

## **Accord Project - Venture and Token Sales**

### **Smart Legal Contracts: State of Play**

#### **1. Contracts, Clauses, and Documents**

- a. venture documents
  - i. term sheets
  - ii. stock purchase agreements
  - iii. investor rights agreement
  - iv. certificate of incorporation
  - v. right of first refusal and co-sale agreement
  - vi. voting agreement
  - vii. [SAFE agreement](#)
- b. [smart venture docs specification](#)
- c. token sales documents, structures, standards
  - i. SAFT agreement ([SAFT project](#))
  - ii. FACTS (Coindesk [article](#))
  - iii. [ERC20 Token Standard](#)
  - iv. Wall Street Blockchain Alliance standards (yet to be published)
  - v. Stellar Development Foundation's open-source technology to facilitate regulatory-compliant initial coin offerings
    - 1. whitepaper: [Understanding Initial Coin Offerings: Technology, Benefits, Risks, and Regulations](#)
  - vi. [ICO Governance Foundation](#)
  - vii. [MME Legal Framework for Tokenized Assets](#)
  - viii. [GDAX Digital Asset Framework](#)

#### **2. Players**

- a. issuer
- b. VC fund
- c. angel investor
- d. crowdfunding platform
- e. Token sale/ICO platform

#### **3. Existing Legal, Operational, and Technical Issues**

- a. Integration and work with distributed ledger technology-based initiatives for equity issuance and trading (e.g., Delaware Blockchain Initiative)

- b. Interface with regulatory bodies (legal, accounting, taxation, etc) to determine best practices and impact on affect token sales
  - c. Integrating issuer and investor data into investment documents
  - d. “Smart” common terms in documents such as term sheets, stock purchase agreements, and certificates of incorporation
  - e. Automating anti-dilution calculations and cap table updates via API
  - f. Development of a compliant and secure framework, workflow/process, and underlying documents for assessing and funding token sales
  - g. Comparison of numerous frameworks, structures, and regulatory approaches to token sales
  - h. Automation of cross-jurisdiction compliance for token sales, including KYC/AML
- 4. Blockchain and Smart Contracts Applications: Venture**
  - a. Pilots and other Actual Implementations
    - i. OpenLaw for venture docs
  - b. Potential Uses Cases
- 5. Blockchain and Smart Contracts Applications: Token Sales**
  - a. Pilots and other Actual Implementations
    - i. Coinlist
    - ii. [ICO funding](#)
    - iii. [Crown](#)
    - iv. [Token Foundry](#)
    - v. [Token Commons Protocol](#)
  - b. **Potential Uses Cases**
- 6. Blockchain and Smart Contract Players and Initiatives**
  - a. Delaware Blockchain Initiative
- 7. Selected Resources and Publications**
  - a. [Smith + Crown List of Token Sales](#)
  - b. [SAFT whitepaper](#)
  - c. [Token Rights: Key considerations in crypto-economic design by Smith + Crown](#)
  - d. [Initial Coin Offerings — Emerging Practices, Risk Factors, and Red Flags](#) by Wulf A. Kaal & Marco Dell’Erba

- e. [Open Source: Token Best Practice - 11:FS](#)
- f. [To the Moon – Or Bust? Questions to Ask When Evaluating ICOs](#) (“much needed uniform set of criteria by which investors can analyze ICOs and cryptocurrencies”)
- g. [The London Token Fundraising Manifesto](#), 23 October 2017
- h. [A Path Toward Better Token Sales](#) by Zeppelin Solutions
- i. [Safe ICO Practices \(SIP\)](#) by William Mougayar
- j. [Token Mania](#) by Autonomous Next
- k. [Conceptual Framework for Legal & Risk Assessment of Blockchain Crypto Property](#) by Dr. Luka Müller & Stephan D. Meyer

## **8. Governmental regulation, actions, or statements**

- a. Comissão de Valores Mobiliários (CVM), published (July 13th) initial legislation instruction (Instrução CVM No. 588) regulating crowdfunding via ICOs: ([Portuguese announcement](#))
- b. United States SEC published on July 25th on ICOs: ([Report on investigation](#)) ([Investor bulletin](#)) ([Investor alert](#))
- c. Monetary Authority of Singapore published its views on August 1st on ICOs: ([Clarification statement](#)) ([Consumer advisory](#))
- d. Canadian Securities Administrators (CSA), including the Ontario Securities Commission, published its views on August 24th on ICOs: ([Staff Notice](#))([Announcement](#))
- e. Israel Securities Authority announced on August 30th that it is forming a committee to look at ICOs: ([Hebrew announcement](#)) ([English](#))
- f. The Financial Supervisory Commission (FSC) in South Korea announced on September 3rd that it held a joint task force meeting to strengthen regulations around digital currency trading, including fundraising with ICOs: ([BusinessKorea](#))
- g. Central Bank of Russia issued a public statement on September 4th that included its views on ICOs: ([Russian announcement](#)) ([English](#))
- h. The People’s Bank of China, along with 6 other Chinese government bodies including the national securities regulator (CSRC), publicly banned ICO fundraising in China on September 4th: ([CN announcement](#)) ([English](#)) ([Bloomberg](#)) ([Reuters](#))
- i. SFC in Hong Kong announced its views on ICOs on September 5th: ([Announcement](#))
- j. The Securities Commission (SC) of Malaysia issued a press release cautioning investors in ICOs on September 7th: ([DNA](#))
- k. The Dubai Financial Services Authority (DFSA) warned investors that

ICOs were risky on September 13th: ([Statement](#))

- l. Thailand SEC issued some statements regarding ICOs on September 14th: ([Comments](#))
- m. Gibraltar Financial Services Commission (GFSC) issued an official statement regarding ICOs on September 22nd: ([Statement](#))
- n. North American Securities Administrators Association (NASAA) issued its annual paper and warned of risks around cryptocurrencies and ICOs on September 26th: ([Press release](#))
- o. Macau Monetary Authority (MMA) announced that banks cannot engage with ICOs and cryptocurrencies either “directly or indirectly” on September 27th: ([Statement](#))
- p. The Australian Securities and Investments Commission (ASIC) released formal guidance and comments about ICOs on September 28th: ([Information Sheet](#))
- q. The Financial Services Commission in South Korea said all kinds of initial coin offerings (ICO) will be banned as trading of virtual currencies needs to be tightly controlled and monitored on September 29th: ([Reuters](#)) ([Yonhap](#))
- r. The Financial Market Supervisory Authority (FINMA) in Switzerland announced it is investigating ICO procedures and issued formal guidance on September 29th: ([Press Release](#))
- s. SEC Exposes Two Initial Coin Offerings Purportedly Backed by Real Estate and Diamonds on September 29th: ([Press release](#))
- t. Abu Dhabi’s Global Market’s Financial Services Regulatory Authority (FSRA) released guidelines on ICOs on October 9th: ([Guidelines](#))
- u. The Central Bank of Lithuania announced its position and guidelines regarding ICOs on October 11, 2017: ([Press release](#))
- v. The US Commodity Futures Trading Commission (CFTC), through its internal division, LabCFTC, released a primer on cryptocurrencies including ICOs on October 17, 2017: ([Press release](#))
- w. The Financial Markets Authority (FMA) released commentaries on cryptocurrencies and ICOs on October 25, 2017: ([Press release](#)) ([Commentary](#))
- x. Japan’s Financial Services Agency (FSA) a short statement warning users and business operators about the risks of ICOs on October 27, 2017: ([Statement](#))
- y. [The Isle of Man and ICOs – Practical Guide](#)

