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Citation: *Ontario Securities Commission v Blockratize Inc*, 2025 ONCMT 7

Date: 2025-04-17

File No. 2025-8

ONTARIO SECURITIES COMMISSION

(Applicant)

- and -

BLOCKRATIZE INC. and ADVENTURE ONE QSS INC.

(Respondents)

REASONS FOR APPROVAL OF A SETTLEMENT

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

Adjudicators: Russell Juriansz (chair of the panel)
Jane Waechter
James Douglas

Hearing: By videoconference, April 14, 2025

Appearances: Alvin Qian For the Ontario Securities Commission
Nitasha Syed
Lori Stein For Blockratize Inc. and Adventure One
Wendy Berman QSS Inc.
Christopher Yam
Shane D'Souza

REASONS FOR APPROVAL OF A SETTLEMENT

- [1] The Ontario Securities Commission has alleged that Blockratize Inc., and subsequently Adventure One QSS Inc., violated Multilateral Instrument 91-102 *Prohibition of Binary Options* by offering binary options in Ontario via an online global options trading platform, Polymarket, thus exposing Ontario investors to associated risks.
- [2] The Commission and the respondents have agreed to resolve the allegation, and they seek approval of their settlement agreement. We approve their agreement and order the sanctions and costs that the parties have proposed.
- [3] We provide a summary of the factual background as detailed in the settlement agreement.
- [4] Blockratize operated an online options trading platform called Polymarket from approximately June 16, 2020, to at least January 10, 2022. Adventure One, has been operating Polymarket since at least January 11, 2022.
- [5] Between June 16, 2020, and May 26, 2023, Ontario residents could use Polymarket to purchase options in what are commonly referred to as “event-based markets” or “prediction markets.” Most of these event-based contracts were binary options pairs related to future events, with some offering multiple discrete non-yes/no options. Binary options are based on the outcome of a “yes/no” proposition, with contracts or instruments structured on the performance of an underlying interest or the occurrence of a specific event in connection with an underlying interest.¹
- [6] Upon resolution of the event underlying a contract, holders of the winning options could redeem their options for a fixed amount of USD Coin, a value-referenced crypto asset. The losing options had a redemptive value of zero.
- [7] Residents of Ontario could access Polymarket. The respondents' advertising and promotions, although not explicitly aimed at Ontario, could be seen by

¹ Companion Policy 91-102CP *Prohibition of Binary Options*, s 1

individuals accessing the platform from Ontario. Between June 16, 2020, and May 26, 2023, there were 28,454 visits to the Polymarket website from Ontario IP addresses. Based on available data regarding global visitors, it is estimated that approximately \$22,966.75 USD in revenue earned by respondents from trading activities through Polymarket can be attributed to the trading activities of Ontario residents.

- [8] Multilateral Instrument 91-102 prohibits trading in binary options with maturities of less than 30 days, unless the Commission grants an exemption. A significant percentage of the contracts traded by the respondents had maturities of less than 30 days. The respondents did not obtain an exemption for this trading.
- [9] The respondents acknowledge, and we are satisfied based on the agreed facts, that the options traded in the contracts constitute "binary options", as defined in Multilateral Instrument 91-102.²
- [10] There is no dispute that Multilateral Instrument 91-102 has the status and force of a regulation made under the *Securities Act*.³
- [11] The Commission and the respondents have jointly proposed the following terms of settlement:
 - a. the respondents will jointly and severally make a voluntary payment of \$22,966.75 USD, pay an administrative penalty of \$200,000 CAD to the Commission, and cover investigation costs of \$25,000 CAD. I note that these amounts have already been paid;
 - b. with limited exceptions as set out in the order, the respondents will be subject to a two-year restriction on their ability to trade in any securities or derivatives, and to acquire securities;
 - c. any exemptions contained in Ontario securities law shall not apply to the respondents for a period of two years;
 - d. the respondents will be prohibited from becoming or acting as a registrant or a promoter under the *Securities Act* for a period of two years; and

² Multilateral Instrument 91-102 *Prohibition of Binary Options*, s 1

³ RSO 1990, c S.5

- e. the respondents will provide an undertaking to the Commission to, among other things, implement and maintain restrictions to prevent access by Ontario residents to Polymarket. I note it has already been provided and we will append to the order.

- [12] There are mitigating factors in this case. The respondents cooperated with the Commission's investigation by providing information requested voluntarily and by implementing restrictions that limited access from Ontario when contacted by the Commission. They provided an undertaking to the Commission and did not make a net profit from trading or other activities through Polymarket.
- [13] We are satisfied this negotiated settlement falls within a range of reasonable outcomes. The Tribunal respects the negotiation process and accords significant deference to the resolution reached by the parties. The proposed sanctions against the respondents will deter both them and others from trading in binary options contrary to Multilateral Instrument 91-102.
- [14] In conclusion, we find that the proposed settlement is reasonable and in the public interest. We have issued an order substantially in the form of the draft attached to the settlement agreement.

Dated at Toronto this 17th day of April, 2025

"Russell Juriansz"

Russell Juriansz

"Jane Waechter"

Jane Waechter

"James Douglas"

James Douglas