

News & Events
[Press Releases](#)
[Public Statements & Remarks](#)
[Events](#)
Release Number 8884-24
CFTC Charges KuCoin with Operating Illegal Digital Asset Derivatives Exchange
March 26, 2024

Washington, D.C. — The Commodity Futures Trading Commission today announced it filed a civil enforcement action in the U.S. District Court for the Southern District of New York charging **Mek Global Limited, PhoenixFin PTE Ltd., Flashdot Limited, and Peken Global Limited**, which collectively operate a centralized digital asset exchange under the name **KuCoin**, with multiple violations of the Commodity Exchange Act (CEA) and CFTC regulations.

The complaint charges KuCoin illegally dealt in off-exchange commodity futures transactions and leveraged, margined, or financed retail commodity transactions; solicited and accepted orders for commodity futures, swaps, and leveraged, margined, or financed retail commodity transactions without registering with the CFTC as a futures commission merchant (FCM); failed to diligently supervise its FCM activities; operated a facility for the trading or processing of swaps without registering with the CFTC as a swap execution facility (SEF) or designated contract market (DCM); and failed to implement an effective customer identification program (CIP).

In its continuing litigation against KuCoin, the CFTC seeks disgorgement, civil monetary penalties, permanent trading and registration bans, and a permanent injunction against further violations of the CEA and CFTC regulations, as charged.

“For too long, some offshore crypto exchanges have followed a now-familiar playbook by offering derivative products and falsely claiming people in the United States cannot use their platforms, when in reality, anyone in the U.S. with commonly used technology can trade without providing basic customer identifying information,” said Director of Enforcement Ian McGinley.

“As made clear by the CFTC’s action today and its previous enforcement actions, the CFTC’s playbook should also now be familiar – the CFTC will charge such entities with failing to register with the CFTC and failing to comply with the agency’s rules that protect U.S. customers and prevent and detect terrorist financing and money laundering,” McGinley continued.

Case Background

According to the complaint, KuCoin offered and executed commodity derivatives and leveraged, margined, or financed commodity transactions to and for people in the U.S. from approximately July 2019 to approximately June 2023, and failed to implement required know-your-customer (KYC) compliance procedures. The complaint further alleges that although KuCoin claimed to have implemented KYC procedures, those procedures were a sham and did not prevent U.S. customers from trading commodity interests and derivatives on the platform.

The complaint also alleges people who identified themselves as being U.S. customers were permitted to trade commodity futures, swaps, and leveraged, margined, or financed commodity transactions on the exchange, in violation of the CEA and CFTC regulations. KuCoin failed to impose any IP address restrictions during the relevant period to prevent U.S. customers from trading commodity interests or account for commonly used technology such as virtual private networks (VPNs) that could potentially circumvent IP address restrictions.

Related Criminal Action

In a separate criminal matter, the U.S. Attorney’s Office for the Southern District of New York filed an indictment against PhoenixFin PTE Ltd., Flashdot Limited, and Peken Global Limited charging them with violating the Bank Secrecy Act, operating an unlicensed money transmitter business, and conspiracy to violate the Bank Secrecy Act and operate as an unlicensed money transmitter business.

The Division of Enforcement staff responsible for this matter are Christopher Giglio, Andrew Rodgers, Jack Murphy, K. Brent Tomer, Lenel Hickson, Jr., and Manal M. Sultan.

The CFTC also strongly urges the public to verify a company’s registration with the CFTC before committing funds. If unregistered, a customer should be wary of providing funds to that company. A company’s registration status can be found using [NFA BASIC](#).

Customers and other individuals can report suspicious activities or information, such as possible violations of commodity trading laws, to the Division of Enforcement via a toll-free hotline 866-FON-CFTC (866-366-2382), [file a tip or complaint](#) online, or contact the [Whistleblower Office](#).

Whistleblowers may be eligible to receive between 10 and 30 percent of the monetary sanctions collected paid from the CFTC Customer Protection Fund financed through monetary sanctions paid to the CFTC by violators of the CEA.

-CFTC-

RELATED LINKS
[Complaint: KuCoin, et al](#)
[Statement of Commissioner Caroline D. Pham](#)
Resources

[CFTC Regulations](#)
[Commodity Exchange Act](#)
[Privacy Policy](#)
[Web Policy](#)
[FOIA](#)
[EEO Statement](#)
[No Fear Act](#)
[Accessibility Statement](#)
[Procurement](#)
[USA.gov](#)
[Glossary](#)

Actions

[Search Public Comments](#)
[Submit Tips & Complaints](#)
[Search Industry Filings](#)

[Whistleblower.gov](#)
[Office of Technology Innovation](#)

[Inspector General](#)

Sitemap

CFTC Headquarters

Three Lafayette Centre
 1155 21st Street, NW
 Washington, DC 20581
 202.418.5000

[Subscribe to CFTC Updates](#)