



Canadian Securities  
Administrators

Autorités canadiennes  
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## **Canadian Securities Administrators Urge Canadians to Protect Themselves Against Binary Options Fraud**

*CSA forms task force to address leading cause of fraudulent activity in Canada*

TORONTO – [March 2, 2017] – The Canadian Securities Administrators (CSA) are warning Canadians about binary options scams and urging them to educate themselves on the risks and serious consequences of binary options. In Canada, the number of victims affected by this form of fraud is on the rise, and these “get rich quick” schemes are dangerous. In response to this escalating problem, the CSA has formed the Binary Options Task Force to protect Canadians from binary options scams.

“Binary options fraud is a leading type of investment fraud facing Canadians today,” said Jason Roy, Chair of the CSA Binary Options Task Force and senior investigator with the Manitoba Securities Commission. “We want Canadians to know that there are no registered individuals or firms permitted to trade these products in Canada. We are seeing families of every demographic being affected by financial losses due to binary options trading. We want Canadians to understand the financial dangers associated with these products.”

Binary options take the form of a ‘wager’ in which investors bet on the performance of an underlying asset, often a currency, stock index, or share, and the timeframe on this bet is typically very short, sometimes hours or even minutes. When the investment period is up, the investor receives a predetermined payout or loses the entire amount.

Binary options ‘traders’ rely on websites and social media ads to market their product, which makes it difficult to determine their location. The overwhelming majority of binary options sites are rigged to lure in victims with small early returns. In many instances, no actual trading occurs, and the entire interaction takes place for the purpose of stealing money. Once larger sums are invested, the losses begin to spiral, often through unauthorized credit card withdrawals and requests to send money offshore to an unregistered firm. Once a victim has lost their money, it is almost impossible to recuperate their losses.

The CSA’s Binary Options Task Force has undertaken a number of important initiatives to protect Canadians from unregistered sellers, including working with online advertisers and mobile companies to eliminate binary option advertising and mobile apps in Canada, coordinating efforts with international organizations and governments, creating and maintaining a system to share and track fraudulent activity across the country, and working closely with the fraud teams at major credit card and financial institutions to cut off funding mechanisms. The CSA has also launched a new resource site, [www.BinaryOptionsFraud.ca](http://www.BinaryOptionsFraud.ca), as part of an investor awareness campaign to educate Canadians about such scams.

The CSA urges Canadians to take the following precautions when considering investing in any new product:

- Never send money to anyone you don't know, on the Internet, or over the phone.
- Never give out sensitive personal information online or over the phone.
- Research investments before making a commitment.
- Make sure the firm and/or individual offering the investment is registered by checking their professional registration status at [www.AreTheyRegistered.ca](http://www.AreTheyRegistered.ca).
- Check statements (e.g., bank, credit card) regularly and report any unauthorized purchases or charges made by vendors you do not know.

Binary options sellers have no specific targeted victim profile, and every age, investor skill level and gender has been affected. For more information, and to report any suspected or confirmed fraudulent activity to the CSA, please visit [www.BinaryOptionsFraud.ca](http://www.BinaryOptionsFraud.ca).

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#### **About the Canadian Securities Administrators (CSA)**

The CSA, the council of securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets. Their mandate is to protect investors from unfair or fraudulent practices through regulation of the securities industry.

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**For any concerns related to binary options or other possible fraud or scams, please visit [www.securities-administrators.ca](http://www.securities-administrators.ca) or [www.binaryoptionsfraud.ca](http://www.binaryoptionsfraud.ca).**