



Consob and Bank of Italy warn against risks inherent in crypto-assets

Consob and the Bank of Italy call the attention of the community, and in particular of small savers, to the high risks associated with operations in *crypto-assets* which can determine the total loss of the sums which have been invested.

The warning notice, subsequent to other initiatives of this kind already taken in the past¹, has been made appropriate by the imminent definition of a unitary regulatory framework in the European context.

In recent times, the three European supervisory authorities, Eba, Esma and Eiopa, making reference to their warning of 2018, have reiterated the highly risky and speculative nature of crypto-assets, warning consumers to pay attention to the high risks associated with their purchase and/or possession².

For some time now, at European and international level, a growing interest on the market of crypto-assets, such as Bitcoin for example, has been registered.

Due to the absence of a reference regulatory framework, operations in crypto-assets entail various kinds of risks, including: the lack of information on methods for the determination of the prices; the volatility of the prices; the complexity of the underlying technologies; the absence of legal and contractual protections, information obligations on the part of operators and specific forms of supervision on these operators, as well as of rules to safeguard the invested capital. The risk of losses due to malfunctions, hacking attacks or loss of ID access to electronic wallets is also noted.

These risks now take on greater significance with reference to the spread of offers which are carried out through digital channels, facilitating the purchase of crypto-assets by a very wide range of subjects.

¹ <https://www.bancaditalia.it/compiti/vigilanza/avvisi-pub/avvertenza-valute-virtuali-2018/index.html>
<https://www.bancaditalia.it/compiti/vigilanza/avvisi-pub/avvertenza-valute-virtuali/index.html>

² <https://www.eba.europa.eu/financial-innovation-and-fintech/publications-on-financial-innovation/crypto-assets-esas-remind-consumers-about-risks>

The European Commission recently formulated a regulatory proposal to manage the issuance, the offer to the public, the provision of services and the fight against market abuse in relation to the different types of crypto-assets. The proposal has the purpose of defining a reliable legal framework for these instruments as well as ensuring the integrity of the market and adequate levels of protection for consumers and savers. The process for the approval of the regulatory proposal is still underway.

At the moment, therefore, the purchase of crypto-assets is not subject to the rules on the transparency of banking products and investment services and continues to lack specific forms of protection; in particular, these activities are not subject to any form of supervision or control by the supervisory Authorities.

Consequently, the adherence itself to offers of financial products related to crypto-assets, such as the so-called *digital token* is a highly risky investment, all the more so if, as often found, these offers are made by operators which are abusive, unauthorized, unregulated and unsupervised by any Authority.

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