

MAS halts Securities Token Offering for regulatory breach

Singapore, 24 January 2019... The Monetary Authority of Singapore (MAS) has warned an initial coin offering (ICO) issuer not to proceed with its securities token offering in Singapore until it can fully comply with regulatory requirements under the Securities and Futures Act (SFA). MAS also reminds consumers to understand the benefits and risks of any product or service before committing to an investment.

2 The issuer had intended to rely on an exemption under the SFA, which allows an issuer to make an offer of securities to accredited investors without registering a prospectus with MAS. The exemption from prospectus registration is however subject to certain conditions, including a requirement not to advertise the offer. The issuer in this case failed to comply with the advertising restriction when its legal advisers put out a LinkedIn post accessible to the public calling attention to the offer. As such, the issuer would not be able to rely on the exemption from prospectus registration. Following MAS' warning, the issuer has suspended its global offering of securities tokens.

3 MAS reminds all digital token issuers that the offer of securities tokens must comply with all applicable securities laws including the requirement to register a prospectus with MAS. Issuers who intend to rely on the prospectus exemptions under the SFA should note that these exemptions are subject to conditions, including advertising restrictions.

4 Consumers should ensure that they understand the benefits and risks of any product or service before parting with their monies. Specifically for digital token offerings, the risks include a highly speculative valuation, heightened risk of fraud and lack of a proven track record. This makes it difficult for investors to establish the credibility of the offerings.

5 Mr Lee Boon Ngai, Assistant Managing Director (Capital Markets), MAS, said "Where an offer is made to the public, a prospectus is required to ensure that investors are provided with all the information to make informed investment decisions. Some offers may be made without a prospectus if they are limited to a restricted group of persons or to those who have the means to look after their own interests. Such offers are subject to strict conditions such as advertising restrictions. MAS will not hesitate to act if issuers contravene the disclosure requirements under the SFA."

Additional Information

1. A digital token is a cryptographically-secured representation of a token-holder's rights to receive a benefit or to perform specified functions.
2. For more information on the possible application of the SFA and other MAS-administered laws on digital tokens offerings, please refer to MAS' "[A Guide to Digital Token Offerings](#)" (last updated 30 November 2018).
3. Before committing to any investment, consumers should –

ASK

ASK as many questions as you need to fully understand the investment opportunity. If the company is unable to, or avoids answering any of your questions, be wary!

CHECK

CHECK on the company, its owners, directors and management members to assess if the opportunity is genuine.

CONFIRM

CONFIRM the company's and representatives' credentials by using available resources, including the Financial Institutions Directory, Register of Representatives and Investor Alert List on the [MAS' website](#).

4. For more information on the risks of digital tokens, please refer to the [MoneySense website](#).