

Blockchain, Cryptocurrencies & ICOs

Blockchain technology has the potential to transform the way that business is done. Entire supply chains can interact with - and be recorded on - blockchains, resulting in increased transparency, better “just in time” delivery, reduced fraud, “self-auditing” recording of facts and data, and simplified (and faster) payment methods. In the financial services industry, blockchains can dramatically reduce transaction costs and processing times. Securities can be tokenized and registered on blockchains, as now permitted in Delaware, allowing for increased liquidity, quicker settlement, more effective stockholder democracy and reduced transaction fees.

While Bitcoin may be the best known cryptocurrency, there are over 1,400 cryptocurrencies available for purchase and trade. Ethereum’s blockchain technology allows users to create “smart contracts” that can allow parties to complete certain kinds of transactions without the need for a third party intermediary. Ripple is being used by hundreds of financial institutions as they attempt to transform how individuals and businesses transfer money within a given country and across borders. Other cryptocurrencies have been developed to address privacy and anonymity concerns.

In 2017, over US\$3.7 billion dollars was raised through initial coin offerings (ICOs), as blockchain enthusiasts, investors, and speculators purchased tokens from issuers. Some coins have dramatically increased in value, while others have plummeted in value as speculation proved misguided. Regulators have struggled to understand and regulate the new world of ICOs, and the result is a patchwork of regulatory approaches taken by governments around the world, with some governments regarding tokens as securities, others as currencies, others as just another asset class, and yet others as commodities. As for “smart contracts,” these are essentially not regulated (except as contracts) and must be regarded as being in the very earliest stages of use.

Why Aird & Berlis?

Aird & Berlis’ knowledgeable and experienced legal team helps clients navigate this challenging and exciting space. Our lawyers can assist with a broad range of legal and business issues relating to blockchain technology, cryptocurrencies and ICOs. Our Blockchain, Cryptocurrencies & ICOs Group combines leading lawyers from technology, securities, privacy, banking, intellectual property and commercial practices. Some recent highlights include advising on a private placement for an integrated renewable energy producer and cryptocurrency miner, document design for blockchain implementation, and patent prosecution for cryptocurrency.

Our lawyers are thought leaders in this space and are regularly called upon to speak at conferences and seminars around the world. We frequently write articles on this topic for industry publications and The Spotlight.

How We Can Help

We can assist clients with respect to:

- > Developing and implementing blockchain business solutions
- > Launching ICOs and ITOs (initial token offerings)
- > Creation of smart contracts
- > Securities law compliance
- > Tokenization of securities and capital markets transactions

- > Formation and structuring of investment funds
- > Cybersecurity
- > Internet of Things
- > Establishment of cryptocurrency exchanges
- > Know your client (KYC) and anti-money laundering (AML) compliance
- > Privacy and data security
- > Supply chain logistics
- > Intellectual property solutions
- > Services agreements pertaining to any of the above

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