



TURKISH REPUBLIC OF NORTHERN CYPRUS

CENTRAL BANK

HEAD OFFICE

Nicosia - TRNC

Date: December 25, 2019

**JOINT PRESS STATEMENT BY THE TRNC MINISTRY OF FINANCE
AND CENTRAL BANK OF THE TRNC ON VIRTUAL CURRENCY**

In our country, there have been advertisements published on the buying and selling of virtual currency in various business places in recent days. It would be beneficial to remind the public about the possible risks of virtual currencies to prevent any victimization of our citizens.

Virtual currency (Bitcoin, Ethereum, XRP, etc.) is an instrument, which is not officially issued or guaranteed by any Central Bank, a similar public authority or private institution, not affiliated to officially issued currencies, and does not have all the attributes of real or official currency. However, it can be accepted as a means of payment by natural and legal persons.

The identities of the parties are confidential in the transactions carried out with virtual currencies, so this establishes a ground for the use of such virtual currencies in illegal activities.

They are also vulnerable to risks arising from operational errors or misuse of virtual currency traders. Moreover, virtual currencies carry other risks including their excessive volatility in market value, online currency theft from digital wallets, the loss or misuse of their owners' confidential information, as well as being subject to irreversible transactions. The transactions carried out within this scope are not guaranteed by any official authority and may constitute a basis for fraud.

Some business models or investments based on virtual money are advertised both in the physical media and on the internet as profit-making entities, and such advertisements exploit the lack of information and cause significant material losses. It is of utmost importance that our citizens consider the fact that they may suffer material losses arising from the transactions made with virtual currency in digital environments where such transactions are not



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under the control of any official authority and that there is no legal regulation and authority to compensate for such losses.

In this respect, those who perform transactions by using virtual currencies should be careful not to suffer from any losses and they should be aware that when dealing with virtual currencies, they may be subjected to tax liabilities and the potential risks mentioned above.

Respectfully announced to the public.

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