



ADVISORY: Foreign Exchange (FOREX) Trading and Cryptocurrency offerings

The St. Vincent and the Grenadines Financial Services Authority (FSA) and the Financial Intelligence Unit (FIU) hereby issues the following warning:

The Authorities in St. Vincent and the Grenadines are aware of the recent growing international trend of Forex Trading and Cryptocurrency. It is advised however, that there is no regulation in place for Foreign Exchange (Forex) Trading and Cryptocurrency offerings in St. Vincent and the Grenadines. Furthermore, no Forex Trading or Cryptocurrency licenses are issued in St. Vincent and the Grenadines. These are speculative investments with considerable risks to the investor.

Members of the public are urged to exercise caution before engaging in any Forex Trading activities or accepting Cryptocurrency offerings.

Forex Trading

Forex Trading or Brokerage is the activity of trading in currencies. It involves a person purchasing a certain quantity of one currency by paying in a quantity of another currency. The trader is basically speculating on the future rate of a particular currency. Forex Trading can be done from anywhere in the world with only an Internet connection required.

The public is advised to beware of Forex trading frauds, where an entity may promise to offer high yield, low risk investment opportunities from investments in foreign currency contracts. These deals may be scams and although they may look like a new sophisticated form of investment opportunity, they may be a form of financial fraud which targets retail customers. Forex scams normally appear attractive and sophisticated sounding and may be advertised via newspapers, radio promotions, or the Internet. In most cases, potential clients are told that they will obtain tens of thousands of dollars in as little as a few weeks or months with small sums. Members of the public are asked to note the following warning signs of a Forex scam:

- Promises that sound too good to be true;
- Claims that most customers make money;
- Unsolicited phone calls offering investments especially from unfamiliar sounding company names;
- Phony success stories from fictional customers;

- Be especially cautious if you have acquired a large sum of cash and have been looking for an investment vehicle;
- High pressure efforts to convince you to send or transfer cash immediately to the firm whether via the Internet or over-night delivery;
- Promises of minimal risks: currency futures and options markets are in fact very volatile and carry substantial risks;
- Promises of a fixed return, or promises of a maximum amount that you can lose;
- Promises to recover any loss you may suffer; and
- Difficulty in getting background information.

Victims tend to be newcomers in the financial sphere or people with absolutely no trading and investment experience. These companies must disclose information on the risks involved and the pertinent details of the client agreement particularly on the possibilities of loss to the client.

If an entity is unlicensed and unregulated, you will be using its services at your own risk. Unregulated Forex Trading or Brokerage and Binary Options entities may not be subject to any code of practice or other regulatory law anywhere that expressly prohibits the business from making statements that are misleading, false or deceptive. Neither are their owners, directors and managers subject to the “fit and proper” test applied by financial regulatory authorities, such as the FSA.

Cryptocurrency

Cryptocurrency is a digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank. Cryptocurrency is a speculative product which also presents risks relating to money laundering and terrorist financing. Some illicit uses of crypto-currency include their use for Ponzi and other pyramid schemes, phishing scams, ransomware, fraud, market manipulation, money laundering, terrorist financing and the facilitation of small arms shipments and drug trafficking. Cryptocurrency is not regulated and can be used for fraudulent purposes to scam unsuspecting investors.

The public is urged to act with caution and understand the risks they will be exposed to if they choose to invest in cryptocurrencies.

The public is also advised not to invest what they cannot afford to lose and to ensure that they understand all the procedures and risks and conduct investigations to ensure that the person offering the investment opportunity is properly licensed and has a reputable business history.