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AMF cautions investors, issuers and sponsors Initial cryptocurrency or token offerings

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Montréal, January 15, 2018 – The *Autorité des marchés financiers* (the "AMF") is cautioning investors about the risks associated with initial cryptocurrency or token offerings, more commonly known as "initial coin offerings" (ICOs), and is reminding issuers and sponsors of their obligations under securities laws.

Warning for investors

ICOs are limited-time offerings over the Internet of digital "assets"—cryptocurrencies or tokens—the use and eventual value of which are intrinsically tied to projects that, in many cases, are only at an early stage.

Despite their growing popularity, cryptocurrencies and ICOs remain speculative, high-risk investments. Investors who are attracted to this type of market should make sure they fully understand how cryptocurrencies and ICOs work, know the many types of [risk](#) involved and are prepared to potentially lose the entire value of their investment.

"From the promising future of blockchain technology to the volatility of Bitcoin, so much has been said about cryptocurrencies that consumers are finding them increasingly difficult to understand," said Jean-François Fortin, Executive Director, AMF Enforcement. "If there's one thing to keep in mind, it's that if you're offered "guaranteed" profits, promised quick, high returns or rushed into making a decision, you're most probably dealing with a fraudulent scheme or, at best, an excessively risky investment."

Warning for issuers and sponsors

Many ICOs, despite claims to the contrary, involve sales of securities. Businesses that plan on issuing cryptocurrencies or tokens must understand and meet their obligations under securities laws. In particular, issuers and sponsors could be subject to prospectus and registration requirements.

To help them avoid legal proceedings, sanctions and other costly surprises, the AMF recommends that businesses considering an ICO identify their legal obligations, particularly by reading [CSA Staff Notice 46-307 - Cryptocurrency Offerings \(pdf - 122 KB\)](#) [↗](#) and forwarding their questions to fintech@lautorite.qc.ca.

The *Autorité des marchés financiers* is the regulatory and oversight body for Québec's financial sector.

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