

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

18TH CONGRESS
First Regular Session

HOUSE RESOLUTION No. 53



Introduced by Representative Michael L. Romero

A RESOLUTION
URGING THE PROPER COMMITTEE OF THE HOUSE OF
REPRESENTATIVES TO CONDUCT AN INQUIRY AND/OR
INVESTIGATION IN AID OF LEGISLATION TO **STOP** AND
PROHIBIT THE IMPLEMENTATION OF **INITIAL COIN OFFERINGS**
(ICO) AND OTHER SIMILAR UNREGULATED INVESTMENT
SCHEMES, TO CREATE AND ESTABLISH THE PROPER
REGULATORY PROCEDURES, TO PROTECT THE RIGHTS OF THE
INVESTING PUBLIC

Whereas, it is a declared policy of the State under the **Securities Regulation Code**, as well as in the **BSP charter** to protect investors, ensure full and fair disclosure about securities, minimize if not totally eliminate insider trading and other fraudulent or manipulative devices and practices which create distortions in the free market;

Whereas, **Initial Coin Offerings (ICO)**, an unregulated scheme by which funds are raised for a new cryptocurrency venture. ICO is used by start-ups to bypass the rigorous and regulated capital-raising process required by venture capitalists or banks. In an ICO campaign, a percentage of the cryptocurrency is sold to early backers of the project in exchange for legal tender or other cryptocurrencies, but usually for Bitcoin;

Whereas, when a cryptocurrency start-up firm wants to raise money through an ICO, it usually creates a plan on a whitepaper which states what the project is about, what need(s) the project will fulfill upon completion, how much money is needed to undertake the venture, how much of the virtual tokens the

pioneers of the project will keep for themselves, what type of money is accepted, and how long the ICO campaign will run for;

Whereas, during the ICO campaign, enthusiasts and supporters of the firm's initiative buy some of the distributed cryptocurrencies with fiat or virtual currency. These coins are referred to as tokens and are similar to shares of a company sold to investors in an Initial Public Offering (IPO) transaction;

Whereas, if the money raised does not meet the minimum funds required by the firm, the money is returned to the backers and the ICO is deemed to be unsuccessful. If the funds requirements are met within the specified timeframe, the money raised is used to either initiate the new scheme or to complete it;

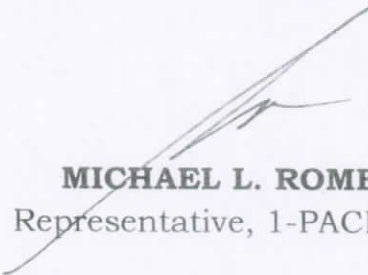
Whereas, these comparisons and criticisms pose serious question as to the reliability, dependability and legality of the use and trading of cryptocurrencies;

Whereas, since the operatives of this **Initial Coin Offerings (ICO)** are not regulated by the appropriate financial authorities, the funds that are lost due to fraud may never be recovered;

Whereas, it is very imperative that these **Initial Coin Offerings (ICO)** and other similar investment schemes be stopped and prohibited, so that the legislature may thoroughly study and enact the necessary measures that would regulate these cryptocurrencies for the purpose of protecting the rights of the investing public.

NOW THEREFORE, BE IT RESOLVED, that the House of Representatives conduct an inquiry and/or investigation in aid of legislation to stop and prohibit the implementation of these INITIAL COIN OFFERINGS (ICO) and other similar unregulated investment schemes for the purposes of protecting the rights of the investing public.

Adopted,



MICHAEL L. ROMERO Ph.D.
Representative, 1-PACMAN Partylist