

Cryptocurrency: EU Warns While Spain Warms

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In a statement released on February 12, 2018, the European Supervisory Authorities ("ESAs") for securities, banking, and insurance and pensions issued a warning to EU consumers outlining the risks involved with buying cryptocurrencies. Despite this warning, only two days later on February 14, 2018, it was reported that the Spanish government is in the process of establishing a comprehensive legal regime to encourage and foster the growth of the cryptocurrency and ICO markets in Spain.

The ESAs issued their warning as they are concerned that purchasers are not fully aware of the risks involved with cryptocurrencies, which they identified as:

- Extreme volatility and bubble risk
- Absence of specific protections or regulation under EU law
- Lack of exit options and price transparency
- Operational disruptions
- Misleading information with respect to, and unsuitability for investment and savings purposes of, cryptocurrencies

Meanwhile, in an attempt to attract technology companies and investors, the governing party in Spain was reported to be considering comprehensive cryptocurrency legislation. The party was reported to be promoting a motion to call in experts in blockchain to testify in parliament as well as analyze plans in other countries that are at a more advanced stage, such as Crypto Valley in Switzerland. The legislation could include tax breaks for companies and individual cryptocurrency investors, a framework governing initial coin offerings, and de minimus thresholds for reporting cryptocurrency investments to the regulator.

We Can Help

For more information about how Cassels Brock can assist with your business, please contact Greg Hogan, Michael Weizel or another member of our firm's cross-disciplinary Emerging Companies Group.

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