



January 22, 2018

Joint Public Advisory on Virtual Currency by the Central Bank of Trinidad and Tobago, the Trinidad and Tobago Securities and Exchange Commission and the Financial Intelligence Unit of Trinidad and Tobago

The Central Bank of Trinidad and Tobago, the Trinidad and Tobago Securities and Exchange Commission and the Financial Intelligence Unit of Trinidad and Tobago, (collectively referred to as “Regulatory Authorities” or “Authorities”) wish to advise members of the public who are investing in, or otherwise conducting transactions in virtual currencies, of the potential associated risks. While it is recognised that investing in virtual currencies can promise high returns and other benefits such as lower transaction costs and processing times, the Regulatory Authorities wish to advise members of the public of the following risks associated with their use:-

1. Virtual currency is a digital representation of value that can be digitally traded and functions as a medium of exchange within a specified online community, but does not have legal tender status in Trinidad and Tobago and in most other jurisdictions;
2. Providers of virtual currencies are neither regulated nor supervised by the Authorities at present and there are currently no legislative provisions under the Authorities’ purview that provide protection to consumers for losses arising from the use of virtual currencies. In addition, unregulated virtual currency companies may lack appropriate internal controls and may be more susceptible to fraud and theft than regulated financial institutions;
3. Transactions involving virtual currencies are subject to a high degree of anonymity. As such, there is the potential for misuse of virtual currency to conduct criminal activity, including money laundering or terrorism financing; and
4. Virtual currencies tend to be volatile and their value can fluctuate significantly. The high volatility of virtual currencies may make them unsuitable for most investors, especially those investing for long-term goals or retirement.

Further, the Authorities note with concern the emergence of schemes purported to be virtual currencies that promise high returns when members purchase tokens and recruit others to join/invest. We advise members of the public to be cautious of such schemes and conduct appropriate due diligence as these may be Ponzi¹ schemes in disguise.

The Authorities shall continue to monitor activities involving the use of virtual currencies and advise the public accordingly.

¹ A Ponzi scheme is a form of fraud which lures investors and pays profits to earlier investors by using funds obtained from more recent investors.