

The legal nature of a Bananacoin project token

Bananacoin tokens represent a cryptographic algorithm in a decentralized, distributed database (**blockchain**). In accordance with the legal documentation of the Bananacoin project, the Bananacoin token constitutes a type of contract. Based on the principle of freedom of contract, we can conclude that the Bananacoin token is in its legal nature closest to the notion of a contract to for the purchase of goods to be produced in the future. Tokens of this kind are characterised as **Utility tokens**. Most jurisdictions do not currently have special legal regulation regarding Utility tokens.



Bananacoin tokens cannot be categorized as money (cash or non-cash), as they are not considered “legal means of payment” under the legislation of any jurisdiction, nor are they considered to have currency value (as foreign currencies or external securities) in accordance with the legislation of any jurisdiction. Bananacoin tokens may also not be categorized as book-entry securities, the legal status of which is regulated under the legislation of any jurisdiction, because book-entry securities, as a rule, are only “obligation

and other rights which are established in the decision to issue, or other act of a person issuing securities in compliance with the requirements of the law, and the exercise and transfer of which is only possible in compliance with the accounting rules of these rights,” while tokens, at the time of issuance, do not provide any specific obligation or other rights, and are not registered.

The rights and responsibilities of owners of Bananacoin tokens are set out in the provisions of the Terms & Conditions and in the Token Sale Agreement, and contain the right of token buyers to exchange BananaCoin tokens for goods produced in the future, or for equivalent monetary compensation. Furthermore, any relationships formed between organizers of the Bananacoin project and buyers of Bananacoin tokens are subject to consumer rights protection legislation, which further indicates that the Bananacoin token constitutes a contract for the purchase of goods to be produced in the future.

It should also be noted that Bananacoin tokens are primarily intended to be used within the bounds of the Bananacoin project.

Should the token buyer use Bananacoin tokens outside of the system in which they are placed, he would do so on his own initiative and by means other than those expressly provided for in the Terms & Conditions and the Token Sale Agreement.

With this in mind, we may conclude that Bananacoin tokens constitute Utility tokens in the form of a contract for the purchase of goods to be produced in the future.



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