

Are you an informed investor?

Online Binary Options Schemes

What is a Binary Option?

A binary option is a type of all-or-nothing investment contract, similar to placing a bet. Like the flip of a coin, there are only two possible outcomes: heads you win or tails you lose. When an investor purchases a binary option contract, the investor predicts the value of an underlying asset (currency, stock, etc.) at a predetermined time or date in the future – similar to placing a bet. If the investor correctly predicts the asset price at the end of the contract, which can be just a matter of minutes, the investor receives the payout agreed upon in the contract. If the investor is incorrect, there is no payout and the investor loses the amount invested in the binary option.

Common Investor Complaints

Much of the binary option market operates through internet-based trading platforms. Such platforms often are not compliant with U.S. or Canadian regulatory requirements. In recent years, the number of unregistered platforms offering binary options has surged, resulting in an escalation of complaints to securities regulators. These complaints address the inherent risks in binary options as well as unrelated issues, such as false or misleading disclosures or theft of investors' assets. Complaints have included:

- Investors' funds not being deposited into their accounts;
- Firms refusing to return deposited funds to investors;
- Salespeople using high pressure tactics or financial threats;
- Unauthorized charges found on credit cards used to invest through a binary options website;
- Representatives demanding excessive fees when withdrawal requests are made;
- Follow-up calls offering to recover losses for an excessive fee; or
- Calls from people claiming to work for, or on behalf of, a government agency.

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**To learn more, contact:
Arizona Corporation Commission-Securities Division**

