

Addendum - Additional issues for public consultation
regarding regulatory approach on ICO

After holding a focus group and receiving early suggestions regarding the proposed regulatory approach on ICO, the SEC would like to further raise the following issues for public consultation. Please note that our public consultation will be extended to January 22, 2018. To send your comments and suggestions, please email aunchisa@sec.or.th and archari@sec.or.th. Thank you again for your kind contribution.

1. Aggregate limit of 3 million baht on total investments in ICOs by each retail investor in any 12-month period:

As ICO investors can run a risk of losing their entire investment, the SEC received a suggestion that an aggregate limit on the total amount each retail investor can invest in ICOs in any 12-month period should be imposed, in addition to the investment limit of 300,000 baht per project per each retail investor originally proposed. While the concept of aggregate limit is in line with the equity crowdfunding scheme and would confine individual exposure to ICOs, there are counter-arguments that this would overly restrict retail investors' freedom to invest and the same could be said for equity crowdfunding. Furthermore, in the case of ICOs, imposing the aggregate limit would not be an effective investor protection mechanism. This is because it would be very difficult to enforce and monitor the aggregate limit, since tokens can be transferred globally and directly among

token holders. Although such limit is imposed in the primary market, investors will still be able to obtain ICO tokens in the secondary market and potentially at a much higher cost.

Regulatory proposal	Agree	Disagree
<p>Do you agree with imposing an aggregate limit on total investments in ICOs by each retail investor in any 12-month period?</p> <p>Do you agree with setting the above aggregate limit at 3 million baht?</p>	<p style="text-align: center;"><input type="checkbox"/></p> <p style="text-align: center;"><input type="checkbox"/></p>	<p style="text-align: center;"><input type="checkbox"/></p> <p style="text-align: center;"><input type="checkbox"/></p>
<p>Comments:</p> <hr/> <hr/> <hr/> <hr/>		

2. Limit on issuance size to Thai retail investors:

The SEC received a suggestion that there should also be a limit on the amount each ICO issuer can raise from Thai retail investors along the lines of equity crowdfunding scheme to add another layer of protection for Thai investors and limit the number of investors impacted by potential losses

from ICOs.

Regulatory proposal	Agree	Disagree
Do you agree with imposing limits on each ICO issuer's issuance size to retail investors?	<input type="checkbox"/>	<input type="checkbox"/>
Do you agree with setting the above limits on issuance size as follows?		
a) <u>During the period of 12 months since the first ICO:</u> An issuer can raise <u>up to 20 million baht in total from all Thai retail investors;</u>	<input type="checkbox"/>	<input type="checkbox"/>
b) <u>Overall issuance size since the first ICO:</u> An issuer can raise up to <u>40 million baht in total from all Thai retail investors.</u>	<input type="checkbox"/>	<input type="checkbox"/>

Comments: <hr/> <hr/> <hr/> <hr/>

3. Minimum disclosure requirements:

To tackle the problem of asymmetric information between ICO issuers and investors, and to ensure that key information of the ICO projects are

adequately disclosed in the white paper so that investors can make a well-informed investment decision, minimum disclosure requirements covering aspects depicted below should be applied.

Regulatory proposal	Agree	Disagree
<p>Do you agree with having the following minimum disclosure requirements on the white paper?</p> <ul style="list-style-type: none"> • Objective / nature of the project • Business model & business plan • Use of ICO proceeds • Key milestones • Type / legal structure of entity running the project • Team members / advisors • Financial information / track records (if available) • Key risks & legal issues • Token functions, structure, and sale / distribution mechanism • Secondary markets that the tokens will be listed or relevant plans • Contact information for investors 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>Comments:</p> <hr/>		

Regulatory proposal	Agree	Disagree

4. Additional conditions for the ICO portal recognition:

The objective of additional conditions on ICO portal is to ensure retail investor’s suitability for an ICO investment, ICO portal’s fit and proper persons, and ICO portal’s monitoring of the newly proposed limits and disclosure requirements.

Regulatory proposal	Agree	Disagree
Do you agree with the following additional conditions for ICO portal recognition?		
An ICO portal shall:		
4.1) have a system to test retail investor’s suitability and investment knowledge on ICO before retail investor commits to an investment;	<input type="checkbox"/>	<input type="checkbox"/>
4.2) be able to demonstrate that persons who are or will become shareholders, directors, managers or persons with management authority in the ICO portal do not have any prohibited characteristics specified in relevant notifications of the SEC;	<input type="checkbox"/>	<input type="checkbox"/>
4.3) have a system to monitor the limits on (1) investments in ICOs by each retail investor in any 12-month period and	<input type="checkbox"/>	<input type="checkbox"/>

Regulatory proposal	Agree	Disagree
(2) issuance size to retail investors as proposed in 1 & 2; and 4.4) be able to ensure that the issuer follows the minimum disclosure requirements on the white paper as proposed in 3.	<input type="checkbox"/>	<input type="checkbox"/>
Comments: <hr/> <hr/> <hr/> <hr/>		

5. Ability to cancel ICO subscription up until a certain period

Some argue that similar to equity crowdfunding investors, ICO investors should have the right to cancel their subscription to an ICO up until 48 hours before the end of ICO period.

Regulatory proposal	Agree	Disagree
Do you agree that ICO investors should have the right to cancel their subscription to an ICO up until 48 hours before the end of ICO period?	<input type="checkbox"/>	<input type="checkbox"/>
Comments: <hr/> <hr/> <hr/> <hr/>		

6. Minimum threshold amount to be raised from each ICO

An ICO issuer shall set a minimum threshold amount to be raised from each ICO or a soft cap. If the minimum threshold is not reached after a specified period, then a full refund will be given to the ICO investors.

This is to ensure that the proceeds from ICO will be released to and utilized by the ICO issuer only in cases where the fund is raised successfully to a level that will enable the project to proceed in accordance with the business plan. In addition, the ICO issuer may have an option to set and disclose a maximum threshold of fundraising or a hard cap.

Regulatory proposal	Agree	Disagree
Do you agree that an ICO issuer shall set a minimum threshold amount to be raised from each ICO? If the	<input type="checkbox"/>	<input type="checkbox"/>

Regulatory proposal	Agree	Disagree
<p>minimum threshold is not reached after a specified period, then a full refund will be given to the ICO investors.</p> <p>In addition, the ICO issuer may have an option to set and disclose a maximum threshold of fundraising.</p>		
<p>Comments:</p> <hr/> <hr/> <hr/> <hr/> <hr/>		

Other comments or suggestions:
