

For Immediate Release
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Canadian securities regulators announce ban on binary options

Calgary – The Canadian Securities Administrators (CSA) today announce the implementation of Multilateral Instrument 91-102 *Prohibition of Binary Options*, which makes it illegal to advertise, offer, sell or otherwise trade binary options shorter than 30 days with any individual.

“Binary options are the leading type of investment fraud facing Canadians today, and the impact of this kind of scam on individuals is staggering,” said Louis Morisset, Chair of the CSA and President and Chief Executive Officer of the Autorité des marchés financiers. “This ban positions the CSA among the world leaders in fighting back against binary options fraud and represents an important step in protecting Canadians. It conveys a clear message that these products are unsuitable for individuals because of their risky characteristics and that their trading is illegal.”

The CSA’s Binary Options Task Force was formed in 2016 as a proactive means to fight this form of fraud. “From day one, our job has been to find every avenue to protect Canadians from this particular fraud,” said Jason Roy, the Task Force’s Chair and Senior Investigator with the Manitoba Securities Commission. “This ban supports our efforts, which include working with credit card companies, tech companies and advertisers that binary options fraudsters rely on to carry out their schemes. It will all add up to fewer Canadians being exposed, and fewer Canadians being cheated.”

Binary options take the form of a wager in which investors bet on the performance of an underlying asset, often a currency, commodity, stock index, or share. The timeframe on this bet is typically very short, sometimes hours or even minutes. When the time is up, the investor either receives a predetermined payout or loses the entire amount. In many instances, however, no actual trading occurs and the transaction takes place for the sole purpose of stealing money. In addition, those who have provided credit or personal information to binary options sites frequently fall victim to identity theft. Binary options are sometimes marketed under other names, including “all-or-nothing options,” “asset-or-nothing options,” “bet options,” “cash-or-nothing options,” “digital options,” “fixed-return options” and “one-touch options.”

The firms and individuals involved in the operation of binary options trading platforms are often located overseas. Investing offshore is a common red flag of fraud, as it may be impossible for investors to get their money back if something goes wrong. Anyone who has invested with, or has concerns about, an offshore binary options trading platform should immediately contact their local securities regulator. For more information on binary options fraud, and tips on how to protect yourself, please visit <http://www.binaryoptionsfraud.ca/>.

The new instrument can be found on participating CSA members' websites. For more information on the regulation of binary options in BC, please see BC Notice 2017/02 – *Binary Options*.

Before making a decision to invest in any product, the CSA encourages all investors to visit aretheyregistered.ca to check the registration of a person or company offering the investment. There are no registered individuals or firms permitted to trade binary options products in Canada. Any firm or individual selling investments or offering advice must be registered in the province where they do business. Registration helps protect investors because regulators will only register firms and individuals that are properly qualified.

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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