

FINRA to Emphasize ICO Monitoring in 2018

January 8, 2018

On January 8, 2018, the Financial Industry Regulatory Authority (“FINRA” or the “organization”) released its 2018 Annual Regulatory and Examination Priorities Letter addressing the areas of focus for the organization for 2018. Of note, FINRA emphasized the need to “deepen [its] understanding” of initial coin offerings (“ICOs”), as the financing mechanism has dramatically increased in popularity over the course of 2017.

FINRA plans to monitor various aspects of the booming digital asset and ICO markets, including the role that firms and registered representatives may play in such financings. Further, where such digital assets are securities or where the offering involves the offer and sale of securities, FINRA will monitor the “mechanisms—for example, supervisory, compliance and operational infrastructure—firms have put in place to ensure compliance with relevant federal securities laws and regulations and FINRA rules.”

According to Coinschedule, a tracker of ICOs, over \$3.7 billion was raised in 2017 through ICOs for only 235 financings. FINRA’s decision to “closely monitor developments in this area” aligns with the surge of ICOs and the “significant media, public and regulatory attention” that has been placed on ICOs over the last year.

We Can Help

For more information about how Cassels Brock can assist with your business, please contact Michael Weizel, Amanda Metallo or another member of our firm’s cross-disciplinary Emerging Companies Group.

This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.