



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
VANTAGE GLOBAL PRIME PTY LTD AND VANTAGE INTERNATIONAL GROUP
LTD**

STATEMENT OF ALLEGATIONS

(Subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990, c S.5)

A. OVERVIEW

1. Regulators across the globe serve to protect the investing public and preserve the integrity of the capital markets in their respective jurisdictions; therefore, it is imperative that foreign market participants, including online trading platforms, make a real and meaningful effort to identify and comply with local securities laws prior to entering a jurisdiction. Regulatory obligations cannot be avoided or delayed by relocating businesses otherwise subject to oversight in Ontario.
2. Vantage Global Prime Pty Ltd (**VGP**) and Vantage International Group Ltd (**VIG**) (collectively, **Vantage FX** or the **Respondents**) operated online trading platforms under the trade name “Vantage FX” on which investors could trade in contracts for difference (**CFDs**).
3. In 2019, the Australian Securities & Investments Commission (**ASIC**) advised its licensees to examine the legality of their offerings in overseas jurisdictions and to wind down their operations if there was a breach of the law in the overseas jurisdictions.

4. Consequently, VGP, an ASIC licensee that offered online trading services to Ontario investors, ceased its operations in Ontario in July 2019. When VGP ceased offering trading services to Ontario investors, it offered existing Ontario investors the option to close out their existing positions or request that they be transferred to VIG, a related company registered and regulated in the Cayman Islands. The Ontario investors that did not close out their accounts continued to trade on the related company's online trading platform.
5. Online trading platforms operating globally are expected to have compliance systems which provide reasonable assurance that the platform is in compliance with local securities laws. Under Ontario securities law, CFDs are derivative products that constitute securities when offered to Ontario investors, and involve a distribution of a security when issued to Ontario investors. An issuer offering and distributing such securities must therefore comply with the registration and prospectus requirements of the *Securities Act*, RSO 1990, c S.5, as amended (the **Act**) and the trade reporting requirements under OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*.
6. These requirements apply to foreign companies offering online trading of securities or derivatives to Ontario investors.

B. FACTS

Staff of the Enforcement Branch (**Enforcement Staff**) of the Ontario Securities Commission (the **Commission**) make the following allegations of fact:

(1) VANTAGE FX

7. The Respondents used the trade name "Vantage FX" to offer CFDs for trading by investors, including Ontario investors, on online platforms. VGP ceased offering CFDs to Ontario

investors in July 2019.

8. The Respondents were not reporting issuers in Ontario; nor did they file a prospectus or a preliminary prospectus with the Commission. The Respondents were also not registered with the Commission in any capacity.
9. Between January 2014 and July 2019, VGP, an Australian Financial Services (AFS) licensee of ASIC, engaged in unregistered trading and made distributions that did not comply with Ontario securities law by opening and operating trading accounts for Ontario residents through the Vantage FX platform.
10. In or around April 2019, ASIC advised AFS licensees to, among other things, review and seek advice on the legality of their services in overseas jurisdictions and to cease the provision of services or solicitation of clients in jurisdictions where the relevant conduct is a breach of law.
11. In May 2019, VGP notified its non-Australian investors, including Ontario investors, that it would cease offering CFDs and gave investors the option to either close their open positions and trading accounts or request to be transferred to VIG. Since May 2019, VGP has not opened accounts for clients who provide an address in Canada and/or who log in from an Internet Protocol (IP) address located in Canada.
12. When VGP ceased its trading services to Ontario investors, it offered existing Ontario investors the option to close out their existing positions or request that they be transferred to VIG, a related company registered and regulated by the Cayman Islands Monetary Authority. The many Ontario investors that did not close out their accounts continued to

trade on the related company's "Vantage FX" online trading platform.

13. VIG continued to open and operate trading accounts for Ontario residents through the Vantage FX platform. Since, like VGP, VIG was neither a registrant or a reporting issuer with the Commission, VIG's conduct also constituted unregistered trading and making distributions contrary to the Act.

(2) ONTARIO INVESTORS

14. From January 2014 to September 2020 (the **Material Time**), Vantage FX opened and operated approximately 2,700 accounts for Ontario investors (the **Ontario Accounts**), with most of the Ontario Accounts opened on or after 2018.
15. The Ontario Accounts were opened using an online account application process accessed through the Vantage FX platform. In the Ontario Accounts, Ontario investors traded CFDs through the Vantage FX platform based on exposure to underlying assets, which included cryptocurrencies, currency pairs, indices, soft commodities, precious metals and equities. The CFDs were issued by the Respondents. Each issuance of a CFD to an Ontario investor involved a distribution of a security to that investor under Ontario securities law.
16. Prior to July 2019, VGP was the counterparty for CFDs entered into with Ontario investors through the Vantage FX platform. From July 2019, VIG was the counterparty to all CFDs issued to investors.
17. The Vantage FX platform allowed retail investors to engage in leveraged trading from 100:1 to a maximum of 500:1 on various CFDs.
18. During the Material Time, Vantage FX earned approximately USD 3,000,000 in revenue

from the Ontario Accounts. All fees and charges were disclosed to investors.

19. Upon being informed by Enforcement Staff that it may be conducting registrable activity in Ontario, VIG advised that it was prepared to cease doing business in Ontario and took voluntary steps to achieve this on its own initiative. VGP had ceased doing business in Ontario from July 2019.

(3) VANTAGE FX'S SOLICITATION OF ONTARIO INVESTORS

20. By making its products available to Ontario investors on its website, Vantage FX solicited Ontario investors through its website and referral partner programs, Introducing Brokers and Cost per Acquisition (**CPA**) Affiliated Programs.
21. Under the Introducing Brokers Program, an Introducing Broker (**IB**), which introduced new business to Vantage FX, could receive payments. In total, 99 IBs from Ontario were compensated by VIG and VGP under the Introducing Brokers Program during the Material Time.
22. Similarly, the CPA Affiliated Program was a type of marketing program where a person or business (a **CPA Affiliate**) referred other people to Vantage FX in return for a cost per acquisition financial reward. In total, 22 CPA Affiliates from Ontario referred investors to the Respondents and were compensated for doing so during the Material Time.

C. BREACHES OF ONTARIO SECURITIES LAW

Enforcement Staff allege the following breaches of Ontario securities law:

23. Vantage FX engaged in the business of trading in securities without registration in accordance with Ontario securities law, contrary to subsection 25(1) of the Act; and

24. Vantage FX distributed securities without a preliminary prospectus or a prospectus having been filed, contrary to subsection 53(1) of the Act.

D. ORDER SOUGHT

25. Enforcement Staff request that the Commission make an order pursuant to subsection 127(1) and section 127.1 of the Act to approve the settlement agreement dated as of July 7, 2021 between the Respondents and Enforcement Staff.

26. Enforcement Staff reserve the right to amend these allegations and to make such further and other allegations as Enforcement Staff may advise and the Commission may permit.

DATED this 8th day of July, 2021.

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