



ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

SEC ADVISORY

ON

FREE TRAINING SEMINARS PROMOTING FOREIGN-REGISTERED ELECTRONIC INVESTMENT PLATFORMS

27 July 2018

The proliferation of FREE TRAINING SEMINARS on trading in Foreign Exchange, Commodity Futures Contracts, Contracts for Difference, and similar derivatives has come to the attention of the Securities and Exchange Commission (SEC). These seminars are supposedly conducted by local and foreign experts and are promoted on radio, television, newspapers and in the internet.

Some of the seminars, unfortunately, serve as a front for illegal offering and selling of unregistered securities by unlicensed brokers.

As reported, participants and prospective investors are enticed to attend the free seminars with the prospect of learning successful strategies in investing and profiting from the above-stated securities using various electronic investment platforms. These electronic platforms are allegedly foreign-registered and are accessible anywhere in the Philippines through the internet.

It must be clear that the SEC does not allow the registration of Foreign Exchange, Commodity Futures Contract, Contracts for Difference and other similar derivatives nor their brokers as the pertinent rules governing these securities remain suspended pursuant to Rule 11 of 2015 Implementing Rules and Regulations of the Securities Regulation Code.

Aside from the illegality of the offering and the non-registration of brokers, these Forex, Commodity Futures Contracts, Contracts for Difference and other similar derivatives are highly volatile and high-risk. Further, the trades in these securities are mostly leveraged or traded in margins such that the value of the trades could be illusory, deceptive or bloated. Here, the actual value invested in the platform is multiplied by pre-determined leverage (15:1, 100:1, 200:1, etc) through a loan granted by the broker. For instance, an investment of USD 100.00 could have a value of USD 1,000.00 or USD 2,000.00 in the platform depending on the leverage agreed upon. Inversely stated, only a margin or a percentage of the value of investment is required to be deposited by the investor.

Faced with highly-volatile figures vis-à-vis leveraged values, some investors have reportedly incurred losses that are greater than their initial investments. Therefore, it could be said that these investment activities are not for the inexperienced investors and those who have limited financial resources.

In view thereof, the public is hereby advised to be CAUTIOUS in dealing with the promoters and trainers in these free seminars and to STOP investing in foreign-registered investment electronic platforms offering Commodity Futures Contract, Foreign Exchange (FOREX), Contracts for Difference (CFDs) and similar derivatives.

For complaints or reports and submissions of video and voice recording of illegal investment-taking activities, please call the Enforcement and Investor Protection Department at telephone nos. 818-63-37, 818-60-47 and 818-76-50.