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Rob Murphy Talks to *The Lawyer's Daily* About Concerns over the CSA's "Regulatory Sandbox"

In an [article](#) published in *The Lawyer's Daily*, Davies partner [Rob Murphy](#) discusses concerns surrounding the decisions to grant exemptive relief to Montréal-based Impak Finance Inc. and Toronto-based TokenFunder Inc. to allow them to launch initial coin offerings (ICOs). The exemptions were granted under the Canadian Securities Administrators' (CSA's) "regulatory sandbox" initiative, which is meant to help fintech projects launch innovative products, services and applications in Canada.

Rob pointed out that the lack of transparency in the "regulatory sandbox" approach makes it unclear whether investor protection took precedence over facilitating growth of this emerging sector. He added that the lack of transparency could be addressed with additional guidance from provincial regulators on when a token will be considered a security and therefore subject to prospectus requirements.

On the fact that the Impak and TokenFunder decisions provide only limited guidance on how utility tokens will be treated by securities regulators, Rob remarked, "It's very difficult to take trends or draw principles from very limited decisions in this regard. It's difficult to assess how it should be used as a tool or how it should be used as guidance for further people who want to approach the sandbox."