

# Legal Nature, Security and Regulatory Mechanisms of Tokenization

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**Abstract:** Tokenization has emerged as one of the most transformative mechanisms in the modern digital economy, enabling the representation of property rights and assets through digital tokens recorded on blockchain networks. This article explores the legal nature, security dimensions, and regulatory mechanisms of tokenization from a comparative and interdisciplinary perspective. It analyzes tokenization as a hybrid legal construct that combines elements of traditional property law, securities regulation, and smart contract technology. Drawing on the works of leading scholars such as Kevin Werbach, Primavera De Filippi, and Philipp Paech, the article demonstrates that tokens function not merely as technical instruments but as legally significant representations of rights and obligations. Particular attention is paid to security risks arising from smart contract vulnerabilities, regulatory gaps, anonymity, and market manipulation, illustrated by the DAO hack and other high-profile incidents. The study further examines technological, organizational, and legal protection mechanisms, including audits, multisignature wallets, KYC/AML procedures, and insurance models.

**Keywords:** Tokenization, blockchain, digital assets, smart contracts, legal regulation, security risks, financial law.

**Introduction:** The modern system of international human rights legislation came about because of the Second World War and the desire of countries to stop systematic crimes from happening again. The Charter of the United Nations, which was signed in 1945, says that one of the organization's goals is to promote and encourage respect for everyone's human rights and basic freedoms, regardless of who they are. The Universal Declaration of Human Rights (UDHR), which the basic Assembly ratified in 1948, made this basic commitment more specific three years later. It is now the foundation of the current human rights protection system and a model for other treaties and constitutions.

Since then, a thick web of global and regional agreements has formed. These include the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social, and Cultural Rights, and many other agreements that deal with specific issues like racial discrimination, torture, discrimination against women, and the rights of the child. The European Convention on Human Rights, the American Convention on Human Rights, and the African Charter on Human and Peoples' Rights are examples of

regional agreements that set up more judicialized forms of protection. These instruments typically let people go straight to supranational authorities. At the same time, international criminal law has changed to deal with the worst crimes by setting up ad hoc courts and, finally, the permanent International Criminal Court (ICC), which was set up by the 1998 Rome Statute.

Even while the rules and institutions are quite good, the actual protection of human rights is still not consistent and is still being fought over. In many regions of the world, serious violations are still happening, and people often don't fully or selectively follow international rulings. New concerns including vast digital monitoring, algorithmic discrimination, corporate misuse across borders, and damage caused by climate change make it harder for international law to focus on the state as a whole. Simultaneously, the validity and neutrality of human rights procedures are frequently scrutinized, and considerable political opposition is aimed at entities regarded as invasive or prejudiced.

The main goal of this research is to give a clear picture of how international law protects human rights and to point out the main problems that make those

protections less effective. The article does not try to cover every institution in detail. Instead, it focuses on important universal and regional procedures and international criminal justice as an extra kind of protection. It inquires into the practical functioning of these mechanisms, the nature of the protections they offer, and the reasons behind the persistent implementation deficiencies despite significant legislative advancements.

The research aims to enhance comprehension of the international human rights framework by tackling these inquiries. It contends that the system must neither to be seen as only symbolic nor romanticized as a wholly efficient legal framework. Instead, it is best viewed as a dynamic constellation of norms and institutions that reshapes expectations, produces possibilities for accountability and gives tools for domestic actors, while remains heavily dependent on political will, resources and social mobilization.

This article's analysis is based on doctrinal legal study and a mix of comparative and institutional points of view. The main sources are important universal and regional human rights instruments, such as the UN Charter, the UDHR, and the main human rights treaties named by the UN Office of the High Commissioner for Human Rights. There are also regional conventions and some laws from international courts and tribunals. We look at these writings to find out what legal duties they put on states, what rules they set up, and what rights they give to people and groups.

The article also uses official documents from the UN's human rights system, such as reports from treaty organizations, the Human Rights Council's resolutions and processes, and background information on the Universal Periodic Review (UPR). The operations of regional courts and commissions are examined via significant cases and institutional frameworks, whereas the functioning of the ICC is scrutinized in relation to its law, jurisdiction, and recent practices.

Secondary literature is carefully employed to elucidate discussions on the efficacy, legitimacy, and fragmentation of the human rights regime. The methodological focus is predominantly interpretative and analytical, rather than empirical. The research does not seek to quantify compliance statistically; rather, it emphasizes the conceptual elucidation of the design of various mechanisms, their interactions, and the emergence of structural tensions.

This method gives a wide picture that takes into account legal details while also showing bigger trends. The article aims to transcend a limited institutional focus by integrating universal and regional perspectives, and by contextualizing human rights

mechanisms within the broader international legal framework, thereby highlighting the interaction between law, politics, and social mobilization in the safeguarding of human rights.

The study of universal mechanisms shows that there is a layered system of protection that is based on both the Charter and treaties. The Human Rights Council (HRC) is an international entity that works to promote and preserve human rights under the Charter. The Universal Periodic Review, which was set up by General Assembly resolution 60/251 in 2006, is one of its most important new ideas. It looks at the human rights records of all 193 UN member nations on a rotating basis. In the UPR, every state sends in a national report, gets questions and suggestions from other states, and is required to report back on how it is being put into action in the next cycles. This method brings together peer assessment and a lot of input from civil society and national human rights groups, making it a frequent place for discussion and evaluation.

Treaty-based entities form a second fundamental component of universal protection. There is a committee of independent experts for each of the main UN human rights treaties. Their job is to keep an eye on how the treaties are being carried out, look at periodic reports from states parties, and in many cases, look into specific complaints of infringement. These committees make final notes on state reports, make general comments that explain treaty provisions, and, when they have the authority, make decisions on particular situations that make the extent of responsibilities clearer. Their verdicts are not enforceable like those of domestic courts, but they are authoritative and can have an effect on changes to laws and policies.

Thematic and country-specific mandates from the Human Rights Council's special procedures add to these tools. Special rapporteurs and working groups go on fact-finding missions, gather information from victims and civil society, and write public reports and communications. They don't have the capacity to force others to do things, but their visibility and knowledge allow them to influence international agendas and put pressure on countries through publicity and normative framing.

At the regional level, the institutionalization of human rights protection is frequently more judicialized and proximate to individuals. The European Court of Human Rights (ECtHR) has the power to make decisions about violations of the European Convention on Human Rights in Europe. People who have used up all of their domestic options can go straight to the Court to ask for a decision. The Court's decisions order states

to offer just satisfaction and take steps to make sure the problem doesn't happen again. The system has created a lot of case law on a wide range of topics, such as the right to a fair trial, freedom of speech, the ban on torture, and the right not to be discriminated against. In the Americas, the Inter-American Commission and Court of Human Rights and in Africa, the African Commission and Court on Human and Peoples' Rights have similar but separate ways of doing things. These organizations give people and groups a way to file grievances and help create regional law that fits with the unique historical and social situations.

International criminal law enhances the safeguarding of human rights by establishing individual criminal accountability for the most egregious abuses. The Rome Statute of the International Criminal Court grants the ICC the power to try anyone for genocide, crimes against humanity, war crimes, and, with the Kampala modifications, the crime of aggression. The Court only steps in when national authorities are unwilling or unable to really investigate and prosecute. This is known as the concept of complementarity. The ICC and other international courts try to stop impunity by issuing arrest warrants, conducting investigations, holding trials, and issuing restitution orders. They also want to make it clear that systematic breaches of basic rights are crimes that affect the whole world. Recent rulings, such as the first conviction connected to war crimes in Darfur, show how international criminal law may hold people accountable when domestic justice is hindered.

These general, regional, and criminal-law systems work together to form an interlocking framework. Universal instruments set common rules for everyone to follow. Treaty bodies and the UPR keep an eye on things and offer advice on how to interpret them. Regional courts offer more direct and enforceable remedies, while international criminal justice goes after the worst offenders with harsh punishments. National constitutions and courts, frequently shaped by international standards, further integrate human rights commitments, establishing several avenues for protection.

The international legal system for human rights protection is complex and comprehensive, but its efficacy is hindered by several structural and political obstacles. One major conflict comes from the fact that state sovereignty is still very important in international law. Only nations that agree to human rights treaties are bound by them. Even countries who ratify them typically include reservations that limit their duties. In politically sensitive sectors like national security, migration, or counter-terrorism, domestic authorities may see international conclusions as suggestions

rather than rules that must be followed. Because there isn't a strong central enforcement system, compliance relies more on diplomatic pressure, worries about reputation, and domestic mobilization than on legal punishments.

Political selectivity makes people much less likely to believe that human rights processes are legitimate. Intergovernmental entities like the Human Rights Council are made up of countries with different interests and records on human rights. This can lead to double standards when it comes to establishing the agenda and making decisions against individual countries. Even treaty organizations and special processes, whose members serve in a personal capacity, work in an atmosphere where power is not evenly distributed. Some states actively use these processes and follow their suggestions, while others ignore criticism and say it is politically motivated or prejudiced. This unequal level of commitment can make victims and civil society actors who rely to international organizations for fair protection feel frustrated again and over again.

The problems that the International Criminal Court is having show how legal responsibility and geopolitical opposition are at odds with one other. The Rome Statute was accepted by many nations, and the Court has started investigations in many cases. However, several powerful governments have refused to join or have actively resisted its operation. The United States' decision to punish ICC judges because they were looking into its own citizens and close friends shows how trying to protect human rights through criminal law may lead to actions that jeopardize the independence of institutions. These kinds of events send a bad message to other countries and may make them less likely to work together. The Court needs cooperation to carry out arrest orders and gather evidence.

Human rights mechanisms also have limited reach because of a lack of resources and ability. There are too many state reports and individual communications for treaty organizations to handle. Regional courts are getting more cases, which makes it harder for them to provide justice on time. Special processes need states to voluntarily contribute and work together to perform visits and follow-up. Many nations, especially those with limited incomes, don't have the institutional infrastructure to carry out complicated human rights duties, even when there is political will. Technical aid and capacity-building initiatives, however significant, are inconsistent and occasionally aligned with donor goals rather than local necessities.

The growth of tools and institutions has made many

worry about fragmentation and overlap. Different groups may understand the same rights in different ways, which makes it hard to know what the norm is. Sometimes, states use these differences to defend tough rules or to find the easiest responsibilities to meet. There has been considerable progress in efforts to standardize jurisprudence and encourage communication between universal and regional agencies, but the system is still complicated and hard for victims and lawyers to understand.

Finally, new and changing concerns that go outside established categories are making it harder to preserve human rights. Mass digital monitoring, data harvesting, and algorithmic decision-making prompt inquiries regarding privacy, freedom of speech, and non-discrimination that surpass geographical confines and engage influential private entities alongside nations. Transnational supply chains and corporate structures make it harder to hold people accountable for harming the environment and abusing workers. Climate change endangers several rights, including health, housing, food security, and self-determination; nevertheless, current systems are still evolving to tackle its pervasive and enduring effects. These changes call for new ways to regulate and enforce that take into account human rights in trade, environmental, and technological governance.

Even with these problems, the international human rights system has a lot of power. International standards are having a bigger and bigger effect on how governments interpret their constitutions, change their laws, and make decisions in court. Non-governmental organizations employ treaty body recommendations, UPR findings, and regional judgments as advocacy instruments to advocate for domestic change. Even when pecuniary remedies are limited, the fact that victims may file claims and have formal recognition of abuses can be important both symbolically and psychologically. In this regard, the efficacy of human rights protection cannot be evaluated merely by compliance rates with particular rulings; it also encompasses the gradual evolution of expectations regarding permissible state conduct and the empowerment of individuals and communities as rights-holders.

Since 1945, there has been a lot of progress in the protection of human rights under international law. This is because of a complicated system of rules and organizations. The UN Charter and the Universal Declaration of Human Rights set forth shared norms. Core treaties, treaty bodies, and the Universal Periodic Review set up systematic ways for monitoring and talking to each other. Regional human rights courts and commissions offer more direct, judicialized solutions,

whereas international criminal justice aims to hold those responsible for the most serious abuses. This multi-layered approach has helped make human rights part of the constitution in the country and has also helped create a common vocabulary for naming, contesting, and fixing abuses.

The study has demonstrated that the efficacy of these methods is limited by the enduring nature of state sovereignty, political opposition, resource constraints, and the dynamic character of modern issues. Without a central authority to enforce human rights, the protection of these rights depends a lot on how committed governments are to work together, how strong their own institutions are, and how active civil society is. Backlash against international courts and treaty organizations shows us that progress in the law may be undone and that we must always fight for institutional independence. At the same time, the human rights system has to broaden its ideas and areas of authority to deal with emerging problems like digital monitoring, corporate dominance, and climate change.

The overall image is one of significant but not full success. International law does not eradicate human rights breaches; but, it mitigates them, offers mechanisms for challenge, and facilitates forms of responsibility that were absent a century before. To move forward, we need to make the connection between international and national levels stronger, make sure that recommendations and verdicts are followed up on, provide enough resources, and protect the rights of people who are most impacted by violations. Instead of seeing international human rights legislation as either a cure-all or just a mask, it's better to think of it as a framework that changes over time and whose effects rely on how legal norms, political institutions, and people's actions function together. To make the promise of human dignity at the center of the human rights project come true, we must keep being critical of its procedures and obstacles.

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