

Newsletter

THAILAND: THAI SEC BANS TRADING OF MEME TOKENS, FAN TOKENS AND NFTS

Introduction

Thailand's Securities and Exchange Commission (SEC) has officially banned several types of token, such as meme tokens, fan tokens, and non-fungible tokens (NFTs). The reason for the ban is that the SEC is attempting to protect traders from potential losses from investments in such tokens. The tokens are considered to offer no substantive value or have any objective with the prices being largely based on the speculation of market participants. The ban became effective from its announcement on 11 June 2021 (the "Effective Date"). However, it will not have any retroactive effect on tokens existing in the market prior to that date.

Characteristics of banned digital tokens

To clarify, the SEC has prohibited digital asset exchanges from trading digital tokens which have any of the following characteristics:

- Meme tokens, which have "no clear objective or substance or underlying objective or substance" and prices which are "dependent on social media trends". Presumably, this regulation applies to meme-based coins which have recently been under spotlight due to their huge price volatility;
- Fan tokens, which are digital assets tokenized by the fame of influencers or clubs, such as football clubs;
- NFTs, which have arguably been one of the most high profile and controversial in the cryptocurrency community. NFTs are digital assets that can be used to represent both tangible and intangible items, from artworks, collectible in-game assets, and real estate. NFTs are unique and irreplaceable. They cannot be directly exchanged with one another unlike other regular digital assets; and
- Blockchain-based digital tokens issued by digital asset exchanges or their related parties.

Digital asset exchanges have 30 days from the Effective Date, to revise their listing rules to comply with the new regulations.

We will keep you posted on any further updates. If you should have any questions about the legal implications of the ban on digital tokens discussed in this newsletter, please contact the authors in the right-hand column.

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