



MindWave Ltd. Legal

FROM:
Lemur Legal d.o.o.

SUBJECT:
Legal Opinion on the legal nature of NILA Utility Token (“\$NILA”)

AUTHOR:
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I. BACKGROUND AND SCOPE OF WORK

1.1. We were requested to provide you with our professional Legal Opinion regarding classifying the crypto token used within the MindWave ecosystem (platform). The token in question is the NILA Token (from now on referred to as “NILA Token” or “\$NILA”). It is the native token of a platform, accessible to end-users in the form of a web portal. This Legal Opinion will determine the \$NILA classification by European Union (“EU”) law (from now on referred to as the “Legal Opinion”).

1.2. Our Legal Opinion is being prepared because you intend to list \$NILA token on trading platforms (i.e., centralized and decentralized crypto exchanges). The \$NILA token was not listed on centralized or traded on decentralized exchanges when this Legal Opinion was issued.

1.3. No other types of tokens (e.g., non-fungible tokens) or other crypto assets will also be issued by the Company on the Platform. If any additional crypto assets, other than \$NILA Tokens, are issued by the Company on or outside the Platform, such crypto assets are not a subject of this Legal Opinion.

1.4. The company is building MindWave, a bitcoin trading fund that offers various trading strategies, all to increase portfolio value (together referred to as “the Platform” or “MindWave”).

1.5. The Legal Opinion below outlines the \$NILA token's legal status and nature. It aims to analyze whether \$NILA fulfills the criteria of a regulated financial instrument, e-money, or neither of them according to EU law (primarily).

1.6. \$NILA tokens will be generated on the Binance network during the \$NILA token generation event on June 1st, 2024. The link to the smart contract on the BSC network is the following: 0x00f8Da33734FeB9b946fEC2228C25072D2e2E41f

1.7. The token issuing entity is not known when issuing this Legal Opinion. This entity, which will serve as a special purpose vehicle, will be established solely to issue \$NILA tokens (“Token Issuing Entity” or “Company”). The Company operates through the website available at <https://www.mindwavedao.com> (from now on referred to as: “Company’s webpage”).

1.8. If this Legal Opinion refers to the future Company, it includes the Company and all its subsidiaries.

1.9. We refer to the Platform that the Company established and operates. A new digital asset will be partially distributed in private and public sale. The total supply of \$NILA tokens is 1,057,021,569 (one billion fifty-seven million twenty-one thousand five hundred sixty-nine). This Legal Opinion further describes the allocation of \$NILA tokens and a more detailed description of the funding rounds.

1.10. The Company uses the Company's webpage for all the matters related to the Platform and the \$NILA token.

1.11. We have been instructed to provide this opinion solely on the question of whether the design of the \$NILA token would cause it to be considered:

- Security (i.e., a regulated financial instrument):

o For Markets in Financial Instruments Directive (Directive 2014/65/EU, from now on: “MiFID II”)1 – existing European Union (“EU”) legal framework for financial instruments;

- Electronic money for Payment Services in the Internal Market Directive (Directive 2015/2366, from now on referred to as: “PSD2”)2 and Electronic Money Directive (Directive 2009/110, from now on referred to as: “EMD”);

- An asset-referenced token or electronic money token for Markets in Crypto Assets Regulation (proposal 2020/0265, from now on referred to as: “MiCA”)4 - future European Union (“EU”) legal framework for financial instruments;

- A security token or regulated financial instrument according to soft law documents (e.g., guidelines) from the perspective of several European national (FINMA, FCA) or supranational (EU level) regulators (EBA, ESMA – the existing perspective of competent European national and supranational (EU) regulators.

1.12. For this Legal Opinion, we have been provided with the following documents and sources:

- Company’s webpage: <https://www.mindwavedao.com>

- **Mind Wave Litepaper:** <https://www.mindwavedao.com/wp-content/uploads/Mindwave-LitePaper.pdf>

- NILA Token Simple Agreement for Future Tokens

- Projects’ social channels and publishing platforms: X, Discord, Telegram, LinkedIn.

- Interview with the Company's representatives.

1.13. The above-stated documents provided by the Company set out, among others, the design of the \$NILA token, the digital ecosystem built around the Platform, and existing and planned features.

1.14. The Company has informed us that the above-stated documents are final and will remain substantially in the same form provided when writing this Legal Opinion.

1.15. Our Legal Opinion assumes that the Whitepaper and all additional documents and information submitted to us are correct and complete in all material respects. We have relied only on the relevant facts, documents, and instructions as informed. We have not considered any issues other than those in paragraph. 1.11. and have also not conducted any independent inquiries or due diligence regarding the \$NILA token issuance or the operation of the Company (or affiliates).

1.16. The opinion expressed in this document is solely our view of the issues expressly dealt with in this Legal Opinion. Our opinion does not constitute an assurance, guarantee, or warranty that the European Union (and elsewhere) based authorities or courts would necessarily agree with the opinions stated in this document or that any challenge would not be made or would fail. This Legal Opinion is not intended to be used, and cannot be used, to avoid penalties that any applicable law may impose.

1.17. Lemur Legal Ltd. is a Ljubljana, Slovenia-based legal advisory company advising clients in legal matters based on European Union law. This advice is based on EU law as of 9:00 a.m. of the date hereof, is limited to the cases expressly specified herein, and must not be read as extending, by implication or otherwise, to any other matter.

1.18. We have not examined or expressed any views on, nor will we be deemed to have read or expressed any opinions on, regulatory requirements, restrictions, or prohibitions:

- Under the laws of any other jurisdictions that may be applicable;
- In connection with the Company’s (or its affiliates) activities, the network/ecosystem, or the circumstances or conduct of the \$NILA token issuance or the commercial aspects of any of the preceding or
- Any other ancillary digital asset, including security token, synthetic token, wrapped token, staking token, governance token, NFT (e.g., representing copyrights in various works accessible on the Platform), asset-backed token, or any fractions thereof may be issued/created in connection with the infrastructure of the Platform.

1.19. Where any reference or opinion is related to the preceding or expressed beyond the jurisdiction of EU law, we accordingly disclaim reliance thereupon and any obligation arising thereupon, and you are advised to obtain legal advice regarding these issues.

1.20. Legal Opinion 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 in this document). We do not assume any responsibility to update this advice after the date.

1.21. Further, it is assumed that:

- When fully developed and operational, the \$NILA token and the Platform would meet their description in this opinion and the documents listed in paragraph

1.12.;

- There will be no material variations in the \$NILA token or the Platform from their descriptions therein, which would affect our opinion;
- All services and functionalities offered on the Platform will not be illegal, and the necessary approvals and licenses will be held by the Company, its relevant operating entities, or affiliates in all applicable jurisdictions as essential and The Company will conduct all activities with sound corporate governance principles.

1.22. As of the date hereof, to our knowledge, there has been no court case nor any formal notice published by any competent regulator in the EU that directly addresses the issues raised in this advice, save for various releases, guidelines, and papers and save for MiCA, which is not in force at the date of issuance of this Legal Opinion. Accordingly, the competent authority may reach an alternative conclusion different from the one provided in this opinion.

II. OPINION (SUMMARY)

2.1. A “utility token” is defined under existing EU law with Markets on Crypto Assets Regulation (“MiCA”) as a crypto asset that does not qualify as an e-money token (“EMT”) or as an asset-referenced token (“ART”). MiCA was adopted in June 2023. MiCA’s provisions for EMTs will step into force in June 2024, and all the other MiCA’s provisions will be in February 2025.

2.2. Solely considering the design of the \$NILA token, as set further in the document, we are of the view that, in itself, the design of the \$NILA token:

- Constitutes a utility token under future MiCA (not an e-money or an asset-referenced token);
- Constitutes a utility token under FINMA (Switzerland) and EBA/ESMA (European Union) guidelines;
- Constitutes an unregulated token under FCA and HM Treasury rules (United Kingdom); namely, it qualifies as a utility token or an exchange token;
- Constitutes a digital payment token under applicable PSA rules (Singapore);
- Does not constitute e-money under PSD2 or EMD;
- Does not constitute a security under MiFID II;
- Does not constitute asset-referenced or electronic money token under MiCA;
- Does not constitute a security under the Howey test (U.S.).

2.3. Accordingly, it would not cause the \$NILA token to be deemed “security,” a “capital markets product,” or “electronic money” for applicable EU regulation.

2.4. Our opinion herein is addressed to you solely for your benefit. It may be disclosed exclusively to list the \$NILA token on a non-reliance basis on a digital asset exchange(s). It is not to be relied upon by any other person or quoted or referred to in any public document or filed with any governmental authority or agency in any way other than a person without our prior written consent. **2.5.** For a more detailed Legal Opinion on the legal nature of the \$NILA token, see this Legal Opinion.

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- Does not constitute a security under MiFID II; g) Does not constitute asset-referenced or electronic money token under MiCA; h) Does not constitute a security under the Howey test (U.S.).

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III. INTRODUCTION

3.1. MindWave is a Mauritius-based corporation specializing in cryptocurrency investments with a focus on Bitcoin. It employs a multifaceted strategy involving yield-generating trading strategies, market-making, and liquidity provisioning in carefully selected Decentralized Finance (“DeFi”) projects. This strategic approach is designed to grow its significant holding of 24,800 Bitcoins and leverage these assets to support its operations and profitability. (the “Platform”).

3.2. The core of MindWave's operation revolves around the NILA Token, a utility token that offers token holders access to the exclusive benefits deriving from the Platform.

3.3. The Platform includes an internal token system, facilitating the alignment of access possibilities and incentives among users. This system, built around the native crypto token \$NILA, enables the existing ecosystem to manage its internal economics, and handle on-platform decentralized transactions.

3.4. Further to the above, the Platform's economic model is based on \$NILA tokens used for on-platform access, rewards, and governance.

3.5. The \$NILA token is an integral part of the Platform's business model, with several utility features, which will be further described in the document. The Platform will be further developed (see the “Roadmap” section on the Company's website), adding new functionalities and services to its end-users.

3.6. The Platform's development will gradually migrate to decentralized governance in the form of a DAO. MindWave DAO will operate as a fully decentralized platform governed by a pre-agreed set of rules.

3.7. As it will be justified herein, the \$NILA token is a utility token with apparent underlying functional features (i.e., rights) for the token holders. It is inherently associated with the Platform and services available for the end-users of the Platform. In contrast, it does not, to any extent, qualify as a security or as any other financial instrument.

3.8. There will be no distribution of profits from the Company to token holders as a passive income for the \$NILA token holders, nor will \$NILA token holders have any other investment interests. The Platform does not have an integrated revenue share model in which token holders would be able to participate.

3.9. It was understood from the \$NILA Token documents (Lite Paper) that there is no reason to believe that the \$NILA token will increase in value. Consequently, there are no (reasonable) expectations of any profit gains from the token holders.

3.10. Finally, as further reasoned herein, the distribution of \$NILA tokens does not qualify as a public offering of regulated financial instruments in any manner whatsoever.

IV. THE PLATFORM:

4.1. As described in the provided document, MindWave is an innovative investment platform, focused on maximizing the potential of Bitcoin and other digital assets through advanced trading strategies and participation in the DeFi sector. It manages a large portfolio of 24,800 Bitcoins, using these assets to generate returns and support its operations.

4.2. The platform issues NILA Tokens, utility tokens that grant holders the right to access some of the Platform's benefits, promoting token holders' engagement and reward..

4.3. Key features of the Platform include:

- **Decentralization:** MindWave's overarching goal is to create a thriving, reliable, and decentralized ecosystem. This will be further explored by developing smart contract frameworks on the Binance network.
- **Sophisticated Trading Strategies:** MindWave employs various yield-generating strategies such as Covered Calls, Negative Gamma, and Volatility Trading. These strategies leverage AI and quantitative analysis to optimize returns and minimize risks, appealing to savvy traders and institutional investors.
- **Market Making and Liquidity Provision:** The platform carefully selects DeFi projects for investment, assessing each for fundamentals, technological innovation, and market potential. This rigorous vetting ensures that only the most promising projects are chosen, enhancing the potential for high returns.
- **Security Measures:** MindWave prioritizes security with state-of-the-art custody solutions and multi-signature configurations. This robust security framework protects investors' assets against external threats and provides a safe investment environment.
- **Benefits for the \$NILA token holders:** Investors in NILA Tokens benefit from their active participation in the ecosystem.

MINDWAVE NATIVE TOKEN:

4.4. The \$NILA token is a fungible, native crypto token of the platform, intended to enable exclusive access to the benefits available exclusively to the Platform's end users.

4.5. The Platform has implemented tokenomics for the \$NILA token, enabling utility features for the \$NILA token exclusively within the Platform and exclusively for the end-users of the Platform.

4.6. On the Platform, end-users will use the \$NILA token as (i) a payment token (transaction fees), (ii) an access token (exclusive access to the benefits), (iii) an award token, (iv) a governance token, and (v) a potential token utility expansion.

4.7. As discussed in more detail later in the document, \$NILA tokens have a unique integral function within the Platform. As a crypto token with a clear and irreplicable utility value for the Platform, there is no alternative to the \$NILA token regarding usability and features.

4.8. \$NILA token is a utility token that can only be used on the Platform. Outside the Platform, the \$NILA token does not have and will not have any utility value.

4.9. On the contrary, crypto tokens not issued by the Company will not have any utility value on the Platform.

4.10. The tokenomics of the MindWave is designed to foster a stable and sustainable ecosystem underpinned by the \$NILA token. Key aspects of the tokenomics include:

- **Fixed Token Supply:** The \$NILA token operates with a zero inflation rate, with its total supply capped at 1,057,021,569 (one billion fifty-seven million twenty-one thousand five hundred sixty-nine) tokens. This fixed amount will remain constant throughout the MindWave ecosystem's lifecycle, effectively eliminating inflationary pressures..
- **Vesting and Token Distribution:** The token distribution follows a schedule managed by vesting smart contracts to ensure transparency and automation. The schedule includes categories team, institutional investors, and advisors/partners, with a vesting period of 25 months.
- **Liquidity Incentives:** A portion of the total token supply (52 million tokens) is allocated for treasury (liquidity) incentives. Further, 105 million tokens are allocated for marketing and community.
- **\$NILA as a Currency:** The NILA token serves as the currency on the Platform.

4.11. The above-listed tokenomics elements work together to create a balanced and incentivized environment, encouraging active participation by the token holders in a way that liquidity will be provided and managed on the Platform.

V. \$NILA TOKEN FUNCTIONALITIES

5.1. \$NILA tokens will be issued on the Binance blockchain network. The Company will distribute tokens in the several tranches public and private sales, further elaborated in this Legal Opinion (see article VII: \$NILA token sale and distribution). Tokenomics (utility features):

5.2. \$NILA token cannot be considered a “security” or “value” token, representing a specific financial value not linked to a particular service or product. Instead, the \$NILA token enables the token holder to access and utilize some of the Platform functions related to on-platform governance and accessing on-platform functionalities and benefits. Considering this, the \$NILA token is solely a token that provides certain functionalities to its holders.

5.3. \$NILA token is a transferable representation of attributed functions specified in the Platform protocol/code. It is designed to have the following tasks within the Platform:

PAYMENT TOKEN:

- \$NILA tokens may be utilized on the Platform to pay the Platform's fees (payment token). These fees include management fees, deposit/withdrawal fees, and other costs deriving from the crypto asset management.

ACCESS TOKEN:

- The \$NILA token is an exclusive element for accessing the Platform's benefits offered to the token holders active within the ecosystem. It provides access to the Platform's features for all end-users (access token).

AWARD TOKEN:

- To ensure the future growth of MindWave's ecosystem, the Platform will award active stakeholders with awards in the form of \$NILA tokens (award token).

GOVERNANCE TOKEN:

- Once the Platform's governance migrates to the MindWave DAO, the Platform will use an on-chain governance system that enables \$NILA token holders to vote on specific aspects of the Platform's governance if they deposit their \$NILA holdings into the governance pool (governance staking).

TOKEN FURTHER UTILITY EXPANSION:

- Once all the functionalities on the Platform are developed and offered to the end-users and once the \$NILA token is fully integrated into the Platform, MindWave will try to expand the utility functionalities of the \$ NILA token in a way that the token will be used in other associated or unrelated platforms and ecosystems built on the Binance blockchain network (e.g., other platforms established by the Company and digital ecosystems not related to the Company).

No passive income, no representation for shareholding:

5.4. Just by holding the token, holders of \$NILA tokens will not be entitled to dividends, royalties, or any other amounts as a share of the Platform's future revenues in whatever form (fiat or crypto currency). The Platform has no integrated revenue share mechanism. In no published documents (Lite Paper, public posts, etc.), in the interview, and in no public statements by the founders and core team members, passive income for \$NILA token holders in whatever form has directly or indirectly been mentioned at any time.

5.5. Given the consideration above, \$NILA token holders should not receive a reasonable expectation or right to passive income. This is also expressly emphasized in the Company's documents and in the statements by the key people working for the Company in our attempt to eliminate any reasonable expectations of profits.

5.6. \$NILA token does not represent any shareholding, participation, right, title, or interest in the Company or any other company, enterprise, or undertaking. Once issued, holders of \$NILA tokens do not appear to incur any liability to the Company. They did not enter into mutual covenants or agree to rights and obligations with other \$NILA token holders inter se. Consequently, there would likely be no dealing in securities in the form of stocks or shares arising solely out of the design of the \$NILA token. Holders of the \$NILA tokens will not be entitled to any investment interests such as:

- Ownership or equity interest in the Company or any other legal entity (see above under Security);
- Status as a creditor;
- Claim in bankruptcy as equity interest creditor and any other investment interests to which securities holders are entitled regularly.

5.7. As stipulated in the documentation we have reviewed, the \$NILA token is not intended to constitute securities in the EU or any relevant jurisdiction. It will not entitle token holders to any promise of dividends, token buybacks (or any other token destruction mechanism), revenue sharing, fees, profits, or investment returns.

The value of the \$NILA token:

5.8. \$NILA token does not have any tangible or physical manifestation. It does not have any intrinsic value, nor does the Company or any other person make any representation or commit to its value.

5.9. The value of the \$NILA token will not be pegged to any fiat currency or other real-world assets.

5.10. The value of the \$NILA token will depend exclusively on the market price, as shall be on the centralized and decentralized crypto exchanges on which the \$NILA token will be listed. The Company will operate no mechanism to control the \$NILA token price (e.g., market making or token buybacks).

5.11. \$NILA token is not for speculative investment. There is no guarantee or representation of value or liquidity for the \$NILA token.

5.12. The Company and its founders are not planning to take any actions, including, but not limited to, destroying, removing from circulation, conducting buybacks, or locking \$NILA tokens to influence the market price of the \$NILA tokens. No pegging to fiat currencies or other assets:

5.13. \$NILA token 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.

5.14. \$NILA token does not represent money (including electronic money), security, commodity, bond debt instrument, unit in a collective investment scheme, or any other financial device or investment.

5.15. \$NILA token is not pegged to the Euro or any other fiat currency (i.e., a currency that qualifies as a legal tender), nor to any basket of fiat currencies. As such, the \$NILA token is not intended to constitute e-money in the EU or any relevant jurisdiction.

5.16. The Platform does not facilitate the transmission of fiat currency on behalf of its end-users or other third parties. Such service is offered indirectly through the infrastructure of the third-party service provider. Exchanging \$NILA tokens:

5.17. The Company's website does not enable the fiat currency conversion to \$NILA token (fiat on-ramp). The Company does not sell \$NILA tokens in exchange for fiat money (credit card payments) through the Company's website. \$NILA tokens will be purchased with USDT.

5.18. The Company will not create a secondary market for \$NILA tokens. \$NILA tokens will be offered to the public only through centralized and decentralized crypto exchanges operated by third parties, where \$NILA tokens will be listed through the Platform.

5.19. The Company does not enable the conversion of the \$NILA token to fiat currency (fiat off-ramp).

VI. APPLICABLE LEGISLATION FOR \$NILA TOKEN

6.1. MiCA regulation was adopted in the European Parliament on the 20th of April 2023 and published in the EU Journal on the 9th of June 2023.

6.2. Apart from MiCA, which will become effective in 2024 and 2025, no existing EU law, directive, or regulation explicitly regulates digital assets or tokens.

6.3. However, this cannot mean that the EU's digital assets and tokens are wholly unregulated. The systemic legal framework can be applied to various crypto purchases under specific circumstances.

Existing Legal Framework of the European Union: FINANCIAL INSTRUMENTS (MIFID II):

6.4. According to Annex I, section C of MiFID II Directive, which legally enumerates Financial Instruments, the \$NILA token does not qualify as a security or any other financial instrument according to MiFID II.

6.5. Financial Instruments are specified in Annex 1, section C, of MiFID II, which explicitly states what constitutes a Financial Instrument, meaning that no other instruments (not set in that list) may be qualified as Financial Instruments. According to the cited section of MiFID II, Financial Instruments are transferable securities, money-market instruments, units in collective investment undertaking, options, futures, swaps, etc.⁵

6.6. When considering whether or not the \$NILA token may be regarded as transferable securities, the definition of transferable securities needs to be considered. According to article 4, point 44 of MiFID II, transferable securities ⁵ Full list of Financial Instruments according to Annex 1, Section C, MiFID II is available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0065>. are classes of securities that are negotiable on the capital market, except instruments of payment, such as:

- Shares in companies and other securities equivalent to shares in companies, partnerships, or other entities, and depositary receipts in respect of claims;
- Bonds or other forms of securitized debt, including depositary receipts in respect of such securities;
- Any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities, or other indices or measures.

6.7. \$NILA token does not represent or constitute any ownership right or stake, bonds, share or security or equivalent rights or any right to receive future revenue shares or any other form of participation in or relating to the Company, nor shall \$NILA token holders have any influence or ownership in the development or governance of the Company.

6.8. Based on the above, it is evident that the \$NILA token may not be classified as transferable securities or any other Financial Instruments per applicable provisions of MiFID II.

6.9. \$NILA is a utility token (as specified below), and it does not qualify as any other financial instrument under MiFID II, namely as: - money-market instrument;⁶ - units in collective investment undertakings; ⁶ Article 4, point 17: ‘money-market instruments’ means those classes of instruments which are normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial papers and excluding instruments of payment;

- Derivative financial instruments;
- Financial contracts for differences.

6.10. Since Financial instruments are explicitly legally enumerated in Annex 1, Section C of MiFID II Directive and utility tokens are not one of them, nor can the \$NILA token qualify as any Instruments as described above, it is evident the \$NILA token does not qualify as a Financial instrument under the existing EU law.

ELECTRONIC MONEY (PSD2 AND E-MONEY DIRECTIVE):

6.11. According to point 25 of article 4 (PSD2) about point 2 of article 2 of the E-Money Directive, a \$NILA token does not qualify as electronic money.

6.12. According to the EU mentioned above, Directives instrument has to be classified as electronic money if the following conditions are met (cumulatively):

- is electronically stored;

- Has monetary value;
- Represents a claim on the issuer;
- Is issued on receipt of funds;
- Is issued to make payment transactions;
- It is accepted by persons other than the issuer.

6.13. We understand that the \$NILA token shall serve as an integral feature of the core processes of the Platform, as denoted in article 5 (\$NILA token functionalities) of this Legal Opinion. However, nothing in the Whitepaper and other documentation provided by the Company indicated that \$NILA token holders have a claim against the Company’s (as a \$NILA token issuer) assets arising from funds that were initially placed against such issuance of \$NILA token and that such holders can redeem their funds at par value.

6.14. Furthermore, the \$NILA token is accepted as a means of payment only within the Platform. There will be no other points of acceptance (i.e., merchants) that would get \$NILA tokens as a means of payment outside the Platform.

6.15. Based on the above, the \$NILA token falls outside the scope of the definition of electronic money in terms of the PSD2 and Electronic Money Directive. Future Legal Framework of the European Union (MiCA)

6.16. Markets in Crypto-assets Regulation (“MiCA”) is, at the time of writing this Legal Opinion, in the European Parliament adopted and already published in the EU Journal (official EU gazette) piece of the regulation establishing the future EU framework that enables issuances of crypto-assets as well as the tokenization of traditional assets.

6.17. MiCA will step into force at the beginning of 2025, apart from the e-money tokens provisions, which will be in force starting June 2024. **6.18.** According to MiCA, there will be three different categories of crypto assets, namely (article 3, definitions): - Asset-referenced token: a type of crypto-asset that purports to maintain a stable value by referring to the value of several fiat currencies that are legal tender, one or several commodities or one or several crypto-assets, or a combination of such assets;

- Electronic money token: a type of crypto-asset, the primary purpose of which is to be used as a means of exchange and that purports to maintain a stable value by referring to the value of a fiat currency that is legal tender;
- Utility token (crypto assets other than asset-referenced tokens or e-money tokens): a type of crypto-asset intended to provide digital access to a good or service, available on distributed ledger technology, and only accepted by the token issuer.

6.19. Based on the above definitions, the \$NILA token will qualify as a utility token under the future MiCA regulatory framework. \$NILA token will thus be qualified as a crypto asset, other than an asset-referenced or e-money token.

Soft Law provisions from various European national regulators:
FINMA (Switzerland):

6.20. Swiss Financial Market Supervisory Authority ("FINMA"), a Swiss regulator competent for the supervision of financial markets, issued "ICO Guidelines"⁷ in 2018. Guidelines define three categories of crypto tokens, namely:

- Payment tokens are synonymous with cryptocurrencies (such as Bitcoin and Ether) and have no further functions or links to other development projects. Tokens may, in some cases, only develop the necessary functionality and become accepted as a means of payment over a period of time.
 - Utility tokens are tokens intended to provide digital access to an application or service using a blockchain-based infrastructure.
 - Asset tokens represent assets such as participation in actual physical underlying companies, earnings streams, or an entitlement to dividends or interest payments.
- Regarding their economic function, the tokens are analogous to equities, bonds, or derivatives.

6.21. For payment tokens, the ICO Guidelines further state that such tokens are designed to act as a means of payment and are not analogous in their function to traditional securities.

6.22. According to FINMA, utility tokens will not be treated as securities if their sole purpose is to confer digital access rights to an application or service and if the utility token can be used in this way at the point of issue. In these cases, the underlying function is to grant access rights, and the connection with capital markets, a typical feature of securities, is missing. Suppose a utility token ⁷ FINMA guidelines for ICOs: <https://www.finma.ch/en/~media/finma/dokumente/dokumentencenter/myfinma/1bewilligung/fintech/wegleitung-ico.pdf> additionally or only has an investment purpose at the point of issue. In that case, FINMA will treat such tokens as securities (i.e., in the same way as asset tokens).

6.23. FINMA treats asset tokens as securities. According to FINMA, asset tokens constitute securities within Article 2. b FMIA, if they represent an uncertificated security and the tokens, are standardized and suitable for mass standardized trading. An asset token also qualifies as a security if it represents a derivative (i.e., the value of the conferred claim depends on an underlying asset) and when the token is standardized and suitable for mass standardized trading.

6.24. Further to the above, ICO Guidelines state that the individual token classifications are not mutually exclusive. Asset and utility tokens can also be classified as payment tokens (hybrid tokens).

6.25. FINMA will base its determination as to whether tokens qualify as securities on the legal definitions from the Financial Market Infrastructure Act (FMIA). According to the applicable definition, securities are standardized certificated or uncertificated securities, derivatives, and intermediated securities (Art. 2 let. B FMIA), which are suitable for mass standardized trading, i.e., they are publicly offered for sale in the same structure and denomination or are placed with more than 20 clients, insofar as they have not been created especially for individual counterparties (Art. 2 para. 1 FMIA).

6.26. In 2019, FINMA published a supplement for the ICO guidelines covering stablecoins.⁸

6.27. The characteristics of the \$NILA tokens indicate that they should be classified as utility or payment tokens from FINMA's regulatory perspective.

6.28. The opinion from the previous paragraph is not official since we are not accredited lawyers for Swiss law. ⁸ FINMA guidelines for stablecoins: <https://www.finma.ch/en/~media/finma/dokumente/dokumentencenter/myfinma/1bewilligung/fintech/wegleitung-stable-coins.pdf>

FCA AND HM TREASURY (United Kingdom):

6.29. Financial Conduct Authority ("FCA"), a UK regulator competent for the supervision of financial markets, issued Guidance on Cryptoassets in 2019.⁹ Guidance defines three categories of crypto tokens, namely:

- Exchange tokens: tokens not issued or backed by any central authority and are intended and designed to be used as a means of exchange. They tend to be a decentralized tool for buying and selling goods and services without traditional intermediaries.
- Utility tokens: grant holders access to a current or prospective product or service but do not grant holders rights like those presented by specified investments.
- Security tokens: specific characteristics that provide rights and obligations akin to specified investments, like a share or a debt instrument.

6.30. Definitions from the previous paragraph have subsequently been built upon by HM Treasury in its Consultation and Call for Evidence: UK regulatory approach to crypto-assets and stablecoins (January 2021) and HM Treasury's Response - UK regulatory approach to crypto assets, stablecoins, and DLT in financial markets (April 2022).

6.31. HM Treasury defines a “crypto-asset” as a digital representation of value or contractual rights that can be transferred, stored, or traded electronically. It may (though not necessarily) utilize cryptography, distributed ledger technology, or similar technology.⁹ 9 FCA guidelines on crypto assets: <https://www.fca.org.uk/firms/cryptoassets>

6.32. According to HM Treasury, no internationally agreed taxonomy or classification of crypto-assets exists, and crypto-assets could fulfill diverse functions, ranging from trading digital collectibles to raising capital for new projects.

6.33. HM Treasury references three broad categories:

i. Regulated tokens:

- **Security tokens:** tokens that amount to a ‘Specified Investment’ under the Regulated Activities Order, excluding e-money. These may provide rights such as ownership, repayment of a specific sum, or entitlement to a share in future profits. They may also be transferable securities or other financial instruments under the EU’s Markets in Financial Instruments Directive II (MiFID II). These tokens are likely to be inside the FCA’s regulatory perimeter.
- **E-money tokens:** tokens that meet the definition of e-money under the Electronic Money Regulations (EMRs). These tokens fall within regulation.

ii. Unregulated tokens

- Any tokens that are not security tokens or e-money tokens are unregulated tokens. This category includes utility tokens to be redeemed for access to a specific product or service typically provided using a DLT platform.
- The category also includes tokens such as Bitcoin, Litecoin, and equivalents, often called ‘cryptocurrencies,’ ‘crypto coins,’ or ‘payment tokens.’ These tokens are usually decentralized and designed to be used primarily as a medium of exchange. These tokens are sometimes referred to as exchange tokens, and they do not provide the types of rights or access provided by security or utility tokens but are used as a means of exchange or for investment.

6.34. Utility tokens and exchange tokens are not regulated financial instruments in the UK. The FCA describes utility tokens as ‘tokens representing a claim on prospective services or products’ and explains that they are ‘tokens that do not amount to transferable securities or other regulated products and only allow access to a network or product.’

6.35. The FCA’s guidance also clarifies that many tokens can be hybrid and fall into different categories simultaneously. For example, they may initially be used to raise capital, then used later for exchange.

6.36. In its Guidance on Crypto-assets, the FCA has provided a non-exhaustive list of factors indicative of a security token. These are as follows:

- The contractual rights and obligations the token-holder has by holding or owning that crypto-asset;
- Any contractual entitlement to profit-share (like dividends), revenues, or other payment or benefit of any kind;
- Any contractual entitlement to ownership in, or control of, the token issuer or other relevant person (like voting rights);
- The language used in the relevant documentation, like token ‘whitepapers,’ that suggests the tokens are intended to function as an investment. However, it should be noted that the issuance of the token (and not the label used) will determine whether an instrument is a specified investment. For example, suppose a whitepaper declares a token to be a utility token. Still, its contractual rights would make it a share or a unit in a collective investment scheme. In that case, the FCA may consider it a security token.
- Whether the token is transferable and tradeable on crypto-asset exchanges or any other type of exchange or market and
- A direct payment flow from the issuer or other relevant party to token holders may be one of the indicators that the token is a security. However, an indirect payment discharge (for instance, through profits or payments derived exclusively from the secondary market) would not necessarily indicate the contrary. If the payment flow were a contractual entitlement, we would consider this a strong indication that the token is a security, irrespective of whether the payment flow is direct or indirect (or whether other ownership rights are present).

6.37. We have analyzed the features of the \$NILA Token against the FCA’s published criteria. The results are summarised in the table below:

FCA Criteria:

1. Contractual rights and obligations the token-holder has by virtue of holding or owning the crypto-asset
2. Contractual entitlement to profit-share (like dividends), revenues, or other payment or benefit of any kinds
3. Contractual entitlement to ownership in, or control of, the token issuer or other relevant person (like voting rights)
4. Token ‘whitepapers’ suggests the tokens are or a unit in a collective investment scheme intended to function as an investment or a share
5. Token is transferable and tradeable on crypto-asset exchanges or any other type of exchange or market.
6. Direct flow of payment from the issuer or relevant party to token holders may be an indicator that the token is a security, especially if payment were a contractual entitlement.

\$NILA Token:

1. **\$NILA token holders are not granted any contractual rights and obligations**
2. **No contractual entitlement to profit-share, revenues, or other payment benefits.**
3. **No contractual entitlement to ownership in, or control of, the token issuer or other relevant person**
4. **Whitepaper does not claim token is an investment**
5. **Yes, \$NILA tokens will be transferable and (tradeable on crypto-asset exchanges, once they will be issued on the Binance platform.**
6. **Token holders do not have a contractual entitlement to receive payments from issuer in relation to their token holding.**

6.38. The characteristics of the \$NILA Token indicate that it should be classified as an unregulated token from a UK regulatory perspective. Users of the Platform use \$NILA to utilize the products and services made available by the Company. Accordingly, it should be classed as a “utility token” in the first instance.

6.39. To the extent that the \$NILA Token is also used to facilitate transactions within the Platform, \$NILA may also be classed as an “exchange token.”

6.40. The opinion from the previous paragraph is not official since we are not accredited lawyers for United Kingdom law.

Soft Law provisions from EBA and ESMA as supranational EU regulators:

6.41. Although not legally binding at a supranational level, it is relevant to refer to the regulatory framework structured on the “Advice on Initial Coin Offerings and Crypto-Assets of ESMA”¹⁰ and the “Report with advice for the European Commission on crypto-assets”¹¹ of EBA. Both documents were published on 9 January 2019.

6.42. EBA's guidelines categorize crypto assets into three categories (Box 1, page 7), namely: - Payment/Exchange/Currency tokens: tokens with no tangible value except for the expectation that they may serve as a means of exchange or payment to pay for goods or services that are external to the ecosystem in which they are built. "Stablecoins" are a relatively new form of payment/exchange token that is typically asset-backed (by physical collateral or crypto-assets) or in the form of an algorithmic "stablecoin."

- Utility tokens enable access to a specific product or service, often provided using a DLT platform. Still, they are not accepted as a means of payment for other products or services.
- Investment tokens may represent financial assets such as a debt or equity claim on the Issuer—investment tokens promise, for example, a share in company earnings or capital flows. Therefore, regarding their economic function, these tokens are analogous to financial instruments. However, investment tokens may also exclusively reflect the ownership rights of an asset, which may not be deemed a financial instrument.

¹⁰ ESMA: https://www.esma.europa.eu/sites/default/files/library/esma50-157-1391_crypto_advice.pdf
¹¹ EBA: <https://www.eba.europa.eu/sites/default/documents/files/documents/10180/2545547/67493daa-85a8-4429-aa91-e9a5ed880684/EBA%20Report%20on%20crypto%20assets.pdf?retry=1>

6.43. Based on the understanding of different categories of crypto tokens, as expressed in the documents issued by EBA and ESMA, the \$NILA token qualifies as a utility token.

Law of the United States:

6.44. Because no natural person or legal entity from the U.S. was allowed to acquire any \$NILA tokens in the private distribution or the crowd sale, the U.S. law shall not apply in the given case, and further analysis will be irrelevant.

HOWEY TEST:

6.45. Notwithstanding the above, for the token to qualify as a security under U.S. law, the token needs to pass the Howey test.

6.46. The Howey Test refers to the U.S. Supreme Court case for determining whether a transaction qualifies as an “investment contract.” If a transaction is found to be an investment contract, it’s considered a security.

6.47. Under the Howey Test, a transaction qualifies as a security if it involves the following four elements:

- An investment of money;
- In a common enterprise;
- A reasonable expectation of profit;
- Derived from the efforts of others.

6.48. To be considered a security, an instrument (e.g., a crypto token) must meet all four elements of the Howey Test.

6.49. As pointed out in this Legal Opinion, the \$NILA token does not give any equity (or other shareholders) rights in the Company or any other legal entity (no investment in common enterprise).

6.50. Furthermore, \$NILA token holders do not have any expectations of profit sharing, which would be deriving as a right from \$NILA token, nor do there exist any mechanisms for profit sharing (e.g., dividends, buybacks) that will be established by the Company or any Company’s subsidiary or sister company (no profit sharing).

6.51. We have analyzed the features of the \$NILA Token against the Howey Test criteria. The results are summarised in the table below:

Howey test criteria \$NILA Token

- 1. An investment of money:** Yes, \$NILA tokens are purchased with crypto or fiat funds.
- 2. In a common enterprise:** \$NILA token does not give any equity (or another share) rights in the Company or any other legal entity.
- 3. A reasonable expectation of profit:** \$NILA token holders do not have any expectations of profit sharing, which would be deriving as a right from \$NILA token, nor do there exist any mechanisms for profit sharing which will be established by the Company or any Company’s subsidiary.
- 4. Derived from the efforts of others:** \$NILA token holders do not have any expectations of profit sharing, which would be deriving as a right from \$NILA token, nor do there exist any mechanisms for profit sharing which will be established by the Company or any Company’s subsidiary.

6.52. Based on the above and our opinion, it is evident that the \$NILA token or issuance of \$NILA tokens is not subject to U.S. security law, and, therefore, the \$NILA token cannot qualify as a security or a securities offering under U.S. law.

6.53. The opinion from the previous paragraph is not official since we are not accredited lawyers for U.S. law.

6.54. In two recent cases (both started in 2023)¹², the U.S. Securities and Exchange Commission (“SEC”) stated that Coinbase and Kraken, two centralized crypto exchanges, breached U.S. securities regulation by offering to their users so-called “staking-as-a-service Program.” Based on the mentioned cases, SEC qualifies staking as a security (i.e., Unregistered Offer and Sale of Crypto Asset).

6.55. Further to the above, the Company is not offering staking services directly to the holders of the \$NILA tokens. All staking services for the \$NILA tokens accessible through the Platform or elsewhere are offered by third-party service providers.

6.56. In addition to the above, U.S. citizens could not participate in the public sale of the \$NILA token.

Singapore:

6.57. Singapore has a system for regulating crypto firms, known as “digital payment token (“DPT”) providers” in the country. Accordingly, the Payment Services Act (“PSA”) establishes a regulatory framework for DPT service providers in Singapore. ¹² Kraken case: <https://www.sec.gov/news/press-release/2023-25> and Coinbase case: <https://www.sec.gov/news/press-release/2023-102>

6.58. The Monetary Authority of Singapore (“MAS”), a Singapore regulator competent for the supervision of financial markets, issued PSA in 2019. The Act defines digital payment tokens.

6.59. In Article 2 of the PSA, the digital payment token is defined as follows: any digital representation of value (other than an excluded digital representation of value) that:

- Is expressed as a unit;
- Is not denominated in any currency, and is not pegged by its issuer to any currency;
- 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 and
- It can be transferred, stored, or traded electronically.

6.60. We have analyzed the features of the \$NILA Token against the definition of a digital payment token from PSA. The results are summarised in the table below:

PSA Criteria \$NILA Token

1. Is expressed as a unit
2. Is not denominated in any currency, and is not pegged by its issuer to any currency
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.
4. It can be transferred, stored, or traded electronically.

\$NILA Token

1. \$NILA token is expressed as a unit.
2. \$NILA token is not nominated in any currency and is not pegged to any issuer.
3. Among other utility features of the \$NILA token, one of them is that the \$NILA token is a payment token and acts as a medium of exchange.
4. \$NILA token can be freely transferred, stored electronically and traded electronically.

6.61. The characteristics of the \$NILA Token indicate that it should be classified as a digital payment token from a PSA perspective.

6.62. In addition to the above, \$NILA token was applied to the definition of:

- “Capital Market Product,” as defined in the Securities and Futures Act (Chapter 289) and
- “E-Money” under PSA.

6.63. In section 2^①, the SFA defines “capital markets products.” \$NILA token, as described in this Legal Opinion, does not fall into the definition of any capital product, such as securities (shares or debentures), units in a collective investment scheme, derivatives, and spot foreign exchange contracts for leveraged foreign exchange trading purposes.

6.64. Monetary Authority of Singapore (“MAS”), as a competent authority, issued “A Guide to Digital Token Offerings¹³ (last updated in May 2020). In the guidelines, MAS provided examples of when digital tokens may constitute capital market products as defined in the PSA. The examples are as follows:

- 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;
- 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; ¹³ <https://www.mas.gov.sg/-/media/mas/sectors/guidance/guide-to-digital-token-offerings-26-may-2020.pdf>
- A unit in a business trust, where it confers or represents ownership interest in the trust property of a business trust;
- A securities-based derivatives contract⁸, which includes any derivatives contract of which the underlying thing is a share, debenture, or unit in a business trust;
- A unit in a collective investment scheme (“CIS”), where it represents a right or interest in a CIS or an option to acquire a right or interest in a CIS.

6.65. Based on our opinion, the SNILA token does not fulfill any of the definitions of capital markets products from the previous paragraph.

6.66. PSA defines two essential categories of instruments, namely "digital payment token" and "e-money." These two categories are alternative and depend on their exact characteristics. A digital token may fall under either category but not in both.

6.67. As described in the paragraph 6.56. SNILA token falls under the "digital payment token" definition, as defined in PSA.

6.68. The opinion from the previous paragraph is not official since we are not accredited lawyers for Singapore law.

VII. \$NILA TOKEN SALE AND DISTRIBUTION

7.1. Since the \$NILA token is not a security under MiFID II or a transferable security as defined by Article 1④ of Directive 93/22/EEC, \$NILA token distribution does not qualify as a public offering of securities according to Prospectus directive (2003/71/EC) and Directive 2001/34/EC.

7.2. Consequently, the distribution of \$NILA tokens does not fall under securities or any prospectus regulation within the EU.

7.3. The token allocation for NILA tokens is distributed among various categories of stakeholders as follows:

- **Team & Founders:** 20% (211,404,314 tokens) with a 24-month lock-up period followed by a monthly unlock of 10%.
- **Advisors:** 5% (52,851,078.45 tokens) with a 25-month lock-up, then a monthly unlock of 10%.
- **Marketing & Community:** 10% (105,702,156.90 tokens) with no lock-up, facilitating immediate use for promotional purposes.
- **Private Sale:** 30% (317,106,470.70 tokens) with a 6-month lock-up and subsequent 10% monthly unlocks.
- **Treasury:** 5% (52,851,078.45 tokens) reserved for future needs and strategic growth, with a defined lock-up and unlock period.
- **Public Sale:** 30% (317,106,470.70 tokens) available to the general public with no lock-up, promoting wide distribution and liquidity.

7.4. These allocations support the ecosystem's growth, reward early backers and contributors, and incentivize stakeholders to support the ecosystem.

7.5. Further to the above, all \$NILA tokens will be distributed to known users in a private and public sales, meaning that the \$NILA token distribution will be conducted in private placement (using SAFTs) and not in the form of an offering to the (unknown) public. Every contributor needed to register and perform detailed “know your customer” procedures to become approved by the Company.

VIII. \$NILA TOKENS AS INVESTMENTS:

8.1. The Company is not an investment company whose primary business is holding and managing securities for investment purposes, as \$NILA tokens are not securities to begin with.

8.2. Furthermore, the Company is not holding or managing \$NILA tokens on behalf of the token holders. At the end of token distribution, token holders receive the appropriate amount of \$NILA tokens and hold and manage them at their discretion. Each token holder can decide how to manage their tokens and if and when they wish to exchange them for other virtual or fiat currencies.

8.3. By accessing the Platform, every token holder expressly agreed to and acknowledged the statement from the previous paragraph. Based on the above, it is evident that \$NILA tokens are not investments or security. The above is also specified in the Company's materials and agreements with the token holders and expressly acknowledged by them.

8.4. The value of \$NILA tokens is not guaranteed, and the Company also explicitly warns token holders that there is no reason to believe that \$NILA tokens will increase in value. They might also decrease in value or lose their value entirely.

8.5. In addition, by holding \$NILA tokens, token holders represent and warrant that each token holder is acquiring \$NILA tokens for their personal use and utility, not for investment or financial purposes.

8.6. Moreover, the token holder represents and warrants in terms of sale that the user does not consider \$NILA tokens to be security. That user understands that \$NILA tokens may lose all their value and that the user is not acquiring \$NILA tokens as an investment.

IX. QUALIFICATIONS

9.1. This opinion is subject to the following qualifications:

- The opinion expressed in this Legal Opinion is only written in light of the applicable legislation at the date of issuance. It shall not cover any future changes, amendments, and any additional supplementary legislation that may be enacted.
- The views expressed in this document are solely our views on issues expressly dealt with in this opinion. Our opinion does not constitute an assurance, guarantee, or warranty that the competent authorities would necessarily agree with the views stated in this opinion or that any challenge would not be made or would fail. This opinion is not intended to be used and cannot be used to avoid penalties that any applicable law may impose.

- Except where the opinions expressly relate to factual matters, no opinion is expressed as to any issues of fact.
 - We have only reviewed the documents and the information listed in paragraph 1.12. above, and we have not made any other search or inquiry concerning the Company or its services; - We have made inquiries with selected individuals connected with the Company;
 - No opinion is expressed on matters outside the Company's status under the regulation applicable to crypto service providers.
- 9.2. The opinion is intended to be used for the benefit of the company to whom it is addressed about the \$NILA token listing on the crypto exchanges and for the process of opening a corporate account on the crypto exchange for the Company.
- 9.3. It is understood that the opinion will be shared with various crypto exchanges (and their subsidiaries) because such sharing will be solely to evidence that the Company has obtained a Legal Opinion for its \$NILA token and the MindWave’s business model.
- 9.4. Except with our prior written permission, the opinion may not be disclosed to anyone other than to crypto exchanges for \$NILA token issuing or used for any other purpose.

X. CONCLUSION

- 10.1. The \$NILA token has evident utility features linked exclusively to the Platform and exclusively for the end-users of the Platform. Outside the Platform, the \$NILA token does not have and will not have any utility value.
- 10.2. Utility functionalities of the \$NILA token can be divided into several categories, namely as (i) a payment token, (ii) an access token, (iii) an award token, (iv) a governance token, and (v) a potential token utility expansion.
- 10.3. There is no reason to believe that the \$NILA token will increase in value, a vital feature of the securities. Unlike security tokens, which represent investment contracts and are subject to securities regulations, utility tokens such as \$NILA provide users access to a product or service accessible through the Platform. \
- 10.4. There will be no distribution of profits from the Company to token holders in case of passive behavior, and \$NILA token holders will have no other investment interests.
- 10.5. \$NILA token does not represent any shareholding, participation, right, title, or interest in the Company or any other company, enterprise, or undertaking.
- 10.6. Any token holder manages \$NILA tokens personally, freely, with no influence from the Company, meaning that any potential profit or loss deriving from such token is created solely and personally by the token holder.
- 10.7. \$NILA tokens will be distributed to the public through private and public sales. As such, distribution will not qualify as a public offering in any manner, and all tokens will be distributed to known or subscribed users.
- 10.8. Users from the U.S. and other restricted areas were prohibited from acquiring \$NILA tokens.

EUROPEAN UNION:

- 10.9. Based on the above analysis, the \$NILA token is not a security, investment, or any other financial product under the applicable EU regulation, such as MiFID II.
- 10.10. \$NILA token does not constitute e-money under PSD2 or EMD.
- 10.11. Accordingly, it would not cause the \$NILA token to be deemed “security,” a “capital markets product,” or “electronic money” for applicable EU regulation.
- 10.12. \$NILA token does not constitute asset-referenced or electronic money tokens under MiCA.
- 10.13. \$NILA token constitutes a utility token under EBA/ESMA guidelines.
- 10.14. According to the future EU crypto regulation proposed by Markets in Crypto Asset Regulation (MiCA), the \$NILA token would qualify as crypto assets other than electronic money tokens and asset-referenced tokens. UNITED KINGDOM: \
- 10.15. \$NILA token constitutes an unregulated token under FCA and HM Treasury rules (United Kingdom); it qualifies as a utility or exchange token. SWITZERLAND:
- 10.16. \$NILA token constitutes a utility token under FINMA guidelines. UNITED STATES:
- 10.17. \$NILA token does not constitute a security under the Howey test. SINGAPORE:
- 10.18. \$NILA token constitutes a digital payment token under applicable PSA rules. dr. Peter Merc Lemur Legal 7/30/2024