



CENTRAL BANK OF SOMALIA

Public Notice: Caution on Virtual Assets

The Central Bank of Somalia (CBS) issues this advisory to inform and warn the public about the risks associated with virtual assets such as Bitcoin, Stablecoins and other cryptocurrencies. These digital currencies are not recognised as legal tender in Somalia, and no financial institution in the country is currently licensed to conduct activities and operations relating to exchange, transfer, payment, investment, or any other services using virtual assets.

Key Risks:

1. Lack of Regulation and Legal Protection:

- Virtual assets operate in largely unregulated environments internationally.
- There are no virtual assets service providers licensed in Somalia.
- Consumers may face the risk of losing all their investments without legal recourse if the platforms facilitating these transactions fail.

2. Susceptibility to Criminal Activity:

- The anonymity and untraceable nature of virtual asset transactions make them attractive for illicit activities, including money laundering and financing of terrorism.

3. High Volatility:

- The value of virtual assets is highly speculative and can fluctuate significantly.
- This volatility exposes users to substantial financial losses.

4. Absence of Asset Backing:

- Virtual assets are not backed by any tangible assets or governmental guarantees.
- In the event of a market crash or platform failure, users have no recourse to recover their funds.

Advisory to the Public:

Given these significant risks, CBS strongly advises the public to avoid investing or trading in virtual assets. The public should exercise extreme caution and remain aware that these digital currencies are not recognized as legal tender in Somalia, nor are they protected under existing financial regulations.