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FOR IMMEDIATE RELEASE

MAS Cautions Investors on Risks in Trading Binary Options with Unregulated Platforms

Singapore, 14 March 2017… The Monetary Authority of Singapore (MAS) today issued a warning to investors on the trading of binary options with unregulated platforms. This comes in the wake of an increase in the number of complaints from investors who have suffered financial losses from such investments.

Risks involved in binary options trading

2 A binary option is a type of option contract that references an underlying instrument such as stocks, commodities, currencies and interest rates. Unregulated platform providers often use marketing catchphrases such as "trading with zero risk", "trading amounts of as little as $1", and "profit payout of 500% per trade", to entice investors to invest.

3 Contrary to promises of low investment risks with exceptionally high returns, binary options are in fact, speculative and risky investment instruments. There is a high chance of the investor losing his entire investment amount, whether the investor deals with a regulated or unregulated entity. Further, an investor is always exposed to investment risk, whether a product is regulated or not.

4 Moreover, many of these unregulated binary options trading platforms are fraudulent and based outside Singapore. Investors who choose to trade with these platforms are unlikely to recover any monies lost. Investors should know that if they choose to deal with unregulated entities, they will not have access to avenues for dispute resolution should a dispute later arise.

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Steps investors should take to protect themselves

5 Before making any investment decisions, investors should think carefully about the claims being made about the products offered – if the touted ease of making significant profits sounds too good to be true, it probably is. Always assess whether the investment being offered is suitable for you, in light of your investment objectives and personal circumstances.

6 Investors should also check if the entities offering the products are regulated by MAS. To find out whether an entity is regulated by MAS, investors can access the MAS Financial Institutions Directory. Investors can also check MAS' Investor Alert List, which is a non-exhaustive list of entities that may have been wrongly perceived to be licensed by MAS. Investors can refer to the Consumer Alerts on the MoneySENSE website for tips to avoid

falling prey to fraudulent schemes promising high returns with low investment risks and warnings on the pitfalls of dealing with unregulated entities.

7 Investors who suspect that fraud is involved in entities or platforms offering binary options or other products promising unrealistically high returns can submit information online to the Police at www.police.gov.sg/iwitness. Alternatively, they may also lodge a Police report via the Electronic Police Centre at www.police.gov.sg/e-services or at any Neighbourhood Police Centre/Post.

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