

ANGUILLA UTILITY TOKENS FACT SHEET

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OVERVIEW

The Anguilla Utility Token Offering Act, 2018 ("The Act") provides for the registration and regulation of initial and secondary utility token offerings. A token is a cryptographically secured digital representation of a set of rights. A utility token is a non-security token as defined under the Act.

The purpose of the Act is to provide a clear regulatory framework by which issuers of a utility token can be registered and supervised by the Anguilla Financial Services Commission (AFSC) and ensure that the utility token offering is properly structured and that potential subscribers of the issue are provided with sufficient information and protections regarding the utility token and the underlying platform/project. The Act also:

- Requires the disclosure of certain developmental and financial information relating to the issuer and platform/project.
- Ensures due diligence requirements on both the issuers of utility tokens as well as subscribers.
- Provides certain protections for subscribers of the utility token offering.

DEFINITION OF UTILITY TOKEN

A utility token is defined under the Act as any token that does not -

- Have ownership or equity interest in the issuer;
- Provide entitlement to share of profits of the issuer;
- Have legal status as a creditor;
- Have the right to the distribution of profits from the issuer

A utility token must also have one or more specified utility token features.

REGISTRATION

A person that is a 'qualified company' may submit an application to the AFSC for registration as an issuer of an initial or secondary utility token offering. A 'qualified company' is a company incorporated under the

- International Business Companies (IBC) Act;
- Companies Act;
- Limited Liability Companies (LLC) Act;
- Such other entity as may be prescribed by regulations.

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KEY HIGHLIGHTS

- The Anguilla Utility Token Offering Act is the first regulatory framework for a specific type of ICOs.
- The Act provides a clear definition of utility tokens.
- The Act provides a clear regulatory regime that is proportional to the risks associated with an initial utility token offering.
- A licenced service provider assists issuers with the preparation of documents relating to the utility token issue.
- Subscribers shall receive sufficient information to enable them to make informed decisions and shall have certain rights to recourse under the Act.

There is a process for legal persons domiciled in another jurisdiction to be continued in to Anguilla.

Issuers are required to prepare a white paper and publish on a specified website. Any material changes to the white paper prior to the launch of the platform/project must be disclosed to the AFSC and on the specified website of the issuer.

UTILITY TOKEN OFFERING ADMINISTRATOR

Administrators are required to obtain a licence from the AFSC. Administrators provide the following services:

- Administer the register of subscribers
- Collection, review and record-keeping of customer due diligence
- Escrow services

SUBSCRIBER RIGHTS

Subscribers may have the right to received a refund of their subscription costs in the event of material misrepresentation and disputes may be resolved through arbitration by a qualified panel of arbitrators.

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