ALBERTA SECURITIES COMMISSION

File No.: ENF-013419
Citation: Re CatalX CTS Ltd., 2026 ABASC 105
Date: 20260729

SETTLEMENT AGREEMENT AND UNDERTAKING

CatalX CTS Ltd. (operating as Catalyx) and Hyuk Jae Park

Regulatory Message

Pre-registration undertakings for crypto asset trading platforms (**CTPs**) were introduced by Canadian securities regulators as a critical investor protection measure following insolvencies in the crypto asset trading market. CTPs that entered into these undertakings made commitments to follow regulatory requirements while pursuing registration or exemptive relief.

A pre-registration undertaking (**PRU**) is a significant and important commitment made by a CTP to Canadian securities regulators that set conditions for its continued operation in Canada for an interim period. An undertaking to Canadian securities regulators is a legal commitment made by a CTP that it will operate within the bounds of securities laws.

Under the PRU, a CTP has a duty to maintain proper systems of financial and custodial control over client assets to ensure investors are protected. The safeguarding of investor assets is vital to the proper functioning of the capital markets. A CTP's failure to protect client assets exposes investors to significant losses and undermines confidence in the capital markets. Failure in this respect is a material breach of core obligations and can enable misconduct to occur.

CTPs are required to promptly report material breaches. Any delay in reporting deprives regulators of information needed to assess investor harm and take appropriate action and constitutes a breach of the undertaking.

Companies and individuals must comply with undertakings given to the Alberta Securities Commission. Failure to do so is a violation of Alberta securities laws.

Agreed Facts

Introduction

1. Staff of the Alberta Securities Commission (**Staff** and **Commission**, respectively) conducted an investigation into CatalX CTS Ltd. (**Catalyx**) and Hyuk Jae Park (**Park**) (collectively, the Respondents) to determine if Alberta securities laws had been breached.

2. After conducting the investigation, Staff issued a Notice of Hearing on July 11, 2025, *Re CatalX Ltd.*, 2025 ABASC 98, alleging that Catalyx breached the following section of the *Securities Act*, RSA 2000, c S-4, as amended (***Act***):

   2.1 section 93.2 of the *Act* by failing to comply with the terms of a written undertaking to the Commission by:

      2.1.1 failing to promptly inform the Commission of a material breach or failure of Catalyx or any of its third-party custodian's system of control or supervision, specifically, the loss of any amount of crypto assets impacting Catalyx's clients; and

      2.1.2 failing to establish, maintain and apply policies and procedures that managed and mitigated custodial risks, including but not limited to, an effective system of controls and supervision to safeguard clients' crypto assets.

3. In the Notice of Hearing, Staff alleged that Park authorized, permitted or acquiesced to Catalyx's breaches of section 93.2 of the *Act*.

4. The investigation confirmed, and the Respondents admit, that they breached those sections of the *Act* referred to in this Settlement Agreement and Undertaking (**Agreement**).

5. In the Notice of Hearing, Staff have separately alleged that Jae Ho Lee (**Lee**) breached section 93(1)(b) of the *Act* by directly or indirectly engaging or participating in an act, practice or course of conduct relating to a security or a derivative that he knew or ought to have known perpetrated a fraud on clients of Catalyx. Staff's allegations against Lee do not form part of this Agreement.

6. Solely for securities regulatory purposes in Alberta and elsewhere, and as the basis for the settlement and undertakings referred to in paragraphs 40 and 41 and for no other use or purpose, the Respondents agree to the facts and consequences set out in this Agreement.

7. Terms used in this Agreement have the same meaning as provided in the Alberta securities laws, a defined term in the *Act*.

Parties

8. Catalyx was a company incorporated in British Columbia on February 5, 2018, under a predecessor name and continued in Alberta on September 10, 2019. Catalyx operated a crypto asset trading platform (**CTP**) at https://Catalyx.io (the **Platform**) from February 2019 to December 2023 (the **Operational Period**).

9. Park is an individual who resides in Coquitlam, British Columbia. During the Operational Period, Park was a director and shareholder of Catalyx. Effective December 31, 2020, Park became the chief executive officer (**CEO**) of Catalyx.

10. Lee is an individual whose last known address was Surrey, British Columbia. During the Operational Period, Lee was a shareholder, director, chief financial officer and chief

operating officer of Catalyx. During the Operational Period, Lee was also a Chartered Professional Accountant.

11. Catalx Management Ltd. (**Catalx Management**) was a company incorporated in British Columbia on August 28, 2018. Both Lee and Park were directors of Catalx Management during the Operational Period. Catalx Management was responsible for funding the day-to-day operations of Catalyx, including payroll and operational expenses.

12. 56 Financials Inc. (**56 Financials**) was a company incorporated in Alberta on August 7, 2012. During the Operational Period, Catalyx was its sole shareholder, and Lee was its sole director. 56 Financials accepted client deposits of fiat currency via e-transfer.

13. Bittrex Global GmbH (**Bittrex**) was a Liechtenstein-based corporation licensed under the Liechtenstein *Token and Trusted Technology Service Provider Act* as a Token Depository and regulated by the Liechtenstein Financial Market Authority and acted as the third-party custodian for Catalyx.

Background

14. From February 2019 to December 2023, Catalyx offered CTP services to clients on the Platform that included the ability to deposit, buy, sell, hold, withdraw and transfer crypto assets.

15. During the Operational Period, Catalyx made representations to clients on its website and in its terms of service (**Terms of Service**) about the CTP services it provided, including that:

    15.1 clients could fund their accounts by transferring crypto assets to a wallet address provided by Catalyx or by depositing fiat currency into bank accounts controlled by Catalyx;

    15.2 crypto assets transferred, and fiat currency deposited, to client accounts on the Platform would be held in trust for clients; and

    15.3 clients could trade fiat currency for crypto assets, as well as crypto assets for other crypto assets, by placing orders on the Platform.

    (the **Representations**)

16. Lee was responsible for the day-to-day operations of Catalyx. Lee also had signing authority over bank accounts held by Catalyx, Catalyx Management, and 56 Financials. Crypto assets belonging to Catalyx's clients on the Platform were custodied by Bittrex, and Lee had unrestricted access to Catalyx's account at Bittrex.

17. On March 24, 2023, Catalyx entered into a PRU with the Commission, as set out in further detail at paragraphs 24– 27, below.

18. As of September 30, 2023, as part of its reporting obligations under the PRU, Catalyx reported to the Commission that it held approximately $12,900,000 USD worth of clients' crypto assets on the Platform.

19. By the end of 2023, clients were unable to trade or otherwise withdraw and transfer their fiat currency or crypto assets purportedly held in trust for clients on the Platform.

20. On December 21, 2023, Catalyx informed the Commission about a potential loss of clients' crypto assets. On December 22, 2023, a hearing panel of the Commission issued an interim cease trade order against Catalyx and Lee (*Re CatalX CTS Ltd*., 2023 ABASC 167), which was extended on January 5, 2024 (*Re CatalX CTS Ltd*., 2024 ABASC 5). The interim cease trade order was varied on November 19, 2024 (*Re CatalX CTS Ltd*., 2024 ABASC 178) and expired on January 5, 2025.

21. On January 19, 2024, Deloitte Restructuring Inc. (**Receiver**) was appointed by the Court of King's Bench of Alberta as receiver for Catalyx and Catalyx Management under section 13(2) of the *Judicature Act*, RSA 2000, c J-2, and section 99(a) of the *Business Corporations Act*, RSA 2000, c B-9.

22. In a report filed with the Court of King's Bench of Alberta on May 21, 2024, the Receiver reported, among other things, that:

    22.1 Catalyx's books and records showed approximately $13,958,000 USD in crypto assets held on the Platform, but the actual value of the crypto assets was approximately $151,000 USD due to a shortfall of crypto assets;

    22.2 The primary cause of the shortfall was the use of crypto assets for purposes unrelated to client activities on the Platform;

    22.3 Beginning no later than May of 2021 and persisting until the fall of 2023, there was a series of unauthorized withdrawals of crypto assets from Catalyx; and

    22.4 Lee, the chief financial officer of Catalyx, played a primary role in the unauthorized withdrawals and shortfall in crypto assets.

23. On June 20, 2025, the Court of King's Bench issued an order approving a proposal under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (**Proposal**). Under the Proposal, and after fees and disbursements, $111,520 CAD in funds were available for distribution to unsecured creditors.

Pre-Registration Undertaking

24. On February 22, 2023, the Canadian Securities Administrators (**CSA**) issued CSA Staff Notice 21-332, indicating that all CTPs were required to file a pre-registration undertaking with the relevant CSA jurisdiction to permit them to continue operating in Canada while they sought registration and related exemptive relief with their respective securities regulator.

25. On March 24, 2023, Park, as CEO and as signatory on behalf of Catalyx, signed the PRU with the Commission. Pursuant to the PRU, Catalyx undertook, among other things, to:

    25.1 promptly inform the Commission in writing of any material breach or failure of Catalyx or any of its third-party custodian's system of control or supervision, and what steps had been taken by Catalyx to address each such breach or failure; and

25.2 ensure it was proficient and experienced in holding crypto assets and had established and would maintain and apply policies and procedures that manage and mitigate custodial risks.

26. Any loss of clients' crypto assets was a material breach within the meaning of the PRU described in subparagraph 25.1 that Catalyx was required to promptly report to the Commission.

27. The PRU was a written undertaking to the Commission under section 93.2 of the *Act*.

Failure to Maintain System of Controls

28. From March 24, 2023, until December 2023, Catalyx failed to establish, maintain and apply policies and procedures to manage and mitigate custodial risks, specifically, the risk that an employee would remove clients' fiat currency and crypto assets that were meant to be held in trust for clients. In particular, Catalyx failed to:

28.1 ensure proper financial controls existed to:

28.1.1 detect the removal of clients' crypto assets and fiat currency deposits that were not authorized by the clients themselves;

28.1.2 detect the improper removal and use of clients' fiat currency deposits for operational expenses; and

28.2 ensure proper controls existed regarding the segregation of duties to prevent an individual employee, specifically, Lee, from having unrestricted access to bank accounts under Catalyx's control and Catalyx accounts that custodied clients' crypto assets and fiat currency with Bittrex.

Failure to Report a Material Breach

29. No later than November 24, 2023, Park was informed by Lee of the loss of clients' crypto assets. After being informed by Lee, Park immediately advised the remaining members of Catalyx's board of directors of the loss of crypto assets.

30. The loss of clients' crypto assets was a material breach within the meaning of the PRU, and despite discovery of the material breach on November 24, 2023, Catalyx failed to promptly inform the Commission of the material breach.

31. On December 5, 2023 Catalyx informed the Commission that it was withdrawing from the PRU but failed to inform the Commission about the material breach.

32. Catalyx failed to inform the Commission about the material breach until December 21, 2023.

Admitted Breaches of Alberta Securities Laws (**Admitted Breaches**)

33. Based on the Agreed Facts, Catalyx admits that it:

33.1 breached section 93.2 of the *Act* by failing to comply with a written undertaking to the Commission to promptly report a material breach of the PRU to the Commission; and

33.2 breached section 93.2 of the *Act* by failing to comply with a written undertaking to the Commission to establish, maintain and apply policies and procedures that managed and mitigated custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard clients' crypto assets.

34. Based on the Agreed Facts, Park admits that, as CEO and the signatory to the PRU on behalf of Catalyx, he authorized, permitted or acquiesced in Catalyx's breaches of undertakings of the PRU as described in paragraphs 28 to 32 of this Agreement.

Circumstances Relevant to Settlement

35. The Respondents have not been previously sanctioned by the Commission.

36. Park cooperated with Staff from the outset of the investigation through to the signing of this Agreement.

37. Park paid $750,000 CAD to fund the receivership process, including a forensic audit conducted by Deloitte. In addition, Park also contributed $200,000 CAD to the receivership proceeds which resulted in an additional distribution of funds to unsecured creditors of Catalyx.

38. The monetary settlement and market access restrictions against Park, as set out in paragraph 41, below, would have been much higher in the absence of his cooperation with Staff and his contributions towards funding of the receivership process and receivership proceeds.

39. This Agreement has saved the Commission the time and expense associated with a contested hearing under the *Act*.

Settlement and Undertakings

40. Based on the Agreed Facts and Admitted Breaches, Catalyx agrees and undertakes to the Executive Director, with permanent effect:

40.1 that all trading in or purchasing of Catalyx securities must cease;

40.2 to cease trading in or purchasing securities or derivatives;

40.3 that all of the exemptions contained in Alberta securities laws do not apply to it;

40.4 to be prohibited from engaging in investor relations activities;

40.5 to be prohibited from advising in securities or derivatives;

40.6 to be prohibited from becoming or acting as a registrant, investment fund manager or promoter; and

40.7 to be prohibited from acting in a management or consultative capacity in connection with activities in the securities market.

41. Based on the Agreed Facts and Admitted Breaches, Park agrees and undertakes to the Executive Director of the Commission to:

41.1 pay to the Commission a monetary settlement of $90,000 CAD, inclusive of $10,000 CAD in costs;

41.2 resign all positions he may have as a director or officer, or both, of any issuer, registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository, designated rating organization, designated information processor, recognized quotation and trade reporting system or designated benchmark administrator, subject to the exception set out in paragraph 42 below;

41.3 be prohibited for a period of 6 years from:

41.3.1 acting as a director or officer, or both, of any issuer, registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository, designated rating organization, designated information processor, recognized quotation and trade reporting system or designated benchmark administrator, subject to the exception set out in paragraph 42 below.

41.3.2 engaging in investor relations activities in respect of any issuer, registrant, or investment fund manager;

41.3.3 becoming or acting as a registrant, investment fund manager or promoter; and

41.3.4 acting in a management or consultative capacity in connection with activities in the securities market in respect of any issuer, registrant, or investment fund manager;

unless the undertaking set out in subparagraph 41.4 has not yet been fulfilled, in which case the prohibitions continue until that undertaking has been fulfilled; and

41.4 pursue and complete training respecting the duties of corporate officers, as approved by the Executive Director of the Commission in writing upon satisfactory completion.

42. Park may become or act as a director or officer, or both, of a private issuer as defined in section 2.4 of National Instrument 45-106 that is not affiliated with Catalyx, Catalx Management, or 56 Financials, provided that the private issuer does not act as a registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository, designated rating organization, designated information processor, recognized quotation and trade reporting system, designated benchmark administrator, or a dealer or adviser of securities.

Administration

43. The Respondents acknowledge that they received or had the opportunity to seek independent legal advice and have voluntarily made the admissions and undertakings in this Agreement.

44. The Respondents waive any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.

45. The Respondents acknowledge and agree that the Commission may enforce this Agreement in the Court of King's Bench or in any other court of competent jurisdiction.

46. The Respondents understand and acknowledge that this Agreement may form the basis for securities-related orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow for provisions of a settlement agreement made in this matter to be given parallel effect in those other jurisdictions automatically, without further notice to them. The Respondents understand and acknowledge that they should contact the securities regulator of any other jurisdiction in which they may intend to engage in any securities-related activities.

47. Execution and fulfillment of the terms of this Agreement by the Respondents resolve all issues involving the Respondents relating to the conduct described above, and Staff will take no further steps against them arising from these facts.

48. This Agreement may be executed in counterpart.

Signed by the duly authorized signatory of CatalX CTS Ltd. at Vancouver, BC this 27 day of July, 2026, in the presence of:	)	CatalX CTS Ltd.
WITNESS NAME WITNESS NAME	)	
"Original signed by" SIGNATURE	)	Per: *"Original signed by"* Hyuk Jae Park

Signed by Hyuk Jae Park at Vancouver, BC this 27 day of July, 2026, in the presence of:	)	
WITNESS NAME WITNESS NAME	)	
"Original signed by" SIGNATURE	)	*"Original signed by"* Hyuk Jae Park

	)	ALBERTA SECURITIES COMMISSION
Calgary, Alberta, 29 July 2026	)	
	)	*"Original signed by"*
	)	Samir Sabharwal
	)	Executive Director