



## ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

### SEC ADVISORY

Based on the information gathered by the Commission, a number of individuals or group of persons claiming to represent **PAYASIAN SOLUTIONS PTE. LIMITED/PAYASIAN PTE. LIMITED CORPORATION** are enticing the public to invest their money in said entity through a cryptocurrency called **PAYA COINS ("PAYA")**.

As posted online, **PAYASIAN SOLUTIONS PTE. LTD/PAYASIAN PTE. LIMITED CORPORATION's** investment scheme, according to these persons, promises a return based on two (2) options offered under its compensation plan:

1. **Buy, Hold and Earn Option**—this is an investor's option to buy PAYA coins and hold them for 6 months, in which they will receive 30% additional PAYA rewards after Fund Blocking. In other words, be a PAYA holder and leave to them everything, you will earn even though you don't do anything;
2. **Referral Reward Option**—this option will let investors Earn from referring others.

Simply, an investor is entitled to receive passive income from the pool of investment gathered, while active income is acquired from recruitment bonuses.

As further illustrated in one of their postings, their subscriber need not exert any effort other than to pay the subscription fees in order to earn. Hence, they may opt to contribute funds only so that it may be used as trading capital by the company or to pay profits or returns to earlier investors. As their famous line states "*kumikita kahit natutulog, walang invite, at walang ginagawa*".

Further search on the internet likewise revealed that the address of the entity "**PAYASIAN SOLUTIONS PTE. LTD**" with which these persons are claiming to be connected with and soliciting investments for is located in Singapore.

Per record of the Commission, **PAYASIAN SOLUTIONS PTE. LTD** is not registered either as a corporation or partnership. It is **NOT AUTHORIZED** to solicit investments from the public since it has not secured prior registration and/or license from the Commission as prescribed under Sections 8 and 28 of the Securities Regulation Code.

On the other hand, **PAYASIAN PTE. LTD CORPORATION** is registered with the Commission on 9 August 2019 ( under Company Reg. No. CS2019131401) with the primary purpose of:

To engage in, conduct and carry on the business of buying, selling, distributing, marketing, retail and wholesale insofar as may be permitted by law, goods and merchandise; to enter into all kinds of contracts for the export and import, purchase and acquisition, sale and wholesale and other disposition for its own account a principal or representative capacity as manufacturer's representative, merchandise broker, indentor, commission merchants, factors or agents upon consignment of goods and products whether artificial or natural without acting as broker or dealer in securities, government securities eligible dealer (GSED), investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, time shares/club shares/membership certificate issuers or selling agents thereof, nor engage in investment solicitation nor investment taking activity from public investor, render management services except management of funds, securities and portfolios of managed entities. **Provided, the corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts.** (Emphasis supplied)

However, the Certificate of Incorporation of **PAYASIAN PTE. LTD CORPORATION** expressly provides that, "This Certificate DOES NOT AUTHORIZE INVESTMENT SOLICITATION AND INVESTMENT-TAKING WITHOUT A SECONDARY LICENSE FROM THE COMMISSION."

Just like **PAYASIAN SOLUTIONS PTE. LTD, PAYASIAN PTE. LTD CORPORATION** is **NOT AUTHORIZED** to solicit investments from the public since it has not secured prior registration and/or license from the Commission as prescribed under Sections 8 and 28 of the Securities Regulation Code.

In view of the reference of the postings of **PAYASIAN SOLUTIONS PTE. LTD/ PAYASIAN PTE. LTD CORPORATION** on the concept of virtual currencies through its **PAYA COINS**, the Commission finds it relevant to also reiterate the contents of its 8 January 2019 Advisory on Initial Coin Offerings (ICO). The said Advisory was posted as the Commission detected that certain companies, individuals or groups of persons were enticing the public, either through popular social media platforms or through their own independent website, to participate in so-called "initial coin offerings" and to purchase the corresponding "virtual currency".

As discussed in said 8 January 2018 Advisory, **Virtual currency** refers to a digital representation of value issued and controlled by its developers and used and accepted among the members of a specific community or users. An Initial Coin Offering (ICO) is the first sale and issuance of a new virtual currency to the public usually for the purpose of raising capital for start-up companies or funding independent projects. In an ICO campaign, a percentage of the total available virtual currency is sold to interested buyers in exchange for (1) fiat currency; (2) another virtual currency; or (3) another asset or security.

Based on the information gathered by the Commission, some of these new virtual currencies, based on the facts and circumstances surrounding their issuance, **follow the nature of a security as defined by Section 3.1 of the Securities Regulation Code (SRC)**. However, unlike ordinary securities, these virtual currencies are neither guaranteed by any Central Bank nor backed by any commodity. (Section 1 par. 2 of BSP Circular No. 944, Series of 2017)

Under Section 3.1(b) of the SRC, a security includes an “investment contract”. An investment contract, as defined in Section 26.3.5(d) of the 2015 IRR of the SRC, means a contract, transaction or scheme (collectively "contract") whereby a person invests his money in a common enterprise and is led to expect profits primarily from the efforts of others. An investment contract is presumed to exist whenever a person seeks to use the money or property of others on the promise of profits.

When a virtual currency is likewise analogous to any of the types of securities under Section 3.1 of the SRC, there is a strong possibility that the said virtual currency is a security under the jurisdiction of the SEC and has to be registered and necessary disclosures have to be made for the protection of the investing public.

Where the scheme involves the sale of securities to the public, the SRC requires that the said securities offered are duly registered and that the appropriate license and/or permit to sell securities to the public are issued to the corporation and/or its agents, pursuant to the provisions of Section 8 and 28 of the SRC.

Hence, those who act as salesmen, brokers, dealers or agents or claim to act as such of **PAYASIAN SOLUTIONS PTE. LTD/PAYASIAN PTE. LTD CORPORATION** in selling or convincing people to invest in the investment scheme being offered by said entity including solicitations and recruitment through the internet may be prosecuted and held criminally liable under Section 28 of the SRC and penalized with a maximum fine of Five Million pesos (P5,000,000.00) or penalty of Twenty-one (21) years of imprisonment or both pursuant to Section 73 of the SRC.

Also, those who invite or recruit others to join or invest in such venture or offer investment contracts or securities to the public may incur criminally liability, or otherwise be sanctioned or penalized accordingly as held by the Supreme Court in the case of *Securities and Exchange Commission vs. Oudine Santos* (G.R. No. 195542, 19 March 2014).

Furthermore, the names of all those involved will be reported to the Bureau of Internal Revenue (BIR) so that the appropriate penalties and/or taxes be correspondingly assessed.

The public is advised **NOT TO INVEST** or **STOP INVESTING** in any investment scheme being offered by any individual or group of persons allegedly for or on behalf of **PAYASIAN SOLUTIONS PTE. LTD/PAYASIAN PTE. LTD CORPORATION** and to exercise caution in dealing with any individuals or group of persons soliciting investments for and on behalf of it.

Should you have any information regarding any investment solicitation by any individuals or group of individuals representing **PAYASIAN SOLUTIONS PTE. LTD/PAYASIAN PTE. LTD CORPORATION** please call the Enforcement and Investor Protection Department (EIPD) at telephone numbers (02) 8818-6047 and (02) 8818-6047 or send your report to the EIPD at [epd@sec.gov.ph](mailto:epd@sec.gov.ph)

For the guidance of the public.

11 November 2019.