



Citation: 2022 BCSECCOM 445

## Notice of Hearing

### LiquiTrade Ltd.

#### Section 161 of the *Securities Act*, RSBC 1996, c. 418

- ¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing (Hearing) at which the Executive Director will tender evidence, make submissions and apply for orders against LiquiTrade Ltd. (the Respondent) under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

#### Summary

1. LiquiTrade Ltd. (LiquiTrade) operates a crypto trading platform known as LATOKEN, accessible online at [www.latoken.com](http://www.latoken.com) (the Platform).
2. British Columbia residents can register wallets on the Platform and trade in crypto assets without restriction.
3. By operating the Platform, LiquiTrade:
  - (a) trades in derivatives without being registered to do so, and
  - (b) carries on business as an exchange in British Columbia that is not recognized by the Commission.

#### Background

4. LiquiTrade is a corporation incorporated in the Cayman Islands.
5. LiquiTrade has operated the Platform since March 31, 2020.
6. LiquiTrade has never been registered or recognized under the Act in any capacity.

#### The Platform

7. The Platform is an online crypto exchange that purports to have more than 1,500,000 registered users, over 240 crypto assets available for trading, and a daily turnover of more than \$300 million USD.
8. Users can deposit crypto assets or fiat assets into a wallet on the Platform, and use those crypto assets or fiat assets for trading on the Platform.
9. Users do not have possession or control of the crypto assets deposited or traded on the Platform, and LiquiTrade does not have an obligation to make immediate delivery of crypto assets to users.



10. The interests in crypto assets traded on the Platform are derivatives.

### **Misconduct**

#### ***Unregistered Trading***

11. By operating the Platform, LiquiTrade facilitates transactions involving derivatives.

12. LiquiTrade does not restrict British Columbia residents from registering wallets, depositing assets or currency, or trading on the Platform.

13. LiquiTrade charges fees for trades made on the Platform, and for withdrawals.

14. By engaging in this conduct, LiquiTrade is contravening section 34(1)(a) of the Act by trading in derivatives without being registered to do so.

#### ***An exchange that is not recognized***

15. The Platform is a marketplace on which LiquiTrade provides systems to allow users to trade in derivatives.

16. On the Platform, LiquiTrade brings together the orders of multiple buyers and sellers and uses established methods under which orders interact, including matching and executing orders by users.

17. LiquiTrade markets the Platform as a “regulated exchange.”

18. The Platform is an exchange carrying on business in British Columbia.

19. LiquiTrade is contravening section 25 of the Act by operating an exchange that is not recognized by the Commission.

### **Hearing Process**

¶ 2 The Respondent or its counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Tuesday, January 10, 2023, at 9:00 a.m.** if the Respondent wishes to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondent upon request to the Executive Director.

¶ 3 At the Hearing, the Respondent may be represented by counsel, make submissions and tender evidence. The Respondent is requested to advise the Commission of its intention to attend the Hearing by informing the Hearing Office at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: [hearingoffice@bcsc.bc.ca](mailto:hearingoffice@bcsc.bc.ca).

¶ 4 If the Respondent or its counsel do not appear at the Hearing, the Executive Director may apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondent may be made in its absence.



- ¶ 5 Orders made against the Respondent in this matter may automatically take effect against the Respondent in other Canadian jurisdictions, without further notice to the Respondent.

*Peter J Brady*

*Nov 15 2022 7:00 AM -08:00*

- ¶ 6 Peter J. Brady  
Executive Director