



JFSC STATEMENT ON INITIAL COIN OFFERINGS

DECEMBER 2017

The Jersey Financial Services Commission (JFSC) has released a statement in relation to virtual token offerings, known as initial coin offerings (ICOs).

2017 has been the year of the cryptocurrency. Bitcoin has frequently made the front page of newspapers around the world and less than a week ago it reached an historic \$10,000 per coin. Cryptocurrencies have paved the way for a powerful new method of capital raising that also became very popular this year, the ICO.

ICOs provide an alternative to equity or debt finance for up-and-coming businesses but larger enterprises have also seen the potential. ICOs have the advantage of securing investment at a lower initial cost without diluting the shareholding of a business.

However, they do not come entirely without risk to investors.

The JFSC has highlighted that, due to the diverse range of options for characteristics of ICO tokens, investors need to familiarise themselves with what rights, if any, are granted by ownership. Since cryptocurrencies and related tokens are a new innovation, they may exist outside regulation and their market price can be volatile. As with any sector, some business are more reputable than others so buyers need to do their research.

Despite making it clear that investors should keep their wits about them in the ICO space, the JFSC has expressed a view that:

"ICO activity in Jersey may be regulated in Jersey and therefore it is essential that persons looking to issue digital tokens in or from within Jersey understand the regulatory framework and approach the JFSC at an early stage if they consider that their activity may be regulated or require consent."

As stated, in some cases an ICO may require a consent from the JFSC, but in such cases the JFSC does not take any responsibility for the financial soundness of any schemes or the correctness of any statements made.

That the JFSC is prepared to work with companies seeking to launching ICOs out of Jersey is a further sign that the island is willing to embrace those seeking to innovate and maintain its position as a leading digital jurisdiction.

Collas Crill can assist clients considering whether ICO activity in Jersey would be regulated under the relevant legislation, and in approaching the JFSC and making any necessary applications in this regard.

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[You can read the JFSC's statement in full here.](#)

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