

US Securities Exchange Commission Approves the First Ever Reg A+ Initial Coin Offering

After numerous initial coin offerings (“ICO”) were shut down under the US Securities Exchange Commission’s (“SEC”) cease-and-desist orders entered into force on the basis of the Securities Act of 1933 (Paragon and Carrier EQ Inc. cases), the SEC has set a positive precedent by approving Blockstack’s planned \$28 mln. ICO.

As it has already been covered in our article “Regulations Overview of Initial Coin Offerings in the U.S.”, most of US-based ICOs were conducted under Regulation D, which are actually private. This means that Blockstack is basically the first company ever to conduct a public ICO in America under Regulation A+. The sale starts 11 July 2019 and will be closely monitored by the SEC.

Below is a brief overview of Regulation A+:

Regulation A+ governs public coin offerings and provides two tiers of offerings, which allow the issuing companies to raise up to \$50 million (with a minimum of \$2 million) in a 12-month period by selling tokens to both accredited and non-accredited investors, depending on the tier of offering. Under Regulation A+, the offering must be registered by filing a Form 1?A disclosure document with the SEC. In Tier 1 offerings the issuing business is required to provide additional information about sales and update the issuer information by filing a 1?Z Form with the SEC. Tier 2 offerings, on the other hand, require the issuing business to file audited financial statements in their offering documents and to file annual, semiannual, and current reports with the SEC on an ongoing basis.

For more information on our Fintech practice please contact our Managing Partner [Andrei Danilov](#).

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