

BAYFRONT LAW

in alliance with Nishimura & Asahi (Singapore) LLP

Company Registration No. 201723356G

VIA E-MAIL

PRIVILEGED AND CONFIDENTIAL

DATE: 4 June 2021

TO: TRUSTFI FOUNDATION LTD.

FROM: Bayfront Law LLC

WRITER: clarence.guo@bayfrontlaw.sg

SUBJECT: Opinion relating to Trustfi Foundation Ltd. (the **Company**) – Token issuance

1. Background and scope of advice

- 1.1 We refer to the proposed token issuance project (**Issuance**) to be conducted by the Company (and/or its affiliates). We are informed that pursuant to the Issuance, a new digital asset (**TFI**) will be generated and distributed, which is intended to be utilised on a platform ecosystem to be developed and operated by the Company and/or its affiliates. Further details in relation to the background are set out in Annex A.
- 1.2 We have been instructed to provide this advice solely on the question of whether the design of TFI would cause it to be considered:
- (a) a "capital market product" for the purpose of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**);
 - (b) a "digital payment token" under the Payment Services Act 2019 (No. 2 of 2019) (the **PS Act**); or
 - (c) "e-money" under the PS Act.
- 1.3 For the purpose of this advice, we have been provided with the draft Litepaper, which is a non-binding document that sets out, *inter alia*, the proposed design of TFI to be issued. We are informed that the version of the Litepaper which will be finally released will be in substantially the same form as that provided in Annex C. We have relied only on the relevant facts, documents and instructions as informed to us in Annex A and Annex C. We have not considered any other issues, other than that as set out at paragraph 1.2 above, and have also not conducted any independent enquiries or due diligence in respect of the Issuance and the operation of the Company (or its affiliates). This advice is based on Singapore law as at the date hereof, is limited to the matters expressly specified herein and must not be read as extending, by implication or otherwise, to any other matter.
- 1.4 We have not examined or expressed any views on, nor will we be deemed to have examined or expressed any views on, any regulatory requirements, restrictions or prohibitions (a) under the laws of any other jurisdictions that may be applicable, (b) in connection with the Company's (or its affiliates') activities, the network/ecosystem, or the circumstances or conduct of the Issuance (other than that relating solely to the design of TFI) or the commercial aspects of any of the foregoing, or (c) any other ancillary digital asset, platform token, synthetic token, wrapped token, staking token, project token or asset-backed token such as liquidity provider (LP) tokens or NFTs which may be issued/created in connection with the operation of the TrustFi Network. Where any reference or opinion is related to the foregoing or expressed beyond the jurisdiction of Singapore, we accordingly disclaim reliance thereupon and any obligation arising therefrom, and you are advised to obtain legal advice regarding these issues as applicable. This advice

should be read together with the annexes appended hereto, which form an integral part of this advice and will be governed by, and construed in accordance with, Singapore law.

- 1.5 Please also note that our advice does not cover any other areas of law such as tax law, privacy and data protection laws, issues relating to the licensing of information technology, intellectual property, money laundering and countering the financing of terrorism, or regulatory advice (save as mentioned at paragraph 2 below), and we do not assume any responsibility to update this advice after the date hereof.
- 1.6 The views expressed in this advice are solely our views as to the issues expressly dealt with in this advice. Our advice does not constitute an assurance, guarantee or warranty that the Singapore regulatory authorities or Singapore Courts would necessarily agree with the views stated in this advice or that any challenge would not be made or would necessarily fail. This advice is not intended to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed by any applicable law.
- 1.7 Further, it is assumed that (a) TFI and the TrustFi Network, when developed, would meet their description in this advice and in the Litepaper, (b) there will be no material variations in TFI or the TrustFi Network from their descriptions therein which would affect our advice, (c) all services offered on the TrustFi Network will not be illegal and the necessary approvals and licences will be held by the Company, its relevant operating entities or affiliates in all applicable jurisdictions as necessary, (d) the Company will conduct all activities in accordance with good corporate governance principles (e) the Company will only be undertaking the Issuance as described herein, and will not be undertaking any business or activities in Singapore which would result in it requiring to be approved, registered or otherwise regulated by the Monetary Authority of Singapore (the **MAS**) under the SFA or the Payment Services Act, or any other competent authority under any applicable law or regulation, and (f) any notifications that have to be provided to the relevant authorities will be undertaken as required.
- 1.8 As of the date hereof, to our knowledge there has been no court case nor any formal notice published by the MAS which directly address the issues raised in this advice, save for various releases, guidelines and papers. Accordingly, the MAS or a court may reach an alternative conclusion different from the one provided in this advice.

2. Advice

- 2.1 A "utility token" is not a defined term under Singapore law. Solely considering the design of TFI as set out in Annex A and Annex C, we are of the view that, in itself, the design of TFI:
- (a) constitutes a digital payment token under the PS Act;
 - (b) does not constitute e-money under the PS Act;
 - (c) does not constitute a "debenture" under the SFA;
 - (d) does not constitute the operation of a collective investment scheme under the SFA; and
 - (e) accordingly would not cause TFI to be deemed a "security" or a "capital market product" for the purpose of the SFA.
- 2.2 Our detailed analysis is set out in Annex B.

Yours sincerely



BAYFRONT LAW LLC

Encl: Annexes A to C

Annex A

Background

1. We understand that the Company is working on developing the "TrustFi" platform ecosystem (the **TrustFi Network**), which is planned to be a decentralized BaaS solution for full market of DeFi. It supports multichain crypto assets and cross-chain liquidity management, and will help blockchain-cryptocurrency start-ups complete early tokens auction and staking management plan, and provides incentive model for the establishment of DAO and market liquidity promotion.
2. In TrustFi BaaS Ecosystem, the front-end product based on IDO General Protocol is named TrustFi Alpha, and the front-end product based on Decentralized Staking Contract is named TrustFi Beta. PLM Model is an original system, effectively linking DeFi community governors, on-chain liquidity suppliers and digital asset owners, application developers, and infrastructure operators. PLM Model is forming a closed loop of TrustFi BaaS Ecosystem with TrustFi Alpha and TrustFi Beta.
3. We are informed that TFI is a transferable representation of attributed functions specified in the protocol/code of the TrustFi Network, and is designed to have the following functions within the ecosystem:
 - 3.1 TFI may only be utilised on the TrustFi Network (when fully completed and deployed) as the medium of exchange for valuable services provided in the ecosystem on the TrustFi Network. It is not intended to be a medium of exchange accepted by the public, or a section of the public, as payment for goods or services or for the discharge of a debt; nor is it designed or intended to be used by any person as payment for any goods or services whatsoever that are not exclusively provided by the issuer. For each exchange of services on the TrustFi Network, the costs are to be quantified in TFI and paid to the TrustFi Network and/or the other party providing the service.
 - 3.2 TFI would also function as the incentive which would be distributed to encourage users to contribute to and maintain the ecosystem on the TrustFi Network. Further, it is mentioned that additional TFI will be awarded to a user based only on its actual usage, activity and contribution on the TrustFi Network, so users of the TrustFi Network and/or holders of TFI which did not actively participate will not receive any TFI incentives.
 - 3.3 TFI has the following specific features:
 - (a) TFI allows holders to propose and vote on governance proposals to determine future features and/or parameters of the TrustFi Network as well as protocol improvements (for the avoidance of doubt, the right to vote is restricted solely to voting on features of the TrustFi Network; the right to vote does not entitle TFI holders to vote on the operation and management of the Company, its affiliates, or their assets or the disposition of such assets to token holders, and does not constitute any equity interest in any of these entities, and the arrangement is not intended to be any form of joint venture or partnership).
 - (b) To develop a self-sustainable, closed-loop economy, all revenue from TrustFi Alpha and TrustFi Beta collected by the platform would be re-distributed as incentives for active contributors within the ecosystem.
 - (c) TFI can be used as the collateral to mint NFT and deployed into PLM Model and DeFi yield protocols to provide liquidity for these protocols, and in turn receive additional rewards from the various reward programs offered by third party decentralised protocols for helping to secure the network.
 - (d) As member of an exclusive group, holders of TFI will be allowed priority to participate in projects listed on TrustFi Alpha.

- (e) In order for TrustFi Network to provide PLM services to third parties, users would need to be incentivised to play the role of liquidity providers and stake their digital assets into the liquidity pools (whether for maintain network security of listed projects, or minting of new tokens). As compensation for opportunity costs, these liquidity providers which help to promote adoption of the TrustFi Network by staking or including assets to liquidity pools in exchange for LP tokens would be rewarded with TFI tokens (i.e. liquidity "mining" on the TrustFi Network), according to each user's relative contribution after various adjustment and correction parameters.
 - (f) As the native platform currency, TFI will be accepted as the medium for participation in projects which list on the platform.
- 3.4 TFI is not intended to constitute securities in Singapore or any relevant jurisdiction, and will not entitle token holders to any promise of dividends, revenue, fees, profits or investment returns.
 - 3.5 TFI is non-refundable and cannot be exchanged with the Company or any affiliate for cash (or its equivalent value in any other digital asset) or any payment obligation by the Company or any affiliate.
 - 3.6 TFI does not represent any shareholding, participation, right, title, or interest in the Company or any other company, enterprise or undertaking.
 - 3.7 TFI is not for speculative investment, and (although TFI may eventually be traded on digital asset exchanges), there is no guarantee or representation of value or liquidity for TFI.
 - 3.8 TFI is not intended to be a representation of money (including electronic money), security, commodity, bond, debt instrument, unit in a collective investment scheme or any other kind of financial instrument or investment.
 - 3.9 There does not appear to be any buy-back or destruction mechanism planned for TFI.
 - 4. The TrustFi Network does not facilitate the transmission of fiat currency on behalf of its users or other third parties, nor does it assist with the conversion of TFI to fiat currency.
 - 5. The documents indicate that any conversion of TFI to fiat currency will be done on third party digital asset exchanges. It is mentioned that to the extent a secondary market or exchange for trading TFI does develop, it would be run and operated wholly independently of the Company (or its affiliates), the distribution of TFI and the TrustFi Network. The Company will not create such secondary markets nor will it act as an exchange for TFI.
 - 6. TFI does not have any tangible or physical manifestation, and does not have any intrinsic value (nor does the Company or any other person make any representation or give any commitment as to its value).

Annex B

Analysis

1. There is no specific law or regulation in Singapore that provides specifically for regulation of digital assets or digital tokens as such in relation to Singapore securities law. This has been confirmed in a statement (the **August 2017 Statement**) issued on 1 August 2017 ("MAS clarifies regulatory position on the offer of digital tokens in Singapore") by the MAS.
2. However, this cannot be taken to mean that digital assets and digital tokens are wholly unregulated in Singapore. As noted in the August 2017 Statement, digital tokens have evolved beyond just being a digital token, and depending on the features of a particular digital token, they may be subject to re-characterisation under Singapore's laws and consequently be subject to various regulatory regimes in Singapore, in particular under the SFA.

Meaning of "capital markets products" and "securities"

3. The SFA sets out at section 2(1) a definition "capital markets products" as follows:

"capital markets products" means any securities, units in a collective investment scheme, derivatives contracts, spot foreign exchange contracts for the purposes of leveraged foreign exchange trading, and such other products as the [MAS] may prescribe as capital markets products;"
4. Section 2(1) further defines "securities" as follows:

"securities" means:
 - (a) *shares, units in a business trust or any instrument conferring or representing a legal or beneficial ownership interest in a corporation, partnership or limited liability partnership;*
 - (b) *debentures; or*
 - (c) *any other product or class of products as may be prescribed,*
but does not include:
 - (i) *any unit of a collective investment scheme;*
 - (ii) *any bill of exchange;*
 - (iii) *any certificate of deposit issued by a bank or finance company, whether situated in Singapore or elsewhere; or*
 - (iv) *such other product or class of products as may be prescribed."*
5. Pursuant to the Securities and Futures (Prescribed Securities) Regulations 2012, various real estate investment trust (REIT) related securities have also been prescribed as "securities" (which do not appear relevant for the purposes of this advice).
6. The definitions of the terms "shares", "debenture", "derivatives contract" and "collective investment scheme", which are referred to in the definitions of "securities", are relevant for the purpose of this analysis. The other categories of instruments / relationships which would be categorised as securities (and hence capital markets products), such as spot foreign exchange

contracts, units in a business trust, or interests in partnerships, are not relevant for the purpose of this analysis and TFI would not constitute any of these.

Meaning of "debenture"

7. Section 2(1) of the SFA provides that:

""debenture" includes:

- (a) any debenture stock, bond, note and any other debt securities issued by or proposed to be issued by a corporation or any other entity, whether constituting a charge or not, on the assets of the issuer;*
- (b) any debenture stock, bond, note and any other debt securities issued by or proposed to be issued by a trustee-manager of a business trust in its capacity as trustee-manager of the business trust, or a trustee of a real estate investment trust in its capacity as trustee of the real estate investment trust, whether constituting a charge or not, on the assets of the business trust or real estate investment trust; or*
- (c) such other product or class of products as the Authority may prescribe,*

but does not include:

- (i) a cheque, letter of credit, order for the payment of money or bill of exchange; or*
- (ii) for the purposes of the application of this definition to a provision of [the SFA] in respect of which any regulations made thereunder provide that the word "debenture" does not include a prescribed document or a document included in a prescribed class of documents, that document or a document included in that class of documents, as the case may be;"*

8. In addition, it should also be noted that under section 239(3) of the SFA, it is stated that:

"For the purposes of this Division [i.e. Division 1 of Part XIII]:

- (a) any invitation to a person to deposit money with or to lend money to an entity shall be deemed to be an offer of debentures of the entity; and*
- (b) any document that is issued or intended or required to be issued by an entity acknowledging or evidencing or constituting an acknowledgment of the indebtedness of the entity in respect of any money that is or may be deposited with or lent to the entity in response to such an invitation shall be deemed to be a debenture."*

9. Debentures have also been judicially defined to mean a document which either creates a debt or acknowledges it and may include any obligation, covenant, undertaking or guarantee to pay, or any acknowledgement thereof. It is key to note, however, that not all company debts qualify as debentures.

Meaning of "derivatives contract"

10. Under the SFA, "derivatives contract" means:

- "(a) *any contract or arrangement under which —*
 - (i) *a party to the contract or arrangement is required to, or may be required to, discharge all or any of its obligations under the contract or arrangement at some future time; and*
 - (ii) *the value of the contract or arrangement is determined (whether directly or indirectly, or whether wholly or in part) by reference to, is derived from, or varies by reference to, either of the following:*
 - (A) *the value or amount of one or more underlying things;*
 - (B) *fluctuations in the values or amounts of one or more underlying things; or*
- (b) *any contract or arrangement that is, or that belongs to a class of contracts or arrangements that is, prescribed to be a derivatives contract..."*

11. The MAS has, in the Frequently Asked Questions on Product Definitions, mentioned at A7 that: "a derivatives contract falls within the ambit of the [SFA] if its reference asset is a security, a unit in a collective investment scheme ("CIS"), a currency or currency index, an interest rate, a commodity and/or the credit of any person (collectively referred to as "underlying thing"). A derivatives contract whose reference asset is not any of the underlying thing will not be considered a derivatives contract under the [SFA], and thus, any person carrying on business in dealing in such derivatives contracts (e.g. weather derivatives) will not be required to hold a capital markets services licence".

Meaning of "collective investment scheme"

12. At present, the term "collective investment scheme" under the SFA means:

12.1 an arrangement in respect of any property:

- (a) under which the participants do not have day-to-day control over the management of the property, whether or not the participants have the right to be consulted or to give directions in respect of such management;
- (b) under which either or both of the following characteristics are present:
 - (i) the property is managed as a whole by or on behalf of a manager;
 - (ii) the contributions of the participants, and the profits or income out of which payments are to be made to the participants, are pooled; and
- (c) under which either or both of the following characteristics are present:
 - (i) the effect of the arrangement is to enable the participants (whether by acquiring any right, interest, title or benefit in the property or any part of the property or otherwise):
 - (A) to participate in or receive profits, income, or other payments or returns arising from the acquisition, holding, management, disposal, exercise, redemption or expiry of, any right, interest, title or benefit in the property or any part of the property; or (B) to receive sums paid out of such profits, income, or other payments or returns;
 - (ii) the purpose, purported purpose or purported effect of the arrangement is to enable the participants (whether by acquiring any right, interest, title or benefit in the property or any part of the property or otherwise):
 - (A) to participate in or receive profits, income, or other payments or returns arising from the acquisition, holding, management, disposal, exercise, redemption or expiry of, any right, interest, title or benefit in the property or any part of the property; or (B) to receive sums paid out of such profits, income, or other payments or returns,

whether or not: (AA) the arrangement provides for the participants to receive any benefit other than those set out in sub-paragraph 12.1(c)(iii)(A) or 12.1(c)(ii)(B) in the event that the purpose, purported purpose or purported effect is not realised; or (BB) the purpose, purported purpose or purported effect is realised; or

- 12.2 an arrangement which is an arrangement, or is of a class or description of arrangements, specified by the Authority as a collective investment scheme by notice published in the Gazette.
- 13.** The following are not considered collective investment schemes under the SFA (each an Excluded Arrangement):
- 13.1 an arrangement operated by a person otherwise than by way of business;
- 13.2 an arrangement under which each of the participants carries on a business other than investment business and enters into the arrangement solely incidental to that other business;
- 13.3 an arrangement under which each of the participants is a related corporation of the manager;
- 13.4 an arrangement made by or on behalf of an entity solely for the benefit of persons, each of whom is:
- (a) a bona fide director or equivalent person, a former director or equivalent person, a consultant, an adviser, an employee or a former employee of that entity or, where that entity is a corporation, a related corporation of that entity; or
 - (b) a spouse, widow or widower, or a child, adopted child or step-child below the age of 18 years, of such director or equivalent person, former director or equivalent person, employee or former employee;
- 13.5 an arrangement made by or on behalf of 2 or more entities solely for the benefit of persons, each of whom is:
- (a) a bona fide director or equivalent person, a former director or equivalent person, a consultant, an adviser, an employee or a former employee of any of those entities or, where any of those entities is a corporation, a related corporation of the entity which is a corporation; or
 - (b) a spouse, widow or widower, or a child, adopted child or step-child below the age of 18 years, of such director or equivalent person, former director or equivalent person, employee or former employee;
- 13.6 a franchise;
- 13.7 an arrangement under which money received by an advocate and solicitor from his client, whether as a stakeholder or otherwise, acting in his professional capacity in the ordinary course of his practice, or under which money is received by a statutory body as a stakeholder in the carrying out of its statutory functions;
- 13.8 an arrangement made by any co-operative society registered under the Co-operative Societies Act (Chapter 62 of Singapore) in accordance with the objects thereof solely for the benefit of its members;
- 13.9 an arrangement made for the purposes of any chit fund permitted to operate under the Chit Funds Act (Chapter 39 of Singapore);
- 13.10 an arrangement arising out of a life policy within the meaning of the Insurance Act (Chapter 142 of Singapore);
- 13.11 a closed-end fund (see below) constituted either as an entity or a trust;
- 13.12 an arrangement under which the whole amount of each participant's contribution is a deposit as defined in section 4B of the Banking Act (Chapter 19 of Singapore);

13.13 an arrangement of which —

- (a) the predominant purpose is to enable the participants to share in the use or enjoyment of the property or to make its use or enjoyment available gratuitously to others; and
- (b) the property does not consist of any of the following:
 - (i) any currency of any country or territory;
 - (ii) any capital markets products;
 - (iii) any policy as defined in the First Schedule to the Insurance Act (Chapter 142 of Singapore);
 - (iv) any deposit as defined in section 4B of the Banking Act (Chapter 19 of Singapore);
 - (v) any credit facilities as defined in section 2(1) of the Banking Act (Chapter 19 of Singapore);

13.14 an arrangement which is an arrangement, or is of a class or description of arrangements, specified by the Authority as not constituting a collective investment scheme by notice published in the Gazette.

14. A "closed-end fund", as referred to above, means an arrangement referred to in sub-paragraphs 12.1 or 12.2 in the definition of "collective investment scheme" in paragraph 12 above, under which units that are issued are exclusively or primarily non-redeemable at the election of the holders of units.

Analysis

- 15. At the outset, it is worthwhile to note that it does not appear to us that the design of TFI, in itself (as described in Annex A), results in any stocks or shares in the Company or its affiliates being issued or subscribed for.
- 16. Besides the statutory provisions, statements made by the MAS in relation to the definitions of "debentures", "collective investment schemes" and "digital tokens" are instructive.
- 17. In the August 2017 Statement, the MAS observed that:

"...the function of digital tokens has evolved beyond just being a virtual currency. For example, digital tokens may represent ownership or a security interest over an issuer's assets or property. Such tokens may therefore be considered an offer of shares or units in a collective investment scheme [including under the revised definition of a collective investment scheme proposed in the Enhanced Safeguards Consultation Paper] under the SFA. Digital tokens may also represent a debt owed by an issuer and be considered a debenture under the SFA." (emphasis added)

Further, in "A Guide to Digital Token Offerings" (last updated 26 May 2020) (the **Digital Token Guide**), the MAS has stated that offers or issues of digital tokens may be regulated by the MAS if the digital tokens are capital markets products, citing the following as (non-exhaustive) examples of capital markets products that a digital token may constitute:

- (a) a share, where it confers or represents ownership interest in a corporation, represents liability of the token holder in the corporation, and represents mutual covenants with other token holders in the corporation inter se;
- (b) a debenture, where it constitutes or evidences the indebtedness 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
- (c) a unit in a collective investment scheme, where it represents a right or interest in a collective investment scheme, or an option to acquire a right or interest in a CIS.

18. In the "Consultation Paper on Proposals to Enhance Regulatory Safeguards for Investors in the Capital Markets" issued by the MAS dated 21 July 2014 (the **Enhanced Safeguards Consultation Paper**), the MAS described debentures as:

"2.1 Debentures are debt securities regulated under the SFA. Broadly, debentures are instruments representing indebtedness. These are capital-raising instruments, under which the debenture issuer offers to pay interest in lieu of money borrowed for a certain period. These may be:

- (i) unsecured – backed by general creditworthiness of the debenture issuer; or*
- (ii) secured – backed by assets, which the debenture holder would have legal claim to if the issuer defaults on its payment obligations under the debenture. Examples include asset-backed securities and collateralised debt obligations." (emphasis added).*

19. In the Enhanced Safeguards Consultation Paper, the MAS contrasted debentures with buy-back arrangements, in particular, of non-financial assets, which are considered normal economic transactions, entered into in the ordinary course of business, examples of which include arrangements allowing consumers to trade-in products after use for a portion of the initial purchase price, or where the purchaser has the right to sell the product back to the seller at the prevailing market price in future.

20. The above was in the context of the (then proposed) regulation of buy-back arrangements involving precious metals (gold, silver and platinum). In its September 2015 response to the Enhanced Safeguards Consultation Paper, the MAS announced that the regulatory regime for debentures under the SFA (and Financial Advisers Act, Cap 110) would extend to arrangements which display the following characteristics as debentures:

- 20.1 Buy-back structure – Party A purchases gold, silver or platinum ("**precious metal**") from Party B for an agreed sum of money or money's worth, with Party B being under an obligation to re-purchase the precious metal back from Party A at a future time; and

- 20.2 Debenture effect – The purpose or effect of the arrangement is to enable Party A to receive a "financial benefit" from Party B. The main risk that Party A is exposed to is the credit risk of Party B, and not fluctuations in market value of the asset.

21. As to the requirement and interpretation of "financial benefit", it was stated in the Enhanced Safeguards Consultation Paper that the "right to receipt of a financial benefit **must be agreed upon at the point in time that the parties enter into the arrangement, although the actual amount received may vary according to pre-determined factors** [including where the pre-determined factors move against Party A such that at the end of the transaction, Party A is in a net financial loss position]" (emphasis added). Examples provided by the MAS of commercial transactions where there would not be deemed to be a financial benefit would include trading contracts, storage contracts, consignment arrangements and sale and lease-back arrangements, whereas there would be a financial benefit where the effective re-purchase price that Party B agreed to pay for buy-back at the time the arrangement is entered into is higher than the initial purchase price that Party A paid for the asset.

22. The SFA refers to section 4(1) of the Companies Act (Chapter 50 of Singapore) in its definition of "share", namely being "share in the share capital of a corporation and includes stock except where a distinction between stocks and shares is expressed or implied". Typically, a share may be understood as a chose in action that gives its owner, the shareholder, a bundle of rights against the company that issued said share, and one of the most fundamental rights is the right to vote in affairs of the company. It has also been judicially noted that "a share is the interest of a shareholder in the company measured by a sum of money, for the purpose of liability in the first place, and of interest in the second, but also consisting of a series of mutual covenants entered into by all the shareholders inter se in accordance with s 16 of the Companies Act, 1862. The contract contained in the articles of association is one of the original incidents of the

share. A share is not a sum of money settled in the way suggested, but is an interest measured by a sum of money and made up of various rights contained in the contract, including the right to a sum of money of a more or less amount."

- 23.** In this regard, it is expressly stated that TFI does not represent any shareholding, participation, right, title, or interest in the Company or any other company, enterprise or undertaking. Once issued, it does not appear that holders of TFI incur any liability to the Company (or any other company, enterprise or undertaking), nor do they enter into mutual covenants, or agree to rights and obligations, with other TFI holders inter se. Consequently, it is unlikely that there would be any dealing in "securities" in the form of stocks or shares arising solely out of the design of TFI in itself.
- 24.** As to whether TFI may be considered to be a debenture, TFI does not appear to be a "debenture" under the SFA for the following reasons:
- 24.1 in order for an instrument to be deemed a debenture some element of indebtedness is required, but this is not present in the material provided for review;
- 24.2 TFI is non-refundable and TFI cannot be exchanged for cash (or its equivalent value in any other digital asset) or any payment obligation by the Company or any affiliate;
- 24.3 TFI is not a loan to the Company or any of its affiliates and there is no expectation of profit;
- 24.4 TFI is not intended to represent a debt owed by the Company or any of its affiliates (and in this regard there does not appear to be any payment obligation on the part of the issuer, payment of coupon and/or invitation to deposit money with or to lend money to the Company or any of its affiliates);
- 24.5 TFI may have no value and there is no guarantee or representation of value or liquidity for TFI; and
- 24.6 TFI may only be utilised on the TrustFi Network (when fully completed and deployed) as a medium of exchange for valuable services provided in the ecosystem on the TrustFi Network, and provide economic incentives which will encourage users to contribute to and maintain the ecosystem on the TrustFi Network (e.g. TFI will be paid to participate in projects, used as collateral, or incentives for providing liquidity).
- 25.** For completeness, we would mention that TFI does not appear to constitute a buy-back arrangement (which inherently carry a higher risk of inviting regulation under Singapore securities laws for the reasons described at paragraphs 19 to 21 above) as TFI is non-refundable.
- 26.** From the Litepaper provided to us for review, TFI does not appear to reference any underlying asset or any underlying thing (but rather it is a useable digital token with certain prescribed functions); accordingly it is also unlikely that TFI will be construed as a "derivatives contract".

Analysis of the token issuer's activity under the definition of "collective investment scheme"

- 27.** In relation to collective investment schemes, in the Frequently Asked Questions Specific to Collective Investment Schemes issued by the MAS (the **CIS FAQs**) a collective investment scheme is an arrangement where money from investors is pooled together with a view to deriving profits or income from the scheme. The scheme may invest in all kinds of assets, be they financial, real estate, precious metals or commodities. Whether or not exotic schemes (such as commodity investment schemes and schemes which involve digital assets or some other digital token) fall within the scope of that definition depends on the structure of each scheme. Where money invested in the scheme and profits or income from it are pooled, the scheme would be subject to the MAS' approval process. If a commodity is sold directly and separately to individuals, such sales would not be subject to any regulation. Schemes whose

objectives are not to generate profit or income but for consumption (e.g. time-sharing schemes and memberships in golf or country clubs) would not fall within the regulatory scope of collective investment schemes under the SFA.

In the Enhanced Safeguards Consultation Paper, the MAS further mentioned that it:

"...has observed a number of arrangements offered to retail investors that fall out of the statutory definition of a CIS [i.e. collective investment scheme], simply by offering investors direct interests in underlying physical assets. This is in spite of an arrangement providing that while investors obtain legal title of the asset, they will cede day-to-day control over management of their property to the scheme operator to be managed collectively with assets of other scheme participants, for the purpose of enabling them to participate in profits of the scheme (collectively-managed investment schemes).

The key distinguishing characteristic of such schemes were that investors' contributions are not initially pooled. Apart from this, such collectively-managed investment schemes do not differ from regulated CIS..."

In this regard, MAS has also announced that the intention is to extend the scope of collective investment schemes to include schemes which are in substance similar to traditional regulated investment funds but do not pool investor's contributions.

28. Under the definition of "collective investment scheme", the "management" limb is an alternative to the "pooling" limb. The two limbs are to be assessed independently of each other, and the absence of the pooling of contributions or profits will not preclude a finding that there is management as a whole. An arrangement would fall outside the scope of regulation if the factual matrix indicates that (a) there is no initial pooling of assets, or (b) there is no expectation of deriving profits or income from the scheme.
29. It should also be noted that the MAS has issued the "Response to Feedback Received – Proposals to Enhance Regulatory Safeguards for Investors in the Capital Markets" dated 22 September 2015 (the **Response to the Enhanced Safeguards Consultation Paper**). This is noteworthy because of its discussion of the meanings of the "management" and "control" limbs found in the definition of "collective investment scheme", which may be summarised as follows:
 - 29.1 in relation to the "management" limb, whether there is management "as a whole" will depend on the investment objectives of the arrangements and the collective or individual nature of the arrangements made in order to produce the intended profits. Indications of whether there is collective management appear to be:
 - (a) whether the scheme operator is likely to look after the essential profit-generating activity under the instructions of, or at least in consultation with, individual owner/investors, or whether it may do so without having regard to individual investors' interests or preferences; and/or
 - (b) whether management on an individual basis is likely to be impracticable – e.g. even where returns are generated from ownership rights to specific property, the returns are generated as a result of the operators' management of activities collectively on the property as a whole;
 - 29.2 in relation to the "control" limb, the MAS is of the view that for investors to be considered as having day-to-day control, they should have direct and on-going power to decide on operational matters relating to management of the scheme property. The greater the extent of reliance on the particular scheme operator's professed expertise in managing the scheme property, the less likely it is that investors have effective day-to-day control. It is also significant that the MAS considers that "if expectations created between the parties in the arrangement are such that investors would not be involved in the day-to-day management of the property, having

contractual rights to be consulted on or to give the manager direction from time to time will **not** be considered as effective day-to-day control" (emphasis added); and

- 29.3 the MAS' intent is to extend capital markets regulatory safeguards to investors in arrangements which are in substance made and managed on a collective basis and hence pose similar risks to investors as traditional collective investment schemes. In particular, the MAS has noted that a number of such schemes previously avoided regulation as a collective investment scheme by offering investors direct legal title to individual assets (i.e. no pooling of investors' contributions). Nonetheless, investors' assets are effectively managed collectively by a third party such that their payoff is the same as the payoff that they would have obtained had their contributions been pooled.
30. From the various pronouncements from the MAS, it appears that the MAS is shifting its focus towards the fundamental purpose of transaction, and this should be analysed in detail. A "utility" token by itself, once issued, with genuine functionality and circulating on its network, would rarely be construed as a "security". In the present case, it does not appear that the design of TFI, in itself, would be construed as a collective investment scheme.
31. For the following reasons, the management and control limbs of the definition of a collective investment scheme are not fulfilled:
- 31.1 there are no contributions or funds being "managed" by any party for the purpose of generating returns or other benefits (pooled or otherwise) to be paid to TFI holders;
- 31.2 the Litepaper states that none of the Company and/or the team members shall be responsible for or liable for the value or liquidity of TFI;
- 31.3 we understand that there is no promise by the Company or any of its affiliates to pool, manage any asset and/or return any assets to project participants;
- 31.4 there does not appear to be any economic benefit, beneficial interest or legal title conferred on token holders over any property, and TFI will not entitle token holders to any promise of dividends, fees, revenue, profits or investment returns;
- 31.5 the nature of digital tokens is that they are inherently transferable to other parties, and the mere fact (or even any hope) that TFI may be resold at a price that is potentially higher than the original purchase price does not change the fact that the intention and goal of the token distribution is so that TFI can be utilised by users. The MAS has also acknowledged in the Digital Token Guide that the ability for a digital token to be traded on the secondary market alone does not result in a digital token being construed as capital markets products under the SFA. In this regard, users are required to acknowledge that they are acquiring TFI to participate in the TrustFi Network and to obtain services on the ecosystem thereon;
- 31.6 even if TFI holders are able to obtain additional TFI, this would not occur through the action or activities of any person or manager, but only through that token holder's participation in the ecosystem on the TrustFi Network (e.g. provision of valuable liquidity for the benefit of the entire network);
- 31.7 given that a TFI holder is required to perform work each time before being entitled to the TFI incentives as described in Annex A, it does not appear to us that the TFI incentives would constitute any dividend, profit or investment return; and
- 31.8 further, it is mentioned that users of the TrustFi Network and/or holders of TFI which did not actively participate in the TrustFi Network will not receive any TFI incentives.
32. Based on our understanding of the token issuer's activities relating solely to the Issuance for TFI set out in Annex A, it appears that the element of pooling of contributions and profits, which

is a factor affecting whether an arrangement to fall within the definition of a collective investment scheme, is not present for the following reasons:

- 32.1 there is no promise of any profit or return back to any token holder (i.e. TFI is non-refundable and TFI cannot be exchanged for cash or any payment obligation); and
- 32.2 notwithstanding the distribution of TFI, token holders will have no economic or legal right over or beneficial interest in the assets of the Company or any of its affiliates after the token distribution.
- 33. There is a potential residual risk that pursuant to the powers granted under section 2(1)(h) of the SFA, the MAS may prescribe digital assets / digital tokens to be "securities" for the purpose of the SFA. However, we would mention that as at the date hereof, there is no indication that the MAS intends to exercise its power to make such a declaration. Public statements released by the MAS have indicated that it would avoid taking such a broad-brush approach towards the regulation of digital assets / digital tokens.
- 34. The key characteristic of a closed-end fund is that units in such a collective investment scheme are not redeemable at the option of the investor. Closed-end funds typically take the form of investments in the shares of an investment company (such that the investor may not realise its investment until the shares have been redeemed) – for such closed-end funds though, because shares of a company are involved, this may trigger prospectus requirements under the SFA's regime in respect of offers of shares or debentures. One further important requirement is that the closed-end fund must be constituted as an entity or trust in order to qualify as an Excluded Arrangement.
- 35. It is unlikely that the investment arrangement offered (if applicable) may be deemed to be a closed-end fund because in the first place, for the reasons set out above, it is not likely that the design of TFI, in itself, will be considered the operation of a collective investment scheme.
- 36. Considering the factors in their entirety, our view is that the design of TFI (as set out in Annex A), in itself, would not be considered the operation of a collective investment scheme, the management of which, or dealing of interests in which, would trigger an obligation to obtain a CMS licence.

Conclusion as to whether TFI would constitute a security under the SFA

- 37. Further, we set out below certain characteristics displayed by financial products which would satisfy the definition of "securities":
 - 37.1 the product provides the holder with ownership interest in a legal entity such as a private limited company or an unincorporated body such as a limited liability partnership;
 - 37.2 the product provides the holder with a payment of interest;
 - 37.3 the product provides the holder with an interest in underlying securities (including equity, shares or debentures);
 - 37.4 the product provides the holder with a direct or indirect exposure to underlying profits and/or losses, or assets and/or liabilities;
 - 37.5 the issuer (or any related company) has a legal obligation to repay the holder for his purchase of the product or the holder has a legal right to sell the product to the issuer (or any related company), such that the holder may potentially receive a "financial benefit"; or
 - 37.6 the product has a feature that allows the holder to convert a product into another token with characteristics set out above or otherwise grants the holder an option to purchase securities.

From the information provided to us, TFI does not appear to exhibit any of these characteristics described in this paragraph 37.

- 38. For the various reasons set out above in this Annex B, the design of TFI would, on balance, not cause TFI to be deemed a "security" under section 2(1) of the SFA.
- 39. It is however important to note that even if TFI would not be considered a security by design, it may be considered a security in the manner in which it was distributed, described in marketing material, and/or how it is treated. Where TFI is eventually acquired by users for investment purposes, there is an increased risk that TFI will be considered a security.

Exemptions under the SFA

- 40. For completeness, we now turn to consider the various exemptions to CMS licensing available under the SFA.
- 41. While there is a general exemption available to financial institutions (e.g. banks) that are regulated by the MAS, specific exemptions also apply to certain categories of persons carrying on business in regulated activities.
- 42. Based on our understanding of the design of TFI (even if the Company or its affiliates were considered to be operating a collective investment scheme) the relevant entities at present would not qualify for any of these exemptions. In the context of an Issuance, the Company is unlikely to engage a financial institution to handle the Issuance and we understand that the Company has no plans to do so. Further, we believe that any such exemptions are not practical in the context of token sales.
- 43. Presently, there are no specific exemptions or exclusions under the SFA for activities relating to digital assets or for companies dealing with digital assets (except to the extent that such activities do not fall within the scope of any of the regulated activities). It is unclear if any new exemptions will be introduced, but it is likely that it will be some time before such exemptions would come into effect (if at all).

Meaning of "digital payment token" and "e-money" under the PS Act

- 44. For the purpose of this advice, the two important definitions under the PS Act are the definition of "digital payment token" and "e-money". These are alternative categories under the PS Act and depending on its exact characteristics, a digital token may fall under either category (but not both).
- 45. A "digital payment token" is defined as any digital representation of value (other than an excluded digital representation of value) that:
 - 45.1 is expressed as a unit;
 - 45.2 is not denominated in any currency, and is not pegged by its issuer to any currency;
 - 45.3 is, or is intended to be, a medium of exchange accepted by the public, or a section of the public, as payment for goods or services or for the discharge of a debt;
 - 45.4 can be transferred, stored or traded electronically; and
 - 45.5 satisfies such other characteristics as the MAS may prescribe.
- 46. On the other hand, "e-money" is further defined as any electronically stored monetary value that:

- 46.1 is denominated in any currency, or pegged by its issuer to any currency;
 - 46.2 has been paid for in advance to enable the making of payment transactions through the use of a payment account;
 - 46.3 is accepted by a person other than its issuer; and
 - 46.4 represents a claim on its issuer,
- but does not include any deposit accepted in Singapore, from any person in Singapore.

Analysis under the definition of "digital payment token" and "e-money"

- 47. From the above definitions, we can observe that the key distinction between a digital payment token and e-money is that where the monetary value of the electronically stored amount in fiat currency cannot be determined without referring to some form of market mechanism, for example through the trading of the electronically stored monetary value on an exchange, such electronically stored amount is not e-money but may be a digital payment token.
- 48. It is critical to note that in the "Consultation paper on proposed regulatory approach for derivatives contracts on payment tokens" issued by the MAS dated 20 November 2019 (the **Token Derivatives Consultation Paper**), the MAS described (at Footnote 1) that there are three main types of digital tokens – securities tokens, payment tokens (in particular, the MAS has affirmed that bitcoin and ether are payment tokens) and utility tokens. Payment tokens do not include utility tokens which are used to access a good or service offered by the token issuer only. Further, in the Digital Token Guide, Case Study 1 mentioned that a token which is accepted only on a native platform and is not or is not intended to be, a medium of exchange accepted by the public, or a section of the public, as payment for goods or services or for the discharge of a debt, would not be considered to be a payment token under the PS Act.
- 49. As such, most "stablecoins", such as USDT, USDC and GUSD would constitute "e-money" under the PS Act. These are denominated/pegged in USD, are paid for in advance, are accepted by a variety of vendors as payment for goods or services, and represent a claim on the underlying USD value.
- 50. TFI is primarily used as the native token on the TrustFi Network as a medium of exchange for various services, for example to participate in projects.
- 51. TFI is not denominated or pegged to any currency, is not paid for in advance to enable the making of payment transactions through the use of any payment account, and does not represent a claim against the issuer. This is in contrast to some of the other leading "stable tokens" in the industry, such as USDT.
- 52. In the Frequently Asked Questions (FAQs) on the Payment Services Act (updated 11 May 2020) (the **PS Act FAQs**), the MAS explained that one important distinction of "e-money" from digital payment tokens is the denomination / pegging aspect. Where the monetary value of the digital token cannot be determined without referring to some form of market mechanism, for example through the trading of the digital token on an exchange, then such digital token would not be viewed as "e-money".
- 53. Based on the foregoing, it does not appear that TFI would constitute "e-money" as there was no monies paid in advance to any issuer of TFI, and TFI not represent a claim for any value against any entity. It is indicated that TFI is not intended to be a representation of money or electronic money. There is no inherent "value" or guarantee of the monetary value of TFI, nor any kind of buyback or repurchase mechanism, so the only way to ascertain the price of the TFI would be the price that third parties would be willing to purchase it for on the secondary

market. Further, TFI is non-refundable and cannot be exchanged for cash (or its equivalent value in any other virtual currency) or any payment obligation by the Company or any affiliate.

- 54.** While it appears that TFI would satisfy many of the elements for being characterised as a "digital payment token", the critical issue is whether it is a "medium of exchange accepted by the public, or a section of the public, as payment for goods or services or for the discharge of a debt". The term "section of the public" under the PS Act is a fact-sensitive determination, so a group of individuals with a subsisting relationship with the service provider, or a group of individuals selected because of rational characteristics common to them may not be regarded as a section of the public per se. This determination depends on factors such as size of the group, nature of the service offered, and the significance of the particular characteristic that is common. Generally, a group of individuals selected with a certain degree of indiscriminability would likely be regarded as a section of the public. The PS Act FAQs has also provided an example where a token is accessible by individuals who do not subscribe to the services of the issuer, and is used by them as payment for goods and services that are not exclusively provided by the issuer, would be regarded as a medium of exchange accepted by a "section of the public".
- 55.** Notwithstanding that TFI is "not intended to be a medium of exchange accepted by the public, or a section of the public, as payment for goods or services or for the discharge of a debt" outside the TrustFi Network, we understand that it is freely tradeable on various virtual currency exchanges, and may be exchanged and accessed in a peer-to-peer manner by users. TFI is not restricted to users of the TrustFi Network, and it does not appear that holders of TFI may be characterised by any rational characteristics common to them.
- 56.** Further, we note that where TFI is used for payment to projects (for token sales) or paid to liquidity providers, these are not paid to the issuer, but are instead paid to any user on the platform which provided these services. Once acquired by any party (via a secondary exchange or otherwise), TFI may be used by the holder to pay for any product or service offered by a third party who is unrelated to the issuer. This is quite distinct from the example raised at Case Study 1 of the Guide to Digital Token Offerings, which indicates that utility tokens are used to access a good or service offered by the token issuer only.
- 57.** In such situation, assuming that the MAS accepts our finding (for the reasons set out at paragraphs 55 and 56 above) that TFI is indeed a medium of exchange accepted by the public, or a section of the public, as payment for goods or services or for the discharge of a debt, our conclusion would then accordingly be that TFI constitutes a "digital payment token" under the PS Act.

Other considerations

- 58.** The MAS has indicated that whilst certain digital tokens may not be within the regulatory purview of the MAS, the issuance of such tokens may nonetheless be subject to other legislation regarding anti-money laundering (AML) and counter-terrorism financing (CTF), and in particular the following:
- 58.1** obligations to report suspicious transactions with the Suspicious Transaction Reporting Office, Commercial Affairs Department of the Singapore Police Force pursuant to the provisions of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Chapter 65A of Singapore); and
- 58.2** prohibitions from dealing with or providing financial services to designated individuals and entities pursuant to the Terrorism (Suppression of Financing) Act (Chapter 325 of Singapore), as well as various regulations giving effect to United Nations Security Council Resolutions.
- 59.** Do note that the aforesaid measures and guidelines are not exhaustive. The Company should refer to other relevant MAS Notices and Guidelines to ensure compliance with AML/CTF measures as appropriate.

Annex C
Documents

TrustFi Network Litepaper



Update: 2021/4/27

Version 1.2.3

DISCLAIMER

PLEASE READ THE ENTIRETY OF THIS "DISCLAIMER" SECTION CAREFULLY. NOTHING HEREIN CONSTITUTES LEGAL, FINANCIAL, BUSINESS OR TAX ADVICE AND YOU SHOULD CONSULT YOUR OWN LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISOR(S) BEFORE ENGAGING IN ANY ACTIVITY IN CONNECTION HEREWITH. NEITHER TRUSTFI FOUNDATION LTD. (THE COMPANY), ANY OF THE PROJECT TEAM MEMBERS (THE TRUSTFI TEAM) WHO HAVE WORKED ON THE TRUSTFI NETWORK (AS DEFINED HEREIN) OR PROJECT TO DEVELOP THE TRUSTFI NETWORK IN ANY WAY WHATSOEVER, ANY DISTRIBUTOR/VENDOR OF TFI TOKENS (THE DISTRIBUTOR), NOR ANY SERVICE PROVIDER SHALL BE LIABLE FOR ANY KIND OF DIRECT OR INDIRECT DAMAGE OR LOSS WHATSOEVER WHICH YOU MAY SUFFER IN CONNECTION WITH ACCESSING THIS LITEPAPER, THE WEBSITE AT [HTTPS://TRUSTFI.ORG](https://trustfi.org) (THE WEBSITE) OR ANY OTHER WEBSITES OR MATERIALS PUBLISHED BY THE COMPANY.

Project purpose: You agree that you are acquiring TFI to participate in the TrustFi Network and to obtain services on the ecosystem thereon. The Company, the Distributor and their respective affiliates would develop and contribute to the underlying source code for the TrustFi Network. The Company is acting solely as an arms' length third party in relation to the TFI distribution, and not in the capacity as a financial advisor or fiduciary of any person with regard to the distribution of TFI.

Nature of the Litepaper: The Litepaper and the Website are intended for general informational purposes only and do not constitute a prospectus, an offer document, an offer of securities, a solicitation for investment, or any offer to sell any product, item or asset (whether digital or otherwise). The information herein may not be exhaustive and does not imply any element of a contractual relationship. There is no assurance as to the accuracy or completeness of such information and no representation, warranty or undertaking is or purported to be provided as to the accuracy or completeness of such information. Where the Litepaper or the Website includes information that has been obtained from third party sources, the Company, the Distributor, their respective affiliates and/or the TrustFi Team have not independently verified the accuracy or completeness of such information. Further, you acknowledge that circumstances may change and that the Litepaper or the Website may become outdated as a result; and neither the Company nor the Distributor is under any obligation to update or correct this document in connection therewith.

Token Documentation: Nothing in the Litepaper or the Website constitutes any offer by the Company, the Distributor or the TrustFi Team to sell any TFI (as defined herein) nor shall it or any part of it nor the fact of its presentation form the basis of, or be relied upon in connection with, any contract or investment decision. Nothing contained in the Litepaper or the Website is or may be relied upon as a promise, representation or undertaking as to the future performance of the TrustFi Network. The agreement between the Distributor (or any third party) and you, in relation to any distribution or transfer of TFI, is to be governed only by the separate terms and conditions of such agreement.

The information set out in the Litepaper and the Website is for community discussion only

and is not legally binding. No person is bound to enter into any contract or binding legal commitment in relation to the acquisition of TFI, and no digital asset or other form of payment is to be accepted on the basis of the Litepaper or the Website. The agreement for distribution of TFI and/or continued holding of TFI shall be governed by a separate set of Terms and Conditions or Token Distribution Agreement (as the case may be) setting out the terms of such distribution and/or continued holding of TFI (the Terms and Conditions), which shall be separately provided to you or made available on the Website. The Terms and Conditions must be read together with the Litepaper. In the event of any inconsistencies between the Terms and Conditions and the Litepaper or the Website, the Terms and Conditions shall prevail.

Deemed Representations and Warranties: By accessing the Litepaper or the Website (or any part thereof), you shall be deemed to represent and warrant to the Company, the Distributor, their respective affiliates, and the TrustFi Team as follows:

- (a) in any decision to acquire any TFI, you have shall not rely on any statement set out in the Litepaper or the Website;
- (b) you will and shall at your own expense ensure compliance with all laws, regulatory requirements and restrictions applicable to you (as the case may be);
- (c) you acknowledge, understand and agree that TFI may have no value, there is no guarantee or representation of value or liquidity for TFI, and TFI is not an investment product nor is it intended for any speculative investment whatsoever;
- (d) none of the Company, the Distributor, their respective affiliates, and/or the TrustFi Team members shall be responsible for or liable for the value of TFI, the transferability and/or liquidity of TFI and/or the availability of any market for TFI through third parties or otherwise; and
- (e) you acknowledge, understand and agree that you are not eligible to participate in the distribution of TFI if you are a citizen, national, resident (tax or otherwise), domiciliary and/or green card holder of a geographic area or country (i) where it is likely that the distribution of TFI would be construed as the sale of a security (howsoever named), financial service or investment product and/or (ii) where participation in token distributions is prohibited by applicable law, decree, regulation, treaty, or administrative act (including without limitation the United States of America and the People's Republic of China); and to this effect you agree to provide all such identity verification document when requested in order for the relevant checks to be carried out.

The Company, the Distributor and the TrustFi Team do not and do not purport to make, and hereby disclaims, all representations, warranties or undertaking to any entity or person (including without limitation warranties as to the accuracy, completeness, timeliness or reliability of the contents of the Litepaper or the Website, or any other materials published by the Company or the Distributor). To the maximum extent permitted by law, the Company, the Distributor, their respective affiliates and service providers shall not be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including, without limitation, any liability arising from default or negligence on the part of any of them, or any loss of revenue, income or profits, and loss of use or data) arising from

the use of the Litepaper or the Website, or any other materials published, or its contents (including without limitation any errors or omissions) or otherwise arising in connection with the same. Prospective acquirors of TFI should carefully consider and evaluate all risks and uncertainties (including financial and legal risks and uncertainties) associated with the distribution of TFI, the Company, the Distributor and the TrustFi Team.

Informational purposes only: The information set out herein is only conceptual, and describes the future development goals for the TrustFi Network to be developed. In particular, the project roadmap in the Litepaper is being shared in order to outline some of the plans of the TrustFi Team, and is provided solely for **INFORMATIONAL PURPOSES** and does not constitute any binding commitment. Please do not rely on this information in deciding whether to participate in the token distribution because ultimately, the development, release, and timing of any products, features or functionality remains at the sole discretion of the Company, the Distributor or their respective affiliates, and is subject to change. Further, the Litepaper or the Website may be amended or replaced from time to time. There are no obligations to update the Litepaper or the Website, or to provide recipients with access to any information beyond what is provided herein.

Regulatory approval: No regulatory authority has examined or approved, whether formally or informally, any of the information set out in the Litepaper or the Website. No such action or assurance has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction. The publication, distribution or dissemination of the Litepaper or the Website does not imply that the applicable laws, regulatory requirements or rules have been complied with.

Cautionary Note on forward-looking statements: All statements contained herein, statements made in press releases or in any place accessible by the public and oral statements that may be made by the Company, the Distributor and/or the TrustFi Team, may constitute forward-looking statements (including statements regarding the intent, belief or current expectations with respect to market conditions, business strategy and plans, financial condition, specific provisions and risk management practices). You are cautioned not to place undue reliance on these forward-looking statements given that these statements involve known and unknown risks, uncertainties and other factors that may cause the actual future results to be materially different from that described by such forward-looking statements, and no independent third party has reviewed the reasonableness of any such statements or assumptions. These forward-looking statements are applicable only as of the date indicated in the Litepaper, and the Company, the Distributor as well as the TrustFi Team expressly disclaim any responsibility (whether express or implied) to release any revisions to these forward-looking statements to reflect events after such date.

References to companies and platforms: The use of any company and/or platform names or trademarks herein (save for those which relate to the Company, the Distributor or their respective affiliates) does not imply any affiliation with, or endorsement by, any third party. References in the Litepaper or the Website to specific companies and platforms are for illustrative purposes only.

English language: The Litepaper and the Website may be translated into a language other

than English for reference purpose only and in the event of conflict or ambiguity between the English language version and translated versions of the Litepaper or the Website, the English language versions shall prevail. You acknowledge that you have read and understood the English language version of the Litepaper and the Website.

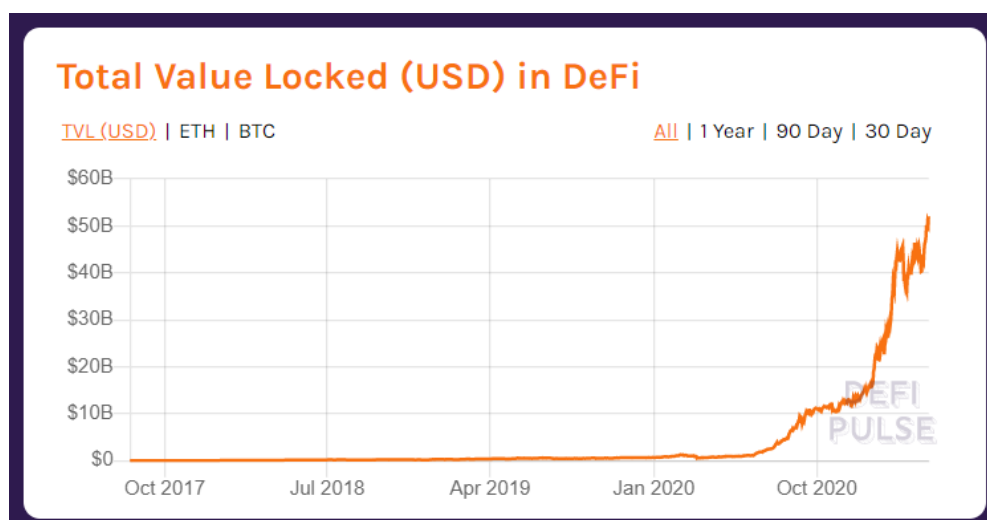
No Distribution: No part of the Litepaper or the Website is to be copied, reproduced, distributed or disseminated in any way without the prior written consent of the Company or the Distributor. By attending any presentation on this Litepaper or by accepting any hard or soft copy of the Litepaper, you agree to be bound by the foregoing limitations.

Abstract

As blockchain-cryptocurrency innovators are looking for decentralized, censorship-resistant ways of fundraising, there has been an emergence of Initial DeFi Offering (IDO) and Initial Liquidity Offering (ILO). Furthermore, given the rise of Automated Market Makers (AMMs), a token's liquidity has become a crucial determinant of its market price.

Although the market is becoming more competitive and value-oriented, early-stage innovators are facing unprecedented challenges due to these fast-paced changes. Prior to listing, they now have to seek liquidity. In turn, however, the scenario presents new opportunities for early-stage participants, facilitating lower risk participation through liquidity mining.

At the same time, the growth of the decentralized finance (DeFi) ecosystem in 2020 has been explosive, despite DeFi being an almost unknown concept in 2019. According to data from DeFi Pulse, while it took over two years for DeFi deposits to reach USD1 billion in Total Locked Value (TVL) as of Q1 2020, it took just a year for DeFi TVL to spike from ~USD1 billion to almost USD52 billion (~52x increase).



DeFiPulse snapshot as of 7 April 2021

The continued launches of innovative products in the DeFi ecosystem are expected to sustain DeFi's exponential rise, with more and more market players observing with increasing clarity that the DeFi market, dubbed as the "Internet of Money", is poised at the brink of an unprecedented bull run. This is considered to be the tip of the iceberg of Web3.0.

Innovative fundraising methods such as IDO also promoted the growth of the early blockchain-cryptocurrency issuance market. However, with the decline of market enthusiasm, newly issued crypto assets will inevitably face the gradual decline of liquidity, and the vitality of token value will be difficult to sustain. At the same time, how to complete the initial establishment and effective incentive of DAO is also a challenge for blockchain-

cryptocurrency startups.

TrustFi Network is a decentralized BaaS solution for DeFi market based on multichain environment (Binance Smart Chain, Ethereum, and Polkadot etc.), focusing on early crypto assets issuance, liquidity management, community activities and DAO governance. TrustFi Designs decentralized DeFi market liquidity promotion and DAO incentive solution, including IDO General Protocol, Decentralized Staking Contract and Providing Liquidity Mining Model ("PLM"), which will provide complete support for blockchain-cryptocurrency startups and unlock the vitality of DeFi. Activity on TrustFi Network is governed by TFI, the network's native token.

1. Trusted DeFi Market BaaS Solutions Built on Web 3.0.

Decentralized Finance (DeFi) has been consistently gaining popularity within the last year, and presently, we are witnessing the much-awaited adoption boom. Driven by the rise of decentralized exchanges like Uniswap, as well as several promising DApp solutions, the market has grown by over 5000% since 2019. At the time of writing, the total DeFi market capitalization is over \$52 Billion.

1.1 The Problem

Innovative fundraising methods such as IDO promote the growth of the early blockchain-cryptocurrency issuance market. Despite the popularity, however, the adoption drive is still facing some obstacles. Blockchain-cryptocurrency startups need to bootstrap liquidity, in order to ensure profitable trading prices on DEXs and other AMM-based platforms. In this context, there is a rising demand for decentralized, integrated, cross-chain ecosystems that enable Project Owners to easily and securely conduct pre-listing liquidity auctions.

At the same time, with the decline of market enthusiasm, newly issued crypto assets will inevitably face the gradual decline of liquidity, and the vitality of token value will be difficult to sustain after listing. There is a lack of simple and easy-to-use liquidity management tools to help startups lock and release liquidity, and unlock the potential of on-chain DAO to build an equal DeFi ecosystem.

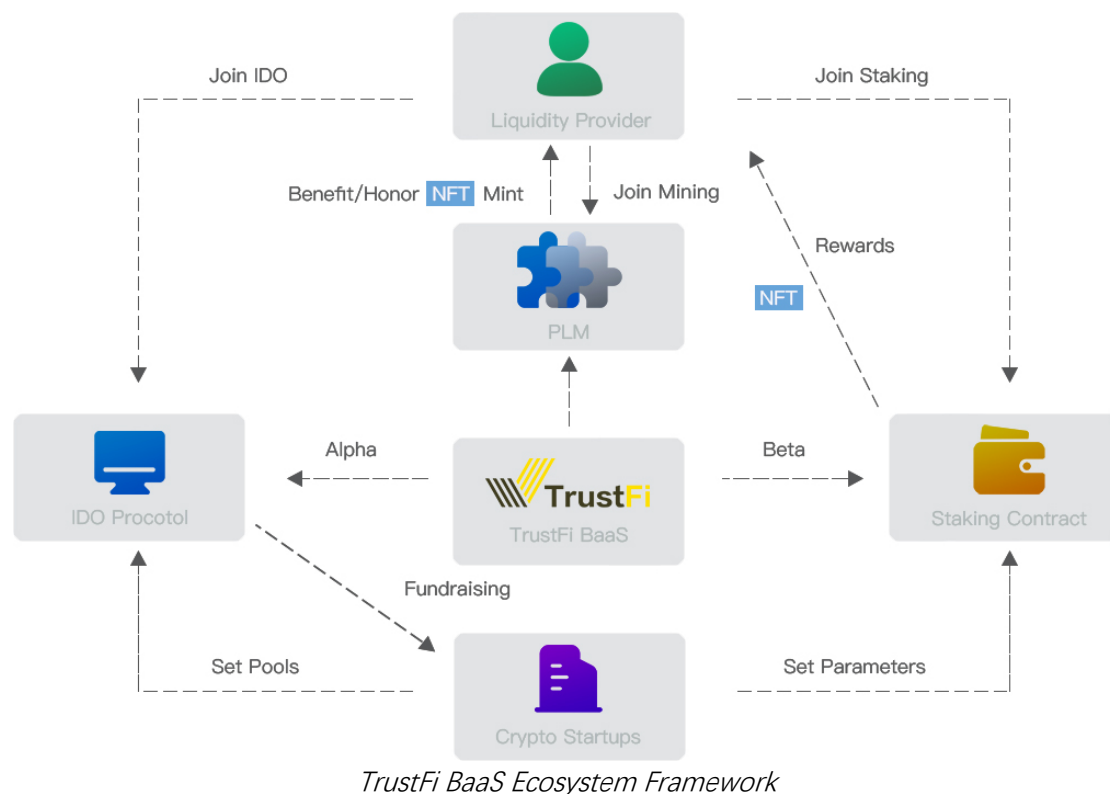
1.2 The TrustFi Solution

TrustFi Network is a decentralized BaaS solution for full market of DeFi. It supports multichain crypto assets and cross-chain liquidity management, and will help blockchain-cryptocurrency startups complete early tokens auction and staking management plan, and provides incentive model for the establishment of DAO and market liquidity promotion.

A complete suite of products developed by TrustFi, including IDO General Protocol, Decentralized Staking Contract supporting multichain environment, and PLM liquidity incentive model, which will effectively help early blockchain-cryptocurrency capture the value, which is an important supplement to DeFi infrastructures based on Web 3.0.

TrustFi Network is committed to establishing a decentralized platform, centering on the liquidity of on-chain assets, and based on PLM Model, effectively linking DeFi community governors, on-chain liquidity suppliers and digital asset owners, application developers, and infrastructure operators, to unlock the potential of DeFi market liquidity.

TrustFi Network will provide liquidity supplement for crypto assets on Binance Smart Chain, Ethereum, Polkadot and other blockchains. By unlocking the potential of on-chain DAO, TrustFi Network will stimulate the vitality of on-chain transactions, which aims to build an equal DeFi ecosystem.



2. Implementation

In TrustFi BaaS Ecosystem, the front-end product based on IDO General Protocol is named TrustFi Alpha, and the front-end product based on Decentralized Staking Contract is named TrustFi Beta. PLM Model is an original system, effectively linking DeFi community governors, on-chain liquidity suppliers and digital asset owners, application developers, and infrastructure operators. PLM Model is forming a closed loop of TrustFi BaaS Ecosystem with TrustFi Alpha and TrustFi Beta.

2.1 IDO Deneral Protocol

The front-end product based on IDO General Protocol is named TrustFi Alpha, and there are two categories of TrustFi Alpha users. One involves the Project Owners or Pool Creators, while digital asset owners or Liquidity Providers (LP) comprise the other.

In the design of auction pools, TrustFi Alpha will use the model of IDO platform from *Poolz Finance* for reference, and add social invitation rules. In this section, we discuss available pool types and pool status.

2.1.1 Types of Pools

There will be two types of pools on the platform—Direct Sale Pools (DSP) and Time-Locked Pools (TLP).

Direct Sale Pools (DSP): These are pools without any lock-in period, where purchasers get the token immediately after the swap.

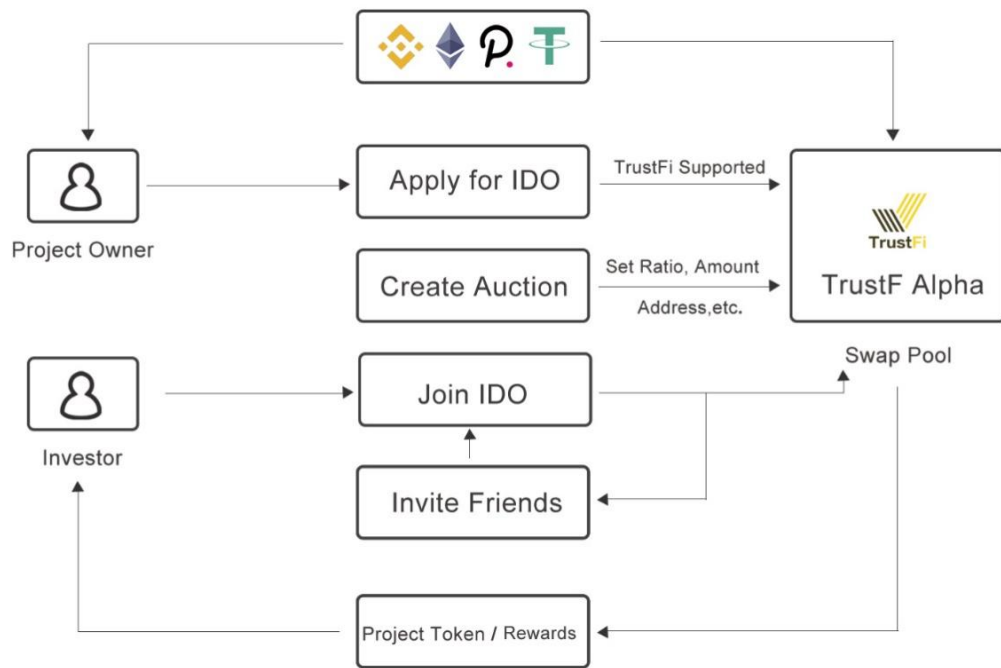
Time-Locked Pools (TLP): These pools have a predefined lock-in period and purchasers receive their swapped tokens only after the completion of this duration. TrustFi Alpha's smart contract will also enable pool creators to define custom lock-in periods, thus releasing the swapped assets incrementally. For example, disburse 20% of the swapped tokens immediately and, after 1 month, the remaining 80% in 8-equal monthly vesting.

The current DEMO version of TrustFi Alpha is the Direct Sale Pool type. The Project Owner can set deadline, and the token purchasers can get the token immediately after the swap. At the same time, the social invitation rules are added in this version. For example, when the purchaser participates in IDO on TrustFi Alpha and contributes more than \$100, then that purchaser will obtain an invitation link. If you invite friends to participate in IDO, he will get 1% of the friend's purchase amount as a referral reward.

2.1.2 Pool Status

Any pool on TrustFi Alpha IDO platform will have either of the following states at any given time. Based on the pool's status (and, also type) the smart contract will transfer the liquidity and auctioning tokens to their recipients' wallets.

- Created: the pool is exclusively available for TFI token holders.
- Open: the pool is available for all TrustFi users.
- Out of Stock: the predefined supply of auctioning tokens has been sold-out, but the pool's duration has not ended. In the case of TLP, tokens will be locked for the remaining duration.
- Finished: the pool has reached the end of its stipulated duration. Both for DSP and TLP, the leftover tokens are returned to the Project Owner's wallet at this point. Token purchasers, on the other hand, get their tokens purchased (swapped) through TLP.
- Closed: the pool is complete and tokens have been duly disbursed based on project owner's instructions.



TrustFi Alpha Flowchart

2.2 Decentralized Staking Contract

The front-end product based on Decentralized Staking Contract is named TrustFi Beta. The same as TrustFi Alpha, there are two categories of TrustFi Beta users, including Project Owners and participants who are going to stake their tokens.

2.2.1 TrustFi Beta Design Principle

The available entire global market cap for Proof-of-Stake (PoS) staking as of 7 April 2021 is over USD 589 billion (*data source: StakingRewards.com*), almost 10 times larger than the entire DeFi TVL. The market potential of staking is huge.

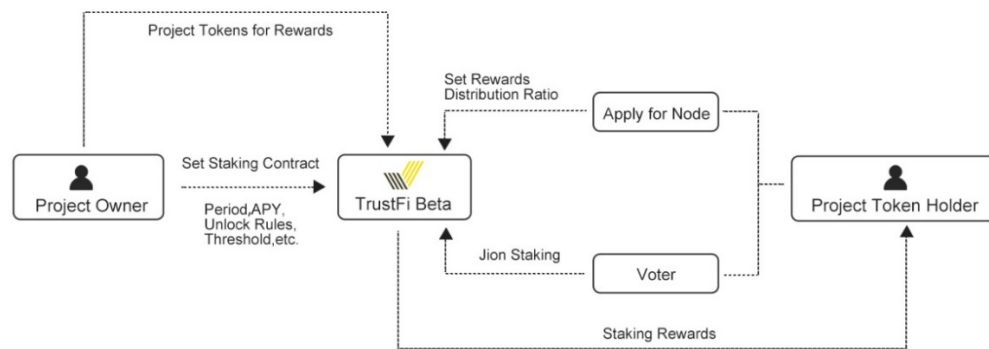
TrustFi separates the consensus element in Proof-of-Stake (PoS), without considering the ability of maintaining the security and stability of public chain network, and refines the economic model related to incentive distribution. TrustFi simplifies the complex process of the whole staking, and designs it as a decentralized staking smart contract product that allows everyone to participate equally, which is named TrustFi Beta.

Therefore, the core component of TrustFi Beta, Decentralized Staking Contract, is different from Proof-of-Stake (PoS) staking, which is a Half Community Governance model that enables crypto startups to build early communities.

Project Owner can easily call the Staking Contract through the UI of TrustFi Beta to design a staking scheme of the Project Token. The main processes are as follows:

- (I) Create a Staking Pool and customize it to set period, staking yields, unlock rules, threshold, etc.;
- (II) Deposit Project Tokens for staking rewards into Stacking Contract;
- (III) The project staking page is created, and the exclusive promotion link is generated.

The token holder of the project can easily participate in the staking after Project Owner has created the Staking Pool. According to the different amount of token staked by the threshold, the token holder of the project could choose to apply for Node or vote directly to participate in the staking. The advantage of being a node is that you can customize the distribution ratio of Node rewards and Voter rewards.



TrustFi Beta Flowchart

2.2.2 Staking Contract Security

The asset security of Staking Contract is guaranteed in many ways. First, the asset neutrality, staking assets will be locked to the Staking Pool, and their allocation details will be recorded in the Staking Contract. The Staking Contracts developed by initial developers will be audited and open sourced for third parties, which can create their own Staking Contracts to achieve the decentralization of Staking assets. The Staking Contract is not subject to any single third party control. The value of the assets is directly proportional under PLM Model (mentioned below). When a variety of conditions are combined, the TrustFi system can effectively punish certain risk factors. Under the assumption that most people are honest, the assets of the Staking Contract can guarantee certain security. Anyway, any Staking Contract deployed in multichain environment will be audited by a third-party audit agency before the release.

2.3 PLM Model

PLM Model is designed to build a decentralized financial ecosystem, which is committed to unlocking liquidity from staked assets and helping achieve higher capital efficiency.

In the PLM ecosystem, users with staked assets will be rewarded the second incentive of the TFI token as their reward for platform participation, and freely choose to create synthetic assets.

On the other hand, the LP token that provides liquidity for the project pool on the DEX with AMM as the main mechanism, such as UniSwap and SushiSwap, will also be able to obtain

additional benefits and rewards in the PLM ecosystem.

2.3.1 Working Principle of PLM Model

After completing IDO and fundraising in TrustFi Alpha, crypto startups will, on the one hand, list the Project Token on the DEX such as UniSwap or SushiSwap, so that the token can obtain more liquidity in the secondary market. On the other hand, in order to better combine the early community governance and incentive, Project Owner will call the staking function of TrustFi Beta and launch the staking product of Project Token. We will discuss these two cases below.

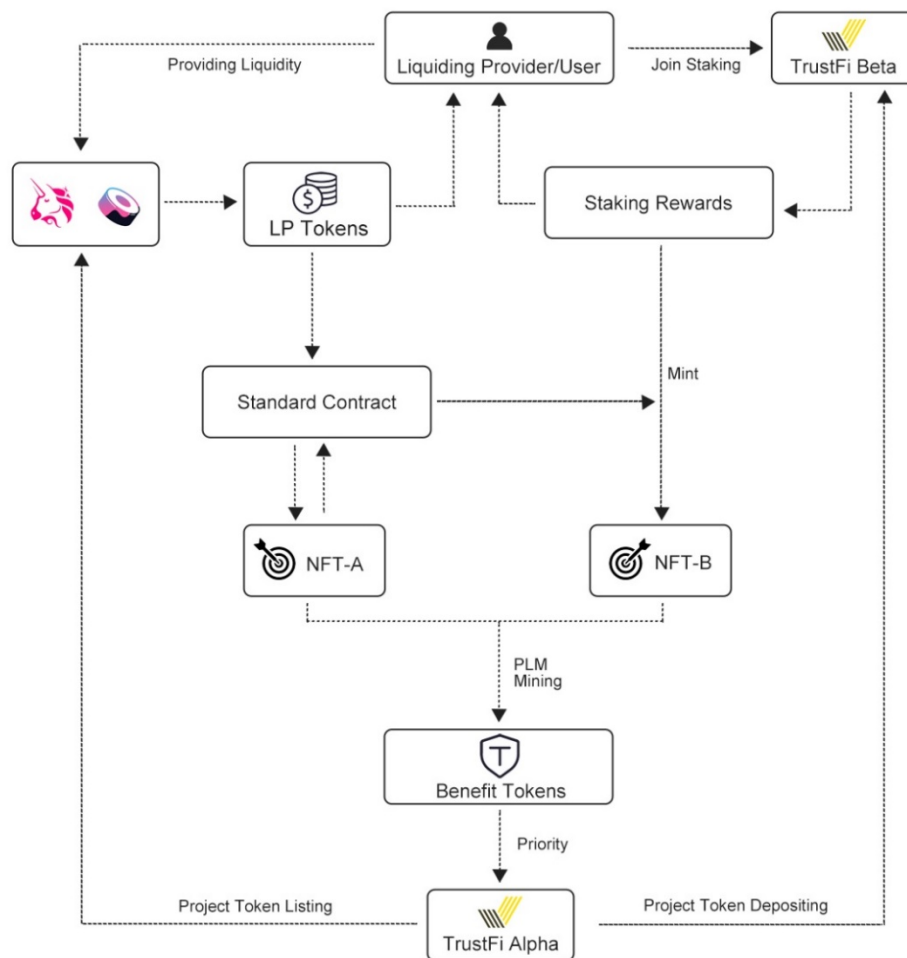
- Listing on DEX:

Listing on DEX will increase the liquidity of Project Token to a certain extent. However, with the decline of market entry, newly issued crypto assets listed on DEX will inevitably face the graduate decline of liquidity. In DEX with AMM mechanism, users who provide liquidity into Project Pool are called liquidity Provider ("LP"). When they provide liquidity, they will get LP Token as a certificate. LP Token has become the key to the liquidity of Project Token, so PLM Model has added incentives for this.

In PLM Model, the Non-Fungible Token ("NFT") synthetic asset contract developed by TrustFi can convert LP Token into NFT asset according to the liquidity authority corresponding to LP Token, which is named Standard Contract. When LP authorizes Standard Contract to mortgage LP token, Standard Contract will forge NFT-A for LP. Of course, NFT-A can also be converted back to LP Token through Standard Contract. NFT-A is a valid token to participate in PLM mining.

- Staking for Rewards:

Staking locks the liquidity of Project Token to a certain extent and stimulates the vitality of early community governance. However, in the later stage of staking, a large number of Project Tokens will be released, which will have a certain impact on the value of Project Token. Therefore, in the PLM Model, the staking rewards held by the user can be locked with the support of Standard Contract to complete the casting into NFT-B and return the same to the user. This process will be irreversible. NFT-B is also a valid token to participate in PLM mining.



Working Principle of PLM Model

NFT-A and NFT-B play the role of the middle layer in PLM Model. The specific mining parameters will be determined after the final design of PLM. However, this can be altered by governance in the future. They can provide liquidity to provide PLM services for third party listed projects.

The functions available to a TFI holder are multi-fold, as described in the "Tokenomics" section below.

2.3.2 Economic Design and Core Design Principles

TrustFi builds upon some of the core design principles of DeFi projects, while at the same, introduces several new and improved mechanisms to drive platform growth. In particular, PLM Model focuses on the development of virtuous economic cycles that would, *inter alia*, attract the inflow of value by incentivizing value participation and scale up exponentially with the addition of new staking ecosystems.

The core design principle of PLM Model takes into account the effective link with TrustFi Alpha and TrustFi Beta, which makes TrustFi BaaS Ecosystem a real community driven incubator.

Under the premise of simple and easy use, it really stimulates the vitality of DAO and unlocks the potential of DeFi, and becomes an important supplement to Web3.0 infrastructure.

2.3.3 Community Governance

The effective operation of TrustFi BaaS Ecosystem is based on community governance and will depend on TFI tokens. TFI token holders are the decision makers for TrustFi ecosystem. The community can raise change proposals and shape the direction of TrustFi as the project progresses.

2.4 Integration with Other DeFi

Integration with other existing DeFi mainly lies on asset and application level. The current DeFi projects are mainly on Ethereum, and the assets are mostly Erc20 tokens. In addition, the DeFi ecosystem of BSC and Huobi HECO Chain is rising and developing rapidly. But many tokens are relatively poor in liquidity, which can be activated through PLM Model designed by TrustFi, as well as used for DeFi for enhanced liquidity. Integration with other existing DeFi will greatly enrich and perfect TrustFi BaaS Ecosystem.

3. Tokenomics

The native digital cryptographically-secured utility token of the TrustFi Network (**TFI**) is a transferable representation of attributed functions specified in the protocol/code of the TrustFi Network, and which is designed to be used solely as an interoperable utility token on the platform.

TFI is a non-refundable functional utility token which will be used as the medium of exchange between participants on the TrustFi Network in a decentralised manner. The goal of introducing TFI is to provide a convenient and secure mode of payment and settlement between participants who interact within the ecosystem on the TrustFi Network, and it is not, and not intended to be, a medium of exchange accepted by the public (or a section of the public) as payment for goods or services or for the discharge of a debt; nor is it designed or intended to be used by any person as payment for any goods or services whatsoever that are not exclusively provided by the issuer. TFI does not in any way represent any shareholding, participation, right, title, or interest in the Company, the Distributor, their respective affiliates, or any other company, enterprise or undertaking, nor will TFI entitle token holders to any promise of fees, dividends, revenue, profits or investment returns, and are not intended to constitute securities in Singapore or any relevant jurisdiction. TFI may only be utilised on the TrustFi Network, and ownership of TFI carries no rights, express or implied, other than the right to use TFI as a means to enable usage of and interaction within the TrustFi Network.

TFI also provides the economic incentives which will be distributed to encourage users to contribute to and maintain the ecosystem on the TrustFi Network, thereby creating a win-win system where every participant is fairly compensated for its efforts. TFI is an integral and indispensable part of the TrustFi Network, because without TFI, there would be no incentive for users to expend resources to participate in activities or provide services for the benefit of

the entire ecosystem on the TrustFi Network. Given that additional TFI will be awarded to a user based only on its actual usage, activity and contribution on the TrustFi Network, users of the TrustFi Network and/or holders of TFI which did not actively participate will not receive any TFI incentives.

(1) **Governance:** TFI allows holders to propose and vote on governance proposals to determine future features and/or parameters of the TrustFi Network as well as protocol improvements (for the avoidance of doubt, the right to vote is restricted solely to voting on features of the TrustFi Network; the right to vote does not entitle TFI holders to vote on the operation and management of the Company, its affiliates, or their assets or the disposition of such assets to token holders, and does not constitute any equity interest in any of these entities, and the arrangement is not intended to be any form of joint venture or partnership).

(2) **Reward:** To develop a self-sustainable, closed-loop economy, all revenue from TrustFi Alpha and TrustFi Beta collected by the platform would be re-distributed as incentives for active contributors within the ecosystem.

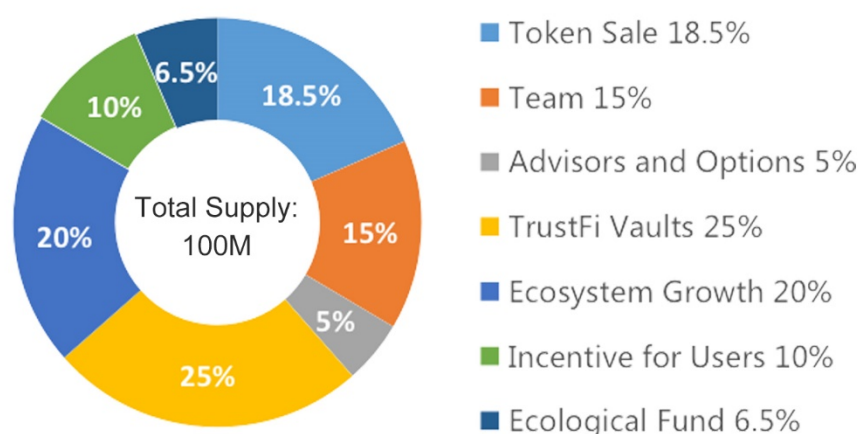
(3) **Mint NFT:** The TFI token can be used as the collateral to mint NFT and deployed into PLM Model and DeFi yield protocols to provide liquidity for these protocols, and in turn receive additional rewards from the various reward programs offered by third party decentralised protocols for helping to secure the network.

(4) **Priority privilege:** As member of an exclusive group, holders of TFI will be allowed priority to participate in projects listed on TrustFi Alpha.

(5) **Providing Liquidity Mining:** In order for TrustFi Network to provide PLM services to third parties, users would need to be incentivised to play the role of liquidity providers and stake their digital assets into the liquidity pools (whether for maintain network security of listed projects, or minting of new tokens). As compensation for opportunity costs, these liquidity providers which help to promote adoption of the TrustFi Network by staking or including assets to liquidity pools in exchange for LP tokens would be rewarded with TFI tokens (i.e. liquidity "mining" on the TrustFi Network), according to each user's relative contribution after various adjustment and correction parameters.

(6) **Medium of Account:** As the native platform currency, it will be accepted as the medium for participation in projects which list on the platform.

3.1 Token Distribution



3.2 Sale Details

| Token Sale Details | | | |
|-----------------------|--|--|--------------------------|
| Asset | TFI | | |
| Total Supply | 100,000,000 | | |
| Key Series | Seed Round | Private Token Sale | IDO |
| Lockup and Release | 10% will be released when TFI listing on DEX or CEX, and 30% will be released every four months thereafter | 20% will be released when TFI listing on DEX or CEX, and 20% will be released every quarter thereafter | Freely trading after IDO |
| % of Total Supply | 2% | 14% | 2% |
| Num of Tokens | 2,000,000 | 14,000,000 | 2,000,000 |
| Price per Token | \$0.048 | \$0.055 | \$0.080 |
| Hard Cap | \$96,000 | \$770,000 | \$160,000 |
| Token Market Cap | \$4,800,000 | \$5,500,000 | \$8,000,000 |
| Eligible Participants | Excludes certain jurisdictions | | White List |

Except for token sale, the release rules of rest of token distribution are as follows:

- **Team:** Locked for 12 months, then release 12.5% every quarter.
- **Advisors and Options:** Locked for 6 months, then release 12.5% every quarter.
- **TrustFi Vaults:** Release 10% after 12-month lockup period, then release 11.25% every 6 months. The TrustFi Ecosystem Council, composed of early contributors, strategic partners, community leaders and technical representatives, initiates proposals and the

community votes to determine how to use vaults.

- **Ecosystem Growth:** Release 25% every year, according to the annual ecosystem growth needs and plans for flexible release.
- **Incentive for Users:** Locked for 6 months, and then unlock according to the development of the community.
- **Ecosystem Fund:** Locked for 6 months, then release 12.5% every 6 months. The TrustFi Ecosystem Council will determine how to allocate the Ecosystem Fund for developmental work.

In particular, it is highlighted that TFI: (a) does not have any tangible or physical manifestation, and does not have any intrinsic value (nor does any person make any representation or give any commitment as to its value); (b) is non-refundable and cannot be exchanged for cash (or its equivalent value in any other digital asset) or any payment obligation by the Company, the Distributor or any of their respective affiliates; (c) does not represent or confer on the token holder any right of any form with respect to the Company, the Distributor (or any of their respective affiliates), or its revenues or assets, including without limitation any right to receive future dividends, revenue, shares, ownership right or stake, share or security, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property or licence rights), right to receive accounts, financial statements or other financial data, the right to requisition or participate in shareholder meetings, the right to nominate a director, or other financial or legal rights or equivalent rights, or intellectual property rights or any other form of participation in or relating to the TrustFi Network, the Company, the Distributor and/or their service providers; (d) is not intended to represent any rights under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss; (e) is not intended to be a representation of money (including electronic money), security, commodity, bond, debt instrument, unit in a collective investment scheme or any other kind of financial instrument or investment; (f) is not a loan to the Company, the Distributor or any of their respective affiliates, is not intended to represent a debt owed by the Company, the Distributor or any of their respective affiliates, and there is no expectation of profit; and (g) does not provide the token holder with any ownership or other interest in the Company, the Distributor or any of their respective affiliates.

Notwithstanding the TFI distribution, users have no economic or legal right over or beneficial interest in the assets of the Company, the Distributor, or any of their affiliates after the token distribution.

To the extent a secondary market or exchange for trading TFI does develop, it would be run and operated wholly independently of the Company, the Distributor, the distribution of TFI and the TrustFi Network. Neither the Company nor the Distributor will create such secondary markets nor will either entity act as an exchange for TFI.

4. Roadmap

Q4.2020

Market research of DeFi ecosystem completed

Solution design for multichain liquidity market completed

Tokenomics and Litepaper V1.0 completed

Q1.2021

Reward of HackerLink BSC Grant
Launch of TrustFi Alpha
General IDO Protocol pre-release on Binance Smart Chain

Q2.2021

Design of Staking Contract and PLM
Launch of private and public token sales
Launch of TrustFi Beta based on PLM
Solution for multichain liquidity bridges pre-release on BSC
Launch of TrustFi Spark NFT Mining Programs

Q3.2021

Deployment on multichain ecosystem e.g. Solana, Near, Nervos
Eco Marathon Developer Activities
Development of Ecosystem Council model and TrustFi Vaults
TrustFi DAO Support: Community Governance

Q4.2021

Launch of PLM Model MVP
On-board new blockchain ecosystems
New DeFi protocol integrations
Launch of 2022 TrustFi Master Plan

5. Summary

TrustFi Network is a decentralized BaaS solution for DeFi market based on multichain environment (Ethereum, BSC, Polkadot, etc.), focusing on early crypto assets issuance, liquidity management, community activities and DAO governance to unlock the potential of DeFi.

A complete suite of products developed by TrustFi, including IDO General Protocol (TrustFi Alpha), Decentralized Staking Contract (TrustFi Beta) and Providing Liquidity Mining Model ("PLM"), which is an important supplement to the DeFi infrastructure built on Web 3.0.

TrustFi Network is committed to establishing a decentralized platform, centering on the liquidity of on-chain assets, and based on PLM Model, effectively linking DeFi community governors, on-chain liquidity suppliers, digital asset owners, crypto startups, and infrastructure operators, to unlock the potential of DeFi market liquidity. By unlocking the potential of on-chain DAO, TrustFi Network will stimulate the vitality of on-chain transactions, which aims to build an equal DeFi ecosystem.

The Features of TrustFi are as follows:

Original BaaS Ecosystem and PLM Model:

PLM Model is an original system, effectively linking DeFi community governors, on-chain liquidity suppliers, digital asset owners, application developers, and infrastructure operators. PLM Model is forming a closed loop of TrustFi BaaS Ecosystem with TrustFi Alpha and TrustFi Beta.

Support for Multichain Ecosystem:

As general basic components for DeFi, TrustFi BaaS Ecosystem will be integrated into Ethereum, BSC, Polkadot, Near, Solana and other blockchains and support the assets on them. TrustFi provides a decentralized modular liquidity management tool based on Multichain Ecosystem.

Community Driven Incubator:

A complete suite of products developed by TrustFi, including IDO General Protocol, Decentralized Staking Contract and PLM Model, will help crypto start-ups unlock the potential and vitality of crypto assets liquidity and community building.

Supplement to DeFi Infrastructures:

TrustFi Network is a decentralized BaaS solution for DeFi market based on multichain environment, focusing on early crypto assets issuance, liquidity management, community activities and DAO governance, which is an important supplement to the DeFi infrastructures built on Web 3.0.

Risks Disclosures

The risks described below, and or other additional risks presently regarded to be immaterial actually materialise, the commercial viability of TrustFi and its features and services may be materially and adversely affected and could result in the voiding of TrustFi tokens and/or the termination of the development or operation of the TrustFi and its features and services.

1. TrustFi and its associated ecosystem solutions are under development and may undergo significant changes before they are released or implemented. While the Company intends for TrustFi and its associated ecosystem solutions to function as described in this Litepaper, the Company may have to make changes to various features or specifications of TrustFi or its associated ecosystem solutions. During the course of development, the Company may also run into difficulties including financial, resourcing or technical difficulties. This may create the risk that TrustFi or its associated ecosystem solutions may not meet the expectations users may have and this may adversely impact TrustFi, its associated ecosystem solutions and the potential utility of TrustFi.

2. While TrustFi has a vision of making the TrustFi solution fully autonomous with community decision making using transparent and fair governance processes, in order to increase development speed and react faster to environmental challenges, many initial decisions will be made in a centralized manner. This includes decisions about token listings, protocol variable adjustments, use of funds, use of tokens and industry partnerships.

3. The products and services that are offered by third parties through TrustFi may be subject to applicable laws and regulation in the relevant jurisdictions and may create the risk of infringing such laws and regulations. This may negatively impact TrustFi, its associated ecosystem solutions and the potential utility of TrustFi.

4. The sale and creation of TrustFi and the development of its associated ecosystem solutions may fail, be abandoned or be delayed for a number of reasons, including lack of interest from the public, lack of funding, or lack of commercial success or prospects (e.g. caused by competing projects).

5. TrustFi, the sale of TrustFi tokens and/or its associated ecosystem solutions are based on blockchain technology which is still in a relatively early development stage. Any malfunction, flaws, breakdown or abandonment of the underlying blockchain technologies used by TrustFi may have a material adverse effect on TrustFi, the sale of TrustFi tokens and/or its associated ecosystem solutions. The functionality of TrustFi is complex, will require enhancements and product support over time, and full functionality may take longer than expected. The full functionality of TrustFi is not yet complete and no assurance can be provided of such completion.

6. It is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing, blockchain technology, which may be contrary to TrustFi and/or its associated ecosystem solutions and which may, inter alia, result in substantial modifications of the overall ecosystem strategy relating to TrustFi and/or its associated ecosystem solutions,

including termination and the loss of TrustFi.

7. The tax treatment and accounting of TrustFi is uncertain and may vary amongst jurisdictions. You must seek independent tax advice in connection with purchasing TrustFi Tokens, which has the possibility of resulting in adverse tax consequences.

8. The value of tokens or cryptocurrencies may fluctuate significantly over a short period of time as a result of various factors including market dynamics, regulatory changes, technical advancements, and economic and political factors. Due to such volatility, the Company may not be able to fund development of TrustFi and/or its associated ecosystem solutions, or may not be able to maintain TrustFi in the manner that it intended.

9. It is possible, due to any number of reasons including, but not limited to, an unfavourable fluctuation in the broad cryptographic token market, decrease in TrustFi utility, the failure of commercial relationships, or intellectual property ownership challenges, that the TrustFi may no longer be viable to operate and the Company may dissolve or be wound up or face an uncertain or changing regulatory regime.

10. Cryptographic tokens such as TrustFi tokens are a new and relatively untested technology. In addition to the risks noted above, there are other risks associated with your purchase, holding and use of the TrustFi that the Company cannot anticipate.