

## Draft Law No. 995 on blockchain technology

Draft law No. 995 (17 articles), received by the National Council on 4 June 2019, is part of the *"process of modernization and digital transition"* of the Principality (with: Draft law No. 992 on Digital Identity; Draft law No. 994 amending Law No. 1.183 on Digital Economy).

Without altering the spirit of the draft law No. 237 adopted by the National Council on 21 December 2017, aiming to accompany the rise of the blockchain technology, the Draft law No. 955 goes further by framing the Initial Coin Offerings (ICOs). The terms of application will be specified by Sovereign Order.

ICOs would be secured against the risks of money laundering and terrorist financing (compliance with the Law No. 1.362 of 3 August 2009 as amended). The conversion platforms (exchange of cryptocurrencies against legal currency), subject to the prior issue of a payment service provider license by the ACPR<sup>i</sup>, are also covered.

The planned mechanism aims *"on the one hand, to protect investors who might wish to participate in such operations launched by companies based in Monaco by providing them with quality information, and on the other hand to promote the development of companies in this area"*.<sup>ii</sup>

The Government places Draft law No. 995 in the *"wake"* of the legislative and regulatory initiatives of some EU Member States (Italy<sup>iii</sup>, Luxembourg<sup>iv</sup>, Malta<sup>v</sup>, France<sup>vi</sup>) while exposing its willingness *"to go even further"*.<sup>vii</sup>

### Chapter I – Definitions

### Chapter II – Regime and evidence

### Chapter II – Coin Offerings

### Chapter IV – Supervisory - Regularity of the Coin Offerings

### Chapter V – Penalties

#### Section I – Administrative penalties

#### Section II – Criminal penalties

### Chapter VI – Miscellaneous and transitional provisions

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<sup>i</sup> Autorité de Contrôle Prudentiel et de Résolution (ACPR).

<sup>ii</sup> Explanatory Memorandum to the Draft Law No. 995.

<sup>iii</sup> Legge (11 February 2019) di conversione del D.L. Semplificazioni (D.L. 135/2018, 14/12/2018), recante disposizioni urgenti in materia di sostegno e semplificazione per le imprese e per la pubblica amministrazione (Art. 8 ter).

<sup>iv</sup> Law (1 March 2019) amending the law of 1 August 2001 concerning the circulation of securities and other financial instruments, modified (Section 18 bis).

<sup>v</sup> Virtual Financial Assets Act of 20/07/2018 to regulate the field of Initial Virtual Financial Asset Offerings and Virtual Financial Assets and to make provision for matters ancillary or incidental thereto or connected therewith (VFA Act).

<sup>vi</sup> Inter alia, Law No. 2019-486 (22 May 2019) on the growth and transformation of enterprises (« Loi PACTE », ICOs: Art. 82, 85 to 87).

<sup>vii</sup> Explanatory Memorandum to the Draft Law No. 995.