



## Definitions

**Digital Token:** are asset or utility tokens that satisfy the definition of securities under the CBB law, its implementing rules and regulations.

**Whitepaper:** a document that states the technology behind a project, including among others a detailed description of the system architecture and interaction with the users, description of the project and use of proceeds, anticipated growth, other technical and financial details and the team behind the project.

**Digital token issuer:** means a company seeking to raise funds through offering of digital tokens.

**Soft Cap:** refers to the minimum amount of funds needed and aimed by the company to proceed with the project as planned.

**Digital token advisor:** a category-4 crypto-asset licensee appointed by the digital token issuer to provide advice to the digital token issuer and performs other functions as required under Module CRA.

**Utility Token:** Utility tokens are tokens that are intended to provide access to a specific application or service but are not accepted as a means of payment for other applications.

**Asset tokens:** Asset tokens represent assets such as a debt or equity claim on the issuer. Asset tokens promise, for example, a share in future company earnings or future capital flows. In terms of their economic function, therefore, these tokens are analogous to equities, bonds or derivatives. Tokens which enable physical assets to be traded on the blockchain also fall into this category.

### **Founders**

For the purpose of Module OFS and Module CRA (digital token offerings), founders means the subscribers who signed the incorporation application and paid their contribution in the paid-up capital before the public offer or digital token offering, as the case may be.

### **Accepted Crypto-assets**

A payment token (cryptocurrency) permitted by the CBB for the purpose of undertaking the regulated crypto-asset service by a crypto-asset licensee.



### Crypto-asset

Crypto asset, within the context of the CBB Rulebook, Volume 6 and Module CRA: Crypto asset, refers to virtual or digital assets or tokens operating on a blockchain platform and protected by cryptography. Tokens are broadly of four types: Payment tokens, Utility tokens, Asset tokens and Hybrid tokens.

Means a cryptographically secured digital representation of value or rights which may be transferred and stored electronically, using distributed ledger technology or similar technology but does not include central bank issued digital currencies. Most common forms of crypto-asset are:

- i. Payment tokens (Exchange tokens): Payment tokens (synonymous with cryptocurrencies) are virtual tokens which can be digitally traded and be used for payment for acquiring goods or services or for investment purposes. which are intended to be used, now or in the future, as a means of payment for acquiring goods or services or as a means of money or value transfer. Payment tokens give rise to no claims on their issuer and are usually decentralised. The most prominent example is Bitcoin.
- ii. Utility tokens: Utility tokens are tokens that are intended to provide access to a specific application or service but are not accepted as a means of payment for other applications.
- iii. Asset tokens: Asset tokens represent assets such as a debt or equity claim on the issuer. Asset tokens promise, for example, a share in future company earnings or future capital flows. In terms of their economic function, therefore, these tokens are analogous to equities, bonds or derivatives. Tokens which enable physical assets to be traded on the blockchain also fall into this category.
- iv. Hybrid Tokens: Hybrid tokens are those that have features of one or more of the other three types of tokens.

### Securities:

Means shares or bonds issued by shareholding companies, government debt instruments and the following financial instruments:

- (a) Shares in companies and other securities equivalent to shares in companies or other entities, and depositary receipts in respect of shares;
- (b) Bonds or other forms of debt, including depositary receipts in respect of such securities;
- (c) Warrants;
- (d) Units, rights or interests (however described) of the participants in a collective investment scheme;
- (e) Options, futures and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
- (f) Options, futures and any other derivative contract relating to commodities that can be physically settled;
- (g) Units to Real Estate Investment Trusts (REITs);
- (h) Index tracking products including Islamic indices;
- (i) Any other financial instrument approved as a financial instrument by the CBB for the purpose of trading such instrument on an exchange; and



- (j) Islamic securities, being those financial instruments that are Shari'a compliant; and
- (k) Crypto-assets which exhibit characteristics similar to securities such as:
  - (i) a crypto-asset which gives right to a financial entitlement, either in form of a pre-determined cash flow (similar to bonds) or a share in profit (similar to equities);
  - (ii) a crypto-asset which grants decision power in a project to its holders (similar to voting rights); or
  - (iii) a crypto-asset which represents a monetary claim on the issuer.

CONSULTATION