SECURITIES AND EXCHANGE COMMISSION

Protecting Investors in the Capital Markets

PUBLIC WARNING

The Securities and Exchange Commission ("SEC") hereby cautions the investing public to be careful when making investment decisions. The SEC has received information and enquiries from the public regarding a company called **KWAKOO** that is requesting the public to invest in a cryptocurrency called **ONYXCOIN**. We understand that KWAKOO is promoting and advising individuals to invest money by purchasing various Onyxcoin packages. We further understand that the promoters are predicting the value of Onyxcoin to increase by more than 100 times or 1,000 percent by June 2021.

First and foremost, it is a requirement of the Securities Act, No. 41 of 2016 ("the Securities Act") that any person engaging or holding out as engaging in the provisions of advice on investments in securities, including advice on subscribing for, or purchasing, selling, exchanging or holding of, securities to any person in Zambia must be licensed, unless otherwise properly exempted by Law. Presentations which promote and solicit for funds to be invested in a financial product such as Onyxcoin qualify as investment advice in the context of the Securities Act's definition of an investment adviser. **KWAKOO** and its promoters and/or representatives are **NOT** licensed or authorized by the SEC to provide investment advice or solicit funds from the Zambian investing public for investment in any financial product in Zambia or elsewhere.

The SEC's regulatory role of licensing or authorization of capital market intermediaries, including Dealers and Investment Advisers, ensures the protection of investors through the SEC's supervision of the marketing and/or dealings by the intermediaries. To this end, the SEC kindly advises the public to be cautious before placing valued funds with anybody soliciting funds for investment in a scheme and/or other financial product and/or investment advisory services. Please note that dealing with unauthorized or unlicensed entities or individual, whether foreign or local, places your investment at great risk.

Secondly, Initial Coin Offerings (ICOs, also known as token sales or coin sales), typically involve the creation of digital tokens – using distributed ledger technology – and they are sold to investors by auction or through subscription, in return for a crypto-currency such as Bitcoin or Ether or others, including Onyxcoin. These offerings are not standardized, and their legal and regulatory status is likely to depend on the circumstances of the individual ICO.

There are clear risks associated with these offerings. ICOs are highly speculative investments in which investors are putting their entire invested capital at risk. While some operators are providing legitimate investment opportunities to fund projects or businesses, the increased targeting of ICOs to retail investors through online distribution channels by parties often located outside an investor's home jurisdiction - which may not be subject to regulation or may be operating illegally in violation of existing laws - raises investor protection concerns. There have also been instances of fraud, and as a result, investors are reminded to be very careful in deciding whether to invest in ICOs.

Finally, Investors are advised to be smart and wary of any investments that offer guaranteed or above average returns. To this end, to reduce investment fraud and other related risks, investors are advised to do the following:

- ✓ **Ask Questions.** Fraudsters are counting on you not asking questions. Do your own due diligence by doing an independent research on the investment scheme or products being offered to you. Do not be in a hurry to invest.

- ✓ **Verify that the intermediary, i.e. the Dealer (broker or fund manager) and/or Investment Adviser or the person selling you the product is licensed:** It does not matter whether you know the person socially. As an investor, it is important to deal with a SEC licensed Dealer or Investment Adviser. SEC licensees are required to follow supervisory rules and regulations that are put in place to safeguard the interests of investors by mitigating risk exposures to investments. Do not shy away from demanding to see a requisite SEC licence.

- ✓ **Conduct research on a product before you invest:** this enables you to assess the level of risk associated with the investment and the expected return thereby guiding you in selecting the most favourable investment. Unsolicited emails, messages and all manner of adverts should not be the sole basis for your investment decisions. Understand a company's business and its products or services before investing. If need be, consult a duly SEC licensed broker/Dealer and/or Investment Adviser. Do not fail to ask the right questions

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