



**Binary.com**

*Sharp Prices. Smart Trading.*

**BINARY INVESTMENTS (EUROPE)  
LTD**

**PRODUCT DISCLOSURE  
STATEMENT - BINARY OPTIONS**

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# INTRODUCTION

*Version 2. of 25<sup>th</sup> July 2017*

This Product Disclosure Statement is issued by Binary Investments (Europe) Limited (C 70156) ("BIEL") as the issuer of over-the-counter cash-settled binary options ("Binary Products").

Binary Investments (Europe) Ltd., is registered in Malta, licensed and regulated by the Malta Financial Services Authority (Notabile Road, BKR3000, Attard, Malta) as a Category 3 Investment Services provider, under the Investment Services Act (Cap. 370, Laws of Malta) ("the Act"). BIEL is established as a wholly owned subsidiary of Binary Ltd. European Union residents who wish to invest in investments products will have their accounts opened with BIEL.

This Product Disclosure Statement is only applicable to Clients contracted directly with BIEL. It does not apply to Clients contracted with any of the other subsidiaries belonging to the Binary Group.

This Product Disclosure Statement is designed to help you understand the key features of our binary option contracts. Information includes the benefits, risks, costs, and fees, as well as other related information, which may assist you in your decision as to whether any investment you undertake in relation to these products is appropriate to you. This information does not constitute a recommendation, opinion, or advice; therefore, you should also take into account your personal objectives, financial situation, or needs.

Investing in binary options may not be suitable for everyone, so please ensure that you fully understand the risks involved. Your losses can exceed your initial deposit, and you do not own or have any interest in the underlying instrument. Please read the significant risks in the 'Risks' section for further details.

This Product Disclosure Statement may change between the time you read it and the time you acquire the product. You can access a copy of the latest version of this Product Disclosure Statement and/or any updated information from the Binary.com website.

## CONTACT DETAILS

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Customer Support:	(UK) +44 (0) 1666 800042 (Germany) +49 0221 98259000 (Ireland) +353 (0) 76 888 7500 (Poland) +48 58 881 00 02
Customer Support Availability:	24 hours from Monday to Friday
Email:	<a href="mailto:support@binary.com">support@binary.com</a>

## PRODUCTS

### 1. Key Features of Binary Options

Binary options are easy to understand. They are called 'binary' because there can be only two outcomes, depending on whether an event occurs at the time the binary option expires:

- If your prediction is correct, you receive a fixed amount of Payout that is determined and disclosed at the start of the contract.
- If your prediction is incorrect, you lose the amount you invested to purchase the contract.

Investors who express a bullish view on the underlying instrument would buy a 'call' binary option, while investors with bearish view would buy a 'put' binary option.

### 2. Binary Options Investment Examples

#### 'Call' Binary Options

A call binary option is a contract that yields profit when the Exit Spot Price (i.e., the Expiry Price) of a given underlying instrument increases above the Barrier, at any time on or before the contract period ends.

For example, if you were to purchase a call binary option with BNP Paribas stock as an underlying instrument for 100 Euros, with a Barrier of 43.72 and a Payout Rate of 86%:

- If BNP Paribas' stock price is higher than 43.72 (i.e., the Barrier) at the Expiry Time:
  - You will receive a Payout of 186 Euros (i.e., return of 100 Euros invested to purchase the contract, plus a profit of 86 Euros).
- Conversely, if BNP Paribas' stock price is lower than 43.72 at the Expiry Time:
  - Your call binary option is worth nil, and you lose your investment of 100 Euros.
    - Note that no further loss is incurred beyond the purchase price deducted from your account when you purchased the contract.

#### 'Put' Binary Options

A put binary option is a contract that yields profit when the Exit Spot Price (i.e., the Expiry Price) of a given underlying instrument decreases below the Barrier, at any time on or before the contract period ends.

For example, if you were to purchase a put binary option with BNP Paribas stock as an underlying instrument for 100 Euros, with a Barrier of 43.72 and a Payout Rate of 86%:

- If BNP Paribas' stock price is lower than 43.72 (i.e., the Barrier) at the Expiry Time:
  - You will receive a Payout of 186 Euros (i.e., return of 100 Euros invested to purchase the contract, plus a profit of 86 Euros).
- Conversely, if BNP Paribas' stock price is above 43.72 at the Expiry Time:
  - Your put binary option is worth nil, and you lose your investment of 100 Euros.
    - Note that no further loss is incurred beyond the purchase price deducted from your account when you purchased the contract.

### 3. Explaining Payout Rates

Payout Rates for all Binary Products are pre-determined and disclosed upfront to you on the Binary.com Platform. These rates represent the percentage of return that binary option contracts generate for correct predictions of market conditions. In such cases, you will receive your invested amount back, plus the profit determined based on the Payout Rate (which is expressed as a percentage over the invested amount).

Example:

A	Initial deposit	100 Euros
B	Amount invested on a binary option contract	100 Euros
C	Pre-determined payout rate	80%
For correct predictions:		
D	Payout	180 Euros
E = D - B	Profit	80 Euros
F = E / B x 100%	Payout Rate	80%

The calculation of the price to be paid for binary option contracts at the time of purchase or sale is based on BIEL's best estimate of:

- Market price movements; and
- The expected level of interest rates, implied volatilities, and other market conditions during the life of the binary option contract.

### 4. Types of Binary Option Contracts

There are two types of binary option contracts: Path-independent and path-dependent.

## Path-Independent Binary Option Contracts

The fixed and pre-determined Payout for this type of binary option contract depends solely on the events specified to take place upon expiration, rather than the path taken by the variable (e.g., price, rate, index, etc.) of the underlying instrument. It is irrelevant which route the variable of the underlying instrument takes within time to expiration.

Examples of path-independent contracts are:

- **Expiry Contracts**
  - There are two common types of expiry trades:
    - **Higher / Lower Contract**
      - A contract based on a prediction that the price of a given underlying instrument will be above or below a pre-determined target value (i.e., the Barrier) at Expiry Time.
    - **Ends Inside / Outside Contract**
      - A contract based on a prediction that the price of a given underlying instrument will be between or outside two pre-determined target value (i.e., the Barrier) at Expiry Time.
- **Rise / Fall Contracts**
  - These contracts are simplified Expiry Contracts, in which the target value level (i.e., the Barrier) is fixed relative to the Entry Spot Price (i.e., the next available spot price when the purchase is made or the price point deemed most appropriate).
  - Rise / Fall contracts are based on a prediction that the price of a given underlying instrument will be above or below a given the Entry Spot Price (i.e., the Barrier) at Expiry Time.

## Path-Dependent Binary Option Contracts

The fixed and pre-determined Payout of path-dependent binary option contracts depends wholly or partially on the sequence (i.e., path) of the variable (e.g., price, rate, index, etc.) of the underlying instrument over a specified period of time.

Examples of path-dependent contracts are:

- **Touch / No-Touch Contract**
  - A contract based on a prediction that the price of a given underlying instrument will either touch or not touch a pre-determined Barrier at any point in time before Expiry Time.
- **Stays Inside / Goes Outside Contract**
  - A contract based on a prediction that the price of a given underlying instrument will never touch or conversely touch either of the two pre-determined Barriers at any point in time before Expiry Time.

## 5. Choosing Your Investment Option

The five major instrument classes offered on the Binary.com Platform are Forex Currency Pairs, Stocks, Indices, Commodities, and Synthetic Indices.

Instrument Class		Description
1	Forex Currency Pairs	Quotation of the relative value of a currency unit against the pricing of another currency in the foreign exchange market.
2	Stocks	Stocks represent partial ownership in a company, also known as equities or shares. Investors are entitled to share in the financial position of that company, which may include the receipt of income (i.e., dividends), as well as the potential for capital gains if the share price rises.
3	Indices	A measurement of the value of a section of the stock market, computed from the prices of selected stocks, typically based on weighted averages.
4	Commodities	Commodities are any homogenous good traded in bulk on an exchange (e.g., oil, precious metals, natural gas, etc.). Buyers and sellers can trade a commodity either on the spot market (sometimes called the "cash market") – whereby the buyer and seller immediately complete their transaction based on current prices – or in the futures market.
5	Synthetic Indices	Synthetic Indices are indices derived from the prices of other financial indices. For example, the Smart FX indices, which are exclusive to Binary.com, and built on a particular subset of the world's currency pairs. The Smart FX indices are measured based on the value of a currency against a basket of major currencies. For example, the USD Index is a weighted index, measuring the US Dollar's value against a basket of five global currencies (i.e., EUR, GBP, JPY, CAD, and AUD), each weighted by 20%.

### Contract Types Offered for Each Instrument Class:

Instrument Classes		Contract Type	Subcontract Type
1	Forex Currency Pairs / Synthetic Indices	a Up / Down	i Rise / Fall
			ii Higher / Lower
		b Touch / No Touch	-
		c In / Out	i Ends Inside / Outside
			ii Stays Inside / Goes Outside
2	Stocks	a Up / Down	i Rise / Fall
3	Indices	a Up / Down	i Rise / Fall
4	Commodities	a Up / Down	i Rise / Fall
			ii Higher / Lower
		b Touch / No Touch	-
		c In / Out	i Ends Inside / Outside
			ii Stays Inside / Goes Outside

Please see "Schedules" for further explanation of each subcontract type.

## 6. Opening a Binary Option Position on the Binary Products

A binary option position on Binary Products can only be opened by placing an order on the Binary.com Platform. This process involves the following steps:

**Step 1:** Selection of Financial Market

**Step 2:** Selection of Underlying Instrument

**Step 3:** Selection of Contract Type

**Step 4:** Selection of Contract Parameters

**Step 5:** Selection of Contract Outcome

**Step 6:** Purchase

Funds need to be deposited into your account, prior to entering into a binary option contract.

The Binary.com Platform generates a unique identification number for each binary option contract purchased and publishes the details of the contract. All of these details can be viewed online, including the following criteria:

- Start time
- End time
- Current spot time
- Entry Spot Price
- Current spot
- Purchase price
- Indicative price

At the same time, the purchase price of the contract – which is equivalent to the premium paid – is deducted from your account balance at the start of the contract.

It is your obligation to review the details online immediately to ensure accuracy.

## 7. Closing a Binary Option Position on the Binary Products

Open positions on Binary Products automatically close out upon fulfilment of settlement conditions. Settlement conditions are fulfilled either when:

- Contracts expire; or
- Contract conditions – which vary by contract type – are met.



Once the binary option position is closed out, the system:

- Determines any credits required to your account; and
- Publishes the contract outcome to you via the online “Profit Table” and “Statement.”

Sometimes, BIEL allows the option to sell contracts before expiry time, but is not obliged to do so. This option can be suspended in certain cases, depending on the existing market conditions.

## **OPERATING YOUR ACCOUNT**

### **8. Account Opening**

#### **Opening an Account**

You need to establish your account by completing the online application form, which is available on the Binary.com website. Only one account is allowed per Client.

You may only open an account on the Binary.com website on the strict predication that you have read the *Terms and Conditions* and have understood that you will be buying and selling binary option contracts subject to these terms and conditions.

Accounts are available in US Dollars (USD), British Pounds (GBP), and Euros (EUR). Additional currencies may be offered in due course. You are only allowed the choice of one currency. By default, your investment currency will be the same as the currency that you have deposited into your account.

#### **Assessment of Appropriateness**

In the course of providing services, we shall conduct an appropriateness test in order to determine whether you have the necessary knowledge and experience in the investment field to understand the risks involved in the specific types of products and services offered.

If we believe that you possess insufficient knowledge and experience to appreciate the risks associated with an investment in the proposed underlying instrument, based on the information that you provide to us, we will issue a warning to you. Such a warning shall be displayed on the Binary.com website. You will be obliged to acknowledge the warning issued and affirm that you are undertaking the risk of trading in spite of the warning before we can allow you to open a trade.

Where we do not manage to obtain sufficient information to assess the appropriateness of the products or service for you, we will similarly inform you that we are not in a position to assess appropriateness. Likewise, you will be obliged to acknowledge the warning and affirm that you are undertaking the risk of trading in spite of the warning before we can allow you to open a trade.

## 9. Account Administration

### Funding Your Account

Your account needs to be authenticated before any initial deposits or investments are allowed.

You can authenticate your account by sending us the following scanned documents:

#### 1 Verification of Identity

- Copy of current, valid Passport; or
- Copy of current Driving Licence; or
- Identity Card
- Residence card
- Other legally accepted photo ID issued in the EU

And:

#### 2 Proof of Address

- Utility Bill (dated within the last six months – note that mobile bills cannot be accepted); or
- Bank / Credit Union / Building Society / Credit / Debit Card Statement of Passbook (dated within the last six months)
- Recent correspondence from a central or local government authority, department or agency
- A lease/rental agreement
- Official conduct certificate
- A second government-issued document from the above list of Verification of Identity documents, where a clear indication of residential address is provided.

Subsequently you will be asked to attend a videoconference with one of our CS consultants, in order to verify your document and access to your account. If for some reason attending the video verification is not possible, then your first transaction (deposit) will have to be verified meaning either done via wire transfer or by credit card (while providing certain details of the credit card for us to verify the identity its holder). Alternatively, you may also be asked to provide second set of verification documents (additional ID and POA) or certified copy of the first set.

You are free to determine the amount of your initial deposit. However, it shall not be lower than BIEL's minimum deposit requirement. For further information on deposit methods, please visit *Cashier* on the Binary.com website. You must ensure that funds are transferred from the same bank or e-wallet account under the same name which was primarily provided during the identity verification process.

## Withdrawing Funds from Your Account

Email address verification is required before access is provided to the withdrawal page of the Binary.com website. The amount of your withdrawal is determined by you. However, it shall not be lower than BIEL's minimum withdrawal requirement. It can take between one to five days for the funds to be available in your bank or e-wallet account, and this may vary, depending on the withdrawal method you have selected. For further information on the available withdrawal methods, please visit *Cashier* on the Binary.com website.

For withdrawals via bank wire, BIEL bears only the bank transfer charges for its outgoing disbursements. Other correspondent (intermediary) bank charges are charged by the receiving bank and not by BIEL. Fees may differ, depending on the bank. For further information, please contact a representative from your chosen withdrawal method.

## Security of Your Account

You are responsible for maintaining the security of your account details, including your account number and password. It is extremely important that you keep your account number, email address, and password secure. If you are aware or suspect that these items have been somehow compromised, you should promptly contact BIEL, so that your details can be changed. BIEL will not be held responsible for contracts executed on your account.

## Online Reporting

BIEL allows you to view all information related to your online investments.

The following reports can be found on the Binary.com website in the "My Account" section. This data is available to you at all times:

- **Portfolio** – A summary of all open positions for the Binary Products you have purchased.
- **Profit Table** – A historical summary of profit and loss for all of your Binary Product investments.
- **Statement** – A historical summary of closed investment transactions for Binary Products, account funding, withdrawal, and account balance.

## 10. Investment Hours

Investment hours vary by market and are also subject to change. For the investment times of each underlying instrument, please visit *Market Times* on the Binary.com website. Markets are closed during public holidays of their respective countries.

BIEL may close its markets for a short period of time at times of excessive market volatility or disruption, such as immediately before and/or after certain economic announcements, or during periods of feed disruption or due to other technical issues. During this time, all orders will be rejected.

## **BENEFITS & RISKS**

### **11. Benefits**

#### **Sharp Prices**

Binary.com's patented pricing technology aims to allow you to benefit from similar rates of return as investors in the OTC options interbank market. All of our products utilise our self-developed, patented mathematical algorithm and state-of-the-art pricing technology. We review our prices by performing external benchmarking analysis and internal review of our mathematical algorithms.

#### **Regulated and Secure Status**

As a Maltese Investment Services licence holder, BIEL must adhere to the Investment Services Rules, which provide for the transposition of Markets in Financial Instruments Directive ("MiFID") and contain the standard licence conditions that govern BIEL. These regulations inter alia deal with various areas of regulation, such as the safeguarding of customers' assets. You are covered by the Investor Compensation Scheme, which is a rescue fund for investors who are clients of failed investment firms licensed by the MFSA. BIEL's continuous renewal of its MFSA licence demonstrates its compliance with the MFSA financial requirements.

#### **Flexibility**

The Binary.com website is designed to be as intuitive and user-friendly as possible, irrespective of your experience in the financial markets. There is a virtual money account, which provides a risk-free means of acquaintance with the system, prior to making an initial deposit and investments with real money. Low minimum deposits (as low as five Euros) and investment transactions (as low as one Euro) allow you to assess binary option investment with minimal risk. In addition, our platform allows you to select from a full range of contract lengths, from intraday to a whole year (and all other increments in between). This level of flexibility is one of our core competencies, which has helped us maintain our leadership position as the premier online binary options investment platform.

#### **Controlled Risk**

One of the biggest benefits of binary options is that your risk is fully known and disclosed to you at the beginning of each investment. This means that you know exactly how much you stand to profit (or to lose) prior to making any investment. This serves as a significant advantage over financial spread-betting, in that you can control the potential downside of your exposure before placing every investment. Your risk is limited to the amount you invested to purchase the contract, which never increases, even in gapping markets. Hence, there are no margin calls, or any need to maintain a 'margin' during the period in which your contract remains open with BIEL. You are also, for most contracts, given the option to close your open positions before expiry to lock in profits. Binary options provide profit potential even in flat markets, due to their

fixed payout nature. Binary option investment provides opportunities in both volatile and flat markets, since it enables profits to be made from correct predictions, no matter which direction the market is headed.

## **Real-Time Price and Quote Dissemination**

Binary.com quotes real-time market prices and streams live charting applications using the latest highly sophisticated technologies to deliver up-to-the-tick quotes. This system also provides real-time confirmation of financial transactions, historical transaction trails, online portfolios, and an online account statement feature that displays your available cash balances. Investment times for all underlying instruments are published on our website, and you may access this information 24 hours a day to facilitate your investment.

## **Established Reputation**

In continuous operation since 2000, Binary.com is an industry pioneer in online binary option investment. Our achievements to date include:

- Multi-award-winning platform.
- United States patented technology.
- 24-hour weekday multilingual customer support.
- Honest, effective and transparent communication to our customers.

## **Understanding the Risks and Returns**

### ***The Relationship between Risk and Return***

Investment risk can be managed and minimised, but it cannot be eliminated completely. Generally, investments considered to carry higher levels of risk are those that have the potential to deliver greater investment returns. Understanding the relationship between risk and return may help you make investment decisions that best meet your financial needs and goals.

## **12. Risks**

### **Capital Adequacy Risk**

BIEL recognises that there are liquidity and capital adequacy risks associated with its activities. It manages its capital adequacy risks by complying with the capital requirements of the MFSA licence. Through the Internal Capital Adequacy Assessment Process ("ICAAP"), the Directors examine BIEL's risk profile from both regulatory and economic capital viewpoints, to ensure that capital resources remain sufficient to support risk profile and outstanding commitments in line with BIEL's strategic and operational goals. These activities demonstrate that BIEL has implemented methods and procedures to ensure adequate capital resources, with due attention to all material risks. BIEL also reviews its risk management and internal capital adequacy

assessment process on a yearly basis, to ensure that this process remains comprehensive and proportionate to the nature, scale, and complexity of its activities.

## **Technological Risk**

BIEL has in place an IT security policy, business continuity policy, protocol, systems, and internal control mechanisms that are subject to external audits. Members of the Management Body shall at all times be of sufficiently good reputation and possess sufficient collective knowledge, skills, and experience to perform their duties and be able to understand BIEL's activities.

The Binary.com Platform depends on technology and advanced information systems, which may fail or be subject to disruption. The IT systems may be damaged or interrupted by increases in usage, human error, unauthorised access, natural hazards or disasters, or similarly disruptive events. Any failure of the IT infrastructure – or the telecommunications and/or other third party systems upon which such infrastructure relies – could lead to significant disruptions to your investment experience, such as delays in execution and settlement of binary option transactions.

The use of applications and systems designed for system security effectively counters evolving security risks, addressing the concerns of existing and potential customers. However, any failure in BIEL's security measures could have a materially adverse effect on operations. BIEL's controls may not be effective in detecting or preventing any intrusion or other security breaches, or safeguarding against sabotage, hackers, viruses, and other forms of cyber-crime.

## **Execution Risk**

BIEL aims to provide the best pricing available. However, there are times when, due to an increase in volatility or market conditions, prices may vary considerably from usual market prices. This most commonly occurs during fundamental news events or gapping in the markets.

Please visit *Risk Disclaimer* on the Binary.com website for the complete list of applicable risks.

## **FEES & OTHER COSTS**

You will not be charged any fees when you make a deposit and purchase binary option contracts on the Binary.com Platform.

Dormant account fees of up to USD/EUR/GBP 25 will be charged every six months for every Client Account that has had no transaction recorded for over 12 months.

BIEL does not pay any interest to you on funds held in Client Accounts.

Please be advised that using our services may in some cases entail additional costs or taxes (e.g. capital gains taxes) not imposed or collected by BIEL.

## CLIENTS' MONIES

Monies deposited with us in advance of opening a binary option position or pending withdrawal is treated by BIEL as clients' monies. BIEL holds such monies in pooled accounts opened with banks or other licensed institutions ("Institutions"), segregated from its own money. Such clients' money bank accounts may be opened with European Economic Area ("EEA") Institutions or Institutions outside the EEA. In such cases whereby clients' money is held with non-EEA Institutions, such accounts are subject to laws other than those of an EEA member state, and thus your rights may differ accordingly.

## PRIVACY POLICY

The Data Protection laws and regulations place obligations on users of personal data, establishing principles for fair and lawful processing of this information. BIEL is committed to safeguarding your privacy online. It recognises the importance of protecting your personal and financial information. The personal information that BIEL obtains about you enables the servicing of your account. BIEL does not sell your personal information to third parties, but it may provide your personal information to payment providers for the purpose of facilitating your account transactions. Your personal information is used as a way to authenticate you as the proper owner of your account and as the person to whom withdrawal payments may be made, to process contracts, and to comply with our legal reporting obligations. Furthermore, our website generates log files that record the IP addresses of accesses to your account. This information is gathered with the sole purpose of assisting in the unlikely event of a need to investigate access of your account by unauthorised users. Moreover, access to your personal data is strictly prohibited, with the exception of key personnel of BIEL and – in such cases – only as needed to perform their official duties.

Full details of our *Privacy Policy* are available on the [Binary.com](https://www.binary.com) website.

## COMPLAINTS

BIEL ensures that any complaint received will be investigated thoroughly and fairly. You may submit your complaint by sending an email to [complaints@binary.com](mailto:complaints@binary.com). BIEL shall review your complaint and provide you with the outcome of the investigation as promptly as possible, and at most within 15 days of the submission date. If we are unable to provide you with the final response within this time, due to an ongoing investigation of your complaint, we shall inform you of that fact and the anticipate timeframe to resolve the issue.

If your complaint relates to the outcome of an investment or transaction and remains unresolved, it will turn into a dispute. Before contacting the regulator, we strongly recommend trying to resolve your concern with BIEL. Should you be unsatisfied with the response, you can also escalate your complaint to the MFSA's Office of the Arbiter for Financial Services, who is

independent from us. Complaints to the Arbiter for Financial Services should always be made in a prescribed form. The contact details for MFSA's Arbiter for Financial Services are:

Office of the Arbiter for Financial Services

1<sup>st</sup> floor, St Calcedonius Square

Floriana FRN1530

Malta

Telephone: +356 (or 00356) 2124 9245

Email: [complaint.info@financialarbiter.org.mt](mailto:complaint.info@financialarbiter.org.mt)

Website: <http://financialarbiter.org.mt/en/Pages/Home.aspx>

## CONFLICTS OF INTEREST

In accordance with MFSA guidelines and MiFID requirements, Binary.com is required by law to provide information on BIEL's policy with regard to conflicts of interest and its approach to establish programs in order to identify, minimise, and/or manage any such conflicts fairly. For a summary of our *Conflicts of Interest Policy*, please visit the Binary.com website. For the full version of this policy, please send an email to [compliance@binary.com](mailto:compliance@binary.com).

## AML & CFT

No person shall abuse the Binary.com website for the purpose of money laundering. BIEL employs best-practice anti-money laundering procedures. All transactions are checked to prevent money laundering, which may have several effects on clients. BIEL reserves the right to refuse to do business, discontinue servicing, and reverse the transactions of clients who do not accept or adhere to the anti-money laundering processes. Acceptable funds should not originate from criminal activity. BIEL is bound to report suspicious transactions to the authority. Laws as set by International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation, the Financial Intelligence Analysis Unit ("FIAU"), and the applicable laws in Malta include:

- **Prevention of Money Laundering Act** (Cap. 373 of Laws of Malta)
- **Prevention of Money Laundering and Funding of Terrorism Regulations** (Legal Notice 180 of 2008)
- **Criminal Code** (Cap. 9 of Laws of Malta)

## RETAIL CLIENT AGREEMENT

Please visit *Terms & Conditions* on the Binary.com website which sets out our terms and conditions between you and BIEL for the Binary Products we offer.



## SCHEDULES

### Schedule I: Rise / Fall Binary Option Contract

#### Introduction

Choose Rise / Fall when you want to profit from the market rising or falling from its current level.

In the example below, assume you have a balance of USD 8,000 in your account.

#### Investment Example – Purchasing a “Rise” Contract

The Australian Dollar surged against the US Dollar after Australian fourth-quarter inflation data surpassed expectations. The headline year-over-year print was 1.7 percent, which was better than the 1.6 percent forecast and the 1.5 percent figure in the third quarter. The Aussie against the US Dollar is standing at 0.76269, a spot rate derived from the price of AUD/USD at 03:55 GMT. You believe that the outlook is bullish for the next one-day period, and decide to buy a Rise Binary Option Contract worth USD 200.00 at 03:55 GMT, which will expire after one day.

In purchasing this contract, you are aware that you:

- Stand to receive a total Payout of USD 375.55 (i.e., 1 contract x USD 200.00 at a Payout Rate of 88%), if the pair's Exit Spot Price ends strictly higher than its Entry Spot Price at market close the following day.
- Risk to lose USD 200.00 (i.e., 1 contract x USD 200.00) if the Exit Spot Price for AUD/USD is lower than or equal to the Entry Spot Price at market close the following day.

Exactly one day later, at market close, the AUD/USD rallied and finishes just 0.00823 points higher than 0.76269 (i.e., the spot rate upon commencement of the contract, which is also called the “Entry Spot Price”).

Your contract expires, and you receive a total Payout of USD 375.55 (i.e., 1 contract x USD 200.00 at a return rate of 88%).

#### Account Activity for this Transaction Period:

Description	Amount (USD)	Value of Account (USD)
Balance in Your Account		8,000.00
<b>-- Purchase of Contract --</b>		
Investment	(200.00)	7,800.00
<b>-- Expiration / Sale of Contract --</b>		

Description	Amount (USD)	Value of Account (USD)
Payout		
• Realised Profit upon Expiry	175.55	
• Investment	200.00	375.55
Account Value on Close of Position		8,175.55

## Schedule 2: Higher / Lower Binary Option Contract

### Introduction

Choose Higher / Lower when you want to profit from the market ending higher or lower than a price target.

In the example below, assume you have a balance of USD 5,600 in your account.

### Investment Example – Purchasing a “Higher” Contract

Gold – the precious metal that is often seen as an alternative currency in times of global economic uncertainty and a refuge from financial risk – experiences price hikes during turmoil in global equity markets, as investors seek refuge in gold. You believe that gold prices will continue their gradual upward trend, and you are confident that your technical analysis will help you identify a projected price level, providing a return that appropriately corresponds with your risk exposure.

Gold price backed off 5.60 (0.5%) at 1,116.10 at market close. At 05:04 GMT, you buy one contract at Entry Spot Price of 1,235.20 worth USD 200.00. You adjust the barrier parameter to +0.47% higher than the Entry Spot Price of 1,235.20 and fix the duration parameter to two days. The result of your technical analysis tells you that the price of gold will close higher than the Barrier you have set at 1,241.04 (i.e.,  $1,235.20 \times [1 + 0.47\%]$ ), at market close two days later.

In purchasing this contract, you are aware that you:

- Stand to receive a total Payout of USD 538.12 (i.e., 1 contract x USD 200.00 at a return rate of 169%), if gold price's Exit Spot Price ends strictly higher than your selected barrier parameter of 1,241.04 at market close two days later.
- Risk to lose USD 200.00 (i.e., 1 contract x USD 200.00) if the Exit Spot Price for gold is lower than or equal to your selected barrier parameter of 1,241.04 at market close two days later.

Exactly two days after contract start time, gold price rallies and finishes at 1,248.62 – i.e., 7.58 points higher than the Barrier you set at 1,241.04.

Your contract expires, and you receive a total Payout of USD 538.12 (i.e., 1 contract x USD 200.00 at a return rate of 169%).

### Account Activity for this Transaction Period:

Description	Amount (USD)	Value of Account (USD)
Balance in Your Account		5,600.00
<b>-- Purchase of Contract --</b>		
Investment	(200.00)	5,400.00
<b>-- Expiration / Sale of Contract --</b>		
Payout		
• Realised Profit upon Expiry	338.12	
• Investment	200.00	538.12
Account Value on Close of Position		5,938.12

## Schedule 3: Touch / No Touch Binary Option Contract

### Introduction

Choose Touch / No Touch when you want to profit from the market touching or not touching a Barrier any time during the contract period.

In the example below, assume you have a balance of USD 5,000 in your account.

### Investment Example – Purchasing a “Touch” Contract

You are an active short-term trader with a personal preference to the Euro / Yen currency pair. You are aware of an upcoming economic announcement, which you believe will strengthen the Euro against the Yen. You assign a price goal (i.e., the “Barrier”) at 127.051, as you believe that it will close 0.7% higher than the spot price of 125.956 at market close tomorrow (i.e., contract end time). You are aware that returns increase as the barrier moves further away from the spot price, based on the corresponding increase in risk. At 05:14 GMT today (i.e., contract start time), you buy one contract at Entry Spot Price of 125.956, worth USD 200.00. You adjust the Barrier to +0.869% higher than the Entry Spot Price of 125.956, and fix the contract duration parameter to one day.

In purchasing this contract, you are aware that you:

- Stand to receive a total Payout of USD 479.45 (i.e., 1 contract x USD 200.00 at a return rate of 140%), if EUR/JPY touches the price goal of 127.051 at any time between 05:13 GMT today (i.e., contract start time) and market close the following day (i.e., contract end time).
- Risk to lose USD 200.00 (i.e., 1 contract x USD 200.00) if the EUR/JPY never touches the price goal of 127.051 at any time between 05:13 GMT today (i.e., contract start time) and market close the following day (i.e., contract end time).

Thirty minutes later, the Euro rallies against the Yen and touches the price goal of 127.051.

Your contract expires, and you receive a total Payout of USD 479.45 (i.e., 1 contract x USD 200.00 at a return rate of 140%).

#### **Account Activity for this Transaction Period:**

Description	Amount	Value of Account
Balance in Your Account		5,000.00
<b>-- Purchase of Contract --</b>		
Investment	(200.00)	4,800.00
<b>-- Expiration / Sale of Contract --</b>		
Payout		
• Realised Profit upon Expiry	279.45	
• Investment	200.00	479.45
Account Value on Close of Position		5,279.45

## **Schedule 4: Stays Inside / Goes Outside Binary Option Contract**

### **Introduction**

Choose Stays Inside / Goes Outside to profit from the market staying inside or going outside two price targets (i.e., a pre-determined range) any time during the contract period.

### **Investment Example – Purchasing a “Stays Inside” Contract**

Analysts have scaled back their price expectations for silver on the recent broader macro-uncertainty and concerns about China’s growth prospects. You believe that the silver price will move in line with analysts’ average forecast for the week. Given your belief that silver’s price will produce very little upward movement, you decide to follow the analysts’ average forecast, and fix a boundary price range between 16.1565 and 15.3946, which will expire in seven days’ time. You buy a contract worth USD 200.00, setting the high barrier as 16.1565 and the low barrier as 15.3946 at Entry Spot Price of 15.7565, at 06:01 GMT today. You are aware that returns reduce the further away the higher barrier is from the lower barrier, and the closer the boundary price range is to the spot price.

In purchasing this contract, you are aware that you:

- Stand to receive a total Payout of USD 458.25 (i.e., 1 contract x USD 200.00 at a return rate of 129%), if Silver/USD stays strictly between 15.3946 to 16.1565 any time between 06:01 GMT today (i.e., contract start time) to market close seven days later (i.e., contract end time).
- Risk to lose USD 200.00 (i.e., 1 contract x USD 200.00), if Silver/USD touches either the high barrier of 16.1565 or the low barrier of 15.3946 at any time during the contract period from 06:01 GMT today (i.e., contract start time) to market close seven days later (i.e., contract end time).

Throughout the seven days, the price of silver rallied but remains within the higher and lower barrier without touching either one of the barriers. On the seventh day, your contract expires, and you receive a total Payout of USD 458.25 (i.e., 1 contract x USD 200.00 at a return rate of 129%).

#### ***Account Activity for this Transaction Period:***

Description	Amount	Value of Account
Balance in Your Account		4,800.00
<b>-- Purchase of Contract --</b>		
Investment	(200.00)	4,600.00
<b>-- Expiration / Sale of Contract --</b>		
Payout		
• Realised Profit upon Expiry	258.25	
• Investment	200.00	458.25
Account Value on Close of Position		5,058.25

## **Schedule 5: Ends Inside / Outside Binary Option Contract**

### ***Introduction***

Choose Ends Inside / Outside to profit from the market stopping inside or outside two price targets (i.e., a pre-determined range) at the end of the time period.

### ***Investment Example 1 – Purchasing an “Ends Inside” Contract***

You are aware of an upcoming economic announcement tomorrow by the federal government. As an active trader of the EUR/USD pair, you are hoping to gain from the upcoming event by taking a position on the “Ends Inside / Outside” Binary Option Contract. You believe that the announcement will have minimal impact on the EUR/USD pair; hence, you decide to fix a boundary price range between 1.12426 (+0.34%) and 1.08705 (-0.33%), which will expire at market close tomorrow. At 06:06 GMT, you buy a contract worth USD 200.00, setting the high barrier as 1.12426 and the low barrier as 1.11671 at Entry Spot Price of 1.12044. You are aware that returns reduce the further away the higher barrier is from the lower barrier.

In purchasing this contract, you are aware that you:

- Stand to receive a total Payout of USD 284.97 (i.e., 1 contract x USD 200.00 at a return rate of 42%), if EUR/USD ends strictly between 1.12426 to 1.08705 at market close tomorrow (i.e., contract end time).
- Stand to receive a total Payout of USD 345.60 (i.e., 1 contract x USD 200.00 at a return rate of 73%), if EUR/USD ends outside 1.12426 to 1.08705 at market close tomorrow (i.e., contract end time).

At market close tomorrow, EUR/USD rallies but remains within the higher and lower barrier without touching either one of the barriers. Your contract expires, and you receive a total Payout of USD 284.97 (i.e., 1 contract x USD 200.00 at a return rate of 42%).

**Account Activity for this Transaction Period:**

Description	Amount	Value of Account
Balance in Your Account		4,400.00
<b>-- Purchase of Contract --</b>		
Investment	(200.00)	4,200.00
<b>-- Expiration / Sale of Contract --</b>		
Payout		
• Realised Profit upon Expiry	84.97	
• Investment	200.00	284.97
Account Value on Close of Position		4,484.97

## GLOSSARY

Feature	Description
'Account' / 'Client Account'	Account of the client dealing in the products issued by BIEL, which is established in accordance with the terms and conditions of the Retail Client Agreement.
'Account Balance'	The amount of the current value in an account / client account, equal to the net of credits and debits at a particular point in time for the account.
'Barrier'	The price target you set for your selected underlying instrument.
'Binary.com Platform'	The Binary.com proprietary system for executing binary option investment transactions.
'Call Binary Option'	A binary option that yields a profit for the Client when the Exit Spot Price / Expiry Price at the Expiry Time is higher than the Barrier. (See also "Put Binary Option," as the converse contract.)
'Deposit'	A specified amount of fund deposited with BIEL.
'Entry Spot Price'	The starting price of the binary option contract purchased which is also the next available spot price when the purchase is made or the price point deemed most appropriate.
'Euro'	The single European currency, which replaced the national currencies of France, Germany, Spain, Italy, Greece, Portugal, Luxembourg, Austria, Finland, the Republic of Ireland, Belgium, and the Netherlands in 2002. Seventeen member states of the European Union now use the Euro.
'Exit Spot Price' / 'Expiry Price'	The price of the underlying instrument at the expiry time.
'Expiry Time'	The time that binary option contracts' settlement conditions are fulfilled, either when contracts expire or contract conditions are met.
'GMT'	Greenwich Mean Time.
'Management Body'	Board of Directors.
'Open Position'	Purchased binary option contracts whose settlement conditions have not been met.
'Order'	Any order that you have placed to initiate a binary option transaction on the Binary Products.
'Over-the-Counter'	Not traded through a licensed or otherwise recognised exchange.
'Payout'	Profit plus investment amount, credited to your Account upon a correct prediction.
'Payout Rate'	Profit expressed as a percentage over investment amount.
'Portfolio'	Summary of your Open Positions.
'Profit Table'	Summary of your investment profit and loss on the Binary Products.
'Put Binary Option'	A binary option that yields a profit to the Client when the Exit Spot Price / Expiry Price at the Expiry Time is lower than the Barrier. (See also "Call Binary Option," as the converse contract.)
'Retail Client Agreement'	The agreement between you and BIEL with respect to your investment of the Binary Products. Both you and BIEL are bound by the terms of the Retail Client Agreement.

Feature	Description
'Rise / Fall Contracts'	A type of path-independent binary option contract.
'Statement'	Summary of your historical transactions executed on the Binary.com Platform.
'Underlying Instrument'	An asset (i.e., stock, commodity, forex currency pairs, indices, and synthetic indices) whose value determines and/or is used as a reference to derive the value of a derivative instrument – i.e., a binary option, in this case.
'You' or 'Client'	The person who accepts the terms of and agrees to the Retail Client Agreement.