



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22e étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

**SETTLEMENT AGREEMENT  
BETWEEN STAFF OF THE COMMISSION AND VANTAGE GLOBAL PRIME PTY  
LTD AND VANTAGE INTERNATIONAL GROUP LTD**

**PART I - INTRODUCTION**

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.

## **PART II - JOINT SETTLEMENT RECOMMENDATION**

7. The parties shall jointly file a request that the Ontario Securities Commission (the **Commission**) issue a Notice of Hearing (the **Notice of Hearing**) to announce that it will hold a public hearing (the **Settlement Hearing**) to consider whether, pursuant to sections 127 and 127.1 of the Act, it is in the public interest for the Commission to make certain

orders in respect of Vantage FX.

8. Staff of the Commission (**Staff**) recommend settlement of the proceeding (the **Proceeding**) against the Respondents to be commenced by the Notice of Hearing, in accordance with the terms and conditions set out in this settlement agreement (the **Settlement Agreement**).
9. The Respondents agree to the making of an order substantially in the form attached as Schedule “A” (the **Order**) based on the facts set out below. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondents agree with the facts set out in Part III and the conclusions in Part IV of this Settlement Agreement.

### **PART III - AGREED FACTS**

#### **A. VANTAGE FX**

10. 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.
11. 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.
12. 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.

13. 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.
14. 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 (**Canadian Investors**).
15. 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.
16. 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.

## **B. ONTARIO INVESTORS**

17. 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.

18. 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.
19. 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.
20. The Vantage FX platform allowed retail investors to engage in leveraged trading from 100:1 to a maximum of 500:1 on various CFDs.
21. 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.
22. Upon being informed by 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.

### **C. VANTAGE FX'S SOLICITATION OF ONTARIO INVESTORS**

23. 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 (collectively, the **Referral**

**Programs).**

24. 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.
25. 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.

**D. MITIGATING FACTORS**

26. The Respondents provided all requested information thoroughly and responsively. Over the course of implementing its remedial measures, Vantage FX maintained an open dialogue with Staff, and Staff's concerns and requests for additional information were addressed voluntarily, promptly and thoroughly by Vantage FX through its counsel.
27. The Respondents confirmed they have taken the following measures to remediate their conduct:
  - (a) as of August 31, 2020, VIG ceased to open accounts for Canadian Investors;
  - (b) Canada has been removed from the list of countries prospective clients can select from during the online account opening process on the Vantage FX website;
  - (c) the Vantage FX website states that it does not offer services to residents of Canada;

- (d) as of September 11, 2020, VIG notified all existing Canadian Investors that it had begun to wind down its business in Canada and, as a result, all Canadian Investor accounts would be closed by no later than November 30, 2020;
  - (e) all Canadian accounts were closed as of November 30, 2020; and
  - (f) Canadian Investors were able to transfer all assets out of their accounts without any withdrawal fees, transaction fees, or other charges.
28. In addition, as of May 2019, VGP no longer accepted referrals from individuals and institutions participating in the Referral Programs (the **Referral Partners**) from within Canada. As of September 11, 2020, VIG no longer accepted referrals from Referral Partners from within Canada. As of November 30, 2020, the Respondents had terminated their relationships with Referral Partners located in Canada or related to Canadian Investors.

#### **PART IV - BREACHES OF ONTARIO SECURITIES LAW**

29. The Respondents admit and acknowledge that they have breached Ontario securities law by:
- (a) engaging in the business of trading in securities without registration in accordance with Ontario securities law, contrary to subsection 25(1) of the Act; and
  - (b) engaging in trading in securities which constitute distributions without a preliminary prospectus or a prospectus having been filed with the Commission, contrary to subsection 53(1) of the Act.

## PART V - TERMS OF SETTLEMENT

30. The Respondents agree to the terms of settlement listed below and consent to the Order that:

(a) the Settlement Agreement is approved; and

(b) Vantage FX shall:

(i) pay an administrative penalty in the amount of \$600,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act;

(ii) disgorge to the Commission an amount in Canadian currency sufficient to purchase USD 3 million at a bank in Ontario listed in Schedule I to the *Bank Act* (Canada) on the day payment is made, pursuant to paragraph 10 of subsection 127(1) of the Act, which amount shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and

(iii) pay costs in the amount of \$10,000 for the investigation, pursuant to section 127.1 of the Act.

31. The Respondents agree to make the payments specified in subparagraph 30(b)(i), (ii) and (iii) by wire transfer prior to the issuance of any Commission order approving this Settlement Agreement.

32. VIG has given an undertaking (the **Undertaking**) to the Commission in the form attached

as Schedule “B” to this Settlement Agreement, which includes an undertaking to:

- (a) provide email reminders to all remaining Ontario account holders on each of August 1, 2021, October 1, 2021 and January 1, 2022 in relation to unreturned funds or until all funds are returned (whichever occurs first) and return all funds remaining in the dormant accounts held in the names of Ontario residents, totalling approximately USD 153,000, without charging any fees;
- (b) donate, if VIG has not obtained instructions regarding the return of any remaining funds in the Ontario Accounts by March 1, 2022, the remaining funds to the charitable organization “JA Canada” (Junior Achievement Canada) or a similar Canadian registered charity as may exist as at that date, and provide confirmation to Staff that it has done so in the first certification delivered to Staff pursuant to subparagraph 32(c), below; and
- (c) deliver to Staff on each of April 1, 2022 and April 1, 2023, a certificate signed by a senior officer of VIG, certifying, on behalf of VIG, that, based on the senior officer’s knowledge, after exercising reasonable due diligence:
  - (i) VIG did not have any open accounts for clients resident in Ontario and did not onboard any Ontario Referral Partners during the prior 12-month period; and
  - (ii) policies and procedures remain in place at VIG designed to prevent accounts from being opened by residents of Ontario.

## **PART VI - FURTHER PROCEEDINGS**

33. If the Commission approves this Settlement Agreement, Staff will not commence or continue any proceeding against the Respondents under Ontario securities law based on the misconduct described in Part III of this Settlement Agreement, unless the Respondents have made a material misrepresentation to Staff or failed to comply with this Settlement Agreement or the Undertaking, as described in paragraphs 34 and 35, below.
34. Staff have agreed to the terms of this Settlement Agreement based on, among other things, representations made to Staff by Vantage FX, including about the duration of the conduct (January 2014 to September 2020), the number of Ontario Accounts (approximately 2,700) and the amounts obtained by Vantage FX (approximately USD 3,000,000 in revenue and approximately USD 153,000 in remaining funds in dormant Ontario Accounts). If Vantage FX's conduct extended over a materially longer period, if Vantage FX opened and operated materially more Ontario Accounts or if Vantage FX obtained materially more funds, Staff may bring proceedings under Ontario securities law against the Respondents.
35. If the Respondents fail to comply with any term in this Settlement Agreement or the Undertaking, Staff may bring proceedings under Ontario securities law against the Respondents.
36. A proceeding referenced in paragraph 34 or 35 may be based on, among other things, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement or the Undertaking.
37. The Respondents waive any defences to a proceeding referenced in paragraph 34 or 35 that are based on the limitation period in the Act, provided that no proceeding referenced in

paragraph 35 shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement or the Undertaking.

## **PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT**

38. The parties will seek approval of this Settlement Agreement at the Settlement Hearing before the Commission, which shall be held on a date determined by the Secretary to the Commission in accordance with this Settlement Agreement and the Commission's *Rules of Procedure and Forms* (2019), 42 OSCB 9714.
39. The parties have consented to the Settlement Hearing proceeding in writing.
40. The parties confirm that this Settlement Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.
41. If the Commission approves this Settlement Agreement:
  - (a) Vantage FX irrevocably waives all rights to a full hearing, judicial review, or appeal of this matter under the Act; and
  - (b) neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.
42. Whether or not the Commission approves this Settlement Agreement, Vantage FX will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be

available.

#### **PART VIII - DISCLOSURE OF SETTLEMENT AGREEMENT**

43. If the Commission does not make the Order:
- (a) this Settlement Agreement and all discussions and negotiations between Staff and Vantage FX before the Settlement Hearing takes place will be without prejudice to Staff and Vantage FX; and
  - (b) Staff and Vantage FX will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in the Statement of Allegations in respect of the Proceeding. Any such proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.
44. The parties will keep the terms of this Settlement Agreement confidential until the Settlement Hearing, unless they agree in writing not to do so or unless otherwise required by law.

#### **PART IX - EXECUTION OF SETTLEMENT AGREEMENT**

45. This Settlement Agreement may be signed in one or more counterparts which, together, constitute a binding agreement. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

***[The remainder of this page has been intentionally left blank.]***

**DATED** as of the 7<sup>th</sup> day of July, 2021.

**VANTAGE GLOBAL PRIME PTY LTD**

By: "*Wei Wang*"

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Name: Wei Wang  
Title: Director

**VANTAGE INTERNATIONAL GROUP LTD**

By: "*Paul Muspratt*"

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Name: Paul Muspratt  
Title: Director

**ONTARIO SECURITIES COMMISSION**

By: "*Jeff Kehoe*"

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Name: Jeff Kehoe  
Title: Director, Enforcement Branch

**SCHEDULE “A”**

**FORM OF ORDER**



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

[Name(s) of Commissioner(s) comprising the Panel]

File No. 2021-•

[Day and date Order made]

**ORDER**  
**(Sections 127 and 127.1 of the**  
***Securities Act, RSO 1990, c S.5*)**

WHEREAS on **[date]**, the Ontario Securities Commission (the **Commission**) held a hearing in writing to consider an application made jointly by Vantage Global Prime Pty Ltd (**VGP**), Vantage International Group Ltd (**VIG** and, together with **VGP, Vantage FX**) and Staff of the Commission (**Staff**) for approval of a settlement agreement dated **[date]**, 2021 (the **Settlement Agreement**);

AND WHEREAS VIG has given an undertaking to the Commission, in the form attached as Annex I to this Order (the **Undertaking**);

ON READING the Joint Application for a Settlement Hearing, including the Statement of Allegations dated **[date]**, 2021 and the Settlement Agreement, and on considering the Undertaking, and on hearing the submissions of the representatives of each of the parties, and on considering Vantage FX having made payments of each of \$600,000, an amount in Canadian currency sufficient to purchase USD 3 million and \$10,000 to the Commission in accordance with the terms of the Settlement Agreement;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved; and
2. Vantage FX shall:
  - a. pay an administrative penalty in the amount of \$600,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act;
  - b. disgorge to the Commission an amount in Canadian currency sufficient to purchase USD 3 million at a bank in Ontario listed in Schedule I to the *Bank Act* (Canada) on the day payment is made, pursuant to paragraph 10 of subsection 127(1) of the Act, which amount shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and
  - c. pay costs in the amount of \$10,000 for the investigation, pursuant to section 127.1 of the Act.

●  
\_\_\_\_\_  
[Chair of Panel]

●  
\_\_\_\_\_  
[Commissioner]

●  
\_\_\_\_\_  
[Commissioner]

## ANNEX 1

### FORM OF UNDERTAKING



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

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

#### UNDERTAKING TO THE ONTARIO SECURITIES COMMISSION

1. This Undertaking is given in connection with the settlement agreement dated [**date**], 2021 (the **Settlement Agreement**) between Vantage Global Prime Pty Ltd, Vantage International Group Ltd (**VIG**) and Staff of the Commission (**Staff**). All terms shall have the same meanings in this Undertaking as in the Settlement Agreement.
2. VIG undertakes to the Commission to:
  - (a) provide email reminders to all remaining Ontario account holders on each of August 1, 2021, October 1, 2021 and January 1, 2022 in relation to unreturned funds or until all funds are returned (whichever occurs first) and return all funds remaining in the dormant accounts held in the names of Ontario residents, totalling approximately USD 153,000, without charging any fees;
  - (b) donate, if VIG has not obtained instructions regarding the return of any remaining funds in the Ontario Accounts by March 1, 2022, the remaining funds to the

charitable organization “JA Canada” (Junior Achievement Canada) or a similar Canadian registered charity as may exist as at that date, and provide confirmation to Staff that it has done so in the first certification delivered to Staff pursuant to subparagraph 2(c), below; and

- (c) deliver to Staff on each of April 1, 2022 and April 1, 2023, a certificate signed by a senior officer of VIG, certifying, on behalf of VIG, that, based on the senior officer’s knowledge, after exercising reasonable due diligence:
  - (i) VIG did not have any open accounts for clients resident in Ontario and did not onboard any Ontario Referral Partners during the prior 12-month period; and
  - (ii) policies and procedures remain in place at VIG designed to prevent accounts from being opened by residents of Ontario.

**DATED** at [city], [jurisdiction] as of the [date] day of [date], 2021.

**VANTAGE INTERNATIONAL GROUP  
LTD**

By:

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Name: •  
Title: •

## SCHEDULE "B"

### FORM OF UNDERTAKING



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
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### IN THE MATTER OF VANTAGE GLOBAL PRIME PTY LTD AND VANTAGE INTERNATIONAL GROUP LTD

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2. VIG undertakes to the Commission to:
  - (a) provide email reminders to all remaining Ontario account holders on each of August 1, 2021, October 1, 2021 and January 1, 2022 in relation to unreturned funds or until all funds are returned (whichever occurs first) and return all funds remaining in the dormant accounts held in the names of Ontario residents, totalling approximately USD 153,000, without charging any fees;
  - (b) donate, if VIG has not obtained instructions regarding the return of any remaining funds in the Ontario Accounts by March 1, 2022, the remaining funds to the

charitable organization “JA Canada” (Junior Achievement Canada) or a similar Canadian registered charity as may exist as at that date, and provide confirmation to Staff that it has done so in the first certification delivered to Staff pursuant to subparagraph 2(c), below; and

- (c) deliver to Staff on each of April 1, 2022 and April 1, 2023, a certificate signed by a senior officer of VIG, certifying, on behalf of VIG, that, based on the senior officer’s knowledge, after exercising reasonable due diligence:
  - (i) VIG did not have any open accounts for clients resident in Ontario and did not onboard any Ontario Referral Partners during the prior 12-month period; and
  - (ii) policies and procedures remain in place at VIG designed to prevent accounts from being opened by residents of Ontario.

**DATED** at [city], [jurisdiction] as of the [date] day of [date], 2021.

**VANTAGE INTERNATIONAL GROUP  
LTD**

By:

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Name: •  
Title: •