

# The Tokenized Asset Vetting Checklist

Ten questions to ask before you invest in any tokenized real-world asset, from someone who has read the fine print.

**Julie James**

Founder, Women in Crypto Global · Editor, Tokenized Report

Tokenization is one of the fastest-growing categories in finance. It is also one of the easiest places to get burned. This guide gives you a framework to evaluate any tokenized asset offering before you commit a dollar.

Why this checklist exists.

In the last eighteen months, the market for tokenized real-world assets (RWAs) has gone from roughly \$5 billion to nearly \$20 billion. The CoinGecko 2026 report puts the figure at \$19.3 billion as of the end of Q1, a 256% increase in fifteen months. BlackRock's tokenized Treasury fund alone now holds over \$2 billion. Franklin Templeton, Apollo, Fidelity, and JPMorgan all have offerings in the market.

That growth is real, and the institutional offerings are largely legitimate. But it also means a flood of new products is coming to retail investors. Some will be exactly what they appear to be. Others will be wrapped in language that obscures meaningful risk, fees, or legal structure. A few will be outright scams that use the word "tokenization" because it has marketing appeal.

This checklist is the framework I use when something gets pitched to me as "tokenized X." It is not legal or investment advice. It is the questions an editor in this beat would ask before writing about an offering, and the questions any informed investor should be able to answer before investing in one. If you cannot get clear answers to most of these, that is itself an answer.

**Julie James**

Editor, Tokenized Report

## Ten questions to ask before you invest.

Work through each question in order. If you cannot get a clear answer from the issuer's offering documents, public filings, or website, treat that absence as data.

### QUESTION 01

## Who is the legal issuer, and is that entity regulated?

Why it matters. When you buy a tokenized asset, you are not buying the asset itself. You are buying a claim against the legal entity that issued the token. If that entity is a regulated U.S. investment company (like BlackRock or Franklin Templeton), you have meaningful protections under securities law. If it is an unregulated offshore entity, your claim may be unenforceable.

#### RED FLAGS

- Issuer is an LLC formed in a jurisdiction with no securities regulator (BVI, Seychelles, Marshall Islands)
- No identifiable principals, only "the team" or pseudonymous founders
- No registration with the SEC, CFTC, FCA, MAS, or equivalent regulator

#### GREEN FLAGS

- Registered investment adviser, broker-dealer, or transfer agent
- Form D filed with the SEC and visible on EDGAR (for Reg D offerings)
- Issuer has a documented track record outside crypto

### QUESTION 02

## What does the token actually represent legally?

Why it matters. This is the question almost no one asks. A token can represent direct ownership of an asset, a claim against an SPV that holds the asset, a debt instrument backed by the asset, or simply a contractual entitlement that may or may not survive the issuer's bankruptcy. These are radically different legal positions with radically different recovery rights if something goes wrong.

#### RED FLAGS

- Marketing materials say "you own the asset" without specifying the legal structure
- The token is described as a "utility token" for an offering that looks like an investment
- No private placement memorandum (PPM), prospectus, or equivalent offering document

#### GREEN FLAGS

- Clear legal classification: security, beneficial interest, debt, etc.
- SPV structure with documented bankruptcy remoteness
- Offering documents specify what happens to token holders if the issuer fails

### QUESTION 03

## Who custodies the underlying asset?

Why it matters. If a token represents gold, someone has to hold the gold. If it represents Treasury bills, someone has to hold the Treasuries. The quality, regulation, and segregation of that custodian determines whether your token is backed by what the issuer claims, or by an IOU from a company that may or may not have what it says it has.

#### RED FLAGS

- Custodian is the same entity as the issuer (no segregation of duties)
- Custodian is not a regulated financial institution
- Assets are not legally segregated from the custodian's own balance sheet

#### GREEN FLAGS

- Custody by a qualified custodian (bank, trust company, or SEC-registered broker-dealer)
- Asset segregation is documented in the offering materials
- Custodian publishes regular attestations or audits

#### QUESTION 04

## Is there a proof-of-reserves or audit attestation?

Why it matters. A smart contract can be perfectly visible on the blockchain while the asset it claims to represent is completely opaque off-chain. Reputable tokenization platforms publish attestations, often quarterly or monthly, from independent auditors confirming the on-chain token supply matches the off-chain asset reserves. The absence of this is one of the strongest signals something is wrong.

#### RED FLAGS

- "Audit" is from a crypto-native firm with no traditional accounting credentials
- Attestations are issued by the company itself, not an independent third party
- Reserves data is not published, or is more than 90 days stale

#### GREEN FLAGS

- Monthly or quarterly attestations from a recognized accounting firm
- On-chain proof-of-reserves via Chainlink, Network Firm, or similar oracle
- Reserves disclosure includes asset composition, custodian, and date

#### QUESTION 05

## What chain is it on, and was the smart contract audited?

Why it matters. Most legitimate institutional tokenization in 2026 happens on Ethereum (BlackRock BUIDL, Franklin Templeton FOBXX after expansion), with growing activity on Avalanche, Stellar, Polygon, Solana, and others. The chain itself matters less than whether the specific smart contract handling your asset has been audited by a credible security firm, and whether those audit reports are public.

#### RED FLAGS

- Built on a fringe chain associated with controversial figures (BSV, BCH ecosystem)
- No public audit report, or "audit" by an unknown firm
- Audit is more than 12 months old with no follow-up after contract upgrades

#### GREEN FLAGS

- Audited by Trail of Bits, OpenZeppelin, ConsenSys Diligence, or similar

- Audit reports are public and findings have been remediated
- Multi-signature controls on critical functions like mint and burn

## QUESTION 06

## What is the actual yield, and where does it come from?

Why it matters. Tokenized Treasury funds yield what Treasuries yield, minus fees. That is roughly 4 to 5% in 2026. Tokenized private credit may yield more because it carries credit risk. Any offering promising double-digit yields on something tokenized as "low risk" is either obscuring its risk profile, taking on hidden leverage, or running a Ponzi.

## RED FLAGS

- Yields significantly above the underlying asset's natural yield
- "Guaranteed" or "fixed" yields on volatile underlying assets
- Yield source is described as "platform rewards" or "ecosystem incentives"

## GREEN FLAGS

- Yield is clearly tied to the underlying asset's economics
- Fee breakdown shows issuance, management, and redemption fees explicitly
- Historical yield data is provided with the variability disclosed

## QUESTION 07

## Who can hold this token, and can you actually sell it?

Why it matters. Most institutional tokenized offerings in the U.S. are issued under Regulation D, which means they are restricted to accredited investors. Some require minimums of \$5 million (BlackRock BUIDL). Others are open to retail through Regulation A+ tiers. Beyond that, secondary market liquidity varies wildly. A token you cannot sell for 12 months is a different asset than one you can exit anytime.

## RED FLAGS

- Marketing implies broad access while offering documents restrict to accredited investors
- No documented secondary market or redemption mechanism
- Withdrawal or redemption requires "platform approval" or unspecified conditions

## GREEN FLAGS

- Clear holding period (e.g., 12 months under Regulation D)
- Documented redemption mechanism with specified timing
- Trading available on a regulated ATS (alternative trading system)

## QUESTION 08

## What happens if the platform or issuer goes bankrupt?

Why it matters. This is the question that determines whether you are a creditor, an equity holder, or unprotected. Well-structured tokenization uses bankruptcy-remote special purpose vehicles (SPVs) to legally separate the asset from the operating company. If the platform fails, the SPV still holds the asset, and token holders have first claim. Without that structure, you become an unsecured creditor in line with everyone else.

#### RED FLAGS

- Offering documents do not address bankruptcy or insolvency scenarios
- No SPV structure; the operating company holds the asset directly
- Token holders are described as "users" or "members" rather than investors with rights

#### GREEN FLAGS

- Bankruptcy remoteness is explicitly documented with legal opinion
- Custody and operations are handled by separate, regulated entities
- Token holders have first-claim rights to the underlying asset

#### QUESTION 09

## Are there real institutional investors already in this?

Why it matters. Institutions do extensive due diligence before deploying capital. If a tokenized offering has meaningful institutional participation (visible on-chain or disclosed in filings), that is evidence the structure has survived rigorous legal and operational review. Conversely, an offering pitched primarily to retail with no institutional anchors is one where you are doing the diligence work the institutions declined to do.

#### RED FLAGS

- Investor list is exclusively retail or undisclosed
- "Institutional partners" are crypto-native firms, not traditional finance
- On-chain holdings show concentration in a few suspicious wallets

#### GREEN FLAGS

- Disclosed allocations from pensions, endowments, asset managers, or registered funds
- On-chain holders include known institutional custody addresses
- Diversified holder base, no single wallet controlling more than 25%

#### QUESTION 10

## Does anything about the pitch require urgency?

Why it matters. Legitimate tokenized offerings do not need you to decide today. Regulated funds accept subscriptions on predictable schedules. Real estate SPVs file with the SEC weeks in advance. If you are being told the allocation is "limited," the "presale ends in 48 hours," or the "early investor bonus" expires, you are being given the oldest sales pressure tactic in finance, now wrapped in blockchain language. The urgency is the scam.

#### RED FLAGS

- Countdown timers on the offering page
- "Limited allocation" language with no documented allocation cap
- Influencer or affiliate-driven promotion with referral bonuses
- Pressure to invest before "the price goes up" or "the tier closes"

#### GREEN FLAGS

- Standard subscription windows on documented schedules
- No referral fees or affiliate commissions to promoters

· You can take 60 days to read the offering documents without losing access

Published by Tokenized Report · womenincryptoglobal.com 6  
TOKENIZED REPORT · THE VETTING CHECKLIST

#### A FINAL WORD

## If you cannot answer these questions, do not invest.

Tokenization is not the problem. The structural promise is real, and the institutional adoption (BlackRock, Franklin Templeton, Apollo, Fidelity, JPMorgan) confirms it. The problem is that the word "tokenized" is now being used to dress up offerings that would never pass scrutiny as traditional securities, and the audience most likely to be targeted is precisely the audience least prepared to recognize the gap.

Use this checklist. Save it. Send it to a friend who is about to invest in something that "your advisor heard about." If the issuer cannot answer the ten questions, that is your answer.

**"In tokenization, the absence of a clear answer is the answer."**

#### ABOUT TOKENIZED REPORT

Tokenized Report is the weekly editorial newsletter on real-world assets, stablecoin yield, and tokenization, published by Women in Crypto Global. Built for the readers crypto media has overlooked. No price predictions. No shilling. No bro energy. Subscribe at [womenincryptoglobal.com](https://womenincryptoglobal.com).

Disclaimer. This document is for informational and educational purposes only and does not constitute legal, tax, or investment advice. Tokenized Report and Women in Crypto Global are independent media. No content in this guide is a recommendation to buy, sell, or hold any specific asset. Examples of named entities (BlackRock, Franklin Templeton, and others) are illustrative of the institutional tokenization landscape as of May 2026 and do not constitute endorsements. Consult a licensed financial advisor and securities attorney before making any investment decision involving tokenized assets.

