

In the Matter of
The Securities Act, 1988, SS 1988-89, c S-42.2
(the Act)

-and-

In the Matter of
FMTrader
(the Respondent)

Statement of Allegations

Staff of the Financial and Consumer Affairs Authority of Saskatchewan (FCAA Staff) make the following allegations:

The Respondent

1. FMTrader is the brand or trademark name used on the website www.fmtrader.com (the Website), which was an online platform for trading in binary options.

Contraventions of Section 27(2) of the Act

2. The Respondent acted as a 'dealer' by engaging in, or holding itself out as engaging in, the business of trading in securities or derivatives in Saskatchewan without being registered to do so.
3. The Respondent acted as an 'adviser' by engaging in, or holding itself out as engaging in, the business of advising on securities or derivatives in Saskatchewan without being registered to do so.
4. The details of such activities are as follows:

The Website

- a. The Website was an online trading platform that offered residents of Saskatchewan the ability to trade in binary options.

The Investor

- b. In or around 2016, a resident of Saskatchewan (the Investor) opened a trading account with the Respondent.
- c. The Respondent accepted the following monetary transfers from the Investor for the purpose of facilitating trading in binary options on the Website:

September 14, 2016 \$250.00 USD

September 27, 2016 \$1,400.00 USD

September 27, 2016 \$2,500.00 USD

September 27, 2016 \$5,000.00 USD

October, 2016¹ \$1,000.00 USD

Total Deposits: \$10,150.00 USD

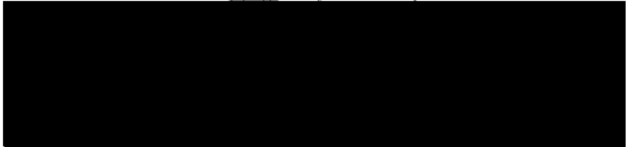
- d. The Investor received advice regarding when to buy/sell binary options from an Account Manager employed by the Respondent (the Account Manager).
 - e. The Investor, either on her own behalf or through the Account Manager, bought and sold binary options on the Respondent's trading platform based on the advice received from her Account Manager.
5. In carrying out the acts indicated in paragraph 4, above, the Respondent engaged in the business of, or held itself out as engaging in the business of trading in securities or derivatives on behalf of the Investor, and as such, acted as a 'dealer' as defined in the *Act*.
 6. The Respondent has never been registered as a 'dealer' as required by the *Act*, and therefore the Respondent contravened section 27(2)(a) of the *Act*.
 7. In carrying out the acts indicated in paragraph 4, above, the Respondent engaged in, or held itself out as engaging in, the business of advising on securities or derivatives in Saskatchewan, and as such acted as an 'adviser' as defined in the *Act*.
 8. The Respondent has never been registered as an 'adviser' as required by the *Act*, and therefore the Respondent contravened section 27(2)(b) of the *Act*.
 9. Based on the above, Staff of FCAA will ask the hearing panel to consider whether it is in the public interest to make the following orders:
 - a. Pursuant to section 134(1)(a) of the *Act*, all of the exemptions in Saskatchewan securities laws do not apply to the Respondent;
 - b. Pursuant to section 134(1)(c) of the *Act*, the Respondent shall cease advising with respect to all securities and derivatives in Saskatchewan.
 - c. Pursuant to section 134(1)(d) of the *Act*, the Respondent shall cease trading in securities and derivatives in Saskatchewan;
 - d. Pursuant to section 134(1)(d.1) of the *Act*, the Respondent shall cease acquiring securities and derivatives for and on behalf of residents of Saskatchewan;
 - e. Pursuant to section 135.1 of the *Act*, the Respondent shall pay an administrative

¹ Exact date unknown.

penalty to the Financial and Consumer Affairs Authority of Saskatchewan in the amount of \$25,000.00;

- f. Pursuant to section 135.6 of the *Act*, the Respondent shall pay financial compensation to each person or company found to have sustained financial loss as a result, in whole or in part, of the Respondent's contraventions of the *Act*, in an amount to be determined; and
- g. Pursuant to section 161 of the *Act*, the Respondent shall pay the costs of or relating to a hearing in this matter.

DATED at the City of Regina, in the Province of Saskatchewan, this 25 day of July, 2018.



Dean Murrison
Director,
Securities Division
Financial and Consumer Affairs Authority of
Saskatchewan