Tokenization Explained

A practical guide for public-company issuers

What is tokenization?

Tokenization is the **digital representation of ownership**, using modern market infrastructure (including Distributed Ledger Technology (DLT)).

Tokenized securities remain subject to applicable securities laws and regulatory frameworks.

For issuers, **tokenization may represent an evolution in how ownership, governance and investor engagement are supported** — while maintaining the continuing role of the registrar, transfer agent and official ownership record.

What it is vs what it is not

What tokenization is

- A digital representation of ownership or entitlement.
- Built on modern infrastructure (including blockchain/DLT).
- A way that may enhance visibility, transfer processes and servicing when aligned with the official ownership record.

What it is not

- Does not replace securities laws
- Does not remove shareholder rights
- Does not bypass governance or regulatory oversight
- Does not eliminate the need for accurate records, the registrar or transfer agent, or the official register.

Why issuers should care

Potential for clearer ownership visibility

Potentially improve visibility of share ownership and how it changes over time.

Potential for faster settlement and transfer

May help reduce delays and operational friction, depending on market structure, regulation and implementation.

Potentially more efficient corporate actions

May support more efficient processing of dividends, voting and related corporate action workflows.

Stronger shareholder engagement

May support more direct communication with verified holders, where permitted by the model and applicable regulation.

Potential broader access

Lower some barriers to investor participation.

How the model works

(Tokenized models would need to align three core layers)

Tokenized representation

Digital representation of ownership or entitlement moving across modern infrastructure, aligned to the official record.

Governance & servicing

Voting, dividends, corporate actions, compliance, communications

Official ownership record

The authoritative register, maintained through the registrar or transfer agent model, that establishes legal ownership and rights.

Key questions for issuers

- Do we have clear visibility of our ownership today?
- How would voting and corporate actions work in a digital model?
- How would tokenized records, the registrar/transfer agent and the official register stay aligned?
- Could this support improved investor engagement over time?

Want to talk through these? Contact your EQ relationship manager for further information.

What remains essential

Trusted infrastructure

Accurate ownership records

Protected shareholder rights
Continuing registrar/transfer agent oversight

For issuers, tokenization may enhance how ownership, governance and investor engagement are managed, while maintaining the trusted functions of the registrar, transfer agent and official ownership record.

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