

For Immediate Release
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CSA alerts Canadians: Beware binary options platforms

Calgary – The Canadian Securities Administrators (CSA) are increasingly concerned about the growth in the number of websites promoting offshore binary options trading platforms that are targeting Canadians. The CSA wants to make it clear: **no business is currently registered or authorized to market or sell binary options in Canada.**

Binary options are like “bets” on how an asset (currency, stock, etc.) will perform in a limited amount of time – they are “all or nothing” wagers, similar to gambling. However, even when investors see virtual gains, they often cannot access these profits as they don’t exist.

“Canadians are exposing themselves to the high risk of identity theft and fraud when signing up for these platforms that often request their credit card information,” said Louis Morisset, Chair of the CSA and President and CEO of the Autorité des marchés financiers. “The CSA warns investors that if they deal with these platforms, they risk the threat of thousands of dollars in unauthorized withdrawals on their credit cards and of being stuck with high-interest payments for a non-existent investment.”

Offering investment services or products, whether online or in-person, is a regulated activity. Investing with offshore companies operating outside of Canada can be risky and is a common red flag of investment fraud. Once offshore, it is often impossible for investors to recover their money.

Businesses illegally offering Canadians the chance to make quick and easy money from binary options are operating all over the world. CSA members are working together and with other regulators to share best practices in order to counter these widespread illegal activities.

The CSA encourages all investors to visit aretheyregistered.ca to check the registration of any person or company offering investments to Canadians. Anyone who has invested with, or has concerns about, an offshore binary options trading platform should contact their local securities regulator.

Best practices:

1. Always check registration and enforcement history before investing.
2. Be wary of giving out personal information (including credit card information) over the phone or internet.
3. Don’t make a decision on the spot. Take some time to research the opportunity and review it with an independent third party.
4. Ask to have written information about the investment sent to you.

5. Make sure you fully understand an investment.

March is Fraud Prevention Month. Throughout the month, investors can follow tweets from [@CSA_News](#) for additional helpful tips and information on fraud prevention and being an informed investor. Investors can also visit the [Investor Tools](#) section of the CSA website to learn more about making informed investing decisions.

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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Backgrounder: Binary Options

What are binary options?

Binary options are like an “all or nothing” wager on how an underlying asset will perform in a limited amount of time. Investors can have as little as 60 seconds to predict the market’s minute-by-minute fluctuations, which make investing in binary options extremely risky, even for seasoned investors.

Binary options are highly volatile and can produce wins or losses quickly, and because they are often traded in currency markets, they can present a high level of risk for many investors.

What are the risks?

There are several websites that allow users to trade binary options. Some may claim that these investments are risk-free or that the site will reimburse investors for lost wagers. However, these claims are inherently too good to be true; all investing involves some amount of risk, and most site disclaimers will clearly state that investors could stand to lose their entire investment.

Websites that facilitate binary options trades can sometimes expose investors to potential frauds, including manipulating the trading software to adjust a binary option’s price and payout. For example, if a trade is “winning” during its allotted period of time, the option’s timeframe may be arbitrarily extended until the trade becomes a loss.

Certain online binary options trading platforms have refused to credit customer accounts or reimburse funds after accepting users’ money. Would-be customers who have deposited money into a binary options trading account are later encouraged by the platform’s “brokers” to add additional funds. When these customers later attempt to withdraw their original deposit or the return that they have been promised, the “brokers” may cancel the withdrawal requests, refuse to credit the account, or ignore customers’ phone calls and emails.

Many binary trading platforms are based overseas, despite listing a Canadian phone number or address. This means that investing with these platforms will move an investor’s money out of Canada and make it nearly impossible to recover if something goes wrong. The companies operating these platforms may not be registered to conduct business in Canada, and all investors are encouraged to check the registration of a broker or firm before investing by visiting aretheyregistered.ca.