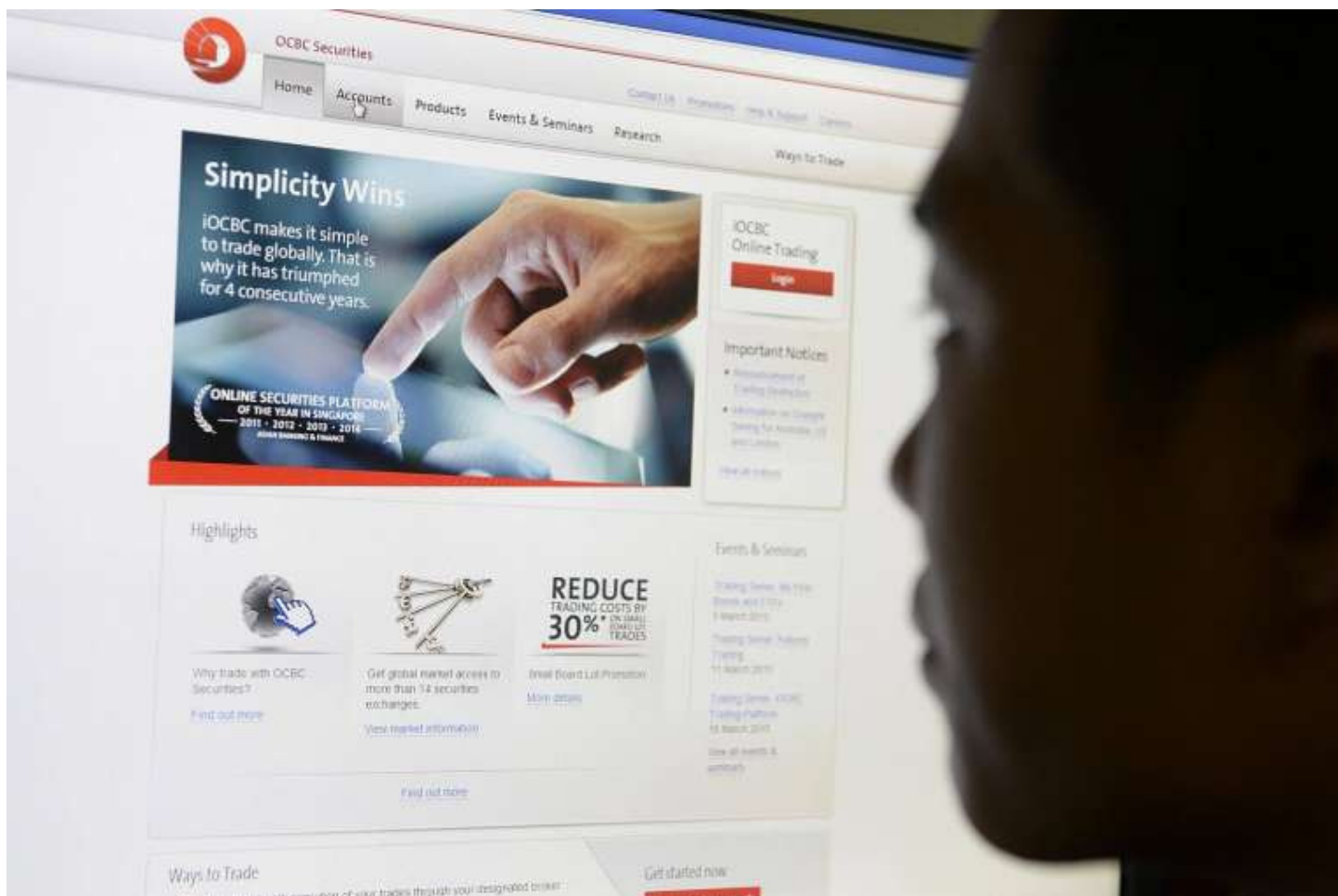


# THE STRAITS TIMES

## Police advise caution on binary options trading



The police have advised the public to be careful when trading online in binary options. PHOTO: ST FILE

🕒 PUBLISHED DEC 15, 2016, 5:00 AM SGT



Priscilla Goy (mailto:goysiyi@sph.com.sg)

Police yesterday advised the public to be careful when trading online in binary options, noting that there has been a sharp rise in complaints involving such trading.

In binary options trading, investors try to predict if the price of a financial product - shares or currencies, for instance - will be above or below a specified price at a specified point in time, ranging from a few minutes to a few months in the future.

They receive a fixed amount of money if the prediction is correct, or lose the investment otherwise.

Police said the Commercial Affairs Department has received more than 30 reports from investors who have lost more than \$1 million to unregulated binary options trading platforms.

Police said most investors, encouraged by initial profits or promises of more bonuses, found it difficult to stop at investing a small amount and would continue investing more. They either lost all their money or could not withdraw the money in their accounts. Some also had unauthorised withdrawals made on their debit or credit cards after giving their card details for payment.

Police said that most binary options trading platforms are unregulated entities that claim to be based in places such as Britain, Cyprus and Hong Kong. Victims faced difficulties contacting the foreign operators when things went wrong.

Police said it is "extremely easy" for an investor to lose his entire investment.

"It is difficult to make the correct prediction, especially when the time to expiry of the binary option is short. Due to the short timeframe, it is very likely that you cannot change your prediction or re-sell your option once you make your investment," it said.

Police advised the public to note the following when considering binary options trading:

- It is a "high-risk investment", even when offered by legitimate sellers.
- The Monetary Authority of Singapore keeps a list of licensed players and an "investor alert" list of investment service providers that are not licensed. Investors can check these lists to find out which players are regulated.
- Binary options offered by regulated entities may not be regulated. When in doubt, check with the regulated entity before investing in binary options that it offers.
- Be wary of third-party reviews of binary options providers, who may have paid for such reviews.

