

# MEDIA RELEASE



International Organization of Securities Commissions  
Organisation internationale des commissions de valeurs  
Organização Internacional das Comissões de Valores  
Organización Internacional de Comisiones de Valores  
المنظمة الدولية لهيئات الأوراق المالية

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## **IOSCO BOARD COMMUNICATION ON CONCERNS RELATED TO INITIAL COIN OFFERINGS (ICOs)**

Initial Coin Offerings (ICOs, also known as token sales or coin sales), typically involve the creation of digital tokens – using distributed ledger technology – and their sale to investors by auction or through subscription, in return for a crypto-currency such as Bitcoin or Ether (or more rarely for government-backed or official fiat currency (such as the US Dollar or the Euro)). These offerings are not standardized, and their legal and regulatory status is likely to depend on the circumstances of the individual ICO.

There are clear risks associated with these offerings. ICOs are highly speculative investments in which investors are putting their entire invested capital at risk. While some operators are providing legitimate investment opportunities to fund projects or businesses, the increased targeting of ICOs to retail investors through online distribution channels by parties often located outside an investor's home jurisdiction -- which may not be subject to regulation or may be operating illegally in violation of existing laws -- raises investor protection concerns. There have also been instances of fraud, and as a result, investors are reminded to be very careful in deciding whether to invest in ICOs.

In its meeting on 18-19 October 2017, the Board of the International Organization of Securities Commissions (IOSCO) discussed the growing usage of ICOs to raise capital as an area of concern. Following this meeting, IOSCO issued a statement to its members regarding the risks of ICOs and referenced various approaches to ICOs taken by members and other regulatory bodies. A sample of communications issued by authorities is available at link: <http://www.iosco.org/publications/?subsection=ico-statements>. The IOSCO Board has also established an ICO Consultation Network through which members can discuss their experiences and bring their concerns, including any cross-border issues, to the attention of fellow regulators.

### **NOTES TO THE EDITORS**

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization's membership

regulates more than 95% of the world's securities markets in more than 115 jurisdictions and it continues to expand.

2. The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO) and is made up of 34 securities regulators. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission (SFC) of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Jamaica, Japan, Kenya, Malaysia, Mexico, Morocco, Nigeria, Ontario, Pakistan, Quebec, Saudi Arabia, Singapore, South Korea, Spain, Sweden, Switzerland, the Netherlands, the United Kingdom, and the United States of America.
3. The Growth and Emerging Markets Committee is the largest Committee within IOSCO, representing close to 80 per cent of the IOSCO membership, including 11 of the G20 members. Ranjit Ajit Singh, Chairman of the Securities Commission Malaysia and Vice Chair of the IOSCO Board, is the Chair of the GEM Committee. The Committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions.
4. IOSCO aims through its permanent structures:
  - to cooperate in developing, implementing and promoting internationally recognized and consistent standards of regulation, oversight and enforcement in order to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
  - to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
  - to exchange information at both global and regional levels on their respective experiences in order to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

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