The American Journal of Political Science Law and Criminology
ISSN 2693-0803 Volume 08 - 2026

Asset Tokenization and Its Legal Types: International Experience and The Analysis of Uzbekistan’s Legislation

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Received: 28 Mar 2026 | Received Revised Version: 26 April 2026 | Accepted: 24 May 2026 | Published: 08 June 2026

Volume 08 Issue 06 2026 | Crossref DOI: 10.37547/tajpslc/Volume08Issue06-09

Abstract

The tokenization of real-world assets represents one of the most transformative developments at the intersection of technology and law, challenging the foundational doctrines of property law, contract theory, and financial regulation. This article provides a rigorous comparative legal analysis of the conceptual nature of asset tokenisation, its internationally recognised legal typologies, and the specific regulatory framework established by the Republic of Uzbekistan. The article critically examines the four-category token taxonomy enshrined in Uzbekistan's NAPP Regulation No. 3397: the secured token, the unsecured token, the utilitarian token, and the stable token. Particular attention is devoted to the legal rationale underlying the prohibition on residents issuing Unsecured and Stable Tokens, which is analyzed through the lenses of investor protection, monetary sovereignty, systemic risk containment, and financial integrity. The article concludes with concrete de lege ferenda proposals for the modernization of Uzbekistan's digital asset regulatory architecture.

Keywords: Tokenization, token classification, DLT, crypto-assets, secured token, smart contracts, NAPP, MiCA, blockchain, Uzbekistan.

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Cite This Article: Marufjon Yokubjonov. (2026). Asset Tokenization and Its Legal Types: International Experience and The Analysis of Uzbekistan’s Legislation. The American Journal of Political Science Law and Criminology, 8(06), 95–99. https://doi.org/10.37547/tajpslc/Volume08Issue06-09

1. Introduction

The legal classification of tokens is equally contested. International regulatory bodies and national legislatures have adopted divergent taxonomies, creating a fragmented landscape that generates conflicts of laws, regulatory arbitrage, and investor protection gaps. The borderless nature of distributed ledgers fundamentally conflicts with the Westphalian model of territorial sovereignty, creating jurisdictional fragmentation in which different legal systems possess incompatible taxonomies for the same digital instruments.

The object of this research is the legal regulation of asset tokenization in comparative and national law. The subject of research is the legal nature, typology, and regulatory treatment of tokens under international frameworks and the law of the Republic of Uzbekistan, with particular focus on the regulation on the procedure for issuing, registering, and circulating crypto-assets by residents of the Republic of Uzbekistan (NAPP Order No. 3397)

The purpose of this article is threefold: (1) to establish the conceptual-legal foundations of tokenization and its theoretical moorings in comparative law; (2) to map the dominant international typologies of tokens against their legal functions; and (3) to critically analyze Uzbekistan's token classification regime, explaining the legal rationale

for its prohibition on certain token types issued by residents. The article employs comparative-legal, analytical, and systemic methods.

In its most general sense, tokenization is the process by which a legally cognizable right — whether a property right, a contractual claim, a corporate entitlement, or a monetary value — is represented as a digital record ("token") on a distributed ledger, such that operations performed on the token in the ledger environment produce legally recognized effects in relation to the underlying right. This definition, while intuitive, immediately raises foundational questions of private law:

Does a transfer of the token constitute a transfer of the right?

Is ownership of the right contingent on possession of the token?

What remedies are available to a token holder whose underlying right is impaired independently of the ledger?

The most analytically rigorous is the "token container model," developed in continental European legal theory and subjected to systematic critical analysis by Verstappen Under this model, tokens serve as containers for rights, thereby facilitating the transfer of such rights; on tokenization platforms, especially in the context of decentralised finance (DeFi), it is assumed that when a token containing a right is transferred, the right itself is transferred as well. Verstappen's analysis, however, reveals that this assumption does not map cleanly onto existing private law frameworks: the token container model establishes a new legal regime specifically designed for tokens, but how this system will integrate with broader private (international) law frameworks remains to be determined.

An alternative theoretical framework treats the token as a mere representative of an underlying right rather than its container. Under this approach, the token functions analogously to a receipt, a warehouse warrant, or a bearer instrument — a documentary vehicle whose legal force derives not from the technology itself but from the legal relationship that the issuer explicitly constructs around the token through contract, trust, or corporate instrument. This approach, dominant in common law jurisdictions, places the interpretive burden on the off-chain legal architecture (contracts, trust deeds, special purpose vehicle structures).

Next approach — emergent in civil law jurisdictions such as Switzerland, Liechtenstein, and France — creates a sui generis legal category for DLT-registered rights that operates alongside, but is distinct from, both property law and contract law. Under Switzerland's Federal Act on the Adaptation of Federal Law to Developments in Distributed Electronic Register Technology (the "DLT Act"), which entered into force on August 1, 2021, a new category of "uncertificated register securities" (Registerwertrechte) was introduced into the Code of Obligations, endowing ledger-registered rights with legal force equivalent to paper-based securities.

A critical insight developed in the comparative literature is that tokenization is not a uniform technological process but a jurisdiction-specific legal act. Contrary to what is often suggested, the tokenization of securities cannot be reduced to a technological process that can be deployed seamlessly across jurisdictions. Rather, associating a security with a digital token recorded on a distributed ledger is as much a legal process as it is a technological one, and therefore depends on the specific legal framework of each jurisdiction.

This insight has profound implications. The enforceability of a tokenized right depends on whether the applicable national law recognizes the ledger as a valid instrument for recording, transferring, and encumbering that category of right. In jurisdictions where no such recognition exists, the token may be legally inert with respect to the underlying asset — a record of an agreement but not a legally operative transfer mechanism.

The private law dimension is further complicated by the in rem / in personam distinction. The nature of the right to a token is one of the key elements of its legal regime, since it defines remedies available, applicable provisions in bankruptcy proceedings, applicable connecting factors in conflicts of laws and other aspects of a legal regime. Whether a token holder's right is enforceable against the world (erga omnes) or only against the issuer has decisive consequences in insolvency, priority disputes, and cross-border enforcement.

The transboundary character of DLT systems creates systematic conflict of laws problems for which existing private international law frameworks are inadequately equipped. The subject matter that the token container model aims to regulate is defined by its inherently transboundary nature, as tokens can move freely, disregarding natural and legal boundaries, creating a serious risk of conflict of laws problems.

The legal classification of tokens is not merely a taxonomic exercise; it determines the applicable regulatory regime, the rights and obligations of issuers and holders, the supervisory authority with jurisdiction, and the legal consequences of transfer, pledge, and insolvency. Different jurisdictions have developed classification systems that reflect their underlying legal traditions and policy objectives. An analytically adequate classification must capture three distinct dimensions: (a) the functional character of the token (what it does); (b) the structural character (how it is constituted, and what rights it represents); and (c) the risk profile (what legal and financial risks it generates for holders and markets).

The legal novelty of the Swiss approach lies in the DLT Act's creation of ledger-based securities — a statutory framework by which a security may be constituted, transferred, and encumbered exclusively through ledger entries, without requiring a paper document or a traditional book-entry. This process is essential: tokenizing a security implies ensuring that the rights attached to it follow the digital token to which it is linked, and conversely, that the digital token cannot be transferred without the associated security being transferred as well.As analyzed by Iffland, Davis, and Trankeenan , the Swiss and UK approaches share a common recognition that the use of standardized smart contracts to generate digital tokens addresses the financial industry's practical need for efficiency and cost management, and whether the industry ultimately gravitates toward proprietary commercial solutions or open-source, community-driven ones for this purpose will be a matter of major strategic importance for the future development of international market infrastructures. The Swiss DLT Act further enabled the establishment of DLT trading facilities — specialized regulated trading venues for ledger-registered securities — reflecting the legislature's intent to build a comprehensive ecosystem rather than merely amend isolated provisions.

The EU's Markets in Crypto-Assets Regulation (MiCA, Regulation (EU) 2023/1114) establishes the most comprehensive supranational classification framework to date. MiCA distinguishes: (a) Asset-referenced tokens (ARTs) — tokens that maintain a stable value by referencing multiple currencies, commodities, or other crypto-assets; (b) E-money tokens (EMTs) — tokens referencing a single fiat currency; and (c) other crypto-assets, a residual category encompassing utility tokens and other instruments not falling within the first two categories.

The relationship between tokenization and contract law is mediated by the smart contract — a self-executing computer program deployed on a blockchain that automatically implements contractual terms upon the occurrence of predefined conditions. From a legal standpoint, the enforceability of smart contracts as contracts is not universally settled.

The automation of compliance through smart contracts increases transparency and traceability; however, essentially, tokenization does not create a new asset, but rather a new form of legal and technological representation of the existing asset. This characterization is legally consequential: if a smart contract is merely a technological representation of an existing contractual obligation, its legal force derives from the underlying contractual arrangement, not from its code. Conversely, if the smart contract is itself constitutive of the legal relationship, its terms must satisfy the conditions of valid contract formation under the applicable law — offer, acceptance, consideration (in common law systems), and conformity with mandatory rules.

The main legal challenges surrounding utility tokens typically relate to consumer protection, transparency obligations, contractual terms and technological compliance rather than financial regulation. This observation correctly identifies that the regulatory focus for utility tokens — unlike security tokens — lies in civil and consumer law rather than financial markets law, and that the applicable legal framework for smart contracts intersects with both.

Uzbekistan has developed one of the most structured regulatory frameworks for digital assets in Central Asia. The primary institutional framework is administered by the National Agency of Perspective Projects (NAPP), an agency reporting directly to the President of the Republic of Uzbekistan, which holds comprehensive authority over the licensing, registration, and supervision of crypto-asset activities. NAPP is the governing body responsible for regulating and licensing the cryptocurrency market in Uzbekistan, holding the authority to introduce new rules and regulations about this sector, and also serves as the regulator for the capital markets and insurance industry in the country.

The foundational definitional and classification instrument is NAPP Order No. 3397 (November 28, 2022), registered by the Ministry of Justice of the

Republic of Uzbekistan under Registration No. 3397 (hereinafter the "Regulation"). The Regulation establishes legal definitions of crypto-assets and tokens, prescribes procedures for the issuance, registration, and circulation of crypto-assets by residents of Uzbekistan, and introduces a four-category token taxonomy.

Under the Regulation, a crypto-asset is defined as a property right comprising a set of digital records in a distributed data ledger, having value and an owner. A token is a type of crypto-asset that serves as a unit of account in a distributed data ledger, used to certify an obligation or property right over a specific asset, and is managed through a smart contract. The issue of crypto-assets is considered registered after the relevant information is entered into the register of crypto-assets by the crypto depository, and ownership of tokens arises for the acquirer from the moment the corresponding entry is made in the distributed data ledger and the tokens are reflected on the owner's balance sheet. This formulation is legally significant: it adopts a ledger-centric model of title acquisition analogous to the Swiss Registerwertrecht, establishing the distributed ledger as the legally constitutive record of ownership.

The Secured Token is defined under the Regulation as a token backed by tangible property or another legally recognized asset. The legal purpose of the Secured Token is to provide investors with a tokenized ownership or participation right in a real-world asset, ensuring that the value of the token is anchored in a legally identifiable and verifiable collateral base. The main purpose of the adoption of the Regulation is to create a new mechanism for business entities to attract investments and develop their activities by issuing and registering the issue of secured tokens.

Structurally, the Secured Token corresponds to what the international literature variously terms a "security token," an "asset-backed token," or an "asset-referenced instrument." A paradigmatic example under Uzbekistan's regulatory framework is the AUZ Token, an asset-backed investment token issued under the Regulation by Asterium LLC, backed by physical gold held by Octobank JSC as custodian. The AUZ token is an asset-backed investment token certifying the ownership right of its owner to the appropriate amount of physical gold in accordance with the procedure and terms established by the White Paper and the terms of issue; rights to AUZ tokens are transferred by making a transaction in the distributed data ledger, after which ownership passes to the new owner.

From a private law perspective, the Secured Token most closely resembles a real right (in rem) anchored to an underlying asset, though its precise classification depends on the nature of the collateral and the contractual architecture constructed between issuer and token holder. The legal protection of Secured Token holders derives from the existence of the underlying asset, the legal enforceability of the collateral arrangement, and the oversight functions exercised by the crypto depository in verifying the adequacy of the collateral throughout the token's lifecycle.

The Secured Token is the only token type that Uzbekistan residents are expressly authorized to issue, reflecting the legislature's considered judgment that investor protection is adequately served only when the token's value is grounded in a legally verifiable real-world asset base.

The Utilitarian Token is defined as a token issued for the purpose of granting its holder the right to use a specific product, service, or platform — analogous to the "utility token" category recognized in Swiss, EU, and other international frameworks. Its legal nature is predominantly contractual: the issuer undertakes an obligation to render a specific service or permit access to a specific platform upon presentation of the token, and the token holder's rights are enforceable as contractual claims against the issuer.

The Utilitarian Token does not represent a financial claim, an investment, or a participation right in the issuer's business. Accordingly, it falls outside the scope of financial markets regulation and is governed primarily by civil law — in particular, the general provisions of the Civil Code of the Republic of Uzbekistan governing contractual obligations, consumer protection, and service contracts. This corresponds to the international consensus reflected in the Letslaw analysis, which identifies consumer protection, transparency obligations, contractual terms and technological compliance as the dominant legal challenges for utility tokens.

From a regulatory policy perspective, the Utilitarian Token presents a lower systemic risk profile than the Secured or Stable Token, because its value is not indexed to any financial asset and its holder's risk is limited to the non-performance of the contractual service obligation — a risk that can be managed through standard civil law remedies. This explains why the Regulation does not subject the Utilitarian Token to the same issuance restrictions applicable to Unsecured and Stable Tokens.

The Stable Token is defined under the Regulation as a token whose value is maintained at a stable level by reference to one or more fiat currencies, commodities, or other assets. This category corresponds to what the international literature terms a "stablecoin" and what MiCA designates as an Asset-Referenced Token (ART) or E-Money Token (EMT), depending on the reference asset. The Stable Token occupies a unique and legally complex position because, unlike the Secured Token (which represents a proprietary interest in a specific identified asset), the Stable Token's stability mechanism involves an active commitment by the issuer to maintain a peg — an ongoing obligation that requires robust reserve management, liquidity facilities, and operational infrastructure.

This article has established the following principal findings:

Asset tokenization is a legal process as much as a technological one, whose effects are entirely determined by the applicable national legal framework. The token container model, the structural legal taxonomy and the functional classification provide indispensable analytical tools for evaluating national regulatory approaches;

The international community has converged on a functional-structural classification of tokens into security/asset tokens, utility/utilitarian tokens, payment/stable tokens, and unsecured/pure crypto-assets, with significant doctrinal and regulatory consequences attaching to each category;

Uzbekistan's NAPP Regulation No. 3397 (2022) has established a sophisticated four-category taxonomy — secured, unsecured, utilitarian, and stable tokens — that is broadly consistent with international best practice, while adopting a precautionary approach to resident issuance that is legally sound given the current state of the country's financial infrastructure;

Following the model of the Swiss DLT Act, Uzbekistan should enact a statutory provision within the Civil Code or a dedicated Digital Assets Law recognizing DLT-registered rights as a sui generis legal category, with defined rules on creation, transfer, pledge, and enforcement. Such a framework would provide legal certainty for Secured Token transactions and facilitate the development of a domestic tokenized capital market;

The Civil Code of the Republic of Uzbekistan should be amended to expressly recognize self-executing computer programs (smart contracts) deployed on DLT platforms as capable of constituting or evidencing legally binding obligations, subject to the general conditions of valid contract formation. The amendment should also address the legal consequences of smart contract code errors, immutability, and force majeure — issues that are not addressed by existing civil law provisions.

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