



MOFI Pushes Tokenization: A New Way to Build Wealth, One Fraction at a Time

At the recently concluded World Investor Week 2024, the Ministry of Finance Incorporated (MOFI) unveiled its plans to embrace tokenization, marking a shift in Nigeria's capital market. Tokenization unlocks liquidity, enhances transparency, and increases accessibility by converting physical and financial assets into digital tokens. This approach enables investors to purchase fractional shares of high-value assets, diversify portfolios, and tap into previously inaccessible markets.

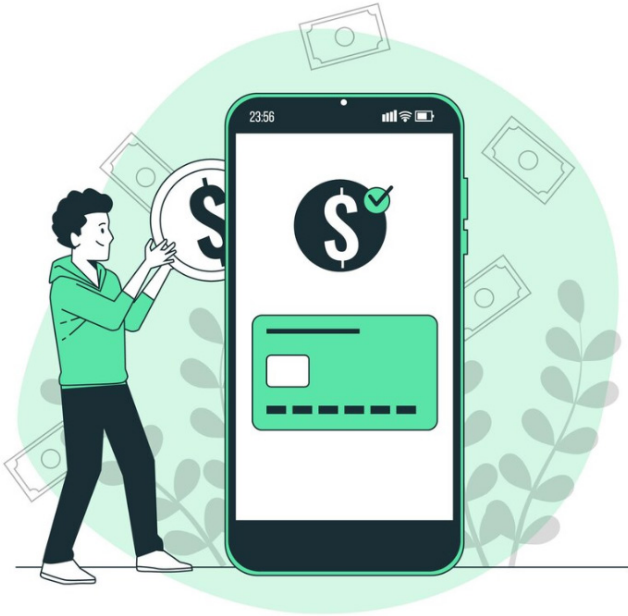
What is Tokenization?

Tokenization involves converting tangible assets—such as real estate, oil reserves, and public

enterprises—into digital tokens that can be securely traded on blockchain platforms. MOFI envisions expanding tokenization to include metals, agricultural commodities, and carbon credits, fostering economic growth. Following best practices from global leaders like Singapore and Switzerland, MOFI aims to attract investments from Nigerians and the diaspora through tokenized assets.

Key Insights into Tokenization in Nigeria

- **National Asset Registry:** MOFI is developing a registry to structure public assets into Special Purpose Vehicles (SPVs)—legal entities



created to isolate and manage specific assets—for tokenization. Investors can participate by purchasing digital tokens, gaining fractional ownership and a share of returns.

- **Fractional Ownership:**

Investors can buy shares in SPVs representing portions of high-value assets like oil reserves, real estate, and enterprises, offering them partial ownership and financial returns.

- **Regulatory Support:**

Tokenization efforts align with the Securities and Exchange Commission (SEC) framework, ensuring investor protection and regulatory compliance.

- **Tokenization vs. Cryptocurrencies:**

MOFI clarified that tokenized assets are backed by tangible resources, providing greater stability than speculative cryptocurrencies.

- **Enhanced Liquidity:**

Tokenization unlocks liquidity from underutilized assets, increasing market efficiency and capital access.

Benefits for Stakeholders

- **Fractional Ownership:**

Investors can now access high-value assets, widening opportunities in previously restricted markets.

- **Dynamic Capital Markets:**

Tokenization enables the development of innovative financial products and customized investment strategies.

- **Lower Entry Barriers:**

Smaller investors can participate in the market, broadening wealth-building opportunities.

- **Efficient Estate Planning:**

Tokenized assets simplify wealth transfers, making digital estate planning easier and more efficient.

- **Cross-Border Investment:**

Nigerians abroad and foreign investors can seamlessly invest in tokenized assets, expanding global portfolio options.

- **Streamlined Asset Management:**

Real-time transactions and automated compliance reduce administrative complexities and costs.

Stay Ahead with SimmonsCooper Partners



MOFI, in collaboration with the SEC, is focused on ensuring that tokenization efforts align with regulatory standards. With an emphasis on market integrity and investor confidence, MOFI aims to create a reliable environment for tokenized investments. As Nigeria explores the future of capital market innovation, tokenization presents vast opportunities for investors, wealth managers, and businesses. For expert advice and support in navigating these opportunities, contact SimmonsCooper Partners at info@scp-law.com or visit our website at www.scp-law.com.