

SFC Warns of Potential Action Against Cryptocurrency Exchanges and Issuers of ICOs

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On February 9, 2018, the Hong Kong Securities and Futures Commission (“SFC”) published an alert to investors in cryptocurrency trading and initial coin offerings (“ICOs”), warning of the risks of extreme price volatility, hacking and fraud. The SFC warned cryptocurrency exchanges and ICO issuers to refrain from conducting regulated activities by dealing in cryptocurrencies or offering tokens which are considered “securities” under the Securities and Futures Ordinance. The SFC alert indicates that it has been closely monitoring the activities of cryptocurrency exchanges and issuers of ICOs and is prepared to enforce securities laws of Hong Kong against any violator.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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