

SEC warns public against Binance, mulls blocking access in the Philippines

The Securities and Exchange Commission (SEC) is warning the public against using online cryptocurrency exchange Binance, as it moves to have the platform blocked in the Philippines to safeguard the public from unregistered investment products.

In an advisory dated November 28, the Commission noted that Binance is not authorized to sell or offer securities to the public in the Philippines, pursuant to Republic Act No. 8799, or The Securities Regulation Code (SRC).

The SRC provides that entities seeking to engage in the business of buying or selling securities or as a broker dealer, or seeking to create or operate an exchange for the buying and selling of securities, must secure a secondary license with the SEC.

Binance defines itself as a facility for trading financial instruments and offers investment products -- including spot trading using leverage, futures contracts, option contracts, cryptocurrency savings accounts, cryptocurrency staking services, and a platform for initial coin offerings.

The SEC found that Binance has been actively employing promotional campaigns on social media to attract Filipinos to engage in investment and trading activities using its platforms. An app version is also currently downloadable on Google Playstore and the Apple App Store.

"Based on the Commission's database, the operator of the platform Binance is not registered as a corporation in the Philippines and operates without the necessary license and/or authority to sell or offer any form of securities as defined under Section 3.1 of the [SRC] to engage in the business of buying or selling securities or as a broker or dealer as provided under Section 28 of the SRC, or to create or operate an exchange for the buying and selling of securities as provided under Section 32 of the SRC," the advisory read.

Those who act as salesmen, brokers, dealers or agents, representatives, promoters, recruiters, influencers, endorsers, and enablers of Binance in selling or convincing people to invest in its platform within the Philippines, even through online means, may be held criminally liable under Section 28 of the

SRC and be penalized up to P5 million or suffer imprisonment of up to 21 years, or both.

In line with the issuance of the advisory, the SEC will be requesting assistance from the National Telecommunication Commission and the Department of Information and Communications Technology to block access to Binance in the Philippines. This will prohibit users from accessing the website and its applications while inside the country.

The removal of access in the Philippines is expected to take effect within three months after the issuance of the advisory, in order to give Filipino investors who have holdings in Binance to close their positions and take out their investments.

Additionally, the SEC has requested Google and Meta, the operator of Facebook, to prohibit online advertisements from Binance appearing to users in the Philippines.

The SEC has recently issued advisories against similar entities, such as OctaFX/Octa Trading and MiTrade, as it looks to address the rising number of online entities soliciting investments from the public without the necessary licenses.

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NOTE TO THE EDITOR

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