Consequences for particular assets

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Fungible payment tokens and stablecoins

Bitcoin, ether and fiat-referenced stablecoins are all property on the authorities above. Stablecoins raise the additional question whether the holder also has a contractual claim against the issuer. Tether's and Circle's terms grant a redemption right to verified direct customers. Such a holder owns two things, of which the token itself is a thing in action good against the world while the conditional contractual right against the issuer is a thing in action good against the issuer alone.[1] A secondary-market holder who never onboarded with the issuer owns only the first. That distinction matters for insolvency of the issuer and also for the MAS single-currency stablecoin framework discussed in Part K, Chapter VI, which requires regulated issuers to offer redemption at par within five business days to all holders.

Tokens that embody rights

A token that represents a share, a bond, a fund unit or a right to receive goods is a different animal. The token is property, but the right it represents is governed by the law applicable to that right. A tokenised share in a Singapore private company is still a share. It is transferable only in compliance with the Companies Act 1967 and the company's constitution. The token is at most evidence of entitlement unless the constitution and a register arrangement give the ledger entry legal effect.[2] Switzerland solved this with the ledger-based security, which makes the register entry constitutive (Part D, Chapter III). Singapore has instead relied on the 2021 amendments to the Electronic Transactions Act 2010, which give legal effect to electronic transferable records such as bills of lading and promissory notes, together with regulatory pilots under Project Guardian. A Singapore lawyer advising on a tokenised bond therefore asks two questions. The first is the legal nature of the token, which on the authorities is property. The second is the legal nature of the underlying instrument and the mechanism by which the token's transfer moves title to it, which is a matter of contract and statute.

NFTs, in-game assets and points

Janesh decides, at the interlocutory level, that an NFT is property. It does not decide what the NFT holder owns beyond the token. The image, the intellectual property in the image and any real-world entitlement attached to the token are governed by the licence terms of the project. Those terms frequently grant the holder a limited licence and nothing more. Loyalty points, in-game currencies that cannot be withdrawn from the game, and "soulbound" tokens that cannot be transferred present

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harder cases on the *Ainsworth* criterion of capability of assumption by third parties. Where a token cannot be transferred at all, the better view is that the holder has a contractual right against the issuer and no separate property in the token.

Example

A Singapore family office holds 40 bitcoin in self-custody using a multi-signature arrangement. It holds 2 million USDC in an account with a MAS-licensed custodian under terms that declare a trust. It also holds 500,000 units of a governance token in a hot wallet on an unlicensed offshore exchange whose terms state that all assets deposited "become the property of the exchange". On the Singapore authorities the bitcoin and the USDC are the family office's property, the former by control of the keys and the latter as beneficiary under an express trust. The governance tokens are the exchange's property, so the family office has a contractual claim for redelivery of equivalent tokens and ranks as an unsecured creditor if the exchange fails. The difference between the second and third positions lies in the drafting. It decides whether the family office recovers in full or receives a dividend.

Notes

1. *ByBit* [2023] SGHC 199 at [39] (Tether redemption right under BVI law as a possible additional thing in action).
2. Companies Act 1967, ss 126 (transfer of shares) and 190 (register of members). Singapore has no equivalent to Art. 973d ff. CO. See Part K, Chapter VII on tokenised securities under the SFA.

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