



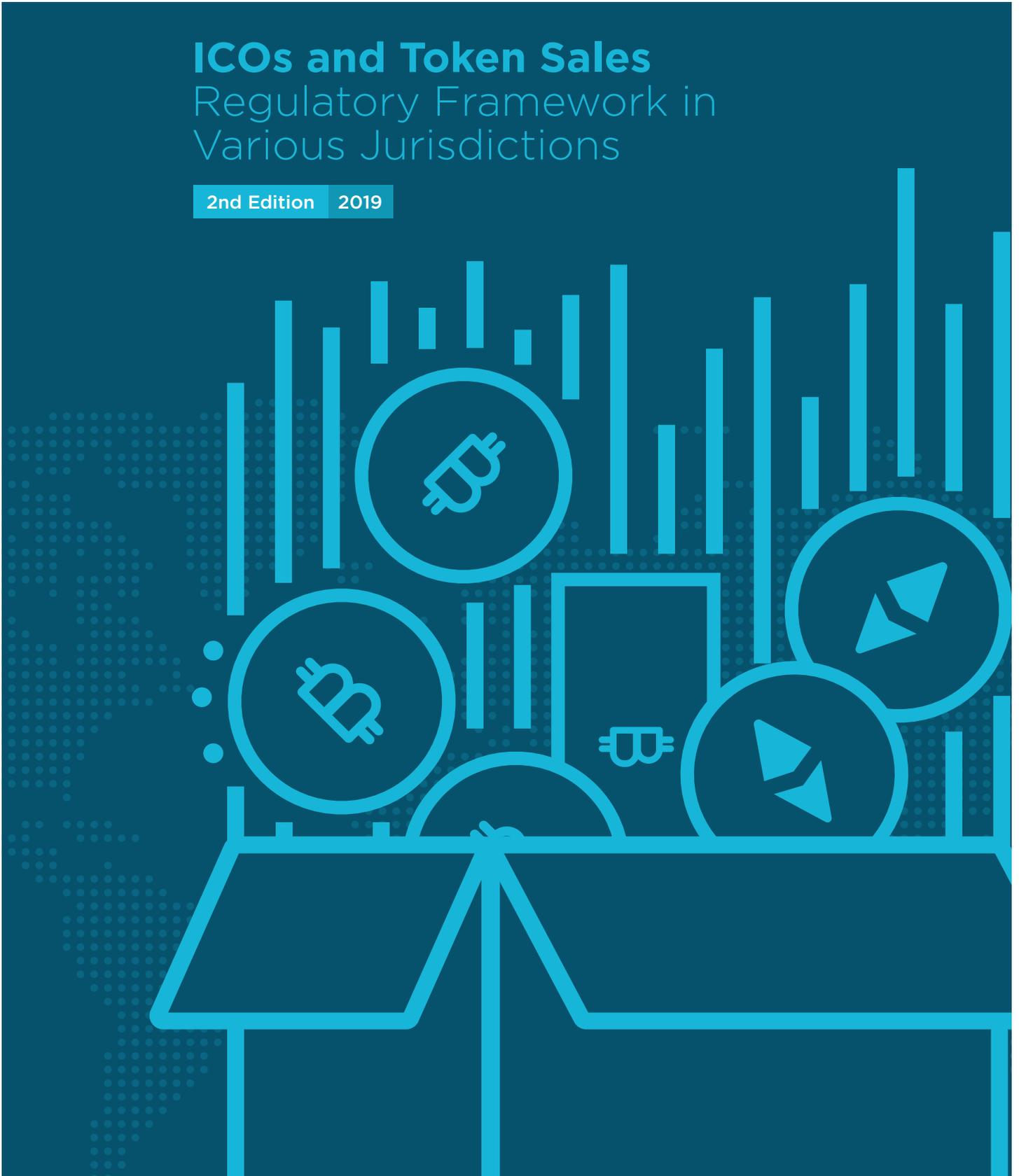
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INTERNATIONAL BUT PERSONAL

ICOs and Token Sales

Regulatory Framework in Various Jurisdictions

2nd Edition 2019



INDEX

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United Kingdom [Mishcon de Reya](#)

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[Bell Nunnally](#)

Uruguay [Hughes & Hughes](#)

Vietnam [Indochina Legal](#)

THE **13** QUESTIONS WE ASKED

- 1 Does your country allow or prohibit ICOs and Token Sales?
- 2 Does your country regulate ICOs and Token Sales?
- 3 If your country regulates ICOs and Token Sales, what are the names of the government agencies responsible for regulating them?
- 4 If your country regulates ICOs and Token Sales, please provide a short summary of the regulatory framework. For example, do ICOs and Token Sales need to be registered or comply with any rules; or can they only be sold to certain types of purchasers/investors.
- 5 Please provide any additional information you feel is important to understanding ICO and Token Sale regulation in your country.
- 6 If a foreign entity conducts an ICO and offers tokens to residents of your country, will your government require the foreign entity to comply with any rules and regulations? If so, please provide an overview of how ICOs conducted by foreign entities are regulated by the government of your jurisdiction.
- 7 What is the legal nature of crypto in your country (for example, is crypto considered a security, commodity, currency etc.)?
- 8 Has the government of your country prosecuted, civilly or criminally, any ICO issuers, token developers or crypto exchanges for violating your country's laws? If so, please provide an executive summary of the most significant prosecution(s).
- 9 In your country, are there any significant commercial disputes or civil cases (non- government) involving crypto? If so, please provide an executive summary of the most significant dispute(s)/ case(s).
- 10 Does your jurisdiction tax crypto transactions? If so, please provide a basic explanation of how and at what rate they are taxed.
- 11 Separate from ICOs, does your jurisdiction regulate crypto trading or crypto exchanges? If so, please provide an overview of the regulation.
- 12 Does your country offer any unique or important benefit to crypto-focused companies (for example, clear regulatory guidance)? If so, please describe the unique/ important benefit.
- 13 Please identify a point of contact at your firm for cryptocurrency- related matters.

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1 Does your country allow or prohibit ICOs and Token Sales?

ICOs and Token Sales are not prohibited in Brazil.

2 Does your country regulate ICOs and Token Sales?

Generically speaking, ICOs and Token Sales are not subject to specific laws or regulations in Brazil. However, depending on the structure and goals of the offer, it may be subject to specific regulations of Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários - "CVM"). Moreover, CVM recently issued an official note stating that certain operations with ICOs and/or their issuance might be framed as securities and exchange transactions depending on the economic context of their issuance and so, be subject to current rules applicable to these matters and, also, subject to inspection and supervision by CVM. Besides the lack of specific regulation of ICOs and Token Sales transactions described above, there are some rules currently in force in Brazil that contain conditions applicable to overseas remittances and exchange market operations. One example is the Decree No. 23.258/1933, that determines that all overseas remittances not executed through a financial institution authorized to operate in the foreign exchange market shall be considered as an unlawful transaction. As a matter of effect, there are several recent events of penalties being applicable by the BCB based on this Decree. Additionally, according to Law No. 7.492/1986, the overseas remittances of funds performed outside the official exchange system is considered a crime. Therefore, should the trading of cryptocurrencies virtually be framed as overseas remittance in the future, the transactions with that type of tokens would be considered as a crime.

On the other hand, it is important to emphasize that brokers and companies trading cryptocurrency transactions must report to the Brazilian authorities suspicious transactions that may involve money

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laundering and terrorist financing transactions, as determined by a compliance-related legislation (Law No. 9.618/1998). However, as there is no specific legislation that requires a very complex KYC procedure in respect of cryptocurrency brokers, it is very unlikely that such brokers are able to check the “suspicious origin” of the money being used to purchase the cryptocurrencies.

3 If your country regulates ICOs and Token Sales, what are the names of the government agencies responsible for regulating them?

The expectation is that ICOs and Token Sales should be regulated by BCB and/or CVM, as the two Brazilian governmental agencies responsible for the issuance of money and for the securities and exchange regulation and oversight, respectively.

4 If your country regulates ICOs and Token Sales, please provide a short summary of the regulatory framework. For example, do ICOs and Token Sales need to be registered or comply with any rules; or can they only be sold to certain types of purchasers/investors.

As mentioned above in our comments to question 3, ICOs and Token Sales are not subject to specific laws or regulations in Brazil so far.

5 Please provide any additional information you feel is important to understanding ICO and Token Sale regulation in your country.

Besides the lack of ruling regarding ICOs and Token Sales as per our comments above, the Brazilian IRS indicates that individuals holding cryptocurrencies must consider them as financial assets and, consequently, declare them in the income tax return the property over these assets as “Goods and Rights” (“Bens e Direitos”).

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6 Please identify a point of contact at your firm for cryptocurrency-related matters.

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