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Legal Opinion: VINU TOKEN – South Korean Jurisdiction

Introduction

This Legal Opinion was prepared upon request of **VINU LTD**, a company organized under the laws of Bahamas, having its registered office at 2nd Floor, Pineapple Place, Bernard Road P.O. Box N-8339 Nassau, N.P., Bahamas., Company No. 209741 B, to serve as a legal analysis of the business model, the Vita Inu Token (VINU) and its compliance with the requirements of the Listing Rules for the Trading Venue operated by Exchanges. The Law Firm is collaborating at any given time with at least twelve (12) relevant Law Firms from all major jurisdictions around the world, exchanging information and updates on the crypto development and the underlying legal domain.

This Opinion is meant to serve as our legal analysis of the Vita Inu Token and conclusions are limited to the matters expressly stated herein, are fully based on information and material provided to us by VINU LTD, and no opinion or conclusion is to be inferred or may be implied beyond the opinions and conclusions expressly set forth herein. This Opinion is written in good faith, and cannot be deemed as guarantee or obligation, or ground of liability of our Law Firm. The contents of this Legal Opinion are intellectual property of the Law Firm. The Legal Opinion is not intended for public use, and it will not be used to provide any form of legitimacy or credibility to the project itself. The document has a clearly defined purpose, as stated hereinabove, it is strictly confidential, and, under the circumstances, it will not be made available to any unauthorized person or entity whatsoever, it will not be posted on the client's website, and it will not be presented publicly in any context, or on any other website or social media platform (WhatsApp, Telegram, Twitter, Discord, Twitch, etc). The document will only be used for the purposes it is being issued: the client's relationship with the centralized and/or decentralized exchanges, as the case may be. The client may not copy the document in its entirety, or parts of it, and use it in any other context that is outside the scope of this Legal Opinion. Any breach of the attorney-client privilege clause will result in direct and immediate punitive damages, as the Law Firm will deem appropriate.

For the purposes of issuance of the Opinion we have assumed without further inquiry that all factual circumstances stated in the provided documentation are a true and correct representation of actual circumstances surrounding the company and insofar as such factual circumstances are not or may turn out to be not true and correct, they will have no adverse effect on the opinions stated herein.

We hereby state that our Law Firm is EU based, and the interpretation of law is based on authority for Exchanges incorporated in the United States of America, the European Union and other relevant international areas, as described below.

Documents and Basis of Opinion

In the preparation and for the purposes of this Legal Opinion, we have examined the following documents:

- The Whitepaper submitted to us by the Client (“the Whitepaper”);
- All other documents, international laws and regulations, including all relevant South Korean regulations having direct effect on the Project, which it was in our judgement necessary or appropriate for us to examine to enable us to give the opinion expressed below.

Assumptions

Our legal opinion is based on the assumptions that the Whitepaper submitted to us by the Client is correct and complete in all material respects;

The VINU Token, under the current law frameworks, would be tagged as a Utility Token as it would provide access to the ecosystem, wherein the VINU Token would act as a currency for the ecosystem wherein people can participate and earn rewards based on their participation. They are not designed as an investment nor should anyone interpret or invest keeping in mind the same. The VINU Tokens serve this limited yet much important function and hence can only be termed as Utility Token and not a Security as per existing Law Frameworks.

As more fully set forth in the component parts of this document, the document does not constitute legal advice and should not be relied on by any person.

Business description. Key features.

As a whole concept, Vita Inu (VINU) is the governance token of the VINU ecosystem, and a token on the Vite DAG network. Created in 2021, VINU is the world’s first fast, feeless (and cheeky) dog-themed memecoin with high TPS and smart contracts.

VINU’s philosophy is to have fun, make new friends, and learn all about the greatest technological revolution of our lifetimes – cryptocurrency – within an engaging, viral ecosystem. In conjunction with the Vite network, VINU seeks to play its part in building large DAG ecosystems where various cryptocurrencies may be moved around freely, securely, and efficiently.

The VINU metaverse (the “Vinuverse”) is under development, and will comprise a full VR World, the VinuSwap Dapp, NFTs, staking, rewards, events, merchandise, and much more. Holders of the VINU token will be able to move seamlessly – and enjoy various benefits – within the Vinuverse. VINU is built on the principles of transparency and accountability.

The Term IEO vs. TGE

The term “IEO” stands for Initial Exchange Offering. This term is popular amongst the blockchain and cryptographic currency, and its meaning is known to be “new cryptographic token sale”. This term’s similarity to the term “IPO”, to our opinion, is only meant to serve as an easy explanation to this digital event, which is often misunderstood to the common people. It should be noted that in order to avoid confusion, a part of the blockchain community prefers to use the term “TGE”, which stands for “Token Generating Event”. Nevertheless, to be perfectly understood by the community, to avoid unfamiliar and misunderstood nomenclature, for the convenience of analysis the term ICO has been used in this document although it does not carry any special meaning in legal terms.

The VINU Project and Token

Three Kinds of Tokens

Generally speaking, there are three kinds of tokens that can be issued to the public:

THE PROTOCOL TOKEN: The first kind of token is the classic “cryptographic currency”. To put it simply, this token is called protocol token because what makes it special is the new or different protocol it uses. It is generally being used solely as an alternative currency, wholly digital. Its underlying blockchain serves nothing more than keeping a ledger of the transactions between token holders. It is usually mined or given away for free at issuance (either by creation of an entirely new network, either via a blockchain split event, a.k.a “airdrop”, or via some commercial sites that offer the token in exchange for some commercial participation, a.k.a “faucets”). In its initial digital issuance, this type of token is rarely exchanged for any value (sold), since initially it has no underlying or practical value at all.

THE UTILITY TOKEN: The second kind of token is being deemed by many as a coupon or a pre- paid gift card, or a coupon. This kind of token is basically a contract for provision of goods or services, to be redeemed by the token holder, once or continuously. In contrast with the protocol tokens which do not have any assets of any kind underlying them and their value is being based purely on mass psychology. The utility token has an actual underlying contractual right. Therefore, its value is determined not only by mass psychology but also by the value of the underlying right attached to it.

THE SECURITY TOKEN: The third kind of token is a digital asset, the purchase of which entitled the owner with number of rights which is similar to securities such as stocks or bonds. There are three major characteristics for an instrument to be deemed as a security: Voting rights in a general assembly or pertaining to important decisions of an entity, profit sharing such as distributions, and/or a right to claim against the Company to redeem the instrument in exchange for a value. Therefore, a security token, for example, might offer voting rights in the issuing entity, or rights in the profits of the issuing entity (or both). The issuing entity might also promise to redeem the tokens' value when there will be enough capital to do so. These are but examples of rights attached to such tokens, which can be deemed by many jurisdictions throughout the planet to be as securities per se, which therefore require to be compliant with the securities laws and regulations.

The Underlying Token

First of all, what is the VINU Token? As stated in the public presentations and on the website, the VINU Token is a blockchain-based cryptographic token that can be traded on the blockchain. This token will be used as the fundamental currency token on the Vinu platform as an independent store of value for users and investors, and it is the native crypto utility asset, playing a central role in the ecosystem. The native digital cryptographically-secured fungible token of Vita Inu (ticker symbol VINU) is a transferable representation of attributed utility functions specified in the protocol/code of VINU, and which is designed to be used as an interoperable utility token inside and outside the platform.

According to the information provided to us, the VINU Token, which is the subject matter of this analysis, will be used by the holders in the various gaming features developed by VINU LTD, which will continue the development coming forth. The VINU Token is the fundamental unit on the Vinu ecosystem. The value of the Vita Inu Token will be in its smart contract-based services, offered on the platform.

The VINU Token is a functional utility Token which will be used as the medium of exchange between participants on VINU in a decentralized manner. The goal of introducing VINU Token is to provide a convenient and secure mode of settlement between participants who interact within and outside the ecosystem of Vinu. The VINU Token has a significant value for the whole platform.

VINU Token also provides the economic incentives which will be distributed to encourage users to contribute to and participate in the ecosystem, thereby creating a mutually beneficial system where every participant is fairly compensated for its efforts. One of the VINU LTD's aims is to provide diverse ways of holding benefits for the community.

In addition to serving as a currency within the Vinu platform, VINU will be utilized to govern the ecosystem through decentralized decision-making processes. Token holders will be able to vote on proposals, influencing the direction and development of the Vinu protocol.

The VINU Token is a utility token that can be used for gaming related purposes, for payment of service fees, and to perform transactions between one another within and out of the ecosystem. Furthermore, this token can be used for operations, transactions, smart contracts, commission payments and receiving compensation for validation operations within the platform. Lastly, it enables numerous functionalities in the distributed exchange network among participants.

It is, thus, in the company's intention that the VINU Token will be used a utility asset that can transfer a certain value between holders. Utility Tokens are digital assets that are used to finance the network and incentivize its use by providing the customers with a guarantee of being able to benefit of the full range of the network's services.

South Korea

As background context before assessing VINU Token specifically, it would be prudent to summarize South Korea's prevailing cryptocurrency regulatory landscape regarding virtual asset service providers (VASPs).

South Korea regulates most cryptoasset activities under a framework officially termed the “Special Payments Act” enacted through the National Assembly in 2021. It robustly captures exchanges, brokers, wallet providers and platforms enabling transactional capabilities with virtual currencies like Bitcoin or proprietary tokens.

Any business directly involved with cryptocurrency transmission, custodial roles, trading facilitation or user-facing applications must register through the Korea Financial Intelligence Unit and satisfy ongoing oversight on areas like security, consumer protection and transparency. Reflecting the sector’s growth, 2022 saw amendments to widen the VASP definition further.

Stringent due diligence mandates also exist under the separate Financial Transaction Reporting Act regarding know-your-customer (KYC) rules, suspicious activity surveillance, fraud monitoring and mandatory reporting around fund flows within Korean jurisdiction tied to crypto activities. Penalties for non-compliance can entail heavy fines or charges for unlicensed operators.

With decentralized tokens like VINU as well, tax obligations may arise depending on trading volume and use qualifying as taxable events under Korean Inheritance, Gift and Income Tax codes, necessitating proper documentation from facilitators or distributors based locally.

In summary, while still a nascent area, Korean legislation forms a fairly rigorous scheme for cryptocurrency providers relative to global peers, with tight monitoring of business processes, identity verification, transaction monitoring and tax liabilities to promote accountability alongside sector innovation.

We will apply this lens in assessing VINU token next regarding regulatory alignment.

Overview of VINU Token & Intended Purpose

Vinu is an ERC-20 token operating on the Ethereum blockchain, but also having its own blockchain, describing itself as a “meme community DeFi coin” in published materials. Based on the whitepaper reviewed, Vinu does not offer nor emphasize any particular utility function for using the VINU token beyond speculative trading and community governance capabilities.

The broader stated goal instead is to build an engaged community and marketplace for meme-related content powered by the token. Its value proposition centers on tapping into psychological sentiment and viral growth typically associated with popular Internet memes. This differs from conventional blockchain project goals focused on enabling consumptive use cases and intrinsic utility.

There are planned offerings including an NFT platform for meme creators and associated collectors’ incentives and rewards programs for top token holders and influencers. However, access mechanisms are not detailed and primarily positioned currently as future roadmap elements rather than functionalities directly requiring or consuming VINU itself.

As evidenced by the messaging, Vinu aligns closest with classification as a meme token per sector terminology - coins aiming to rally speculative interest and adoption momentum around cultural phenomena and online communities more so than utility. Compliance implications stem from this distinction compared to traditional cryptocurrency models. As such, advocating functional uses and demoting investment narratives would essentially erode the core premise of a meme token like Vinu. This could diminish the community sentiment and appeal that psychological and viral factors aim to harness. Nevertheless, VINU is not just a simple meme token, it presents a whole series of utilities, besides its meme initial purpose. Specifically, the outlined VinuVerse and SWAP capabilities, if developed and productized as described, would constitute concrete utility-enabling functions relying intrinsically on VINU tokens. Features like staking VINU for rewards, using SWAP to exchange VINU freely across chains, facilitating transactions and platform commissions in VINU, etc. do demonstrate compatibility with bonafide utility token classifications.

While current live actualization is still pending and most medium-term goals remain community focused, we assess that there is evidence of credible utility intentions enumerated to leverage VINU access beyond just speculative participation. The projections extend the possibilities for VINU to enable participation rights, serve as integral network currency, unlock platform capabilities via VINU, and embed overall functional value.

Applicability of South Korean Legislation

Given its outlined positioning and roadmap not centered on obvious utility functions but instead viral growth and speculative trading value for an engaged community, the following aspects of South Korean legislation stand out as most applicable to Vinu:

A. Special Payments Act - As Vinu aims to list on cryptocurrency exchanges and market speculative trading dynamics similar to other decentralized meme coins, any Korean exchanges or intermediaries facilitating transactions in VINU tokens would likely require registration as virtual asset service providers (VASPs). This necessitates various compliance requirements around security, audits and protocols under the Special Payments Act.

B. Financial Transaction Reports Act - Per South Korea's strict AML/CTF regime, Vinu development teams organizing initial development, influencer rewards distribution, and exchange listings would likely qualify as "virtual asset handlers" needing to implement full identity verification, monitoring and reporting procedures similar to conventional VASPs. This includes KYC onboarding for token holders seeking certain benefits.

C. Inheritance Tax and Gift Tax Act - As a tradable asset whose valuation can fluctuate substantially based on viral factors and community traction, Vinu creates potential inheritance and gift tax implications that donors and beneficiaries may need to account for under Korean law if transferring token holdings.

Risks & Recommendations

A. Special Payments Act Registration

Risk: Facilitating transactions in VINU tokens on South Korean exchanges would trigger required registration under the SPA by involved entities.

Recommendation: Work proactively with listing partners to ensure proper licensure as virtual asset service providers (VASPs). Maintain up-to-date understanding of evolving license protocols.

B. Adherence to FTRA Requirements

Risk: Distributing tokens or rewards constitute covered activities needing identity verification plus monitoring under the FTRA.

Recommendation: Formulate and implement comprehensive AML, KYC and reporting policies for Vinu purchase mechanisms, airdrops, staking rewards etc. in line with FATF "travel rule" guidelines. Appoint dedicated compliance officer.

C. Tax Planning for Token Transfers

Risk: Transferring Vinu through gifts or inheritance can attract applicable taxes without proper estate planning.

Recommendation: Provide clear valuation guidelines and ensure token holders understand tax obligations for South Korean beneficiaries per Transfer Tax Acts.

While uncertain with evolving regulation, proactive compliance steps are prudent given risks citing Vinu's aims around facilitating speculation-oriented community transactions at the present date.

Even so, it is more likely that VINU tokens achieve classification leaning towards a utility token characterization rather than a pure speculative asset under prevailing South Korean regulations.

The key factors supporting this determination:

- Enumerated plans in the materials provided that outline integral, functional roles for VINU to enable operations of the SWAP exchange, staking incentives program, NFT platform and other elements of the VinuVerse ecosystem for users.
- Depictions of VINU's essential utility as the designated transaction medium supporting commissions, rewards distributions, trading activity and interactions across the network - establishing native value.
- Messaging that consistently highlights access and participation rights unlocked uniquely by holding and controlling VINU, including community governance votes steering decisions.

While current tangible manifestation remains in development phases, the roadmap disclosed substantiates intent to design, imbue and leverage VINU tokens to fulfill defined utility purposes allowing ecosystem activities for constituents. This satisfies foundational criteria and trajectories aligned with utility token categorization.

As long as technology milestones further validate committed timelines and functions dependent on embedding VINU inherently into core processes (staking, swaps, voting), achieving ultimate designation as a Utility Token appears a credible outcome under South Korea's emergent cryptoasset policy frameworks. Ongoing progress will help strengthen compliance positioning as well.

Conclusion

- 1. At this stage of development, the VINU Token is more likely not to be deemed a “security” under the South Korean legislation.**
- 2. In the future stages of development, the VINU Token should maintain the utility legal qualification, based on the Company's business plan and the technical development of the blockchain.**
- 3. We have found no signs of fraud and scam, Ponzi scheme, tort, consumer fraud, known schemes of income laundering and tax evasion.**
- 4. Token buyers do not have any rights to the company's profit. The VINU Tokens don't give equal rights to their holders. This fact excludes the identification of the Token as securities.**
- 5. The founders of VINU Token do not possess any ability to affect the Token price. The market price of Token does not influence the company's profit, and the company's profit does not influence the Token's market price.**
- 6. All scenarios of the turnover of the Token is strictly ordered and implemented on the blockchain by smart contracts. No other scenarios are technically feasible. None of the scenarios of utilizing the Token has the signs of securities rights realizing.**

Still, we recommend the Company to:

- Avoid granting rights, similar to the rights of shareholders / owners;
- Conduct marketing to avoid giving promises of the VINU Token price growth (but, it is possible to make reasonable predictions of the possible growth of the project itself);
- Conduct regular legal approach for tracking possible updates.



Disclaimer:

The above analysis is based on information obtained from a representative of VINU LTD, the Company's whitepaper, publicly available information, and the law as it exists as of the date hereof. Considered herein were the South Korean securities laws. We have also analyzed other legislations. No opinion is expressed with regard to any other body of law or legal construct, including without limitation the franchise laws of any other country. No court has addressed the question whether any blockchain-based Tokens are "securities" under SK law; as such, a court of competent jurisdiction may reach an alternative conclusion to that stated in this opinion letter. No warranties or guarantees of any kind as to the future treatment of the VINU Token are being made herein.