

## Prescriptive Jurisdiction in Securities Regulations: Transformation from the ICO (Initial Coin Offering) to the STO (Security Token Offering) and the IEO (Initial Exchange Offering)\*

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이 글은 미국이 증권 규제에서 규범적 관할권을 주장함에 따라 ICO (가상화폐공개)가 어떤 영향을 받았는지를 살펴보고, ICO의 대안으로 STO (암호화폐공개)와 IEO(가상화폐 대행공개)를 분석한다. 이 분석은 기초원칙과 같이 규범적 관할권을 뒷받침하는 원칙을 검토하는 것으로 시작한다. 그런 다음 기초원칙의 운용을 지원하는 세 가지 테스트인 시행 테스트, 효과 테스트, 거래 테스트를 검토한다. 다음으로 인터넷이 국경을 넘나드는 투자유치를 용이하게 하는데 미치는 영향을 검토한다. 인터넷이 투자유치에 이용되는 경우 효과 테스트의 해석방법에 대하여 분석한다. 최근에는 블록체인 기술이 ICO를 탄생시켰다. 블록체인 기술은 ICO의 초기 인기에 기여한 특징인 국경 없는 투자유치를 가능하게 했다. ICO는 기술적으로 국경이 없지만 법적으로는 그렇지 않다. 이 글은 요점을 설명하기 위해 앞서

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언급한 세 가지 테스트를 ICO에 적용하는 방법을 검토한다. 분열된 규제 체제에 의해 국경이 없는 ICO의 특징이 약화되면서 ICO는 최근 인기를 잃었다. 이 글은 STO와 IEO를 분석하여 ICO와 어떻게 다른지, 세분화된 규제 제도에 더 잘 맞는지 여부를 확인함으로써 결론을 내린다.

**[주제어]** 규제조치결정, 증권시장, 개인적 원칙, 영역성 원칙, 행위 기준, 영향 기준, 거래조사, 모리슨 v. 오스트리아 국립은행, 블록체인, SEC v. W.J. Howey, ICO(가상화폐공개), STO(암호화폐공개), IEO(가상화폐대행공개)

## I. Introduction

The ICO (Initial Coin Offering) was in vogue in the years 2016-2018 but virtually died down in 2019. Instead, the STO (Security Token Offering) and the IEO (Initial Exchange Offering) have begun to surge. Behind this shift is the States' assertion of their prescriptive jurisdiction in securities regulations.

Prescriptive jurisdiction refers to the geographical reach of the competence of a State to regulate issues involving international elements through its courts or regulators. In the case of the S.S. "Lotus,"<sup>1)</sup> the Permanent Court of International Justice held:

"Far from laying down a general prohibition to the effect that States may not extend the application of their laws and the jurisdiction of their courts to persons, property and acts outside their territory, [international law] leaves them in this respect a wide measure of discretion which is only limited in certain cases by prohibitive rules; as regards other cases, every State remains free to adopt the principles which it regards as best and most suitable."

Given the broad discretion that international law grants each State, it would be worth examining the actual practice of the States. The practice of the United States is, in view of its global influence, the main focus of this article. It is reflected in the case law and the statements made by the Securities and Exchange Commission (SEC).

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1) PCIJ, Series A. No.10 (1927) p. 19.

## II. Principles underpinning prescriptive jurisdiction

Prescriptive jurisdiction is underpinned by various principles such as the universality principle, the protective principle, the personality principle and the territoriality principle. The relevance of each principle depends on the areas of law.

In the field of securities law, the personality principle used to be accepted in the United States. According to this principle, a State has prescriptive jurisdiction over its citizens or nationals. In the Release 4708<sup>2)</sup> published in 1964, the SEC stated the policy of protecting the American nationals worldwide as follows:

“... the Commission has not taken any action for failure to register securities of United States corporations distributed abroad to foreign nationals ... On the other hand, ... a public offering specifically directed toward American nationals abroad ... would be regarded as subject to registration.”

The SEC signaled the change of this policy in 1990 when it issued the Release 6863<sup>3)</sup> in conjunction with the Regulation S.<sup>4)</sup> In the Release, the SEC confirmed the departure from the personality principle in the following terms (Emphasis added):

“The Regulation adopted today is based on a territorial approach to section 5 of the Securities Act. The registration of securities is intended to protect the U.S. capital markets and investors purchasing in the U.S. market, *whether U.S. or foreign nationals.*”

As stated there, the Regulation is based on the territoriality principle. It is reflected in Section 901, which provides:

“For the purposes only of section 5 of the [Securities Act], the terms offer, offer to sell, sell, sale, and offer to buy shall be deemed to include offers and sales that occur within

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2) Securities and Exchange Commission, “Registration of Foreign Offerings by Domestic Issuers” Securities Act Release No. 4708 (1964).

3) Securities and Exchange Commission, “Offshore Offers and Sales” Release No. 33-6863 (1990).

4) “Rules Governing Offers and Sales Made Outside the United States Without Registration Under the Securities Act of 1933” (17 CFR 230) (1990).

the United States and shall be deemed not to include offers and sales that occur outside the United States.”

As exemplified by this provision, the territoriality principle has long been serving as the cornerstone for the prescriptive jurisdiction in securities regulations. This principle, however, requires an elaboration on what needs to take place in the territory. For that purpose, various tests have been developed such as the conduct test, the effects test and the transactional tests.

### III. Tests for operation of territoriality principle

#### 1. Conduct test

The conduct test allows a State to assert prescriptive jurisdiction on the basis that the place of the relevant conduct is in the territory of that State. Under this test, a solicitation of investment would be subject to the regulations of the State where the conduct of solicitation takes place. The conduct test is widely adopted as the most basic test for the operation of the territoriality principle. Thus, in the United States, it is reflected in, for example, the Release 27017,<sup>5)</sup> in which the SEC stated:

“... all broker-dealers physically operating within the United States that effect, induce, or attempt to induce any securities transactions would be required to register as broker-dealers with the Commission, even if these activities were directed only to foreign investors outside the United States.”

#### 2. Effects test

The effects test allows a State to assert prescriptive jurisdiction on the basis that the place

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5) Securities and Exchange Commission, “Registration Requirements for Foreign Broker-Dealers,” Release No. 34-27017 (1989).

of the effects of the relevant conduct is in the territory of that State. Under this test, a solicitation of investment would be subject to the regulations of the State where the investors receive the solicitation. Where the conduct of solicitation takes place in another State, the application of regulations in such circumstances is sometimes described as extra-territorial application from the viewpoint which assimilates the territoriality principle with the conduct test. In this article, we take the viewpoint which sees the territoriality principle as a broader principle having its basis in the occurrence of various events such as the conduct, the effects of the conduct and the transaction. The effects test could then be treated as one of the tests – along with the conduct test and transactional test - for the operation of the territoriality principle.

Like the conduct test, the effects test is widely adopted since it has a good rationale behind it: it allows the regulators to safeguard the interests sought to be protected by the regulations. In the United States, the acceptance of the two tests is reflected in, for example, section 27 of the Securities Exchange Act 1934.<sup>6)</sup> It provides:

(b) EXTRATERRITORIAL JURISDICTION.—The district courts of the United States ... shall have jurisdiction of an action or proceeding brought or instituted by the Commission or the United States alleging a violation of the antifraud provisions of this title involving—

- (1) conduct within the United States that constitutes significant steps in furtherance of the violation, even if the securities transaction occurs outside the United States and involves only foreign investors; or
- (2) conduct occurring outside the United States that has a foreseeable substantial effect within the United States.

The effects test is reflected in sub-paragraph (2) while the conduct test in sub-paragraph (1). As indicated by this provision, the two tests are not mutually exclusive and may both be simultaneously adopted.

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6) Similar provisions are to be found in section 22(c) of the Securities Act 1933 and section 214(b) of the Investment Advisers Act 1940.

### 3. Transactional test

The transactional test allows a State to assert prescriptive jurisdiction on the basis that the place of transaction is in the territory of that State. Under this test, a solicitation of investment would be subject to the regulations of the State where the transaction induced by the solicitation takes place.

This test was established in the United States by the Supreme Court's judgment in the Morrison case<sup>7)</sup> in 2010. The Court denied the conduct test and the effects test by relying on a literal reading of the relevant provision (Section 10(b)) of the Securities Exchange Act 1934 and held that the provision was only applicable to "transactions in securities listed on domestic exchanges and domestic transactions in other securities." This test is, however, not immune from criticisms. Thus, it has been said:<sup>8)</sup>

"By ignoring the fraud's genesis or effect and focusing instead on the technical transaction, Morrison creates not just an easy escape for foreign fraudsters, but an open invitation: Come to the United States to commit securities fraud and feel free to negatively impact the United States with that fraud – so long as you don't list your securities on an American exchange, you may never have to repay any of the investors you victimized."

Today, the transactional test only retains validity with respect to the private right of action. With respect to public enforcement, the conduct test and the effects test have been re-introduced by the insertion of section 27, examined above, into the Securities Exchange Act 1934. Outside the United States, the transactional test does not appear to have been widely adopted.

## IV. Impact of the Internet

The emergence of the Internet has greatly facilitated the cross-border solicitation of

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7) Morrison v. National Australia Bank, 130 S.Ct. 2869 (2010).

8) Staff of the Securities and Exchange Commission, "Study on the Cross-Border Scope of the Private Right of Action Under Section 10(b) of the Securities Exchange Act of 1934" (2012) pp. iv, 48, 51.

investment. To be sure, it is not impossible to make a cross-border solicitation with the traditional media such as telephone and fax but the targeted States would have to be pre-determined. Where, on the other hand, the Internet is used, a web page may be viewed from anywhere in the world. It has, however, necessitated elaboration on where the effects of solicitation are deemed to take place under the effects test. In this regard, the SEC stated in its Release<sup>9)</sup> in 1998:

When offerors implement adequate measures to prevent U.S. persons from participating in an offshore Internet offer, we would not view the offer as targeted at the United States and thus would not treat it as occurring in the United States for registration purposes.

What constitutes adequate measures will depend on all the facts and circumstances of any particular situation. We generally would not consider an offshore Internet offer made by a non-U.S. offeror as targeted at the United States, however, if:

The Web site includes a prominent disclaimer making it clear that the offer is directed only to countries other than the United States. ... and

The Web site offeror implements procedures that are reasonably designed to guard against sales to U.S. persons in the offshore offering.

According to this statement, the SEC treats an offshore internet offer targeted at the United States as occurring in the United States. And unless the web site offeror implements procedures “reasonably designed to guard against sales to U.S. persons,” an offshore Internet offer may be considered to be targeted at the United States.

## V. Blockchain: From cross-border to borderless fundraising

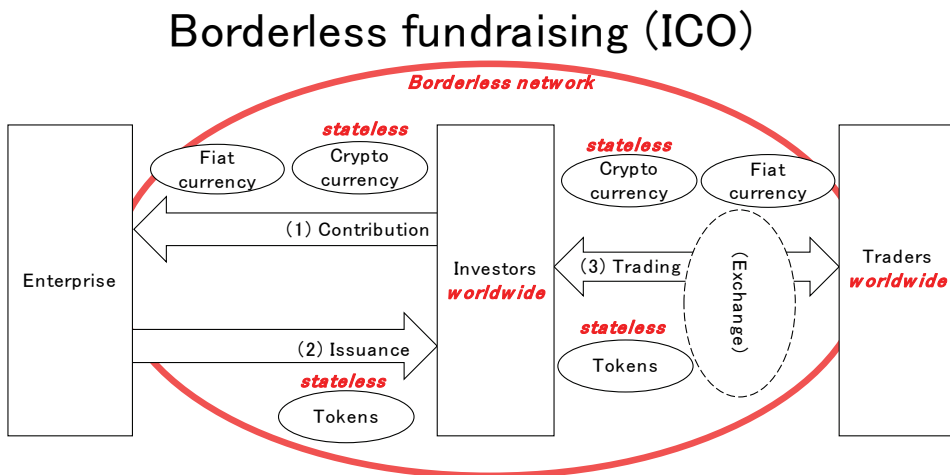
The blockchain technology was invented to create the Bitcoin cryptocurrency around 2009. It also gave birth to a new fundraising method in the style of ICO. In the ICO, the enterprise receives contributions from the investors in fiat or crypto currencies. In consideration, the

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9) Securities and Exchange Commission, “Re: Use of Internet Web Sites To Offer Securities, Solicit Securities Transactions, or Advertise Investment Services Offshore,” International Series Release No. 1125 (1998).

enterprise issues tokens on a blockchain with a contractual undertaking to provide dividends or certain services to the holder of the tokens. The investors may trade the tokens on the blockchain on a peer-to-peer basis or on an exchange such as a crypto-currency exchange.

While the Internet has facilitated cross-border fundraising, the blockchain technology has enabled borderless fundraising: the contributions to the enterprise may be made in stateless crypto-currencies through a borderless network; and in return, the ICO tokens, which are also stateless, are issued on a borderless network. With its ability to seamlessly raise funds from around the world, the ICO has seen an explosive growth in number and size in the years 2016-2017.



## VI. Creeping regulations

The growth of the ICO brought with it rampant fraudulent activities, which attracted the attention of regulators around the world. In order to protect investors, some States banned the ICO altogether,<sup>10)</sup> while others began to consider that securities regulations were applicable to certain types of ICO tokens.

The first step in this direction was taken by the SEC in its 2017 report on The DAO,<sup>11)</sup>

<sup>10)</sup> e.g. South Korea (2017) and China (2017).



a high profile ICO case. In the report, the SEC stated, “[b]ecause DAO Tokens were securities, The DAO was required to register the offer and sale of DAO Tokens, unless a valid exemption from such registration applied.” The SEC found that the DAO Tokens were securities because they fell into the category of “investment contract” as defined by the Supreme Court in *SEC v. W.J. Howey*.<sup>12)</sup> This report was followed by a statement of the SEC Chairman in the same year,<sup>13)</sup> in which he stated, “[b]y and large, the structures of initial coin offerings that I have seen promoted involve the offer and sale of securities and directly implicate the securities registration requirements and other investor protection provisions of our federal securities laws.”

Other States also came to regard certain types of ICO tokens as securities. The Swiss regulator, for example, classified the tokens into three types: payment tokens, utility tokens, and asset tokens and opined that the latter two could be treated as securities under certain conditions.<sup>14)</sup>

## VII. Fragmentation of regulatory regimes

Between different States, there is no uniformity in the securities regulations or the way they are to be applied to the ICO. It follows that while the blockchain has technologically enabled borderless fundraising, the ICO cannot legally be borderless. We will consider below the impact of the States’ assertion of prescriptive jurisdiction in securities regulations by examining how the three tests – the conduct test, the effects test and the transactional test - may be applied in the ICO.

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11) Securities and Exchange Commission, “Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO” Release No. 81207 (July, 2017).

12) 328 U.S. 293 (1946).

13) Jay Clayton, “Statement on Cryptocurrencies and Initial Coin Offerings” (December, 2017).

14) FINMA (Swiss Financial Market Supervisory Authority), “Guidelines for enquiries regarding the regulatory framework for initial coin offerings (ICOs)” 16 February 2018.

## 1. Conduct test

As noted earlier in this article, under the conduct test, a solicitation of investment would be subject to the regulations of the State where the conduct of solicitation takes place. In the ICO, investment is often solicited online using, for example, social media, chat rooms, and bulletin boards. But applying the conduct test to the ICO would not give rise to difficulty because the conduct of posting messages takes place in the real, physical world and hence can be localized in a specific State.

The possibility that States may assert prescriptive jurisdiction under the conduct test led the enterprises wishing to raise funds through the ICO to locate themselves in the States whose regulations were perceived to be hospitable.<sup>15)</sup> One of such States is Malta whose legislation, the Virtual Financial Assets Act 2018, is applicable under the conduct test, as so indicated by the following provision (Emphasis added):

3. (1) No issuer shall offer a virtual financial asset to the public in or *from within* Malta  
... unless such issuer draws up a whitepaper which ...

## 2. Effects test

As noted earlier in this article, under the effects test, a solicitation of investment would be subject to the regulations of the State where the investors receive the solicitation. Where the Internet is used to make a cross-border solicitation, the effects of the solicitation may be considered to occur in the United States unless procedures “reasonably designed to guard against sales to U.S. persons”<sup>16)</sup> are implemented.

In those respects, the ICO would be no different from the traditional type of securities. Thus, in the seminal DAO report,<sup>17)</sup> the SEC noted, “[d]uring the Offering Period, The DAO offered and sold DAO Tokens in exchange for ETH through The DAO Website, which was

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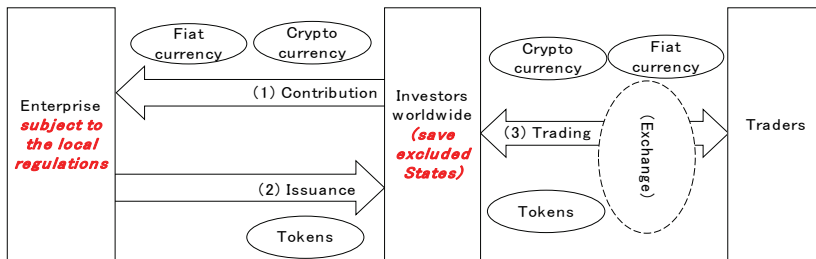
15) For example, a group company of the Korean company Hyundai organized an ICO in 2017 in cooperation with Hdac, a Swiss based company.

16) International Series Release No. 1125 (1998), *supra* note 9.

17) Release No. 81207, *supra* note 11.

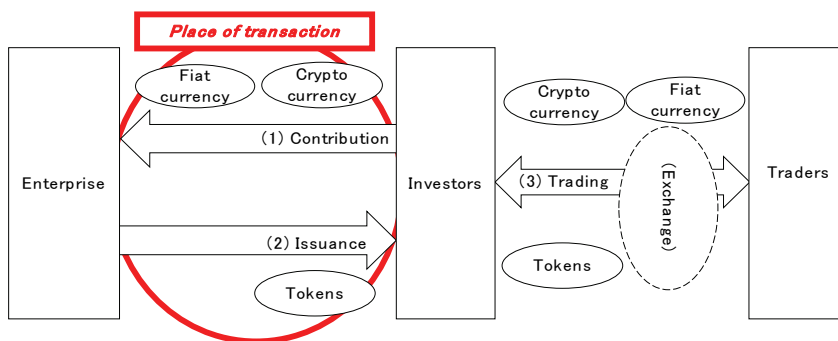
publicly-accessible, including to individuals in the United States.” This statement has led some ICO token issuers to block U.S.-based IP addresses<sup>18)</sup> from accessing their web page<sup>19)</sup> in order to avoid being captured by the U.S. regulations.

### Not legally borderless



### 3. Transactional test

As noted earlier in this article, under the transactional test, a solicitation of investment would be subject to the regulations of the State where the transaction induced by the solicitation takes place. The application of this test to the ICO would give rise to difficulty because the ICO tokens are issued and traded on a borderless network, which makes it difficult to localize the place of transaction in a specific State.



18) These are the numbers allocated to the devices connected to the Internet.

19) e.g. the ICO by block.one, as noted in the Securities and Exchange Commission, “Order Instituting Cease-And-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-And-Desist Order” Administrative Release No. 10714 (September 30, 2019).

This difficulty surfaced in the case of *Re Tezos*.<sup>20)</sup> In this case, the plaintiff, a resident of Illinois, who had contributed the cryptocurrency Ether in an ICO scheme brought a class action lawsuit against the defendants who had orchestrated the ICO, alleging the violation of the Securities Exchange Act 1934.

It was stated in the contribution terms that the creation and allocation of the ICO tokens in this case was considered to be executed in the Channel Islands. The Federal District Court of California, however, denied the significance of the contribution terms. This portion of the judgement seems well founded since the applicability of regulations ought not to be determined by the regulated actors by way of fixing the terms.

Seeking to identify the actual place of transaction, the court asked itself, “where does an unregistered security, purchased ... and recorded ‘on the blockchain,’ actually take place?”. It took into consideration various factors and found that the transaction took place in the United States. These included the use of a website hosted on a server in Arizona and run in California, the fact that marketing was mainly targeted at the U.S. residents and the fact that the nodes validating the contribution of Ethers were clustered densely in the United States. Whether all these factors are truly relevant to determining the place of transaction is doubtful but they underscore the difficulty of applying the transactional test to the ICO.

This judgement also demonstrated the breadth of the U.S. prescriptive jurisdiction. The ICO in this case was overseen by a Swiss foundation which also had control of the proceeds. Though this factor could have disturbed the conclusion that the place of transaction was in the United States, the court paid no regard to them. Among the factors taken into consideration was the presence in the United States of a large cluster of the nodes of Ethereum, the most popular blockchain network for issuing ICO tokens. If this factor is given weight, the place of transaction of many other ICOs would also be found to be in the United States.

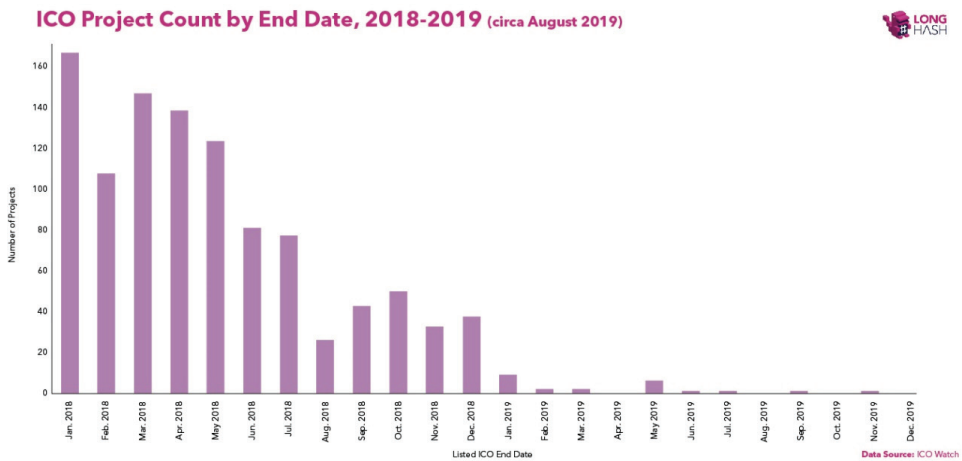
## VIII. Shrinking ICO

The fragmentation of regulatory regimes<sup>21)</sup> has deprived the ICO of its capability to

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20) In *Re Tezos* (2018 WL 4293341), the U.S. District Court for the Northern District of California.

seamlessly raise funds from around the world, which was initially a major appeal of the ICO. In addition, the uncertainty as to, and apparent breadth of, the U.S. jurisdiction to prescribe its regulations under the transactional test would have had a chilling effect. All this must have contributed to the massive decline in the number of ICOs witnessed in the years 2018-2019.



### IX. The last straw?

In the circumstances, the SEC’s Release issued in September 2019<sup>22)</sup> may become the last straw on the ICO’s back. Finding that Block.one, a Cayman Islands-registered company, had violated the U.S. Securities Act 1933, the SEC stated:

“10. Block.one launched the EOS.IO Website ... Block.one subsequently sold and distributed the ERC-20 Tokens directly through the EOS.IO Website in exchange for Ether. The EOS.IO Website included certain measures intended to block U.S.-based purchasers from

21) For a proposal to overhaul the global regulatory regime, see Matthias Lehmann, “Global Rules for a Global Market Place? – The Regulation and Supervision of FinTech Providers” (forthcoming in (2019) 37 Boston University International Law Journal).

22) Administrative Release No. 10714, *supra* note 19.

buying ERC-20 Tokens, including by blocking U.S.-based IP addresses from accessing the EOS.IO Website token sale page. In addition, Block.one required all ERC-20 Token purchasers to agree to the Token Purchase Agreement, which included provisions that U.S. persons were prohibited from purchasing ERC-20 Tokens, and that any purchase by a U.S. person was unlawful and rendered the purchase agreement null and void. Block.one did not, however, ascertain from purchasers whether they were in fact U.S.-based persons, and a number of U.S.-based persons purchased ERC-20 Tokens directly through the EOS.IO Website.”

On that finding, the SEC concluded that neither blocking the U.S.-based IP addresses<sup>23)</sup> nor excluding the U.S.-based investors in the contribution terms was sufficient to insulate the ICO from the U.S. regulations. In this way, the SEC has set a high hurdle to carve out the U.S.-based investors: it would now be necessary to check individually where each investor is based. Consequently, the approach of maintaining the worldwide scope of fundraising while only excluding the U.S.-based investors has become much less viable.

## X. Shift to the STO

A way forward in these circumstances would be the STO (security token offering), an approach which targets the investors of a specific State with a conscious effort to comply with the regulations of that State. This is opposite to the approach of the ICO, which is to target the investors worldwide save specific States. Since the STO is not a borderless fundraising, it is in that sense no different from the fundraising with traditional securities. The STO, however, has its distinct appeal. Owing to the use of blockchain, the enterprises would enjoy the saving of time and costs for issuing and managing securities and the investors would benefit from the ease of access to a liquid market around the clock.

In the Release of September 2019,<sup>24)</sup> the SEC made another remark which may accelerate the shift to the STO. To fortify the justification for applying the U.S. regulations to the

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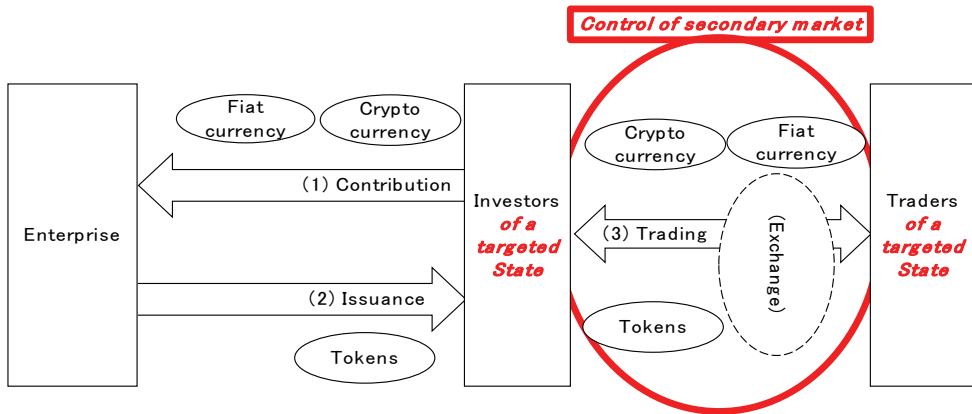
23) An IP address can be faked with the use of the VPN (Virtual Private Network), a method of constructing a private network on the Internet by means of encryption.

24) Administrative Release No. 10714, *supra* note 19.

Block.one’s ICO, the SEC stated:

“12. ... Block.one did not take any steps to prevent the ERC-20 Tokens from being immediately resellable to U.S.-based purchasers in secondary market trades.”

## STO



This remark may be taken to require an effective control of distribution on the secondary market. Curbing the possible flowback to the U.S. market in the secondary trading has long been a regulatory concern with the traditional securities.<sup>25)</sup> The blockchain technology, which has made it possible to issue programable tokens, has opened the door to an effective control of distribution on the secondary market. It is interesting in this respect that some STO standards are being developed,<sup>26)</sup> which may make such control possible.

## XI. Shift to the IEO

The IEO (Initial Exchange Offering) differs from the typical ICO in that the tokens are issued on an exchange rather than to the investors directly. Like the traditional securities

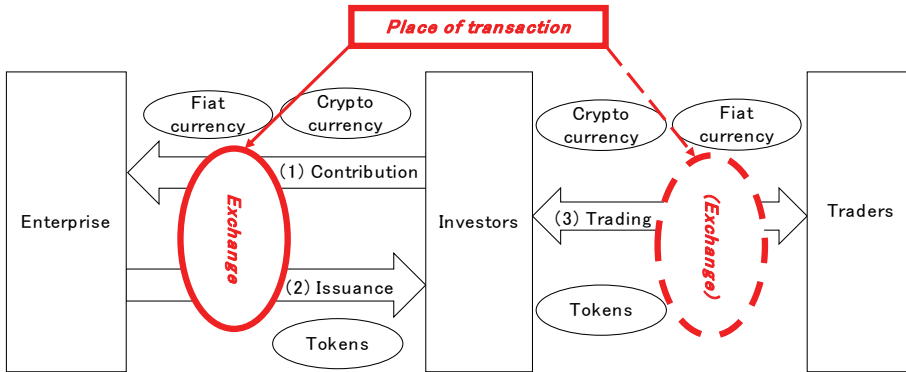
25) As reflected in the conditions set out in Section 903(b) of the Regulation S, *supra* note 4.

26) e.g. ERC 1400 (an umbrella standard) and ERC 884 (for compliance with the Delaware regulations).

in the IPO (Initial Public Offering), the tokens in the IEO would be vetted by the exchange. The secondary trading could be either on an exchange or on a peer-to-peer basis. The IEO is not a mutually exclusive concept to the STO and may be combined with the latter.

The merit of the IEO from the viewpoint of prescriptive jurisdiction is that it would introduce clarity on how the transactional test would be applied. As seen above, identifying the place of transaction is difficult in the ICO where the tokens are issued directly to the investors. Where, on the other hand, the tokens are issued on an exchange, it would be easy to identify the place of transaction. According to the SEC,<sup>27)</sup> an online platform trading tokens must be registered as a national securities exchange or an ATS (Alternative Trading System). It follows that the IEO tokens issued on a U.S. registered exchange would be subject to the U.S. regulations under the transactional test.

### IEO and transactional test



### XII. Postscript

In this article, we have focused on the regulatory aspects of the ICO, the STO and the IEO. For these new forms of fundraising to blossom, it is also necessary to clarify their

27) Securities and Exchange Commission (Divisions of Enforcement and Trading and Markets), “Statement on Potentially Unlawful Online Platforms for Trading Digital Assets” (2018).



private-law aspects. In particular, the question of who is the rightful holder of the blockchain-based tokens would need to be addressed<sup>28)</sup> where, for example, the tokens have been stolen by hacking.

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28) See e.g. Koji Takahashi, “Implications of Blockchain Technology for the UNCITRAL Works” in the United Nations Commission on International Trade Law (ed.) *Modernizing International Trade Law to Support Innovation and Sustainable Development* (2017) 81, 87.

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[ Abstract ]

## **Prescriptive Jurisdiction in Securities Regulations: Transformation from the ICO (Initial Coin Offering) to the STO (Security Token Offering) and the IEO (Initial Exchange Offering)**

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This article examines how the ICO (Initial Coin Offering) has been impacted by the States' assertion of prescriptive jurisdiction in securities regulations and analyze the STO (Security Token Offering) and the IEO (Initial Exchange Offering) as alternatives to the ICO. The analysis begins with examining the principles underpinning prescriptive jurisdiction such as, in particular, the territoriality principle. It then proceeds to examine the three tests - the conduct test, the effects test and the transactional test - which support the operation of the territoriality principle. Attention is then turned to the impact of the Internet which has facilitated cross-border fundraising. An analysis is given to the way the effects test is interpreted where the Internet is used for the solicitation of investment. More recently, the blockchain technology has given birth to the ICO. It has enabled borderless fundraising, a feature which contributed to the initial popularity of the ICO. While the ICO is technologically borderless, it is legally not so. To illustrate the point, the article examines the way the aforementioned three tests are to be applied in the ICO. With its borderless feature undermined by the fragmented regulatory regimes, the ICO has lately lost popularity. The article concludes by examining the STO and the IEO to see how they differ from the ICO and fit better with the fragmented regulatory regimes.

[Key Words] prescriptive jurisdiction, securities regulation, personality principle, territoriality principle, conduct test, effects test, transactional test, Morrison v. National Australia Bank, blockchain, SEC v. W.J. Howey, ICO (Initial Coin Offering), STO (Security Token Offering), IEO (Initial Exchange Offering)

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