

**OFFICIAL PRESS RELEASE**

15 June 2021

General Public Awareness on Legal Tender, External Reserves, and Investment on Bitcoin

It has come to the attention of The National Reserve Bank of Tonga that there are social media posts and mainstream media articles relating to Bitcoin potentially becoming a legal tender in the Kingdom of Tonga and/or alluded to the utilisation of the country's foreign exchange reserves to buy/invest in cryptocurrency/crypto-assets such as Bitcoin.

The National Reserve Bank of Tonga wishes to advise the public that the sole responsibility to issue currencies or legal tenders in the Kingdom of Tonga rests with the National Reserve Bank of Tonga as per section 22 of the National Reserve Bank of Tonga (NRBT) Act. No other person can issue currency or any document or tokens payable to the bearer on demand having the appearance of or purporting to be currency.

Consideration of a Central Bank Digital Currency is still at its very exploratory phase to determine whether it is suitable to be introduced in a small island economy like Tonga. The National Reserve Bank of Tonga is also responsible for managing the country's foreign exchange reserves and ensuring that these reserves are held in High-Quality Assets with low credit risk, and due regard is to be given to the ratings applied to such assets by internationally recognised credit rating agencies as per section 30(1) and 30(2) of the NRBT Act respectively. Any investment of the country's external reserves on any cryptocurrency is therefore highly unlikely, given its volatility and more importantly, it does not meet the minimum requirements for 'high-quality assets' and low credit risks.

Investment companies are classified as non-bank financial institutions and are under the functions of the National Reserve Bank of Tonga to regulate and supervise them under section 4A (k) of the National Reserve Bank of Tonga Act. If any person or entity in Tonga engages in the business of offering crypto-assets such as Bitcoin for investment in Tonga, then they should be licensed under relevant authorities to conduct such a business in the Kingdom of Tonga.

The National Reserve Bank of Tonga warns the general public that **NO** business license has been issued to a business in Tonga to offer crypto-assets, such as Bitcoin. Any investment in Bitcoin or any crypto-assets available online or offshore is an individual financial decision and it will be at your own risk.

For further details, please contact:

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