



Duane Morris & Selvam's Fintech and Blockchain team works at the leading edge of blockchain-enabled innovation, offering strategic legal advice to address the implementation of blockchain technology as well as the creation and deployment of digital assets.

We help innovators and investors bring to market new digital assets, cryptocurrencies, non-fungible tokens (NFTs), crypto derivatives/structured products, market infrastructure solutions and blockchain-based protocols and organisations. Our team is capable of addressing all legal and compliance requirements regarding next-generation supply chain ecosystems and helping clients take advantage of blockchain technology's huge potential and disruptive impact. We have extensive deal experience in various token sale projects, including metaverse-based projects, NFT collection offerings, decentralised finance (DeFi) projects and other crypto transactions structured through Singapore.

DeFi

A radical shift in the distribution structure brought about by DeFi will necessitate a rethinking of how financial products and services are regulated. DeFi now offers consumers access to a range of financial products including derivatives, investments and lending without any intermediaries. Its transformational power is unprecedented. Our team understands the revolutionary potential of DeFi in the ever-changing financial space. We are familiar with and have provided input for companies seeking to develop new technology underlying DeFi innovations. In particular, we have dealt with a broad range of matters, including cryptocurrencies, consensus-based algorithms and smart contracts.



Our lawyers in the Duane Morris & Selvam Fintech and Blockchain Practice combine a sophisticated understanding of the technology underlying these products with a commercial sensibility and ahead-of-the-curve insight on the regulatory trajectory. The team taps into the vast experience and cutting-edge knowledge of its members and frequently:

- ▶ Advises on whether certain DeFi lending protocols constitute business activities regulated by the Monetary Authority of Singapore (MAS);

- ▶ Advises on whether particular DeFi tokens are capital markets products (such as a security or derivatives contract) and their applicable regulations under the Securities and Futures Act (SFA).
- ▶ Advises on the possible regulatory risk/licensing requirements in relation to running decentralised exchanges in light of the rapidly developing legal and regulatory space;
- ▶ Advises on peer-to-peer lending and whether such activities fall under the purview of the Moneylenders Act 2008;
- ▶ Advises on the regulatory ambit of the SFA on entities which offer token staking, yield farming and high-yield liquidity mining in the market;
- ▶ Assists in developing and implementing appropriate regulatory compliance procedures and policies;
- ▶ Provides general corporate law services, including drafting legal memoranda; and
- ▶ Offers advice on internal know your customer (KYC) and anti-money laundering (AML) policies, tax compliance, securities law and data privacy law relating to DeFi entities.

Payment Service Providers (PSPs)

The advent of new payment technologies and the rise of fintech has changed the payment services landscape considerably, presenting new risks, which culminated in the enactment of the Payment Services Act (PS Act) on 28 January 2020.

The PS Act is an activities-based, risk-proportionate regulatory regime governing PSPs and designated payment systems. It aims to streamline payment services under a single legislation and promote greater confidence among consumers and merchants adopting electronic payments.

Our lawyers in the Duane Morris & Selvam Fintech and Blockchain Practice are able to draw upon their sector insight and depth of experience advising governments, financial institutions and technology companies, including established market leaders and startups, to provide tailored legal advice regarding (i) licensable activities; (ii) in-scope business models; and (iii) licensing exemptions under the PS Act. Our team is well positioned to provide clients with access to a broad range of subject matter knowledge on payment services and frequently:

- ▶ Advises on the payment licensing requirements, the applicable classes of licenses and the license application process for regulated services concerning:
 - ▶ Service providers that issue payment accounts or any service relating to any operation required for operating a payment account (e.g., such as providing an e-wallet or providing a nonbank issued credit card) (Account Issuance Services);

- ▶ Service providers that facilitate the buying or selling of digital payment tokens (DPTs), entities that provide a platform to allow persons to exchange DPTs and entities that offer DPT services (Digital Payment Token Services); and
- ▶ Companies that intend to provide an inbound or outbound remittance service in Singapore (Cross-border Money Transfer Service);
- ▶ Advises on the business models of entities to ensure the risks from money laundering (ML) and terrorism financing (TF) and proliferation of financing risks are mitigated;
- ▶ Assists companies in applying for the requisite regulatory authorisations and licenses for various cryptocurrency activities;
- ▶ Assists in developing and implementing appropriate regulatory compliance procedures and policies;
- ▶ Provides general corporate law services, including drafting legal memoranda; and
- ▶ Offers advice on internal KYC/AML policies, tax compliance, securities law and data privacy law relating to PSPs.

- ▶ Procures the applicable approvals and licenses from relevant Singapore regulatory authorities for launching the ICO, IEO or STO;
- ▶ Assists companies with the finalisation of whitepapers and business plans;
- ▶ Reviews whitepapers and marketing materials;
- ▶ Drafts terms and conditions for the public sale of tokens;
- ▶ Drafts the privacy policy for the token issuer;
- ▶ Drafts pre-ICO token sale agreements;
- ▶ Coordinates with foreign counsel to prepare pre-ICO token sale agreements based on foreign laws;
- ▶ Drafts simple agreement for future tokens as an alternative fundraising method to ICOs;
- ▶ Provides general corporate law services, which includes drafting legal memoranda; and
- ▶ Offers advice on internal KYC/AML policies, tax compliance, crowdfunding, securities law and data privacy law for entities engaging in token offerings.



Initial Coin Offerings (ICOs), Initial Exchange Offerings (IEOs) and Security Token Offerings (STOs)

Singapore is attractive to potential ICO launchers since the MAS issued guidance on digital token offerings and has a Fintech Regulatory Sandbox aimed at actively encouraging such financial innovations, unlike some countries (China and South Korea) that have banned ICOs outright due to the perceived risk of fraud involved. The MAS Sandbox allows startups to experiment, within a well-defined space and limited duration, with financial products or services that do not clearly fit within existing legal and regulatory requirements. However, such products should include appropriate safeguards to minimize the risk of failure and consequential impact on the existing financial system.

Lawyers in the Duane Morris & Selvam Fintech and Blockchain Practice have increasingly provided regulatory and corporate advice to clients with issues related to ICOs, IEOs and STOs. Our lawyers have significant experience with the regulatory concerns surrounding ICOs, IEOs and STOs in Singapore and the MAS's current position on digital token offerings and the regulatory sandbox. The team also has a deep understanding of and experience with the fundamentals to launch successful ICOs, IEOs or STOs and frequently:

- ▶ Advises on the appropriate legal entity in Singapore for conducting an ICO, IEO or STO and the structuring of the token issuing entity vis-à-vis the operating company;
- ▶ Road maps the entire ICO, IEO or STO process;

OFFICE LOCATIONS



Duane Morris & Selvam's Asian offices in Singapore, Hanoi, Ho Chi Minh City, Shanghai and Yangon are backed by a global infrastructure of offices across the United States and the United Kingdom.

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Duane Morris & Selvam LLP is the joint law venture consisting of international law firm Duane Morris LLP and Selvam LLC, with headquarters in Singapore. Supported by a network of more than 900 attorneys in multiple offices around the world, it offers innovative solutions to the legal and business challenges presented by today's evolving global markets.