

# THE LIGHTYEARS TOKEN (LYS)

## About LIGHTYEARS

The future of blockchain lies around with every projects and dreams. Lightyears organization setting the goal and dreams as we solve issue with decentralized digital asset, and by moving forward with innovative blockchain technology, we present Lightyears Token (Ticker: LYS) which will be the future digital asset and dreams assets for all Lightyears traveller.

Lightyears Token provides a functional digital asset to be used on all kinds of platform and enable to send/receive. Lightyears team set out to provide a payment method by using LYS Token as a function rewards method for purchasing tickets and earn LYS while purchasing ticket with no agent fee and middleman fees or any other charges associated with international airlines.

Lightyears is a decentralized, peer-to-peer digital asset of the future which enables you to easily send digital asset online through our developing wallet which will be announced after the official launch.

Our Blockchain technology building on top of Ethereum blockchain (Smart Contracts) that is scalable, secured and interoperates networks, by using (LYS) Lightyears Token acts as a digital customer experience

## Regulations

The **Securities and Futures Act (Cap. 289)** (“SFA”), as well as the **Financial Advisers Act (Cap. 110)** (“FAA”), are the principal regulations on securities in Singapore.

Digital tokens may be considered an offer of shares or units in a collective investment scheme under the **Securities and Futures Act**. Digital tokens may also represent a debt owed by an issuer and be considered a debenture under the SFA.

Offers of digital tokens which constitute securities or units in a collective investment scheme (CIS) are subject to the regulatory regime under the SFA, just as offers of securities or units in a CIS respectively made through traditional means.

Where digital tokens fall within the definition of securities in the Securities and Futures Act (SFA), issuers of such tokens would be required to lodge and register a prospectus with Monetary Authority of Singapore (“MAS”) prior to the offer of such tokens, unless exempted.

Pursuant to the provisions of the SFA and FAA, relating to licensing requirements of Issuers or intermediaries of such, tokens would also be subject to licensing requirements under the SFA, and the FAA as well as the applicable requirements on anti-money laundering and countering the financing of terrorism., unless exempted.

In addition, platforms facilitating secondary trading of such “Tokenized Securities” would also have to be approved or recognised by the MAS as an approved exchange or recognised market operator respectively under the SFA.

In addition, any platform facilitating secondary trading of such Tokenized Securities would have to be a MAS approved exchange or a MAS recognized market operator.

### The Lightyears Token (Lys) is Not a Security Asset

After an extensive research on the relevant legislations in Singapore related to securities, Lightyears confirm that the LYS tokens will not fall within the clearly defined confines of “capital market products”, which are considered security assets under the legislations, and as such, the financial services regulatory regimes currently applicable to securities in Singapore will not apply to restrict the offering of LSY tokens within Singapore. Section 2(1) of the SFA, defines “capital market products” as any securities, futures contracts, contracts or arrangements for the purposes of foreign exchange trading, contracts or arrangements for the purposes of leveraged foreign exchange trading, and such other products as MAS may prescribe as capital markets products.

The LYS Token being a utility token, which only confers a limited right of use of the Lightyears’ platform, does not fall within the SFA’s definition of “capital markets products”, and as such cannot be regulated under the SFA.

The Lightyears tokens are mainly cryptocurrency-based crowdfunding but are not to be considered or taken as debt instruments nor to provide returns based on underlying investments. Lightyears token will be the future digital asset and a dreams asset for all Lightyears travellers, but not an investment. It will serve as a representation of access to future products and services offered by the Lightyears. It will be a type of design for supporting services or functionalities on blockchain-based platforms. The LTY token will not have any other rights or functions attached to it.

Also, Lightyears token do not fall into any category of securities, futures contracts, and contracts or arrangements for the purposes of foreign exchange trading or leveraged foreign exchange



trading. In other words, the offering of LYS Token is neither structured nor intended as offers of shares which is intended to represent an ownership interest in Lightyears. Also, it cannot be considered as a unit in a collective investment scheme (such as an investment fund), which is considered to be security assets within the meaning of the SFA, or generally termed “security tokens.”

The Lightyears creates no right of claim, loan or ownership interest. The purchase of Lightyears Tokens:

- (a). Does not provide a Contributor with rights of any form with respect to Lightyears or its revenues or assets, including, but not limited to, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property) or other financial or legal rights;
- (b). Is not a loan to Lightyears; and
- (c). Does not provide Contributor with any ownership or other interest in Lightyears.

More so, the LYS Tokens ‘does not’ represent ownership or security interest over Lightyears’ assets or property, as such, token holders will not be given shareholders’ rights, such as the right to receive dividends and the right to participate in the distribution of the corporation’s surplus assets upon winding up.

Also, there is no doubt that where digital tokens are used to create or to acknowledge a debt or liability owed by the issuer, they may be considered as a “debenture”.<sup>1</sup> However, the LYS Tokens

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<sup>1</sup> MAS, “A Guide to Digital Token Offerings,” 14 November 2017. Available at <http://www.mas.gov.sg/News-and-Publications/Monographs-and-Information-Papers/2017/Guidance-on-Digital-Token-Offerings.aspx>

are no representation of any debt owed by Lightyears, such as to be considered in the nature of a debenture.

LYS Token is a reward Token. It is not related to any form of Security Token; neither does Lightyears sell Token as shares or Company asset. Users who purchase airlines ticket on Lightyears' platform will receive a percentage of Token as rewards. The Reward Token may then be used to further purchase an airline ticket or to offset some discount on the purchase to reduce user costs.

Generally, an issuer may only make an offer of digital tokens (which constitute securities or units in a CIS) if such offer complies with the requirement under the SFA, namely, that the offer be made in or accompanied by a prospectus that is prepared in accordance with the SFA and is registered with MAS. However, since the Lightyears platform is not such issuer and being that its token falls short of what constitutes securities or units in a CIS within the relevant laws aforementioned.

Finally, as the issuers of LYS Token, and in line with the MAS directive against Money Laundering and Financing of Terrorism (AML/CFT Requirements), Lightyears affirm to uphold the following:

1. Obligations to report suspicious transactions with the Suspicious Transaction Reporting Office, Commercial Affairs Department of the Singapore Police Force pursuant to section 39 of the Corruption, Drug Trafficking and Other Serious Crimes (**Confiscation of Benefits**) Act (Cap. 65A);
2. Prohibitions from dealing with or providing financial services to designated individuals and entities pursuant to the Terrorism (Suppression of Financing) Act (Cap. 325) and various regulations giving effect to United Nations Security Council Resolutions.

In line with the MAS guidelines and by reason of the fact that LYS does not fall within the regulatory purview of the SFA and FAA, the LYS can only be seen as a utility token, and not a security. In consequence, therefore, all obligations attaching to a security under law, cannot attach to LYS Tokens.

### **Relevant Regulations to Consider in Determining the Nature of Lightyears Token**

— According to the Monetary Authority of Singapore (MAS), if a **digital token** constitutes a product regulated under the securities laws administered by MAS, the offer or issue of digital tokens must comply with the applicable securities laws.

Note: By product (or capital markets products), what is meant is any securities, futures contracts, contracts or arrangements for the purposes of foreign exchange trading, contracts or arrangements for the purposes of leveraged foreign exchange trading, and such other products as MAS may prescribe as capital markets products. - Section 2(1) of the SFA.

Note: Offers or issues of digital tokens may be regulated by MAS if the digital tokens are capital markets products under the SFA.

— The structure and characteristics (as well as the rights attached) to a digital token will be examined in determining if the digital token is a type of capital markets products under the SFA.

— Note that:

- A digital token may constitute a share, where it confers or represents ownership interest in a corporation<sup>3</sup>, represents liability of the token holder in the



corporation<sup>4</sup>, and represents mutual covenants with other token holders in the corporation inter se

Note: By the joint effect section 2(1) of the SFA and section 4(1) of the Companies Act (Cap. 50), “share” will mean “a share in the share capital of a corporation and includes stock except where a distinction between stocks and share is expressed or implied.”

- A digital token may constitute a debenture, where it constitutes or evidences the indebtedness<sup>6</sup> of the issuer of the digital token in respect of any money that is or may be lent to the issuer by a token holder; or
- A digital token may constitute unit in a collective investment scheme (CIS), where it represents a right or interest in a CIS, or an option to acquire a right or interest in a CIS.

Note: By section 2(1) of the SFA, a “unit”, in relation to a collective investment scheme, means “a right or interest (however described) in a collective investment scheme (whether or not constituted as an entity), and includes an option to acquire any such right or interest in the collective investment scheme.

Note: By section 2(1) of the SFA, a “collective investment scheme” is an arrangement in respect of any property bearing all of the following characteristics:

- participants have no day-to-day control over management of the property;
- property is managed as a whole by or on behalf of a manager;
- participants’ contributions and profits or income of the arrangement from which payments are to be made to the participants are pooled; and

- purpose or effect (or purported purpose or effect) of the arrangement is to enable participants to participate in or receive profits, income or other payments or returns arising from acquisition, holding, management or disposal of, the exercise of, the redemption of, or the expiry of any right, interest, title or benefit in the property or any part of the property.
- Offers of digital tokens which constitute securities or units in a CIS are subject to the same regulatory regime under Part XIII of the SFA, as offers of securities (Division 1 of Part XIII of the SFA – on Shares and Debentures) or units in a CIS (Division 2 of Part XIII of the SFA – on Collective Investment Schemes) respectively made through traditional means.
- A person may only make an offer of digital tokens which constitute securities or units in a CIS (“Offer”), if the Offer complies with the requirements under Part XIII of the SFA. This includes the requirements that the Offer must be made in or accompanied by a prospectus that is prepared in accordance with the SFA and is registered with MAS (“Prospectus Requirements”).
- An Offer may be exempted from the Prospectus Requirements where, amongst others –
- the Offer is a **small offer** of securities of an entity, or units in a CIS, that does not exceed S\$5 million (or its equivalent in a foreign currency) within any 12-month period, subject to certain conditions;

Note: Sections 272A and 302B of the SFA. A small offer must be a personal offer that satisfies section 272A (3) and 302B (3) respectively.

Note: A personal offer is one that is made to a pre-identified person, which includes offers made to persons who have previous professional or other



connection with the offeror. As the word “personal” suggests, each personal offer must be made personally by the offeror, or by a person acting on its behalf, to the pre-identified person, and may only be accepted by the pre-identified person to whom the offer was made. Please refer to the Guidelines on Personal Offers made pursuant to the Exemption for Small Offers for further details.

- the Offer is a **private placement offer** made to no more than 50 persons within any 12-month period, subject to certain conditions;

Note: Sections 272B and 302C of the SFA.

- the Offer is made to **institutional investors** only;

Note: Sections 274 and 304 of the SFA. Also section 4A(1)(c) of the SFA, for the definition of “institutional investor” and regulation 2 of the Securities and Futures (Prescribed Specific Classes of Investors) Regulations 2005.

- Or, the Offer is made to **accredited investors**, subject to certain conditions.

- Sections 275 and 305 of the SFA. Also section 4A(1)(a) of the SFA for the definition of “accredited investor” and regulation 3 of the Securities and Futures (Prescribed Specific Classes of Investors) Regulations 2005.

— The exemptions for a small offer, a private placement offer and an offer made to accredited investors, are respectively subject to certain conditions which includes advertising restrictions.

— In addition, where an offer is made in relation to units in a CIS, the CIS is subject to authorisation or recognition requirements<sup>17</sup>. An authorised CIS or a recognised CIS under

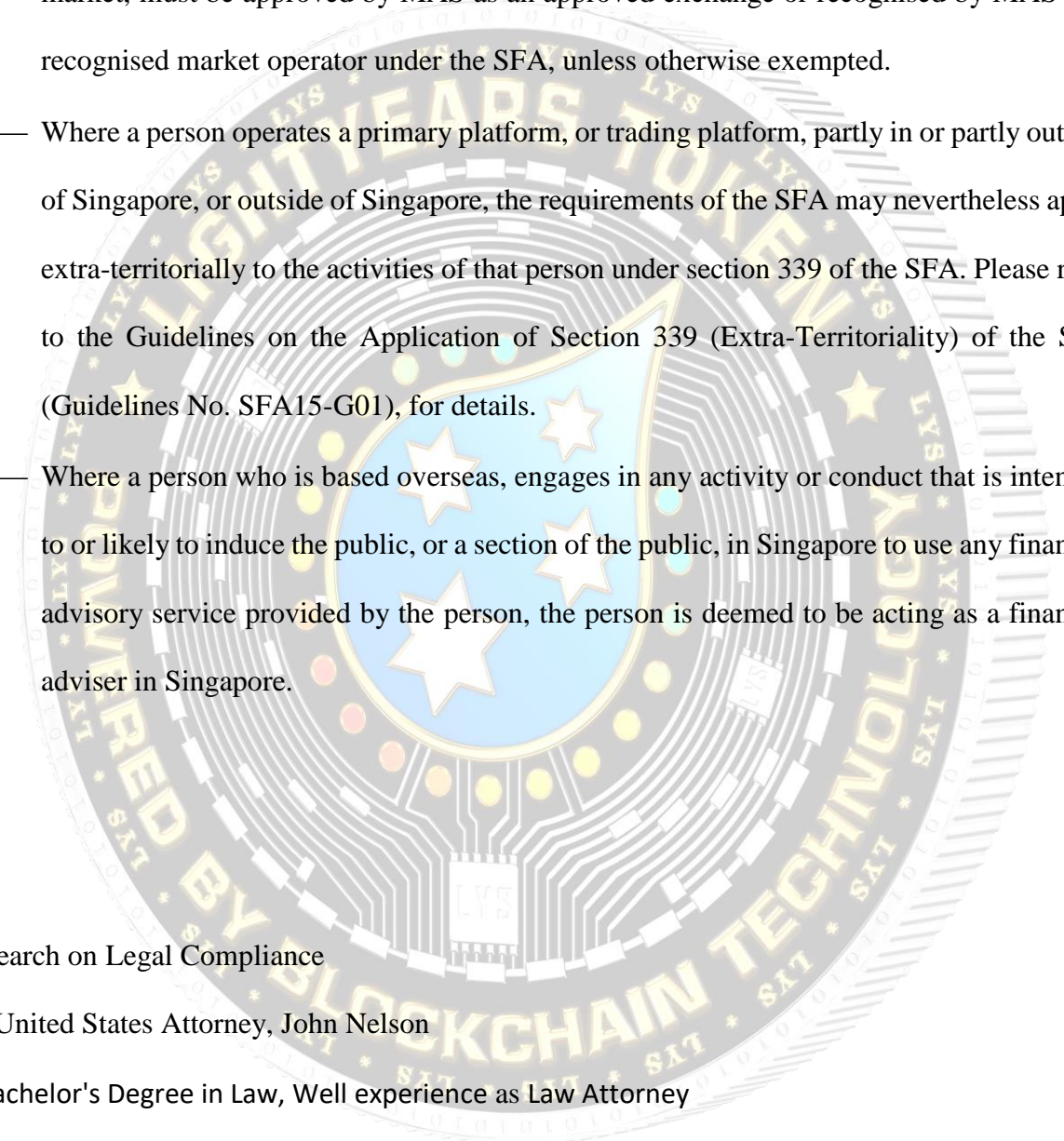
the SFA must comply with investment restrictions<sup>18</sup> and business conduct requirements<sup>19</sup>. Please refer to the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 (SF(OI)(CIS)R), the Code on Collective Investment Schemes (Code on CIS) and the Practitioner's Guide to the CIS Regime under the SFA, for details.

— Intermediaries who facilitate offers or issues of digital tokens

- MAS has observed that one or more of the following types of intermediaries typically facilitate offers or issues of digital tokens:
- A person who operates a platform on which one or more offerors of digital tokens may make primary offers or issues of digital tokens (**primary platform**);
- A person who provides financial advice in respect of any digital tokens;
- A person who operates a platform at which digital tokens are traded (**trading platform**).

— A person who operates a primary platform in Singapore in relation to digital tokens which constitute any type of capital markets products, may be carrying on business in one or more regulated activities under the SFA. Where the person is carrying on business in any regulated activity, or holds himself out as carrying on such business, he must hold a capital markets services licence for that regulated activity under the SFA, unless otherwise exempted.

— A person who provides any financial advice in Singapore in respect of any digital token that is an investment product, must be authorised to do so in respect of that type of financial advisory service by a financial adviser's licence, or be an exempt financial adviser, under the FAA.

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- A person who establishes or operates a trading platform in Singapore in relation to digital tokens which constitute securities or futures contracts, may be establishing or operating a market. A person who establishes or operates a market, or hold himself out as operating a market, must be approved by MAS as an approved exchange or recognised by MAS as a recognised market operator under the SFA, unless otherwise exempted.
  - Where a person operates a primary platform, or trading platform, partly in or partly outside of Singapore, or outside of Singapore, the requirements of the SFA may nevertheless apply extra-territorially to the activities of that person under section 339 of the SFA. Please refer to the Guidelines on the Application of Section 339 (Extra-Territoriality) of the SFA (Guidelines No. SFA15-G01), for details.
  - Where a person who is based overseas, engages in any activity or conduct that is intended to or likely to induce the public, or a section of the public, in Singapore to use any financial advisory service provided by the person, the person is deemed to be acting as a financial adviser in Singapore.

Research on Legal Compliance

By United States Attorney, John Nelson

A Bachelor's Degree in Law, Well experience as Law Attorney

\*Document will be endorsed by a lawyer in Singapore under the strict rules by MAS (Singapore)