



## **FinTech Association of Hong Kong Launches Best Practice Paper on ICOs**

**Hong Kong – 6 December 2017** – In response to growing interest in digital token sales, often referred to as Initial Coin Offerings (“ICOs”), the FinTech Association of Hong Kong (“FTAHK”) has today published a paper outlining best practices for running token sales in Hong Kong. The paper harnesses input from leading industry participants.

Token sales have raised over US\$3 billion this past year and have generated significant interest globally. In Hong Kong, the Securities and Futures Commission issued a statement on ICOs on 5 September 2017 explaining when digital tokens may be subject to the securities laws of Hong Kong. Other regulators have provided guidance to clarify the treatment of bitcoin and other “virtual commodities”, as well as considerations for banks around anti-money laundering and countering terrorist financing.

FTAHK’s paper, “Best Practices for Token Sales,” has been written to provide general and practical guidance on the latest best practices for those thinking about conducting a token sale as well as for those wanting to learn more about this area. It also aims to act as a voluntary best practices guide that could help entrepreneurs looking at doing a token sale.

As the most comprehensive of its kind globally to date, the paper includes sections on understanding whether a token sale is the best fit for a particular project, the legal and regulatory issues to be aware of, tax and accounting considerations, cybersecurity controls, the need for adequate governance and control frameworks and the specific laws underpinning the need for appropriate know-your-customer (KYC) processes. It also includes a specific sample KYC procedure that can help serve as a starting point.

This paper is the first to be published by FTAHK since its launch earlier this year. It demonstrates the Association’s commitment to creating a safe, transparent and forward-thinking ecosystem, and to educate the FinTech community about key developments, activities and practices. The project was led by the Policy & Advocacy Committee, with individual contributions from lawyers, crypto advisors, accountants, tax specialists, sponsors and entrepreneurs who have completed their own token sales.

Karen Contet Farzam, Board Member, FinTech Association of Hong Kong, said, “The FinTech community in Hong Kong is keen to ensure that those who decide to conduct a token sale do so by implementing the latest global best practices in this space. Whilst there are no detailed regulatory guidelines around token sales, we believe it is important for the community to set some voluntary best practices that entrepreneurs can follow.”

Urszula McCormack, Co-Chair of the Policy & Advocacy Committee, said, “Digital assets have an important role to play in blockchain-based solutions and the digital economy. The speed of their evolution has made it difficult for regulation to keep pace at every turn, but there have been brutal misconceptions about tokens operating in a vacuum, or (conversely) being inherent scam and money laundering vehicles. It’s true that a token sale is not right for everyone. However, most “good” projects want to know how to run a strong, safe, fair and legal sale, with a long-term roadmap for success. This paper helps them achieve that.”

The paper can be downloaded from the FTAHK website: <http://hkfintech.org/>

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## FINTECH ASSOCIATION OF HONG KONG

### **About the FinTech Association of Hong Kong**

The FinTech Association of Hong Kong (FTAHK) is an independent, not-for-profit, member-driven organisation that is the voice of the FinTech community in Hong Kong. Members range from promising startups and passionate individuals to global financial institutions and service providers. FTAHK is currently led by a volunteer group of board members from the FinTech community who care about the future of FinTech in Hong Kong, greater China and Asia. The Association's three initial goals are to:

- Advocate – create the unified voice for the Hong Kong FinTech ecosystem
- Collaborate – bring together the diverse parts of the community
- Educate – learn from existing leaders and nurture the next generation of talent

The Association is organised and led by the community for the community through a series of committees which will initially focus on the following areas of FinTech:

- Artificial Intelligence
- Big Data
- Blockchain
- Design & Experience
- Digital Banking
- Financial Literacy & Inclusion
- InsurTech
- Payments
- Policy & Advocacy
- RegTech
- Talent & Diversity
- WealthTech

For more information about the FinTech Association of Hong Kong and how you can join, go to:  
<http://hkfintech.org/>