

The end of the boom

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The ICO boom ended in 2018, when the prices of crypto-assets fell sharply from their peak in December 2017 and many of the projects that had raised money in the boom failed to deliver the products they had promised. Regulators around the world took action against fraudulent offerings, with the Securities and Exchange Commission of the United States making clear that many tokens sold in ICOs were securities under American law.¹ In Switzerland, FINMA published its guidelines on ICOs in February 2018, described in Chapter II, which set out how the Swiss financial market laws applied to token sales.

For Zug, the end of the boom was a test in which some of the projects that had established themselves in the canton disappeared and the reputation of the ICO model suffered. The core of the ecosystem survived, however, strengthened by the arrival of regulation, which distinguished serious projects from speculative ones. The transition from the boom of 2017 to the regulated industry of the following years is the subject of Chapter II.

1 Notes

1. US Securities and Exchange Commission, press release 2017-131 "SEC Issues Investigative Report Concluding DAO Tokens, a Digital Asset, Were Securities", 25 July 2017, [sec.gov](https://www.sec.gov/press/2017/2017131.htm): sponsors of offerings conducted through distributed ledger or blockchain technology must comply with the securities laws. The individual enforcement actions of 2018 remain to be cited. ↩

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