



## INTERNATIONAL FINANCIAL SERVICES COMMISSION

### PUBLIC STATEMENT

### VIRTUAL CURRENCY (CRYPTOCURRENCY)

The International Financial Services Commission (“the IFSC”) is concerned that numerous promoters of virtual currencies such as cryptocurrencies<sup>1</sup> and cryptocurrency exchanges may be holding themselves out as authorised by the IFSC to provide, carry on, transact, or offer trading services in virtual currencies in or from within Belize. As most promoters and operators of virtual currency trading platforms, who may be unlawfully presenting themselves as authorised by the IFSC to carry on these activities, may not be a Belize entity and/or do not have a physical presence in Belize, it would be difficult to verify their authenticity or credibility. Therefore, IFSC advises the public to act with extreme caution and understand the substantial risks they take on if they choose to invest in virtual currencies and in dealing with cryptocurrency exchanges.

The global regulatory landscape with respect to the virtual currencies remains unsettled and, as in most jurisdictions, the IFSC does not regulate or license trading in virtual currencies. Therefore, the public will have no regulatory recourse or safeguard for losses as a result of investments in virtual currencies and will not be able to rely on any protection afforded under legislation administered by IFSC. In this respect, the IFSC has written to its licensees, where it discovers that they may be holding themselves out as authorised by the IFSC to provide, carry on, transact, or offer trading services in virtual currencies in or from within Belize to cease and desist from making such misrepresentations.

The IFSC reminds the public that virtual currencies are not legal tender. They are not issued by any government and are not backed by any asset or issuer. Therefore, investors in virtual currencies should be aware that they run the risk of losing all their capital. There is greater risk of fraud when investors deal with entities whose backgrounds and operations cannot be easily verified, operate online, and may not be regulated.

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<sup>1</sup> A cryptocurrency is a form of digital token secured by cryptography and typically used as a medium of exchange, a unit of account or a store of value. Examples of cryptocurrencies include Bitcoin, Ether and Litecoin.

Virtual currency transactions are generally anonymous and largely untraceable, which makes them susceptible to abuse by criminals and may be misused for unlawful activities, especially in money laundering and financing of terrorism. If a cryptocurrency intermediary is found to have used virtual currencies illegally, its operations could be shut down by law enforcement agencies.

If you suspect that an investment involving virtual currencies could be fraudulent, misused for other unlawful activities, or being offered contrary to the law you should report such cases to the Police or relevant law enforcement authority in the jurisdiction in which you reside.

**International Financial Services Commission of Belize**

**14<sup>th</sup> February 2019**