

MONACO ADOPTS LEGISLATION ON INITIAL COIN OFFERINGS (ICO) AND SECURITY TOKEN OFFERINGS [OFFRES DE JETONS]

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For related texts, see our following publications:

[Draft law No. 246 on the use of a digital recording device on a shared registry for the stocks and shares of non-listed companies](#) (S.A./S.A.R.L.)

[Law No. 1.482 of 17 December 2019 for a Digital Principality](#)

[Law No. 1.483 of 17 December 2019 on Digital Identity](#)

A new method of financing for Monegasque companies

Draft Law No. 1009 of 10 March 2020 (16 articles), received by the Monegasque Parliament (*Conseil National*) on 27 March 2020 and voted on 16 June 2020, is part of the programme **Extended Monaco**.

The text reproduces and adapts Chapters III to VI of [Draft Law No. 995 on blockchain technology](#).

"However, this new bill has been constructed with a redefined scope and a refined ambition: that of being now specifically oriented towards corporate finance and being exclusively dedicated to fundraising using shared registry technology such as blockchain." (Explanatory memorandum to Draft Law No. 1009, p. 3).

In Monegasque law, "offre de jetons" (literally "token offers") is a global term used to designate forms of fund-raising carried out by legal entities by means of a digital recording device on a shared register, such as a Blockchain. The investor receives "jetons" (literally "tokens") in exchange for the funds, he/she has invested.

The term "jeton" is defined as "an intangible asset representing in digital format, one or more rights, goods or services, which may be issued, registered, recorded, retained or transferred by means of a digital recording device on a shared registry and which, when issued or subscribed to, has the legal nature of the said right, good or service".¹

The text provides a framework for two types of fundraising: **private or public Initial Coin Offerings (ICOs)** and **private Security Token Offerings (STOs)** (modalities, control, sanctions, AML/CFT obligations).

ICO: the investor receives "utility tokens" (translated into French as 'jetons utilitaires'). They provide access to products and services. **ICOs are reserved for legal entities registered in Monaco** (a company being formed in Monaco may nevertheless apply for the label). **ICOs may be private or public**, under the conditions laid down by sovereign ordinance.

STO: the investor receives "security tokens" (translated into French as 'jetons titres'), which have the characteristics of a financial instrument. They confer one or more rights (right to shares in the capital of the issuing company, right to vote at a general meeting, right to dividends, etc.). **STOs are reserved for joint stock companies registered in Monaco** (a company being formed in Monaco may nevertheless apply for the label). **Public STOs are prohibited**.

Any "offre de jetons" is subject to **prior administrative authorisation, in the form of a label issued by the Minister of State, following the opinion of a dedicated Commission**. The control of their regularity is the responsibility of the agents of the *Direction de l'Expansion Économique*, which can ensure the assistance of all experts.

¹ Article 2 of Law No 1.482 of 17 December 2019 for a Digital Principality.