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NEWS RELEASE

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INVESTOR ALERT

Binary Options and Fraud: An Emerging Threat Fueled by the Internet

Binary options are securities in the form of options contracts in which the payout will depend entirely on whether the price of a particular asset that underlies the binary option - for example, a company's stock - increases or decreases in value. Upon expiration of a binary option, the holder receives either a pre-determined amount of cash or nothing at all. Unlike more traditional options, binary options do not give the investor the right to purchase or sell the underlying asset.

While some binary options are listed on registered exchanges that are subject to securities regulation, much of the binary options market operates through Internet-based trading platforms that are often not complying with applicable U.S. regulatory requirements and may operate from outside the United States. The risks of investing in these unregulated markets include identity theft, refusals to return or pay out investor funds, and the manipulation of the trading software to generate losing trades.

The Department encourages investors interested in investing in binary options to take the following precautions:

- Do not invest in something you do not understand. If you cannot explain the investment opportunity in a few words and in an understandable way, you may need to reconsider the potential investment.
- Check to see if the binary options trading platform has registered the offer and sale of the product with the SEC or the CFTC.
- Check the registration status and background of any firm or financial professional that you are considering. If you cannot verify that they are registered, don't trade with them, don't give them any money and don't share your personal information with them.
- Be wary of cold call promoters and those operating from offshore locations. Such operations present potentially greater risks and the regulation of such companies may be complicated or non-existent.

Investors can contact the Idaho Securities Bureau at (208) 332-8004 or by visiting <http://finance.idaho.gov> to obtain more information about those who are registered to sell securities.