

Know Your Asset (KYA) BiPS Exchange Token

Background

- A This paper has been prepared by MoneybrainBiPS.ETH to help explain the regulatory status of the Moneybrain BiPS Token (BiPS Token) and the legal framework underpinning its operation.
- B It has been prepared by the Moneybrain team, in conjunction with its team of advisors.
- C This paper does not constitute legal advice and should not be relied upon as such.

This document reflects current regulatory interpretations as at 2026, including evolving frameworks from the UK Financial Conduct Authority and the United States Securities and Exchange Commission.



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1. What is a BiPS Token?

1.1 It is a form of cryptoasset which can be treated as a decentralised digital currency.

1.2 It is a form of exchange token because it:

- (a) Is a cryptographically secured digital representation of value that uses some type of distributed ledger technology ("DLT") that can be transferred, stored or traded; and
- (b) provides a means of transfer and exchange within a decentralised network, for which holders have no claim on any issuer, no rights or access in respect of any entity, and no entitlement to underlying assets or reserves; and
- (c) is not issued, redeemed, or guaranteed by any central authority. The BiPS Foundation may hold treasury assets for ecosystem development and liquidity support; however, token holders have no claim, entitlement, or expectation of benefit from such assets.

1.3 500,000,000 BiPS Tokens were mined on the Ethereum Network, October 2018. No further tokens will ever be mined as per the 'Smart Contract'.

2. What isn't a BiPS Token?

2.1 It is not a Security Token. This is because the BiPS Token does not:

- (a) meet the definition of a 'Specified Investment' within the meaning of the RAO. Specific consideration has also been given to whether or not the BiPS Token is a form of collective investment or unit trust. Again, the view is that it is not;
- (b) give the holder any similar rights to shares, like rights to vote, access profits, dividends or the distribution of capital on a liquidation event. The holder of a BiPS Token has no ownership, beneficial interest, or claim over any assets acquired by or held on behalf of the BiPS Foundation, and no rights to income, profits, distributions, or liquidation proceeds. which is explained in paragraphs 5 and 6 below.

2.2 BiPS may be used within the Moneybrain ecosystem for functions including transfer, collateralisation, and liquidity participation. However, such functionality does not confer any contractual rights, entitlement to services, or expectation of reward or profit

2.3 It is not a Stablecoin. This is because the BiPS Token is not 'pegged to' or backed by fiat currency or other assets which automatically stabilise its volatility.

2.4 It is not Electronic Money. This is because the BiPS Token amongst other things, is not centrally issued on the receipt of funds, nor does it represent any claim against any issuer.

3. What is the legal status of MoneybrainBiPS.ETH?

3.1 MoneybrainBiPS.ETH is a Decentralized, Autonomous, Organisation (DAO).

3.2 MoneybrainBiPS.ETH is constructed by rules encoded by the Ethereum Network.

3.3 MoneybrainBiPS.ETH transaction records are maintained on the Ethereum Blockchain.

4. Regulatory Classification (2026 Update)

BiPS is classified as a non-security cryptoasset in the United Kingdom and aligns with emerging definitions of a digital commodity in the United States.

The token does not confer ownership rights, income rights, redemption rights, or governance rights.

BiPS operates independently of any central issuer obligation and its value is determined solely by market supply and demand.

5. What is the legal status of the BiPS Foundation?

5.1 It is a company, limited by guarantee.

5.2 It will retain beneficial title to all assets held on its behalf by its trustees.

5.3 Its objects are the advancement of:

- (a) the education of the public (and in particular those who use the BiPS digital currency) in relation to distributed ledger technologies and decentralised unregulated currencies; and
- (b) the accessibility, speed and security of distributed ledger technologies and decentralised unregulated currencies.
- (c) The BiPS Foundation operates independently of token holders and does not act on their behalf. Its activities do not create any rights, claims, or expectations for token holders, nor does it owe fiduciary or contractual obligations to them.

6. A distinct third category of personal property

6.1 MoneybrainBiPS.ETH fully supports the Law Commissions proposal of the need for a 'third category of property'. [Download the consultation paper \(July 2022\) here.](#)

6.2 MoneybrainBiPS.ETH fully supports the evolution of the Asset referenced Token under MiCA (Markets in Crypto-Assets Regulation).

6.3 MoneybrainBiPS.ETH fully supports the global adoption and work towards global regulation of crypto-assets that are not currently regulated by existing financial services legislation.

7. No Expectation of Profit

Holders of BiPS should not expect profits derived from the managerial or entrepreneurial efforts of any central entity, including the BiPS Foundation.

Reference documents

United Kingdom Regulatory Framework

- **Financial Conduct Authority (2019, updated ongoing)**
Guidance on Cryptoassets, Consultation Paper (FG19/3)
<https://www.fca.org.uk/publications/finalised-guidance/fg19-3-guidance-cryptoassets>
- **Financial Conduct Authority (2023–2025)**
Cryptoasset Financial Promotions and Consumer Guidance
<https://www.fca.org.uk/consumers/cryptoassets>
- **HM Treasury (2023–2025)**
Future Financial Services Regulatory Regime for Cryptoassets
<https://www.gov.uk/government/publications/future-financial-services-regulatory-regime-for-cryptoassets>
- **Financial Services and Markets Act 2000 (Regulated Activities) Order 2001**
<https://www.legislation.gov.uk/uksi/2001/544>

Legal Classification of Digital Assets

- **Law Commission of England and Wales (2023)**
Digital Assets: Final Report
<https://www.lawcom.gov.uk/project/digital-assets/>

International Regulatory Frameworks

- **U.S. Securities and Exchange Commission (2019, ongoing application)**
Framework for "Investment Contract" Analysis of Digital Assets
<https://www.sec.gov/corpfin/framework-investment-contract-analysis-digital-assets>
- **European Union (2023)**
Markets in Crypto-Assets Regulation (MiCA)
<https://eur-lex.europa.eu/eli/reg/2023/1114/oj>
- **Bank for International Settlements (ongoing)**
Cryptoasset Policy and Risk Frameworks
<https://www.bis.org>

Taxation

- **HM Revenue & Customs (live guidance)**
Cryptoassets Manual
<https://www.gov.uk/government/collections/cryptoassets-manual>

Background and Financial Reports

- **UK Cryptoassets Taskforce (2018)**
Final Report
<https://assets.publishing.service.gov.uk>

