



Thai SEC issues new utility token regulations for exchanges

Digital Asset

On 11 June 2021, Thailand's Securities and Exchange Commission ("SEC") announced some rules and guidelines for local digital assets exchanges.

The new rules will ban digital asset exchanges from trading meme- or fan-based tokens, non-fungible tokens (NFTs) and exchange-issued tokens. This, however, has no implications on exchange-issued tokens that have already launched and are in use.

According to the Secretary-General of the Office of the SEC, exchanges are not permitted to trade utility tokens or cryptocurrencies that exhibit one or more of the following criteria:

- Having no clear objective or substance, and whose value is determined by social media trends or meme-based tokens;
- Tokenized by influencer fame or fan-based token;
- A digital token used to proclaim ownership or award rights in an object or specific right; it is unique and cannot be exchanged for digital tokens of the same category and kind in the same amount, or non-fungible tokens; or
- Digital tokens used in a block chain transaction that is issued by a digital asset exchange or connected parties.

These rules will become effective after 11 June 2021. According to the regulator, the exchanges shall conform and alter their guidelines within 30 days. For tokens issued by exchanges, they shall corroborate the descriptions stated in their White Paper submissions. Failure to do so may result in the digital token being delisted.