

ANNOUNCEMENT WARNING TO INVESTORS ON TRADING IN VIRTUAL CURRENCIES¹

Following the [Announcement](#) issued by the Cyprus Securities and Exchange Commission ('CySEC') on 18 March 2014, regarding the risks associated when buying, holding, exchanging or trading on virtual currencies, CySEC is warning again investors regarding this matter.

Trading on virtual currencies or on contract for differences ('CFDs') relating to virtual currencies is not suitable for all investors. These products are highly complex and as such investors must always make sure that are fully aware and understand the specific characteristics and risks regarding the trading on virtual currencies and/or trading on CFDs in relation to virtual currencies, including the risks of the venues on which such virtual currencies may be traded on.

Importantly there are no specific EU regulatory provisions that would protect existing and/or potential investors who trade on these products.

Trading on such products therefore comes with a high risk of losing all your invested capital. Also, the trading prices of virtual currencies and CFDs based on those values can widely fluctuate or become temporarily or permanently unavailable, therefore investors should trade carefully and only with funds that they can afford to lose.

As with any high-risk investment, investors should be careful where the following practices take place (e.g. if they spot any of the following potential warning signs):

- "Guaranteed" high investment returns, with little or no risk.
- Unsolicited offers (without providing full analysis of the risks involved).
- Sounds too good to be true, as investments providing higher returns typically involve more (high) risks.
- Sales practices characterised by direct or indirect pressure or promises to actual or potential investors to trade in such products).

In addition to the above investors should be conscious of the risks² associated with Initial Coin Offerings (ICOs) if they wish to buy digital tokens/cryptocurrencies through ICOs.

Investors should invest in an ICO project if they have the necessary experience and knowledge, are confident of the quality of the ICO project itself and are prepared to lose their entire funds.

Investors who decide to trade with Cyprus Investment Firms (CIFs) on the above, should be aware of CySEC's [Circular C244](#) on the matter.

Nicosia, 13 October 2017

¹ It includes **cryptocurrencies**.

² Included but not limited to, unregulated project, no investor protection, price volatility and potential fraud.