



LEGALINK

INTERNATIONAL BUT PERSONAL

ICOs and Token Sales

Regulatory Framework in Various Jurisdictions

2nd Edition 2019



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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.

CYPRUS

IOANNIDES DEMETRIOU LLC

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

Cyprus does not prohibit ICOs or Token sales.

2 Does your country regulate ICOs and Token Sales?

There is no regulation in Cyprus.

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

Not applicable, as there is no regulation. A working group was, however, established in late 2018 to advise upon the formation of a regulatory framework. It is anticipated that regulation in the form of a law will exist within 2019.

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.

Not applicable as there is no regulation.

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

The responsible officer at the Central Bank of Cyprus advised us that the Central Bank has issued a circular to all commercial banks requesting that they not offer services to businesses involved in Bitcoin or crypto or virtual currency trading of any kind. This is being adhered to by all local and international banks on Cyprus, thereby effectively rendering Cyprus a no-go area for such activities. This attitude is, however, changing as a

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result of the rise in relevance and use of token sales and cryptocurrencies. A working group was established in late 2018 to advise upon the formation of a regulatory framework. It is anticipated that regulation in the form of a law will exist within 2019.

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.

Cyprus has no legislation governing Crypto currencies or tokens of any nature. At present Cypriot banks decline to offer banking services of any nature whatsoever in relation to either Crypto currencies or tokens.

7 What is the legal nature of crypto in your country (for example, is crypto considered a security, commodity, currency etc.)?

As stated above crypto has no legal status in Cyprus. This does not mean that crypto is regarded as without value. In a dispute the terms of a contract relating to crypto are capable of being enforced and the contract is not viewed as illegal per se.

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).

No

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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).

None

10 Does your jurisdiction tax crypto transactions? If so, please provide a basic explanation of how and at what rate they are taxed.

Any profit realised on a crypto transaction within the Republic of Cyprus is theoretically liable to taxation in the normal manner. Additionally the transfer of a crypto asset on death is theoretically liable to taxation as estate duty in the normal manner.

11 Separate from ICOs, does your jurisdiction regulate crypto trading or crypto exchanges? If so, please provide an overview of the regulation.

There are no regulations at present in Cyprus for ICOs, There are no crypto trading platforms or exchanges due to the fact that banks do not offer banking services in relation to the same.

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.

It is anticipated that when laws and regulations are passed in relation to crypto currencies ICO and Blockchain the favourable tax environment of Cyprus will be an attractive incentive for crypto - focused companies.

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

Andrew Demetriou, Director – a.demetriou@idlaw.com.cy

CZECH REPUBLIC

FELIX A SPOL. ATTORNEYS AT LAW

- 1** Does your country allow or prohibit ICOs and Token Sales? There is no regulation, thus no approval or ban.
- 2** Does your country regulate ICOs and Token Sales? No. The Czech National Bank (CNB) issued a memorandum dated 2nd February 2014 stating that Bitcoin trade does not require its approval and is not overseen by it. It also stated that purchase and sale of Bitcoins does not represent any payment or clearing system, nor it is a cashless trade with a foreign currency. Czech law sees cryptocurrencies as intangible objects, and they shall be treated as such.
- 3** If your country regulates ICOs and Token Sales, what are the names of the government agencies responsible for regulating them? N/A
- 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. N/A
- 5** Please provide any additional information you feel is important to understanding ICO and Since the tax regulatory authorities of the Czech Republic became stricter in collecting taxes, there is a possibility that ICO may be seen as collective investing, and thus may be already regulated, although the regulation has

CZECH REPUBLIC

FELIX A SPOL. ATTORNEYS AT LAW

Token Sale regulation in your country.

not yet been enforced upon them.

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.

Only general rules apply – international sanctions against countries and organisations, measures against financing of terrorism and prosecuting of money laundering.

7 What is the legal nature of crypto in your country (for example, is crypto considered a security, commodity, currency etc.)?

It may be considered a security. However, it is generally seen as a collective intangible object (thing).

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).

Only cryptocurrency heist, to our knowledge. The financing of illegal activities by cryptocurrencies was prosecuted too.

9 In your country, are

No.

CZECH REPUBLIC

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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.

Transactions are subject to the regular income tax; the calculation is the same as for securities transactions

11 Separate from ICOs, does your jurisdiction regulate crypto trading or crypto exchanges? If so, please provide an overview of the regulation.

No.

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.

There are very benevolent laws (practically non-existent) and no negative attitude from the authorities. Also, there is a running concept of establishing a cryptocurrency arbitration court.

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

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