technology does not necessarily need to own every regulated function.



START NARROW; DESIGN FOR REPEATABILITY

12. A Practical Route to Market

For an international RWA entrant, a sensible Kenyan development sequence would be:

01 Choose the asset

Start with one asset class whose ownership and economics can be clearly established.

02 Define the instrument

Determine exactly what investors acquire: property interest, equity, debt, fund unit, asset-backed security or another contractual right.

03 Perform the securities analysis

Determine whether the instrument falls within the Capital Markets Act or another established capital-market regime.

04 Map the VASP activities

Identify tokenisation, issuance-platform, exchange, brokerage, management, wallet or other regulated virtual-asset functions.

05 Build the licensing matrix

Do not assume one licence covers the entire lifecycle. Beyond the licence itself, each tokenised offering requires separate CMA approval.

06 Determine the operating architecture

Decide which functions should be undertaken directly and which should be provided by regulated partners.

07 Consider the CMA Sandbox

Where genuine regulatory or technological novelty remains, assess whether sandbox testing is appropriate.

08 Engage the CMA

Resolve the classification and intended route before committing substantial capital to platform development. Where wallet, payment or stablecoin elements are involved, engage the CBK as well.

09 Build the legal and technology structure together

The smart contract, ownership register and legal documentation should describe the same economic rights.

10 Launch one repeatable issuance

Use the first transaction to create a framework capable of supporting subsequent assets.

ONE ASSET

ONE REGULATORY
MODEL

ONE WORKING
LIFECYCLE

THEN SCALE

TWO LAYERS OF REGULATION

13. Hogwood Perspective

Kenya presents an important development in the African RWA market. It has moved beyond a regulatory sandbox alone and now has legislation and regulations that expressly recognise **real-world asset tokenisation as a regulated virtual-asset activity**.

But that does not eliminate the existing capital-markets framework. In many ways, that is the most important feature of Kenya's emerging regime. A tokenised building, bond, share, fund interest or asset-backed investment does not cease to have an underlying legal character because distributed-ledger technology is used to issue or administer it.

Kenya therefore illustrates a wider principle that is likely to recur throughout the Hogwood RWA Insights series:

A RECURRING PRINCIPLE

RWA regulation has two layers: regulation of the investment and regulation of the digital infrastructure through which that investment is created, held or transferred.

LAYER 1

Regulation of the investment

The conventional capital-markets framework continues to determine important questions around securities, offers, investment structures and markets.

LAYER 2

Regulation of the digital infrastructure

The 2026 VASP framework provides greater clarity over the digital-infrastructure layer.

A successful Kenyan RWA proposition needs to address both.

For an entrant, this creates a practical opportunity. Rather than attempting to establish an exchange, custodian, issuer and tokenisation platform simultaneously, it may be possible to build a narrower RWA proposition around a defined asset class and integrate existing regulated infrastructure for activities that do not need to be owned directly.

Kenya's regulatory sandbox experience, new statutory framework and express recognition of RWA tokenisation make it a jurisdiction worth watching closely.

THE DECISIVE ISSUE

The decisive issue will not be whether Kenya permits tokenisation. It does. The more important question is how the underlying investment, tokenisation activity, distribution model, custody and secondary market are assembled into one coherent regulated structure.

FROM INSIGHT TO EXECUTION

How Hogswood Supports the RWA Lifecycle



About Hogswood

Hogswood is an independent advisory practice led by Adrian Hogg FCA, drawing on more than 25 years in financial services and investment business, including a decade in blockchain, digital assets and real-world asset cycles – with exchange, licensing and regulatory experience in the United States, Singapore, Gibraltar, El Salvador, Labuan (Malaysia), Estonia and Cagayan (Philippines).

Adrian Hogg FCA

FOUNDER

Regulated Markets · Digital Assets ·
RWA Lifecycles

adrian@hogswood.group
hogswood.group

Important notice: This Insight is provided for general information only and does not constitute legal, tax, investment or regulatory advice. It reflects the regulatory position as at 2 October 2026, based on the published legislation and commentary on the gazetted Regulations. Specific advice should be taken before acting.

REAL ASSETS. REGULATED MARKETS. REAL OUTCOMES.

Start a conversation

Assess · Structure · License · Establish · Issue & List · Operate · Trade / Transfer · Govern & Report

adrian@hogswood.grouphogswood.group**HOGSWOOD**

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