

SFC Warns Public of Allegedly Fraudulent Crypto-related Activities

Hong Kong's Securities and Futures Commission (**SFC**) is closely monitoring unauthorised crypto products being offered to the Hong Kong public and crypto-related activities conducted by entities that are not regulated by the SFC as is evident from its listing of 27 crypto products and businesses on its [Suspicious Virtual Asset Trading Platforms Alert List](#) as at 8 April 2024. The SFC has issued warning statements to the public relating to each business listed setting out the virtual asset-related fraud and/or false claims of regulated virtual asset trading platform (**VATP**) status allegedly involved. The SFC advises investors to check its [List of Licensed Virtual Asset Trading Platforms](#), available on the SFC website, to ascertain whether trading platforms are in fact regulated and monitored by the SFC.

The following provides a summary of the SFC's allegations regarding the following entities.

1. **EDY: Suspected virtual asset-related fraud**

According to the SFC, a VATP operating under the name "EDY" has falsely claimed to be affiliated with a Hong Kong financial institution and the digital token system developed by another financial institution. The SFC's [announcement of 25 March 2024](#) warns that investors have been unable to withdraw funds deposited with the platform.

2. **HKCEXP/ HKCEXP-MAX/ HKCEXP OTC Holdings Co., Ltd – Suspicious VATP**

HKCEXP, HKCEXP-MAX and HKCEXP OTC Holdings Co., Ltd (together, **HKCEXP**) is suspected of conducting fraudulent activities in claiming to operate a regulated VATP business through two Hong Kong websites, misleading investors as to the regulated status of the platform. Investors also reported having to pay an excessive "tax" in order to withdraw their funds from the platform.

The Hong Kong address provided on HKCEXP's website is false, and the SFC alleges that its intention was to mislead investors by holding itself out as a regulated firm.

3. Aramex and DIFX – suspected virtual asset-related fraud

The SFC and the Police issued a joint announcement warning the public about suspected fraudulent activities conducted by “Aramex” and “DIFX” which purport to be VATPs and have adopted names similar to those of other entities, despite there being no apparent connection.

Aramex allegedly encouraged investors to join social media chat groups by claiming to offer free investment advice. Investors were allegedly persuaded to invest in cryptocurrencies through websites operated by Aramex and were required to deposit the purchase monies in designated bank accounts. Subsequently, investors were unable to withdraw their funds.

Similarly, individuals representing DIFX claimed to be investment experts and used instant messaging apps to refer unsuspecting investors to websites associated with DIFX. Like Aramex, victims were instructed to deposit funds into specific bank accounts, only to find that they could not withdraw their funds.

4. Floki and TokenFi Staking Programmes

The SFC issued a public warning regarding two suspicious investment products – “Floki Staking Program” and “TokenFi Staking Program” - cryptocurrency staking services purporting to offer annualised returns from 30% to over 100%. Information relating to the products and the products themselves are reportedly accessible to the Hong Kong public via the internet, despite neither product having been authorised by the SFC for retail offering in Hong Kong. Furthermore, the administrator of the products has apparently failed to provide satisfactory evidence to the SFC as to the feasibility of achieving the annualised rates of return.

As already highlighted in the [SFC’s Statement on virtual asset arrangements claiming to offer returns to investors of December 2022](#), the SFC considers that “staking” arrangements in relation to virtual assets could constitute collective investment schemes, the public offering of which requires authorisation from the SFC in the absence of an applicable exemption (such as where the product is offered in Hong Kong only to professional investors (as defined in the Securities and Futures Ordinance (the SFO)). The offer of these products may also amount to “dealing in securities” under Part V of the SFO, which would require the platform operator to be licensed by the SFC for Regulated Activity Type 1.

5. MEXC: unlicensed VATP

On 13 March 2024, the SFC issued a warning statement regarding unlicensed VATP «MEXC» which operates and conducts marketing through its website, Facebook, Telegram groups, X page, Reddit and YouTube.

According to the SFC, MEXC actively promotes its services to Hong Kong investors, despite not being licensed by the SFC and not having applied for a VATP licence. It is an offence to operate a virtual asset exchange, or actively market the services of a virtual asset exchange to Hong Kong investors, without a licence under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (the **AMLO**).

6. KKR Global

On 19 March 2024, the SFC issued a warning to the public regarding suspicious websites operating under the name “KKR Global”. The websites are allegedly involved in virtual asset-related fraud and masquerading as a corporation licensed by the SFC. Victims have reported being solicited through instant messaging apps and had difficulties in withdrawing funds from the websites. They were also asked to pay excessive fees to verify their wallets. The SFC has included the websites on the Suspicious Virtual Asset Trading Platforms Alert List, cautioning the public to be aware of similar domain names that may continue to be created.

7. Sure X: Unlicensed VATP

The SFC has warned the public about an unlicensed VATP operating under the name of “Sure X”, which is also known as “Sure Bit International Pte Ltd”, “Sure Bit International Ltd” and “Sure 9”. The SFC suspects if of actively marketing virtual asset exchange services to Hong Kong investors without being licensed under the pretext of offering education and training on blockchain and cryptocurrencies. This is an offence under the AMLO.

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