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# What you need to know about cryptocurrency

It sounds like something out of The Jetsons! But it appears that cryptocurrency is here to stay, so it would be good to know what it is and how it works.

Cryptocurrency is a type of digital payment that can be used online to buy certain products and services. Many companies have created their own currencies (called tokens). There are more than 4,000 cryptocurrencies available, but the most well-known cryptocurrency “brand” is Bitcoin.

To use any cryptocurrency, you have to buy it to exchange for the product or service you want to purchase. It’s like an intangible poker chip. Cryptocurrencies work using a relatively new technology called blockchain, a decentralized ‘digital public ledger’ that manages and records digital transactions. Blockchain provides an extremely high level of transaction and data security, although it is by no means foolproof.

To buy cryptocurrencies, you must download an app so you have a “digital wallet” to actually hold and store the currency. There are also online trading exchanges to create your wallet to buy and sell, in addition to hardware wallets which plug in to your computer via USB. Cryptocurrencies can go up or down in value, so they are an investment as well as a form of currency. To turn a profit, cryptocurrency has to sell for more than what you paid for it, like any other investment. Some can be purchased with credit cards, bank transfers, even actual money, but others require that you use digital tokens.

An Initial Coin Offering (ICO) is the cryptocurrency version of an Initial Public Offering (IPO). If you’re looking to buy a cryptocurrency in an ICO, there are a few things to look out for:

- Does the cryptocurrency you are looking into already exist, or is the company looking for investments to develop their product?
- Will you own part of the company or just the tokens themselves?
- Are well-known successful investors or owners involved?

The company’s prospectus will provide a plethora of useful information to help inform your decision whether to go all-in, wait, or not to invest at all. As Bob Dylan said, “The times they are a changin’.” And the way we spend and invest is changing along with the times. It is up to us to stay current and informed.

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