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Swedish Regulators Issue Statement On Token Offerings

**Jeremy Nation**

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Guidelines on token-based crowdfunding have been provided by Swedish financial authorities.

On November 7, 2017, the Swedish financial regulatory body Finansinspektionen (FI) issued a [statement](#) regarding the abrupt increase in crowdfunding facilitated through token generation events, widely called ICOs.

FI described the fundraising practice as similar to grassroots campaigns and provided details on the issuance of tokens in exchange for other established cryptocurrencies, like [Ether](#). FI laid out five specific guidelines for would-be investors.

First, FI points out that most [token offerings](#) are unregulated and "therefore not under the supervision of FI or other authorities and there is no consumer protection." It said that the "proprietor," or token holder, has no claim against

the issuer, or "publisher," since tokens are not necessarily guaranteed.

Second, FI addresses market valuation. It said, "There is usually no requirement that the price for which a new digital asset is sold is matched by a real market value. The publisher also has no obligation to allow any independent party to evaluate the digital asset."

Third on the list is the issue of access to a secondary market, which it said is also not guaranteed. No secondary market means that in order to see value accrue in a token, one must find an over-the-counter or peer-to-peer means of trading it, which come with risks.

Fourth, FI stresses that there are usually no requirements for entities intending to engage in offerings to provide key information (specifically regarding what is being offered) or that information be divulged to all investors simultaneously; FI said this might lead to unfair marketing by the party issuing tokens.

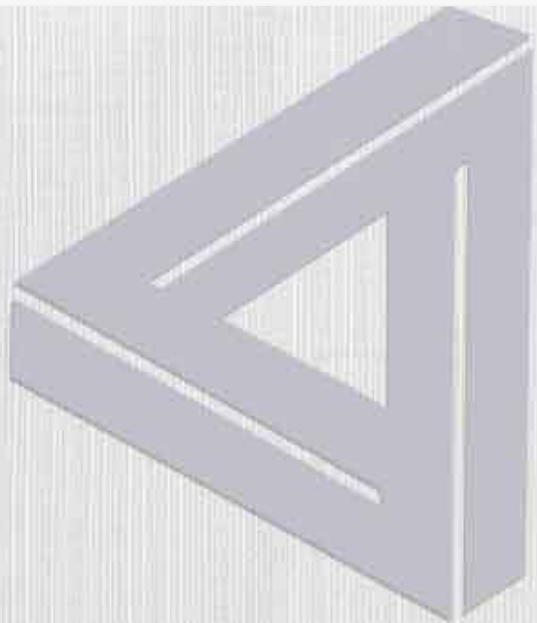
The fifth and final warning from FI is about outright fraud; entities may raise money without the intention of fulfilling obligations to create a product or service, or deliver any value to investors.

Before investors purchase tokens issued during a crowdfunding event, the FI hopes that they will educate themselves on the aforementioned five points to raise self-awareness and evade malicious behavior.

Jeremy Nation is a writer living in Los Angeles with interests in technology, human rights, and cuisine. He is a full time staff writer for ETHNews and holds value in Ether.

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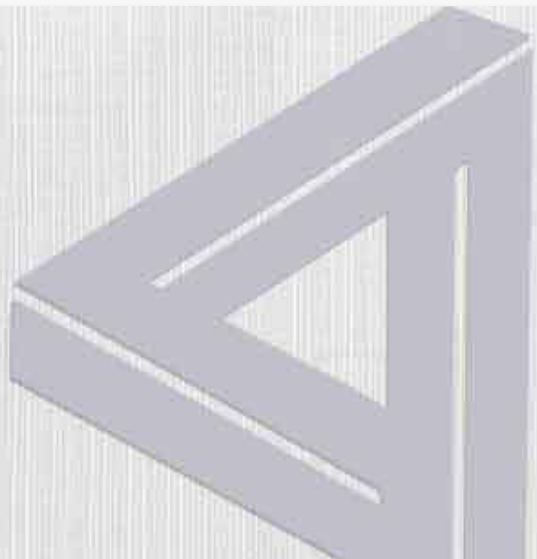
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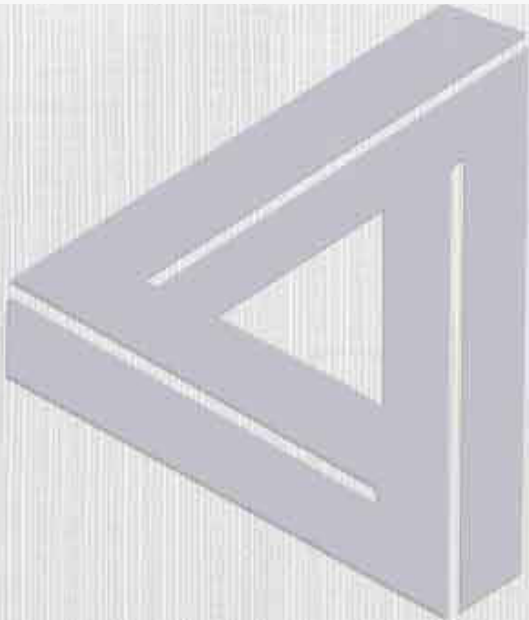


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