

NEWS RELEASE

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NR 24-62

Crypto trading platform operator violated *Securities Act*

Vancouver – A B.C. Securities Commission (BCSC) panel has found that the operator of a crypto trading platform facilitated derivatives transactions without being registered and ran an illegal exchange in B.C.

LiquiTrade Ltd., which is incorporated in the Cayman Islands, began operating a crypto trading platform known as LATOKEN in 2020. The company markets itself through various channels that are accessible to British Columbia residents and enables British Columbians to use the platform

Although LATOKEN shows users their notional balance of crypto assets, users don't actually buy and sell them; instead, users buy and sell *contractual rights* to the assets, giving them the right to request withdrawals from the platform in the future.

The panel concluded that the contractual interests traded on the platform are derivatives – a type of financial instrument, regulated by the BCSC, that derives its value from an underlying asset, in this case crypto assets.

The panel found that LiquiTrade, despite not being registered under the *Securities Act*, facilitated trading by several means, including creating a derivatives trading market and promoting derivatives that trade on LATOKEN.

The panel also found that LiquiTrade was operating as an exchange. But it was not authorized to do so by the BCSC, as required by the Act.

Regardless of where they are located, platforms that facilitate Canadians' buying and selling of crypto assets must register with provincial or territorial securities regulators and abide by certain conditions to help protect investors. A list of crypto trading platforms authorized to do business with Canadians is available on the [website](#) of the Canadian Securities Administrators, of which the BCSC is a member.

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The BCSC issued the [Notice of Hearing](#) against LiquiTrade as part of an ongoing, coordinated effort by Canadian securities regulators to ensure that crypto trading platforms comply with securities legislation in Canada.

The panel will next consider what sanctions to impose, which could include monetary penalties or bans from market participation.

About the B.C. Securities Commission (bcsc.bc.ca)

The B.C. Securities Commission, an independent provincial government agency, strives to make the investment market benefit the public. We set rules, monitor compliance by industry, take action against misconduct, and provide guidance to investors and industry. As guardians of B.C.'s investment market, we're committed to maintaining a market that is honest, fair, competitive and dynamic, enabling British Columbians to thrive.

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