



MAS cautions against investments in cryptocurrencies

Singapore, 19 December 2017... The Monetary Authority of Singapore advises the public to act with extreme caution and understand the significant risks they take on if they choose to invest in cryptocurrencies¹. MAS is concerned that members of the public may be attracted to invest in cryptocurrencies, such as Bitcoin, due to the recent escalation in their prices.

- 2 MAS reminds the public that cryptocurrencies are not legal tender. They are not issued by any government and are not backed by any asset or issuer.
- 3 MAS considers the recent surge in the prices of cryptocurrencies to be driven by speculation. The risk of a sharp reduction in prices is high. Investors in cryptocurrencies should be aware that they run the risk of losing all their capital.
- 4 There is no regulatory safeguard for investments in cryptocurrencies. As in most jurisdictions, MAS does not regulate cryptocurrencies. Nor do MAS regulations extend to the safety and soundness of cryptocurrency intermediaries or the proper processing of cryptocurrency transactions.
- 5 As most operators of platforms on which cryptocurrencies are traded do not have a presence in Singapore, it would be difficult to verify their authenticity or credibility. There is greater risk of fraud when investors deal with entities whose backgrounds and operations cannot be easily verified.
- 6 Cryptocurrency transactions are generally anonymous, which makes them vulnerable to being misused for unlawful activities. If a cryptocurrency intermediary is found to have used cryptocurrencies illegally, its operations could be shut down by law enforcement agencies. There is also a risk of loss should the cryptocurrency intermediary be hacked, as it may not have sufficiently robust security features².
- 7 Members of the public who lose money from investing in cryptocurrencies will not be able to rely on any protection afforded under legislation administered by MAS. Before investing in cryptocurrencies, members of the public should carefully consider the claims being made about the products being offered – if the touted ease of making significant profits sounds too good to be true, it probably is. Investors should carefully assess whether an investment in cryptocurrencies is suitable for their investment objectives and risk appetite.
- 8 Members of the public who suspect that an investment involving cryptocurrencies could be fraudulent or misused for other unlawful activities, should report such cases to the Police.
- 9 For more information on cryptocurrencies and cryptocurrency investments, please refer to MoneySENSE's consumer alerts.

¹ 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.

² For example, in February 2014, Bitcoin exchange Mt. Gox lost 850,000 Bitcoins (valued at more than US\$450 million at the time) which Mt. Gox had blamed on hackers.