



JFSC issues ICO guidance note

The Jersey Financial Services Commission (JFSC) has today issued a guidance note containing information about our approach to ICO activity.

ICOs are a digital way of raising funds from the public using distributed ledger technology. The guidance note details the JFSC's approach to businesses that wish to launch an ICO in Jersey. The note sits alongside the risk warning for potential investors in ICOs issued by the JFSC in 2017.

The guidance note represents an innovative and balanced approach to the treatment of this activity, enabling ICOs to be launched in Jersey with a number of controls in place to help reduce some of the risks associated with them. Whilst, under this framework, the JFSC does not regulate the ICOs or the companies that issue them, it does require the companies to satisfy certain minimum standards and to appoint a regulated Trust and Company Service Provider to administer the company.

In developing this guidance note, the JFSC has consulted with Government of Jersey and industry.

Mike Jones, Director of Policy commented:

“This represents an innovative and pragmatic approach to the treatment of ICOs in Jersey. It illustrates our commitment to fintech developments more generally, but at the same time reflecting our guiding principles of consumer protection, countering financial crime and protecting the reputation and best economic interests of the Island.”

Quote from Minister for External Relations, Senator Gorst:

“Jersey has been at the forefront of developing a framework for cryptocurrency regulation for some time and this guidance note marks a further step in our journey. We have worked with the JFSC to articulate a balanced regime: on the one hand, Jersey's treatment of exchanges and ICOs is permissive and promotes innovation and new enterprise. On the other hand, safeguards are in place to protect investors from harm and to mitigate some of the financial crime risks associated with cryptocurrencies. As things develop in this rapidly-moving industry we will monitor best practice and continue to update our regime in the future.”

Ends.

Notes to editors

Links to documents:

JFSC ICO Guidance Note

<http://www.jerseyfsc.org/media/1999/gn-ico-july-2018.pdf>

Updated Sound Business Policy

<http://www.jerseyfsc.org/media/2000/sbp-policy-july-2018.pdf>

Updated Registry Processing Statement

<http://www.jerseyfsc.org/media/2001/registry-processing-statement-july-2018.pdf>

Reference information:

Risk warning issued by the JFSC regarding ICOs

<https://www.jerseyfsc.org/media/1612/jfsc-warning-initial-coin-offerings.pdf>

Government approach to ICO activity

<https://www.gov.je/News/2017/pages/InitialCoinOfferings.aspx>

FAQs

Will ICOs be regulated by the JFSC?

No. At this stage, we believe that the right balance is to impose some minimum standards and require the issuer to be administered by a regulated TCSP. The JFSC does not regulate or supervise ICO issuers.

Where does this position Jersey compared with other jurisdictions?

In many jurisdictions ICO activity is subject to very limited control or regulation, whilst in others the existing regulatory regime in that jurisdiction is applied but it is not always a good match for the risks and benefits associated with these types of products. In other jurisdictions the activity is banned outright.

The regime set out in this guidance note positions Jersey as a leading jurisdiction in pursuing a balanced and proportionate approach to this type of activity.