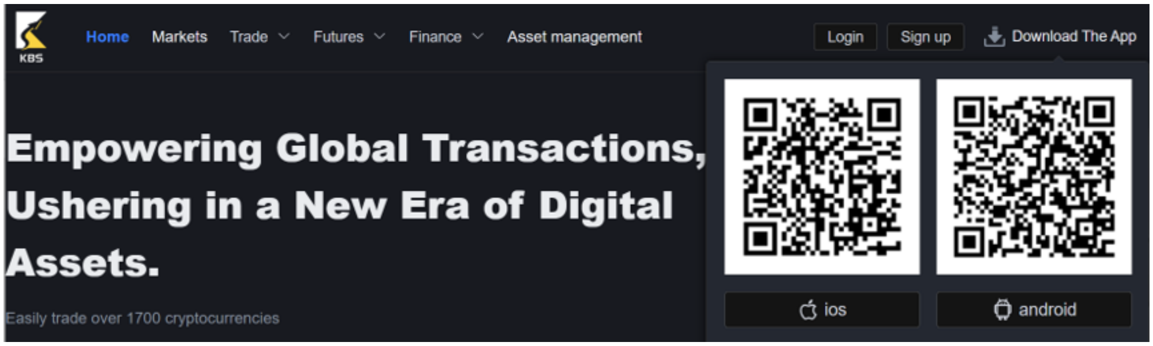
SEC ADVISORY

This is to inform the public that **LS, KBS, KBSEX, KBS Exchange, KBSEX Exchange, LS KBS Crypto Trading, LS Crypto Currency Humanitarian Org. Cebu and SDX Exchange** (hereinafter collectively referred to as **"KBS"**), **are NOT AUTHORIZED TO SELL or OFFER SECURITIES to the public in the Philippines.**

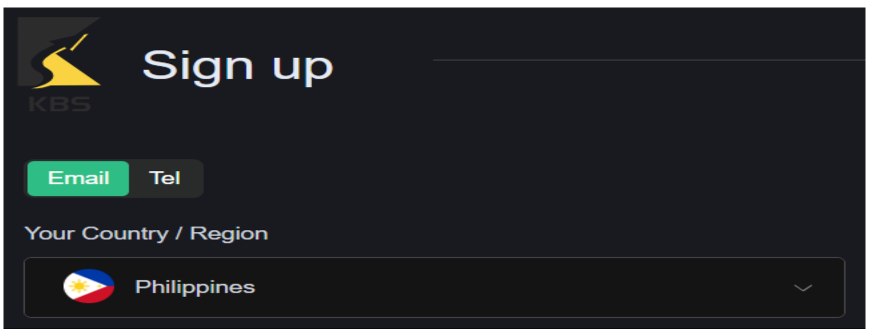
According to its website, KBS represents itself as the safest Bitcoin exchange, claiming to facilitate global transactions and promote a new era of digital assets.

However, based on information gathered by the Commission from the public, KBS operates a scheme that promises daily income and humanitarian benefits while requiring participants to deposit funds typically $100 or more through GCash, USDT, or bank transfers. The scheme utilizes a mobile application known as the **KBS App** and portrays itself as a "**trading platform for humanitarian missions**." The operators further assert that KBS holds U.S. government certification through a Money Services Business (MSB) license, a claim that appears unverifiable or potentially fraudulent. Participation in the scheme requires securing an invitation link, making an initial deposit, and joining private messaging groups such as BonChat.

Entities operating under the names **LS, KBS, KBSEX, KBS Exchange, KBSEX Exchange, LS KBS Crypto Trading, LS Crypto Currency Humanitarian Org. Cebu and SDX Exchange** are actively using social media platforms to entice the public to join, register, and engage in trading activities including the buying and selling of unregistered securities, through their main website https://www.kbsexx.com/home?name=home and mobile application known as **KBS**. This application is available for download on both the Google Play Store and the Apple App Store.



KBS' operations allow Filipinos to create user accounts on their platforms for the purpose of investing and trading unregistered investment products.



While the operator of the platform claims to be a registered broker/dealer in certain foreign jurisdictions, in the Philippines, the sale or offering of securities and investment products to the public is strictly governed by the Securities Regulation Code (SRC). Before any such offerings can legally take place, the following requirements must be met:

1. **Registration of Securities** – The securities must be registered with the Philippine Securities and Exchange Commission (SEC). This process includes the submission of a registration statement that discloses comprehensive details such as the offering price, intended use of proceeds, and the characteristics of the securities being offered.

2. **Corporate or Dealer Registration** – The securities must be issued either by a Philippine-registered corporation or by a dealer licensed to operate in the Philippines.

3. **Secondary License Requirement** – The issuer must also obtain a secondary license from the SEC specifically authorizing it to sell or offer securities to the public.

In the present case, records from the Commission indicate that **LS, KBS, KBSEX, KBS Exchange, KBSEX Exchange, LS KBS Crypto Trading, LS Crypto Currency Humanitarian Org. Cebu and SDX Exchange** are not registered with the Commission as a corporation, partnership, or One Person Corporation. As a result, these entities do not possess a secondary license or the requisite authority to solicit investments or offer securities. Only registered corporations are eligible to apply for and be granted a secondary license by the Commission, which these entities have failed to obtain.

In addition, these entities do not have any pending regulatory sandbox applications with the PhiliFintech Innovation Office and are neither previously nor currently enrolled in the strategic sandbox program.

Considering the foregoing, the public is strongly advised **not to invest in, trade with, transact with, or engage in any investment schemes offered by KBS**, or by any other entities operating similar schemes. The public is further urged to exercise **extreme caution** when dealing with individuals or groups soliciting investments or recruiting investors on behalf of such entities.

In addition, those who act as salesmen, brokers, dealers or agents, representatives, promoters, recruiters, influencers, endorsers, and enablers of the **KBS** platform in selling or convincing people to invest in this platform within the Philippines even through online means may be held criminally liable under Section 11 of the Financial Products and Services Consumer Protection Act (FCPA) and Section 28 of the SRC and both penalized separately with a maximum fine of Five Million Pesos (P5,000,000.00) or imprisonment of Twenty One (21) years or both pursuant to Section 73 of the SRC (SEC vs. Oudine Santos G.R. No. 195542, 19 March 2014).

The SEC encourages the public to report any activities related to these schemes, or any other suspicious investment solicitations, to the Commission's **Enforcement and Investor Protection Department (EIPD)**. Reports may be sent via email to **epd@sec.gov.ph**. You may also visit the EIPD in person at the **SEC Headquarters, 7097 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City**.

For the guidance of the public.

Makati City, 09 January 2025