



## Alert on Initial Coin Offerings

### Information Notice December 2017

Consumers are alerted to the high risks associated with Initial Coin Offerings.

An Initial Coin Offering or “ICO” refers to a new means of raising money from the public, using so-called “coins” or “tokens”. These coins or tokens are issued in exchange for traditional currencies, such as the euro, or more often, virtual currencies e.g. Bitcoin or Ether.

ICO campaigns are conducted online, using the internet and social media.

Investors should be aware that they are exposed to the following risks when investing in ICOs:

Unregulated activity, vulnerable to fraud or illicit activities

High risk of losing all invested capital

Lack of exit options and extreme price volatility

Inadequate information

Flaws in the technology

European national supervisory authorities, including the Central Bank, contributed to the production of the ESMA statement, which was published on 13 November 2017.

#### See also:

[European Banking Authority Warning to Consumers on Virtual Currencies](#)

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