

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS
AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION ANNUAL REPORT 2017**

QUESTION ON NOTICE

Question 11QW
Member: Thistlethwaite
Topic: ASIC processes to launch initial coin offering
Written

ASIC processes to launch initial coin offering:

- a. Does ASIC have plans to improve the timeframes of clarifying the function of the initial coin offering company?
- b. Does ASIC plan to provide formal advice that can give prospective companies clarity?
- c. Does ASIC have comments on these complaints?

Answer:

- a. Does ASIC have plans to improve the timeframes of clarifying the function of the initial coin offering company?
 - Companies seeking to launch an initial coin offering (ICO) are not required to seek ASIC approval. ASIC has provided guidance to industry under *Information Sheet 225: Initial coin offerings and crypto-currency*.
 - It is the responsibility of the companies seeking to undertake an ICO to obtain their own professional advice about the legal status of their transaction. This is no different from other types of transactions such as establishing a managed investment scheme.
 - Where companies come to ASIC with questions about their transaction or about specific aspects of their transaction, ASIC endeavours to respond in a timely manner in line with our engagement with other corporate entities and licensees. This can be done through ASIC's Innovation Hub or through another ASIC team.
- b. Does ASIC plan to provide formal advice that can give prospective companies clarity?
 - Companies seeking to launch an initial coin offering (ICO) are not required to seek ASIC approval. ASIC has provided guidance to industry under *Information Sheet 225: Initial coin offerings and crypto-currency*. However, ASIC does not provide legal advice about the application of the corporations legislation or formal approval of ICOs.
 - Where companies come to ASIC with questions about their transaction or about specific aspects of their transaction, ASIC endeavours to respond in a timely manner.
- c. Does ASIC have comments on these complaints?
 - ASIC highlights that where companies come to ASIC with questions about their transaction or about specific aspects of their transaction, ASIC endeavours to respond in a timely manner.
 - In guidance issued to industry, ASIC has emphasised that ASIC's risk-based focus is on potentially misleading or deceptive conduct, as such conduct can result in investors being deceived and losing their savings. ASIC considers that this approach focuses on our investor protection mandate while allowing industry flexibility to continue to develop innovative product offerings and ICO structures that would best meet investor interests.