

SEC Thailand's Viewpoint on ICO

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The Securities and Exchange Commission, Thailand (SEC Thailand) has been following the development and the growing popularity of initial coin offerings (ICO). ICO refers to a digital way of raising funds from the public. In an ICO process, ICO issuer will offer digital tokens in exchange for cryptocurrency, such as Bitcoin or Ether. Since the digital tokens can diverge widely in design and representation, some may resemble financial returns, rights and obligations in similar ways to securities under the Securities and Exchange Act.

ICO has gained popularity among tech startups as a convenient and timely way to access funding. In the past few months, ICO has grown exponentially and has surpassed early stage venture capital funding. As a result, financial regulators, including the SEC Thailand, are concerned that in some cases ICO may be deliberately used as a tool for fraud or scam.

The SEC Thailand encourages access to funding for businesses, including high potential tech startups, and realizes the potential of ICO in answering startups' funding needs. In cases where an ICO constitutes offering of securities, the issuer will need to comply with applicable regulatory requirements under the SEC Thailand's purview.

Nevertheless, the SEC Thailand understands the unique environment in which tech startups operate and realizes that ICO may not yet fit neatly with SEC Thailand's current regulatory framework. Therefore, to strike the balance between supporting digital innovation and protecting investors from potential ICO scams, the SEC Thailand is considering appropriate approaches on ICO and welcomes comments and suggestions from the private sector.

The SEC Thailand would like to advise any investor interested in investing in an ICO to seek to understand the benefits and risks associated with the ICO. In addition to general risks faced by startups, investors are exposed to heightened risks of price volatility, inadequate liquidity, cyber security, as well as potential fraud and scam. Given ICO's cross-border nature, legal protection and recourse for investors may be limited or not applicable in most cases.

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