

The Legal Status of Binary Options Trading in Mainland China

I. Introduction: Understanding Binary Options and the Global Regulatory Context

A. Defining Binary Options

Binary options are a distinct category of financial derivative contracts characterized by their simplicity and all-or-nothing payout structure.¹ At their core, these instruments involve a prediction based on a binary (yes/no) proposition regarding the price movement of an underlying asset—such as stocks, foreign exchange (forex) currency pairs, commodities, or market indices—within a specified, often very brief, timeframe.³ The trader speculates whether the asset's price will be above or below a predetermined level (the strike price) at the moment the option expires.³

If the trader's prediction is correct, the option expires "in the money," and the trader receives a fixed, predetermined payout, typically expressed as a percentage of the initial investment.² Conversely, if the prediction is incorrect, the option expires "out of the money," and the trader loses the entire amount invested in that specific contract.² This binary outcome, with predefined and capped risk (the amount invested) and reward (the fixed payout), is a defining feature.¹

Several characteristics distinguish binary options from more traditional financial instruments. They typically have very short expiration times, ranging from mere minutes or even seconds to hours or days, facilitating rapid speculative trading.³ Crucially, trading binary options does not confer ownership of the underlying asset; it is purely a speculative contract on price movement.² Furthermore, the vast majority of binary options trading historically occurred over-the-counter (OTC) through online platforms operated by brokers, rather than on regulated public exchanges.²

Compared to traditional "vanilla" options, binary options present key differences. Vanilla options give the holder the right, but not the obligation, to buy or sell an underlying asset at a specified price, potentially leading to ownership, and their profitability varies with the extent of the price movement beyond the strike price.² Binary options, however, offer no path to ownership and provide a fixed payout regardless of how far the price moves beyond the strike, as long as it is on the correct side at expiration.² The payout structure of many OTC binary options platforms is often designed such that the potential loss (100% of investment) outweighs the potential gain (often 70-90%), creating a negative expected return for the trader over time and giving the platform provider a statistical edge.²

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B. Global Regulatory Concerns and Actions

The proliferation of online binary options trading platforms, particularly those operating OTC, triggered significant concern among financial regulators worldwide. Numerous authorities, including the U.S. Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC), the European Securities and Markets Authority (ESMA), the Australian Securities and Investments Commission (ASIC), and the International Organization of Securities Commissions (IOSCO), have issued strong warnings regarding these products.⁴

These warnings consistently highlight the prevalence of fraudulent practices associated with many binary options platforms. Common complaints include platforms refusing to credit customer accounts or process withdrawals, engaging in identity theft by improperly collecting personal data, and manipulating trading software to ensure customer losses, for example, by arbitrarily extending expiration times on winning trades until they become losses.¹¹ The high-risk nature of the product itself is also a major concern, with regulatory bodies and independent analyses frequently citing extremely high loss rates among retail clients, often estimated at 80% or more.⁷

Reflecting these concerns, binary options are often characterized by regulators and financial commentators not as legitimate investment or hedging tools, but as a form of gambling.³ This characterization stems from the all-or-nothing payout, the short-term speculative nature, the lack of connection to underlying economic value or risk management functions, and the inherent house edge built into the payout structure of many platforms.³

In response to widespread investor harm and the prevalence of fraud, many major jurisdictions have implemented outright bans or severe restrictions on the marketing, distribution, and sale of binary options to retail investors. This includes the European Union, the United Kingdom, Australia, Israel, and Canada.⁴ The United States represents a notable exception, permitting binary options but only under strict conditions: they must be listed and traded on CFTC- or SEC-regulated exchanges known as Designated Contract Markets (DCMs), such as Nadex (North American Derivatives Exchange), Cboe Options Exchange (formerly CBOE), and the Chicago Mercantile Exchange (CME) which offers similar "event contracts".⁴ However, these regulated, exchange-traded binary options constitute only a small fraction of the global market that emerged.¹¹ The vast majority of platforms accessible to international retail investors operate online, are often based offshore in jurisdictions with minimal regulation, and are not registered or authorized to operate in major

markets like the US or EU.²

The clear international trend is one of heightened regulatory scrutiny and prohibition of OTC binary options aimed at retail clients. This global consensus, driven by consistent findings of investor harm, fraud, and the product's gambling-like characteristics, provides a critical backdrop for understanding the regulatory environment and likely policy stance within China. The crucial distinction lies between the small, regulated segment (primarily in the US) and the much larger, problematic OTC market facilitated by online platforms, which has been the primary focus of regulatory crackdowns and negative attention globally.

II. China's Financial Regulatory Environment and Policy Priorities

Understanding the legal status of any financial product in China requires an appreciation of its specific regulatory landscape and the overarching objectives guiding policymakers. The system involves multiple key agencies with distinct but sometimes overlapping mandates, operating under a framework that strongly emphasizes stability and state control.

A. Key Regulatory Bodies

Several governmental bodies play crucial roles in overseeing China's financial markets:

- **China Securities Regulatory Commission (CSRC):** Established in the late 1990s, the CSRC serves as the principal regulator for the country's securities and futures industries, analogous to the SEC in the United States.²⁸ Its responsibilities include formulating rules and policies for these markets, overseeing the issuance, listing, trading, custody, and settlement of stocks, bonds, futures, and other regulated securities, supervising market participants including listed companies and intermediaries, and investigating and penalizing violations of securities and futures laws.²⁸ The CSRC directly supervises China's major stock exchanges, the Shanghai Stock Exchange (SSE) and the Shenzhen Stock Exchange (SZSE).²⁸ It operates under the authority of the State Council, China's chief administrative body.²⁸
- **People's Bank of China (PBOC):** As China's central bank, the PBOC holds broad responsibility for monetary policy, maintaining financial stability, regulating payment and settlement systems, overseeing credit reporting, and managing the interbank market.³² While the CSRC focuses on securities and futures markets, the PBOC plays a vital role in overall financial system integrity and has been instrumental in addressing risks associated with emerging financial activities, notably issuing regulations and bans concerning cryptocurrency trading and

related services.³⁵

- **State Administration of Foreign Exchange (SAFE):** Operating under the PBOC, SAFE is responsible for managing China's substantial foreign exchange reserves and regulating all cross-border capital flows and foreign exchange transactions.³⁸ Its oversight is critical for activities involving the transfer of funds into or out of China, such as funding accounts with offshore brokers.³⁸

B. Overarching Policy Objectives

The actions of these regulatory bodies are guided by several key policy priorities deeply embedded in China's governance approach:

- **Financial Stability:** Maintaining financial stability is arguably the paramount objective.³⁶ Regulators frequently intervene to curb excessive speculation, prevent the formation of asset bubbles, mitigate systemic risks, and ensure the orderly functioning of markets.³¹ This often leads to a cautious approach towards new, high-risk financial products, especially those accessible to a wide retail base.
- **Investor Protection:** Given the significant participation of individual retail investors in China's capital markets, protecting them from fraud, manipulation, and excessive losses is a major regulatory concern and justification for intervention.²⁸
- **Market Order and Legality:** Authorities strive to ensure that all financial activities are conducted within the established legal and regulatory framework.²⁸ Crackdowns on unlicensed operations, illegal fundraising, and other unauthorized financial activities are common.²⁸
- **Social Stability and Order:** An underlying but critical consideration is the potential impact of financial market turmoil or widespread scams on social stability.³¹ Preventing large-scale investor losses that could lead to public discontent is an implicit driver of regulatory vigilance and intervention.
- **Capital Controls:** China maintains a system of capital controls to manage the flow of funds across its borders.³⁷ Activities that facilitate unregulated or illicit capital flight, such as using informal channels to fund offshore trading accounts, are subject to strict scrutiny and enforcement actions by SAFE and related authorities.³⁸

China's regulatory philosophy, therefore, tends to prioritize stability, control, and the prevention of perceived risks over rapid liberalization or the embrace of potentially disruptive financial innovations, particularly when retail investors are involved.³¹ This contrasts with more market-driven approaches in some other major economies. Furthermore, the structure allows for potent, coordinated actions involving multiple agencies – CSRC, PBOC, SAFE, and even the Ministry of Public Security (police) and

judicial bodies – to address activities deemed undesirable.²² This means that even without a single specific law banning a product, a combination of regulatory warnings, restrictions on payment and foreign exchange channels, and the potential for criminal investigation can effectively render an activity illegal and impractical within mainland China. This coordinated, stability-focused approach strongly suggested that a high-risk, speculative product like binary options, known globally for fraud and investor losses, would face insurmountable regulatory obstacles in the country.

III. Official Stance and Actions Regarding Binary Options in China

Chinese authorities, led by the CSRC, addressed the emergence of online binary options platforms directly and decisively, leaving little ambiguity about their official stance.

A. CSRC Warnings and Characterization

Beginning in April 2016, as internet-based binary options platforms began actively soliciting investors in China, the CSRC issued formal public warnings.²¹ These warnings, disseminated through official channels and reported by state media, were clear and direct.

Crucially, the CSRC characterized the trading activity on these platforms as "similar to gambling" (交易行为类似于赌博).²¹ This official classification by the country's primary securities regulator was highly significant, moving the perception of binary options away from merely unregulated finance towards an activity explicitly linked to gambling, which is broadly illegal in mainland China.

The warnings further elaborated that these internet-traded binary options, often originating from the overseas gambling industry, lacked the essential functions of legitimate financial derivatives.²¹ Unlike regulated options traded on futures exchanges under the Futures Trading Management Regulations (期货交易管理条例), which serve purposes like hedging price risks and supporting the real economy, the CSRC stated that binary options essentially "create risk for investors to speculate on" (其实是创造风险供投资者进行投机).²¹ This distinction highlighted their fundamental difference from permissible financial instruments under Chinese law.

The CSRC's warnings concluded with direct advice to the public: investors were explicitly told *not* to participate in online binary options trading to avoid financial losses.²¹ Furthermore, individuals who had already suffered harm from such platforms were advised to report the matter promptly to their local public security (police) authorities, indicating the potential for criminal investigation.²¹ The legal weight of this

official "gambling" characterization cannot be overstated, as it provided a direct pathway for applying China's stringent anti-gambling laws, including Article 303 of the Criminal Law, to operators of these platforms.

B. Evidence of Prohibition and Administrative Actions

While a single legislative act titled "Binary Options Ban" may not exist, the cumulative effect of regulatory pronouncements, administrative measures, and subsequent enforcement actions resulted in a de facto and de jure prohibition of binary options trading in mainland China.

Industry sources and individuals involved in the retail financial sector reported that following the CSRC's 2016 warnings and a broader crackdown on loosely regulated online financial activities (such as problematic domestic commodity exchanges), binary options were effectively banned around 2017.¹⁵ A CEO of a brokerage firm with operations in China recounted being explicitly told in meetings with various Chinese regulatory and government agencies in early 2018 that binary options trading had already been deemed illegal and banned the previous year.⁵⁵

Complementing the regulatory warnings, significant administrative actions were taken to curb the activity. In June 2016, Baidu, China's dominant internet search engine, banned all advertisements from binary options brokers on its network.⁵⁶ This decision, spurred by regulatory pressure following a public outcry over misleading medical advertisements, severely restricted the primary channel through which offshore binary options platforms could reach and solicit potential Chinese clients.⁵⁶ This action demonstrated the authorities' ability and willingness to leverage influence over major internet platforms to enforce financial policy and consumer protection goals.

The timing of these actions in China coincided with growing international alarm and the imposition of restrictions or bans in other major markets, suggesting a parallel recognition of the inherent risks.¹⁵ Subsequently, Chinese authorities continued their crackdown on related high-risk online trading. Warnings were posted on official websites, including those of SAFE and the National Internet Finance Association of China (NIFA), reiterating that offering leveraged foreign exchange, CFDs, and similar derivatives products without specific approval from Chinese regulators was illegal.³⁹ Payment service providers, such as Tencent's WeChat Pay (财付通), also actively monitored transactions and shut down payment channels identified as facilitating fund transfers for platforms engaged in illegal binary options or foreign exchange trading.⁵⁷

The sequence—official warnings defining the activity as gambling (April 2016), the

blocking of major advertising channels (June 2016), the reported effective ban (2017), and the continued suppression of related unregulated online trading and payment facilitation (2018 onwards)—demonstrates a clear, consistent, and escalating campaign by Chinese authorities. This campaign aimed to eliminate binary options and similar high-risk, speculative online trading activities targeting retail investors, driven by concerns over widespread fraud, significant investor losses, and the potential threat to financial and social stability.

The following table summarizes key official actions and interpretations regarding binary options in China:

Date (Approx.)	Action/Statement/Interpretation	Authority/Source	Key Finding/Content	Relevant Snippet(s)
April 2016	CSRC Risk Warning	CSRC	Likened to gambling; lacks economic function; advised against participation; report harm to police.	21
June 2016	Baidu Advertising Ban	Baidu (following regulatory pressure)	Banned all advertisements by binary options brokers on its platform.	56
2016/2017	Police Investigations Initiated	Local Public Security Bureaus (Police)	Platforms investigated for fraud or other illegal operations based on CSRC warnings and investor complaints.	21
Circa 2017	Reported Effective Ban	Industry Sources /	Binary options effectively	15

		Meetings with Authorities	banned in practice following warnings and crackdowns.	
2018 onwards	Court Cases (e.g., Chen Qinghao case)	Chinese Courts (various levels)	Classified operation of binary options platforms targeting China as "Opening Casinos" under Criminal Law Art. 303.	21
2018	NIFA/SAFE Warnings on Unlicensed Online Trading	National Internet Finance Association / SAFE	Warned against unapproved online platforms offering FX, CFDs, etc., deeming them illegal.	39
2019	Payment Provider Action	Tencent (财付通 - Tenpay/WeChat Pay)	Identified and blocked payment channels for platforms facilitating illegal binary options/FX trading.	57

IV. Legal Interpretation and Enforcement under Chinese Law

The illegality of binary options in China is solidified not only by regulatory warnings but also by specific legal provisions and their interpretation by the judicial system.

A. Applicable Laws and Regulations

Several key pieces of legislation and regulation underpin the prohibition:

- **Futures Trading Management Regulations (期货交易管理条例):** This regulation defines legitimate options and futures contracts as standardized instruments, traded on approved exchanges (like SSE and SZSE), designed for risk

management, and serving the real economy.²¹ The binary options offered by online platforms fundamentally fail to meet these criteria.²¹ Article 4 mandates that futures trading occur only at legally established futures trading venues, and Article 6 explicitly prohibits any entity or individual from establishing such venues or organizing futures trading activities in any form without approval from the State Council or the CSRC.²¹ Online binary options platforms operate outside this framework.

- **Criminal Law of the People's Republic of China (中华人民共和国刑法):** Article 303 is central to the enforcement against binary options platforms.⁵⁸ This article criminalizes gambling for profit, including organizing gambling activities (聚众赌博) or making gambling a profession (以赌博为业). Crucially, the second paragraph of Article 303 specifically addresses the crime of "opening casinos" (开设赌场), which carries potentially severe penalties, including imprisonment.²¹ Subsequent amendments and interpretations have clarified that operating online gambling websites falls under the scope of "opening casinos".⁶¹
- **Interpretations on Online Gambling:** Official interpretations issued jointly by the Supreme People's Court, Supreme People's Procuratorate, and the Ministry of Public Security (e.g., the "Opinions on Several Issues Concerning the Application of Law in Handling Criminal Cases of Online Gambling" - 公通字40号) provide specific guidance.⁵³ These interpretations explicitly state that establishing gambling websites or acting as an agent for such websites and accepting bets constitutes "opening casinos".²¹ Furthermore, knowingly providing essential support services to gambling websites—such as internet access, server hosting, payment processing, advertising, software development, or recruiting members—can subject the provider to criminal liability as a joint offender or accomplice, provided certain thresholds (e.g., related to service fees or number of sites served) are met.²¹

B. Judicial Interpretation and Case Law

Chinese courts have consistently interpreted the operation of online binary options platforms targeting Chinese citizens as criminal activity, primarily under the "opening casinos" provision of Article 303.

Numerous court decisions and legal analyses confirm this classification.²¹ The reasoning adopted by courts, as exemplified in cases like the widely cited Chen Qinghao case involving the "Dragon Leader Services" (龙汇) platform⁵², typically hinges on several points:

1. **Lack of Legitimacy:** The platforms operate outside the legally mandated futures exchanges and without approval from the CSRC or State Council.⁵²

2. **Gambling Nature:** The core activity is not genuine financial trading but rather placing bets on the short-term direction of an asset's price. The outcome (win/loss) is predetermined and disconnected from the magnitude of the price movement, making it analogous to simple betting games like "guessing big or small" (押大小).⁵²
3. **Platform vs. Investor:** The transaction is structured as a direct wager between the platform (acting as the "house" or 庄家) and the investor, rather than a transaction between market participants facilitated by an exchange.⁵²
4. **Lack of Economic Purpose:** The activity does not serve to hedge risk or facilitate capital allocation in the real economy, distinguishing it from legitimate derivatives.⁵²
5. **Potential for Manipulation:** Evidence in some cases indicated that platforms used software plugins or other means to manipulate price feeds or trade outcomes, further reinforcing the fraudulent and illegitimate nature of the operations.⁵²

While alternative charges like illegal business operations (非法经营罪) under Article 225 of the Criminal Law (for operating futures business without approval) or fraud (诈骗罪) were considered in some discussions or initial investigations⁵², the prevailing judicial consensus, strongly supported by the CSRC's "gambling" characterization, has solidified around "opening casinos" (开设赌场罪) as the most appropriate charge for the core activity of running these platforms and for key personnel involved in their operation and promotion.²¹ Specific acts of deception during the process could still potentially warrant separate or additional fraud charges.²²

The application of Article 303 of the Criminal Law elevates the issue beyond mere regulatory non-compliance to one of serious criminal conduct, carrying significant penalties including imprisonment and substantial fines.⁵⁸ This judicial stance firmly cements the illegality of binary options platforms in China and signals the state's view of these operations as fundamentally harmful and akin to organized gambling. The clear distinction drawn by courts between these platforms and legitimate, regulated financial instruments provides a solid legal basis for the prohibition, countering arguments that it unduly restricts financial innovation by defining the banned activity as lacking the essential characteristics of permissible finance under Chinese law.

C. Enforcement Actions

Consistent with the regulatory warnings and legal interpretations, Chinese law enforcement agencies have taken action against binary options operations. The CSRC's initial warnings in 2016 explicitly mentioned that local Public Security Bureaus

(police) had already initiated investigations and filed cases against binary options platforms, often pursuing charges of fraud or gambling-related offenses.²¹

While large-scale, publicly announced crackdowns specifically targeting binary options may have subsided after the initial period of heightened activity (2016–2018), this likely reflects the success of the initial measures in largely dismantling the visible market within China, rather than any relaxation of the official stance. Chinese authorities maintain ongoing campaigns against a wide range of economic and financial crimes, including illegal fundraising, pyramid schemes, underground banking operations facilitating illicit cross-border transfers, and various forms of online financial fraud.⁶⁷ Recent enforcement reports from 2024 and early 2025 confirm continued high levels of activity by public security organs against economic crimes⁶⁷ and cybercrime⁶⁹, involving significant sums and numerous cases. Although binary options are not specifically singled out in the available recent reports⁷⁰, any resurgence or disguised operation of such schemes would almost certainly fall within the scope of these ongoing enforcement priorities. The absence of recent high-profile binary options cases is more indicative of the effectiveness of the earlier prohibition than a sign of current tolerance.

V. Market Access and Platform Legality in China

The legal status of binary options is further clarified by examining the avenues available—or unavailable—for trading them within China's regulated market structure.

A. Domestic Exchanges (SSE, SZSE)

Binary options are not listed, traded, or recognized as legitimate financial products on mainland China's official, regulated stock exchanges: the Shanghai Stock Exchange (SSE) and the Shenzhen Stock Exchange (SZSE).³⁰ These exchanges operate under the direct supervision of the CSRC and offer a range of approved products, including stocks (A-shares, B-shares), bonds, mutual funds, and certain standardized, regulated derivatives such as conventional options contracts linked to specific indices or ETFs.²⁹ Binary options, as commonly understood and offered by online platforms, are conspicuously absent from this list of permissible exchange-traded products.²¹

This stands in stark contrast to the situation in the United States, where a limited number of exchanges (DCMs like Nadex, Cboe, CME) are specifically designated and regulated by the CFTC and/or SEC to offer binary options or similar binary-outcome event contracts to the public.⁴ While Nadex did, for a period, offer binary contracts based on the FTSE China A50 Index futures (traded on the Singapore Exchange), these were never traded *on* a mainland Chinese exchange and were subsequently

delisted by Nadex.⁷⁹ The complete lack of any regulated domestic channel for trading binary options within China underscores their prohibited status. If the Chinese government had intended to permit binary options under controlled conditions, it would likely have established a specific regulatory framework and authorized their trading through the existing CSRC-supervised exchange infrastructure, as it has done for other financial innovations deemed acceptable. The absence of such a framework, coupled with explicit warnings against online platforms, points clearly to an intentional exclusion rather than a mere regulatory oversight or delay.

B. International Brokers and Platforms

Given the absence of domestic regulated trading, the only way individuals in China could access binary options was through international online brokers and platforms. However, these operations face insurmountable legal barriers in China.

Platforms based outside of mainland China that solicit or accept clients residing in mainland China for binary options trading are unequivocally operating illegally under Chinese law and regulatory interpretations.¹¹ The CSRC's warnings specifically targeted these internet-based platforms, noting that many were registered offshore and lacked proper licensing or physical presence in China.²²

Chinese authorities have explicitly stated that foreign entities offering such financial products without approval are violating Chinese law.³⁹ Enforcement actions have extended to disrupting the ecosystem supporting these platforms, notably by targeting domestic payment service providers that facilitate the transfer of funds from Chinese residents to these offshore entities.⁵⁷ The PBOC's stance on overseas cryptocurrency exchanges serving Chinese residents being illegal further reinforces the principle that unauthorized cross-border provision of financial services is prohibited.³⁵

For investors in mainland China, engaging with these offshore platforms carries substantial risks beyond the inherent risks of binary options trading itself. These include the high likelihood of encountering fraudulent operations, the potential loss of deposited funds with no practical means of recovery, and the complete absence of legal recourse or investor protection mechanisms available under Chinese law.¹⁵ The crackdown on these offshore platforms and their domestic facilitators serves multiple policy goals. Beyond investor protection, it strongly aligns with China's overarching strategy of maintaining strict capital controls and preventing unregulated cross-border financial activities.³⁷ Allowing widespread use of offshore binary options platforms would create channels for capital outflow outside the state's monitoring and control framework, undermining both financial stability and foreign exchange

management objectives. Thus, the prohibition of binary options also functions as a reinforcement of China's capital control regime.

VI. Conclusion: The Definitive Legal Status of Binary Options in China

A. Summary of Findings

Based on a comprehensive review of regulatory statements, administrative actions, legal interpretations, and judicial decisions, the legal status of binary options trading in mainland China is clear and unambiguous:

- **Binary options trading is illegal.** Participation by individuals residing in mainland China and the offering of binary options services (particularly via online platforms) targeting Chinese residents are prohibited activities.
- **No Legitimate Channels Exist:** There are no regulated exchanges or licensed platforms within mainland China authorized to offer or facilitate binary options trading.²¹ Trading must occur on approved venues under the Futures Trading Management Regulations, and binary options are not approved products.
- **Official Condemnation:** The China Securities Regulatory Commission (CSRC) has explicitly warned the public against binary options, characterizing the activity as akin to gambling, devoid of legitimate economic function, and inherently risky.¹⁵
- **Criminal Offense:** Operating or significantly participating in the operation of a binary options platform targeting Chinese residents is treated as a criminal offense, typically prosecuted under Article 303 of the Criminal Law concerning the "opening of casinos".²¹
- **International Platforms:** Offshore brokers and platforms soliciting clients in mainland China are operating illegally and pose severe risks to investors, who lack legal protection or recourse within the Chinese system.¹¹

B. Underlying Rationale for Illegality

The prohibition of binary options in China stems from a convergence of factors reflecting the country's core regulatory priorities:

- **Investor Protection:** The high probability of retail investors suffering significant and rapid financial losses due to the product's structure and the prevalence of fraudulent platform practices is a primary concern.⁷
- **Financial Stability:** The speculative nature of binary options, their lack of connection to the real economy, and their potential to create market disorder are viewed as threats to overall financial stability.¹⁵
- **Gambling Nature:** The official classification of binary options trading as

gambling aligns it with activities that are broadly prohibited and socially discouraged in mainland China.¹⁵

- **Capital Controls and Social Order:** Preventing unregulated capital outflows associated with funding offshore accounts and mitigating the risk of social unrest resulting from widespread investment scams or losses are additional contributing factors.¹⁵

C. Recommendations

- **For Individuals in Mainland China:** It is imperative to avoid any participation in binary options trading offered through online platforms. Engaging in such activities is illegal and exposes individuals to significant financial loss and potential association with illicit operations.
- **For Financial Institutions and Payment Providers:** Strict diligence is required to ensure that services do not facilitate transactions related to binary options platforms targeting Chinese residents. Processing such payments could expose institutions to regulatory action and legal liability for aiding illegal activities.
- **For International Brokers:** Soliciting or providing binary options trading services to clients in mainland China constitutes illegal operation under Chinese law. This carries substantial legal risks, including potential criminal charges for key personnel, reputational damage, and difficulties in conducting other business related to China.

In conclusion, the illegality of binary options in mainland China is not the result of a single law but is firmly established through a consistent and multi-pronged approach encompassing official regulatory warnings, decisive administrative actions like advertising bans and payment channel blockades, unambiguous judicial interpretations applying criminal anti-gambling statutes, and the complete absence of any authorized domestic trading framework. This convergence of regulatory, administrative, and judicial measures demonstrates a clear and unwavering policy by the Chinese state to prohibit this specific form of high-risk online trading.

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