



Listed companies & corporate financing Initial Coin Offering (ICO)

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An Initial Coin Offering (ICO) may be defined as a fundraising transaction carried out through a distributed ledger technology (DLT or "blockchain") and resulting in a token issue. These tokens can then be used to obtain goods or services, as the case may be. French Law No. 2019-486 of 22 May 2019 (the PACTE law) has introduced a specific regime for initial coin offerings, providing for the principle of an optional approval given by the AMF. This new regime is intended to promote the development of ICOs and does not apply to Security Token Offerings (STOs), but only to the issue of utility tokens.

Issuers of tokens that fall within the category of utility tokens have the option (but not the obligation) to request an approval in view of carrying out an ICO. The AMF approval is given to the ICO and not to the token issuer.

Conditions for granting approval

Token issuers who wish to carry out an ICO may apply for an approval from the AMF. To give the approval, the AMF shall verify whether the offering provides the following guarantees:

- the token issuer shall be incorporated as a legal entity established or registered in France;
- an information document (commonly called a "white paper") shall be drawn up in accordance with Article 712-2 of the AMF General Regulation and with AMF Instruction DOC-2019-06;
- the issuer shall have implemented a procedure enabling the monitoring and safeguarding of the funds raised by the ICO;
- the token issuer shall have put in place a system to ensure compliance with its obligations relating to anti-money laundering and combating the financing of terrorism.

Information document

The information document shall be concise and comprehensible. It shall contain all information useful to the public regarding the offering and the token issuer to allow subscribers to make an investment decision and to understand the risks relating to the offering. The information that it contains shall be accurate, clear and not misleading.

Article 712-2 of the AMF General Regulation defines the contents of the information document and sets out the list of the information that shall be provided in the various sections. Annex II to Instruction AMF DOC-2019-06 sets out the content of these sections which shall be presented in a pre-defined order.

Filing and examination of the draft information document

Issuers who are considering applying for an approval are invited to contact the AMF at the following address: contactICO@amf-france.org. A meeting may be organised at the AMF's premises to enable the project owners to present their project.

The draft information document is then filed with the AMF, together with the documentation needed to process the file, as listed in paragraph 3.1 of AMF instruction DOC-2019-06.

During its examination of the application, the AMF checks whether the information document is complete and comprehensible. The AMF shall indicate, where applicable, the statements to be changed or the additional information to be included. The AMF may also request any explanations or justifications, in particular concerning the token issuer and their project, and the terms and conditions of the offering.

Before their publication, the AMF examines the draft promotional marketing materials for the ICO (websites, e-mailing, banners, etc.) and checks that these drafts offer the guarantees required by Article 713-5 of the AMF General Regulation.

After examining the application, the AMF decides to give its approval or refuse it.

Although this approval is optional and ICOs without AMF approval will therefore continue to be legal, only those public offerings that have received the AMF approval may be marketed directly to the public in France.

Publication of the information document and communications after receiving the approval

Once the approval has been issued, the information document shall be made available to the public by the token issuer on its website and published online by the AMF.

Any change or new fact liable to have a significant influence on the investment decision of any potential subscriber, which occurs between the issuance of approval and the close of the offering, shall be described in an amended information document produced by the token issuer and approved by the AMF.

The token issuer is required to publish a news release informing subscribers of the result of the offering, within two working days after the offering has closed. Section 6 of AMF Instruction DOC-2019-06 specifies the contents of this news release.

Where applicable, the issuer shall inform investors on its website of the organisation of a secondary market as soon as it obtains knowledge of this.

After the approval is obtained, subscribers will be provided with annual information about the use of the assets collected by the issuer. The information document sets out the conditions under which this information is provided.

Also

- [General Regulation of the Autorité des marchés financiers - Book 7 - Title 1](#)
- [Instruction DOC-2019-06: Procedure for examination of the application and establishment of an information document for approval by the AMF on an initial coin offering](#)

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