An Examination of the Risks Associated with Binary Options Trading for Retail Investors

I. Introduction: The High-Risk Nature of Binary Options

A. Overview

Binary options represent a category of financial instruments characterized by a simple "yes or no" proposition regarding the future price movement of an underlying asset, coupled with a predetermined, all-or-nothing payout structure.[1] These instruments, also known as digital options or fixed-return options, allow traders to speculate on whether an asset's price will be above or below a specific level (the strike price) at a defined future point in time (the expiry).[3] If the trader's prediction is correct, a fixed payout is received; if incorrect, the entire amount wagered is lost.[5] This report provides a critical examination of the substantial and multifaceted risks associated with binary options, focusing particularly on their implications for retail investors. Drawing upon regulatory guidance, market analysis, and documented evidence of widespread issues, this analysis highlights why these products are broadly considered highly speculative and unsuitable for most individuals seeking investment opportunities. Their controversial status is frequently underscored by comparisons to gambling, stemming from their structural characteristics and the high probability of loss.[7]

related posts : Best Binary Options Brokers (in 2025)

B. Report Scope and Purpose

This report will systematically dissect the risks inherent in binary options trading. It begins by defining the structure and mechanics of these instruments, followed by an analysis of the primary risk stemming from their all-or-nothing payout system. Subsequently, the report investigates the pervasive issue of fraud and scams within the binary options market, examines the stringent regulatory actions taken in major financial jurisdictions, and explores the complexities and potential for misunderstanding that contribute to investor losses. A comparative analysis contrasts the risk profile of binary options with other forms of trading, such as stock and forex trading. Furthermore, official warnings and advisories issued by prominent financial regulatory bodies will be detailed. The overarching purpose is to deliver a comprehensive risk assessment, equipping potential investors with the necessary information to understand the significant dangers associated with engaging in binary options trading and to exercise extreme caution.

C. Initial Cautionary Note

It is imperative to establish from the outset that the binary options market, particularly the segment operating through online platforms outside of regulated exchanges, is fraught with peril. Numerous global financial regulators have issued stern warnings, implemented outright bans, or imposed severe restrictions on the sale of binary options to retail clients due to consistent evidence of consumer harm, misleading practices, and widespread fraudulent activity.[2] This regulatory consensus reflects deep concerns about the fundamental nature of these products and their impact on investors.

II. Defining Binary Options: Structure and Mechanics

A. The Core Concept: The Yes/No Proposition

At its heart, a binary option is a financial contract based on a simple binary outcome – a "yes or no" question concerning the future state of an underlying asset or event.[1] The proposition typically relates to whether the price of a particular asset will be above or fall below a specified level, known as the 'strike price', at a predetermined future moment, the 'expiry time'.[2]

Examples illustrate this simplicity: Will the share price of Company ABC be above $25 on April 22 at 10:45 a.m.?.[2] Will the price of silver be above $33.40 per ounce at 11:17 a.m. on a specific day?.[5] The 'underlying asset' can encompass a wide range, including individual stocks, stock indices (like the S&P 500), commodities (such as gold or oil), foreign currency pairs (forex), or even the outcome of economic events like interest rate decisions or jobless claims reports.[6]

B. Fixed Payouts and Fixed Losses: The All-or-Nothing Structure

The defining financial characteristic of a binary option is its binary payout structure.[5] If the trader's prediction regarding the yes/no proposition proves correct at the moment of expiry – meaning the option finishes "in the money" – they receive a predetermined, fixed monetary payout.[1] Conversely, if the prediction is incorrect and the option expires "out of the money," the trader loses the entire amount they initially invested to purchase the option (often referred to as the premium or stake).[2]

Consider an example: A trader believes the price of gold will be above $1,830 at 1:30 p.m. and buys a binary option contract reflecting this proposition. At 1 p.m., the contract might be offered at $44.50.[26] If, at 1:30 p.m., gold is indeed above $1,830, the contract settles at a value of $100, yielding the trader a profit of $55.50 ($100 payout - $44.50 cost) before fees. However, if gold is at or below $1,830 at expiry, the contract settles at $0, and the trader loses their entire $44.50 investment.[26] Similarly, another structure might involve paying $40 for an option with a strike price of $65; if the underlying asset finishes above $65, the option pays $100 (a $60 profit), but if it finishes below $65, the trader loses the $40 premium.[2] The crucial point is that both the maximum potential profit and the maximum potential loss (the amount invested) are fixed and known before entering the trade.[1]

C. Expiry Times: Predetermined and Often Short-Term

Every binary option contract is defined by a specific, fixed expiration date and time.[2] This expiry is the precise moment when the condition of the yes/no proposition is evaluated to determine the outcome (in the money or out of the money). A notable feature of the binary options market, particularly on online platforms, is the prevalence of extremely short-term expiry times. Contracts can expire in minutes, sometimes even seconds, although hourly, daily, or weekly expiries also exist.[8]

Once purchased, the binary option holder has no further decisions to make regarding its exercise. The option exercises automatically at the expiry time, and the gain or loss is credited or debited to the trader's account based on the outcome.[2] This automatic, time-forced settlement is a key differentiator from traditional options.

D. Trading Mechanics

Trading typically involves selecting an underlying asset, choosing an expiry time, and deciding on a strike price.[33] Based on their prediction of the asset's price movement relative to the strike price at expiry, the trader will either buy (often termed a 'call' option if predicting the price will be above the strike) or sell (often termed a 'put' option if predicting the price will be below the strike) the binary option contract.[4]

In regulated U.S. markets like Nadex, binary options prices range between $0 and $100.[4] These prices fluctuate based on market sentiment regarding the likelihood of the proposition being true, reflected in the bid (the price at which one can sell) and ask/offer (the price at which one can buy) prices.[1] The difference between the bid and ask is the spread.[26] A crucial distinction from traditional 'vanilla' options is that owning a binary option does not confer any right to buy or sell the underlying asset itself; it is purely a contract based on the price movement or event outcome.[2]

The structure itself carries significant implications for risk. While traditional options might allow holders to close a position before expiry to lock in profits or cut losses [2], or stock investors can hold through periods of volatility, the fixed, often short-term expiry and automatic exercise of binary options remove this management flexibility.[28] This concentrates the entire risk of the trade onto the accuracy of a single prediction at a precise moment in time, magnifying the impact of short-term market noise or minor prediction errors.

III. The Primary Risk: High Probability of Total Investment Loss

A. Analyzing the "All-or-Nothing" Consequence

The fundamental risk inherent in binary options trading stems directly from its defining characteristic: the all-or-nothing payout structure.[2] If the trader's prediction about the price movement is incorrect at the exact moment of expiry, the entire amount invested in that specific trade is forfeited. There is no partial loss recovery based on how close the prediction was; a marginal miss results in the same total loss as a significant one. This feature alone categorizes binary options as an extremely high-risk proposition for investors.[2]

B. Understanding Negative Expected Returns and Broker Edge

Beyond the immediate risk of losing 100% on any given trade, the typical structure of binary option payouts often creates a statistical disadvantage for the trader over the long term. Regulatory bodies like the U.S. Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) have explicitly warned about this concept of negative expected return.[5]

Consider their illustrative example: a binary option costs $50 and promises a 50% return (a $25 profit, resulting in a $75 payout) if the prediction is correct ("in the money"). If the prediction is wrong ("out of the money"), the trader loses the full $50 (a 100% loss). Even assuming a 50/50 chance of being correct (which is often optimistic in volatile, short-term markets), the potential loss significantly outweighs the potential gain. Over a series of trades, this structure means the investor is statistically expected to lose money on average.[5]

In many real-world scenarios, the payout for a winning trade is often less than 100% of the amount risked (e.g., payouts of 70-90% are common [2]), while a loss always results in forfeiting 100% of the stake. This asymmetry means a trader must win significantly more often than they lose just to break even. For instance, with an 80% payout on wins and a 100% loss on losses, a trader needs a win rate greater than 55.6% ($100 loss / ($100 loss + $80 win)) simply to avoid losing capital, before considering any fees or commissions.[8] Achieving such consistently high win rates on short-term market predictions is exceptionally difficult, even for seasoned professionals.[8]

This inherent structural disadvantage often translates into a built-in edge for the platform or broker offering the binary options.[4] Particularly in the largely unregulated offshore market, the platform frequently acts as the counterparty to the client's trade, meaning the platform directly profits when the client loses.[4] This creates a fundamental conflict of interest, starkly different from traditional brokerage models where firms might profit from commissions or spreads regardless of the client's trading success. This conflict incentivizes platforms to employ practices that disadvantage clients, further skewing the already unfavorable odds and reinforcing the warnings from regulators about platforms potentially profiting from customer losses.[9]

IV. Fraud and Scams: A Defining Feature of the Binary Options Market

A. Pervasiveness of Fraudulent Schemes

Fraud is not merely an ancillary risk in the binary options market; it is a deeply entrenched and widely reported problem, particularly associated with the numerous online platforms operating outside of established regulatory frameworks.[2] The U.S. Federal Bureau of Investigation (FBI) has identified binary options fraud as a significant and growing problem, noting a dramatic escalation in complaints and reported losses between 2011 and 2016, amounting to millions of dollars from U.S. victims alone.[6] The FBI also cited reports from some European nations where binary options fraud accounted for as much as 25% of all reported fraud complaints, and estimated that scammers steal US$10 billion annually worldwide through such schemes.[4]

B. Common Types of Fraudulent Activities

Regulatory bodies and law enforcement agencies have received numerous complaints detailing several recurring patterns of fraud perpetrated by binary options platforms:

1. **Refusal to Credit Customer Accounts or Reimburse Funds:** This is one of the most frequently cited complaints.[5] Platforms accept deposits, sometimes encouraging further investment through aggressive broker calls, but subsequently obstruct or outright deny withdrawal requests.[5] Tactics include ignoring customer phone calls and emails, cancelling withdrawal requests without justification, freezing accounts (sometimes accusing the customer of fraud),

imposing prohibitive hidden fees or conditions for withdrawal, or employing deliberate delay tactics until the window for credit card chargebacks expires.[9] The systematic nature of these withdrawal obstructions across many platforms strongly indicates that they are often not operating as legitimate trading venues but as operations designed to retain client funds indefinitely.

2. **Manipulation of Trading Software:** Platforms have been accused of manipulating their trading software to ensure customer losses, thereby directly profiting themselves.[5] This manipulation can take various forms, such as distorting the displayed prices or payout rates, or, more egregiously, altering the outcome of trades. A commonly reported tactic involves arbitrarily extending the expiration time of a trade that is currently "winning" for the customer until market fluctuations turn it into a losing trade.[6] Some platforms may also manipulate historical charts to present a misleadingly optimistic picture of potential returns.[9] Such software manipulation fundamentally undermines the purported premise of binary options as a wager on market movements, transforming it into a rigged game where the platform dictates the outcome.
3. **Identity Theft:** Another serious concern involves the illicit collection of sensitive personal information.[5] Platform representatives may falsely claim that government regulations require customers to provide copies of credit cards, passports, driver's licenses, utility bills, or other personal data. This information can then be misused for identity theft or to make unauthorized charges on the customer's accounts.[5]
4. **Misleading Marketing and High-Pressure Tactics:** Fraudulent operators often employ aggressive and deceptive marketing strategies to lure investors.[6] Advertisements, frequently disseminated through social media, spam emails, message boards, and even via financial influencers ('finfluencers'), promise easy money, substantial profits, high returns, and low risk – claims that are fundamentally at odds with the nature of binary options.[6] Potential investors may also be targeted through cold calls from boiler room operations using high-pressure sales tactics or even threats to coerce deposits.[6] These operations often use fake broker names, qualifications, and locations (e.g., claiming to be in London or the US while operating from elsewhere) and may even misuse the names of well-known figures to lend false credibility.[4] A particularly predatory tactic is the "reload" scam, where fraudsters, sometimes impersonating government officials, contact previous victims promising to help recover their losses for an upfront fee, thus defrauding them a second time.[11] Platforms may also overstate average investment returns to appear more attractive than the underlying payout structure warrants.[9]

C. The Role of Unregulated and Offshore Platforms

A critical factor enabling this widespread fraud is that a vast portion of the online binary options market operates outside the purview of established financial regulators, often through platforms based offshore.[2] These unregulated entities are not required to meet the standards imposed on licensed firms in jurisdictions like the US or EU, such as maintaining segregated client accounts, adhering to fair practice rules, or meeting capital requirements.[2] Operating offshore also presents significant challenges for regulatory enforcement and legal recourse for defrauded investors.[9] This lack of oversight and accountability creates an environment where fraudulent activities can thrive. The CFTC maintains a Registration Deficient (RED) List to warn investors about foreign entities soliciting US residents without proper registration, many of which offer binary options.[6] The choice to operate offshore and unregistered is often a deliberate strategy by fraudulent operators to evade scrutiny and make recovery of funds extremely difficult for victims.

D. Regulatory Enforcement Actions

The severity and scale of binary options fraud are evidenced by numerous enforcement actions taken by regulators and law enforcement globally. These include FBI investigations, Department of Justice criminal indictments, and substantial monetary penalties imposed by the CFTC and SEC.[4] High-profile examples include actions against Banc de Binary, a Cyprus-based firm charged with illegally selling binary options to US investors and later subject to an $11 million settlement [12], and the operators of Yukom Communications (running platforms like BinaryBook and BigOption), who faced charges related to a $140 million fraud scheme, resulting in prison sentences and massive financial penalties ordered by courts.[68] These cases underscore the reality that many binary options platforms have engaged in criminal conduct resulting in significant investor losses.

V. Regulatory Landscape: Bans, Restrictions, and Limited Legitimate Trading

The high risks and prevalence of fraud associated with binary options have prompted significant regulatory interventions in major financial markets worldwide.

A. Status in Major Markets

- **United States (US):** Binary options are not illegal per se in the US, but their trading is strictly regulated. They *must* be traded on exchanges designated as contract markets (DCMs) by the CFTC or registered as securities exchanges with the SEC.[5] Only a handful of exchanges currently meet these requirements and are authorized to offer binary options or similar products (like event futures) to US persons, including the North American Derivatives Exchange (Nadex), the Chicago Board Options Exchange (CBOE), and the Chicago Mercantile Exchange (CME).[6] Crucially, regulators emphasize that the *vast majority* of online binary options trading platforms accessible to US residents are *not* registered and operate illegally in violation of US regulations.[2] The CFTC and SEC share oversight and have issued joint alerts warning investors about fraudulent schemes and unregistered platforms.[5]

- **European Union (EU):** The European Securities and Markets Authority (ESMA), citing significant investor protection concerns due to complexity, lack of transparency, excessive leverage (in related products like CFDs), structural negative expected returns, and conflicts of interest, initiated a temporary EU-wide ban on the marketing, distribution, and sale of binary options to retail clients, effective from July 2, 2018.[4] ESMA's analysis indicated that 74-89% of retail accounts trading related speculative products lost money.[18] The ban was renewed several times [77] but included narrow exclusions for certain fully collateralized, longer-term (90+ days) binary options issued with an approved prospectus where the provider is not exposed to market risk.[16] ESMA ultimately ceased renewing the temporary EU-wide ban in July 2019, primarily because most national competent authorities (NCAs) within the EU had by then implemented their own permanent national product intervention measures prohibiting binary options for retail clients, which were at least as stringent as ESMA's measures.[17] France's Autorité des Marchés Financiers (AMF) is one example of an NCA that adopted such a permanent national ban.[17]
- **United Kingdom (UK):** Following the UK's transfer of binary options regulation from the Gambling Commission to the Financial Conduct Authority (FCA) [80], the FCA conducted its own review. Citing widespread concerns about inherent risks, poor conduct by firms leading to consumer harm (including large, unexpected losses), and estimating potential annual savings for consumers of up to £17 million, the FCA implemented a permanent ban on the sale, marketing, and distribution of binary options to retail consumers by firms acting in or from the UK, effective April 2, 2019.[19] The FCA's rules largely mirrored ESMA's temporary restrictions but went slightly further by explicitly including 'securitised binary options' (which ESMA had excluded) within the scope of the prohibition, aiming to prevent a market for these similar-risk products from developing.[20]
- **Australia:** The Australian Securities & Investments Commission (ASIC) banned the issue and distribution of binary options to retail clients effective May 3, 2021.[4] This decision followed ASIC reviews in 2017 and 2019 which found that approximately 80% of retail clients lost money trading these products.[21] Data from

the 13 months preceding the ban showed aggregate net losses of $14 million for retail client accounts, with loss-making accounts losing $15.7 million while profit-making accounts gained only $1.7 million.[21] Citing the products as 'harmful' and 'high-risk', ASIC subsequently extended the ban until October 1, 2031, ensuring Australia's protections remain aligned with comparable overseas markets.[21]
- **Other Jurisdictions:** Bans or severe restrictions on binary options for retail clients have also been implemented in various other countries, including Israel, Canada, and Belgium, reflecting a global regulatory trend against these products.[2]

B. The Significance of Regulatory Oversight (or Lack Thereof)

The stark contrast between the regulated and unregulated segments of the binary options market highlights the importance of regulatory oversight. Trading on regulated exchanges like those in the US offers certain investor protections, such as the use of standardized contracts, transparency in pricing and execution, and the mitigation of counterparty risk through central clearinghouses.[5] Registration also ensures that firms meet certain operational and conduct standards and provides investors with access to key information about the products being offered.[5]

Conversely, engaging with unregulated platforms, particularly those operating offshore, exposes investors to significantly higher risks.[2] These platforms are not bound by the same rules and standards, increasing the likelihood of encountering fraud, manipulation, and difficulties in recovering funds. The lack of regulatory recourse makes it extremely challenging for investors to seek remedies if they fall victim to scams.

The broad international consensus among major financial regulators – leading to widespread bans and restrictions – underscores a collective judgment that binary options, as typically offered to retail investors, present an unacceptable level of risk and are fundamentally unsuitable for this demographic. This regulatory convergence, based on independent reviews consistently finding high levels of consumer harm [18], signals that the dangers are inherent to the product structure and common industry practices, rather than being isolated incidents.

C. Identifying Unregistered Entities

Given the risks associated with unregistered platforms, investors are strongly advised to verify the registration status of any binary options provider before committing funds or personal information. Resources for checking registration in the US include:

- The CFTC's list of Designated Contract Markets (DCMs).[5]
- The SEC's EDGAR database (for product registration) and its list of registered Exchanges.[5]
- FINRA's BrokerCheck tool for checking firm and professional registration and background.[6]
- The National Futures Association's (NFA) Background Affiliation Status Information Center (BASIC).[6] The CFTC's RED List can also help identify foreign entities that may be soliciting US residents without the required registration.[6] If a platform's registration cannot be verified through these official sources, regulators universally advise against engaging with them.[5]

VI. Complexity, Misunderstanding, and Psychological Risks

A. The Illusion of Simplicity

A significant factor contributing to the appeal, and danger, of binary options is their apparent simplicity.[7] The straightforward "yes or no" question and the fixed, known potential payout and loss seem less intimidating than the complexities of traditional options or other derivatives. This perceived simplicity makes them particularly attractive to novice traders or those looking for quick results.[34]

However, this simplicity is largely superficial and deceptive.[34] It masks the profound difficulty of accurately predicting short-term market movements and fails to convey the true statistical odds and risk-reward dynamics involved.[7] Understanding the underlying market drivers, interpreting technical or fundamental indicators effectively, and assessing probabilities within very short timeframes remain complex tasks.[7]

B. Challenges in Assessing True Odds and Payout Structures

Accurately predicting the direction of an asset's price over periods as short as minutes or seconds is exceptionally challenging, even for experienced market professionals.[8] Technical analysis tools, often promoted for binary options trading, can suffer from limitations such as lagging behind price action, generating false signals, or being overly complex and prone to misinterpretation.[7]

Furthermore, the typical payout structure itself creates unfavorable odds for the trader.[5] As discussed previously, the fact that a winning trade often yields a return less than 100% (e.g., 70-90%), while a losing trade results in a 100% loss of the stake, means a trader must maintain a significantly high win rate (often well above 50%) just to break even.[8] This inherent mathematical disadvantage is often poorly understood or overlooked by retail traders attracted by the potential for quick gains. The pricing of binary options (the premium paid, typically between $0 and $100 in regulated markets) reflects the market's perceived probability of the event occurring, but interpreting these prices and the constantly fluctuating bid-ask spreads adds another layer of complexity for traders trying to assess value and risk.[1] The potential for a tiny price movement (e.g., one point or pip) around the strike price at the exact moment of expiry to determine the difference between a full payout and a total loss further highlights the precarious nature of these trades.[48]

A critical difference compared to traditional trading methods is that the fixed payout structure of binary options removes any reward for the *magnitude* of a correct prediction.[52] In stock or forex trading, a strong, correct market call resulting in a large price movement can generate substantial profits, potentially offsetting multiple smaller losses.[52] With binary options, a prediction that is correct by a wide margin yields the exact same fixed payout as one that is correct by the barest minimum.[53] This eliminates a key mechanism for achieving profitability in traditional trading and forces traders to rely solely on achieving a high *frequency* of correct directional predictions within extremely tight time constraints – a fundamentally more difficult proposition.

C. Behavioral Parallels to Gambling and Potential for Addiction

The structure and marketing of binary options frequently lead to comparisons with gambling, an analogy echoed by numerous regulators and financial analysts.[4] Several psychological factors contribute to this comparison and highlight potential behavioral risks:

- **Appeal of Quick Returns:** The promise of high percentage returns within very short timeframes (minutes or seconds) appeals to a desire for rapid gratification.[4]
- **Thrill and Sensation Seeking:** For some individuals, the rapid pace and win/loss nature of trading can fulfill a need for excitement or sensation seeking, similar to gambling.[88]
- **Potential for Addiction:** The structure of binary options – offering frequent trading opportunities, immediate feedback (win or loss), and intermittent reinforcement (occasional wins) – mirrors mechanisms known to foster addictive behaviors in gambling.[8] The strong emotional responses associated with the all-or-nothing outcomes can reinforce these cycles.[60]
- **Cognitive Biases:** Traders may fall prey to cognitive biases common in both trading and gambling, such as overconfidence in their predictive abilities, the

illusion of control over random market movements, or confirmation bias (seeking information that confirms existing beliefs).[88]

- **Emotional Decision-Making:** The high stakes and rapid pace can lead to impulsive decisions driven by fear (of loss) or greed (chasing wins), rather than disciplined analysis.[36] This "casino mentality" [89] contrasts sharply with the objective, risk-managed approach required for sustainable investment success.[86] Chasing losses (making increasingly risky trades to recoup previous losses) is a particularly dangerous pattern observed in both problem gambling and speculative trading.[67]

Research has indicated higher rates of problem gambling among individuals who actively trade financial products, particularly those involving riskier assets or trading behaviors.[88] The very design of binary options, with their emphasis on short-term outcomes and fixed odds, may pose a significant psychological risk to susceptible individuals, compounding the already substantial financial risks.

VII. Comparative Risk Analysis: Binary Options vs. Other Financial Instruments

Understanding the unique risk profile of binary options requires comparing them to more traditional financial instruments.

A. Binary Options vs. Traditional (Vanilla) Options

While both are types of options, their structures, risks, and regulatory treatment differ significantly.[2] Binary options are based on a simple yes/no proposition about price direction relative to a strike price at a specific expiry, resulting in a fixed payout or total loss of premium.[2] They do not grant any rights over the underlying asset.[2] Vanilla options, conversely, provide the holder the *right* (but not the obligation) to buy (call) or sell (put) the underlying asset at the strike price by the expiration date, offering potential ownership.[2]

In terms of risk and reward, binary options offer fixed risk (limited to the premium paid) and a fixed potential reward.[1] Vanilla option buyers also have fixed risk (the premium), but their profit potential is variable and depends on the extent of the underlying asset's price movement beyond the strike price.[2] Regulation also presents a major difference: vanilla options typically trade on regulated exchanges with established oversight [2], whereas much of the binary options market operates through unregulated, often offshore platforms, carrying a high risk of fraud.[2] While binary options might appear simpler initially, understanding their true odds and risks is complex [34]; vanilla options involve more variables (like volatility and time decay, often measured by "Greeks" [86]) but offer greater strategic depth and flexibility.[36]

B. Binary Options vs. Stock Trading

Compared to traditional stock trading, binary options represent a fundamentally different activity.[33] Binary options are short-term wagers on price direction without any ownership of the underlying asset.[2] Stock trading involves purchasing actual shares of a company, conferring ownership rights.[52] The time horizon for binary options is typically very short (minutes to days) [8], whereas stock investing can range from short-term trading to long-term holding strategies.[33] The risk profiles diverge significantly: a losing binary option results in a 100% loss of the stake for that trade [2], while stock losses depend on the extent of the price decline and the size of the investment, though the value can potentially fall to zero. Conversely, the potential gain on a binary option is fixed and capped, while the potential upside for a stock is theoretically unlimited.[33] Furthermore, stock markets are generally highly regulated [6], unlike the predominantly unregulated binary options sphere.[2]

C. Binary Options vs. Forex Trading

Trading binary options based on currency pairs differs markedly from traditional spot forex trading.[8] Currency binary options involve betting on whether an exchange rate will be above or below a specific strike price at expiry, with a fixed payout or loss.[8] Spot forex trading involves directly buying one currency while selling another, with profits or losses determined by the magnitude and direction of the exchange rate movement.[8]

A key distinction lies in leverage and loss potential. Traditional forex trading often utilizes significant leverage, which can amplify both gains and losses, potentially leading to losses exceeding the initial margin deposit.[40] Binary options, in their regulated form, typically do not involve leverage in the same way; the maximum loss on a single trade is capped at the initial stake.[2] However, this perceived safety of a capped loss per trade can be misleading. While spot forex trading carries the significant risk of margin calls and potentially unlimited losses due to leverage, it allows traders to profit from the *size* of favorable price movements and employ risk management tools like stop-loss orders. Binary options eliminate the reward for magnitude [52] and force a binary win/loss outcome at a fixed time, often with payout structures that disadvantage the trader.[5] This structure shifts the challenge from managing leveraged risk (as in Forex) to overcoming inherently unfavorable odds in a repetitive, high-frequency betting format, arguably making sustained profitability more difficult than in traditional Forex, despite the per-trade loss cap. Psychologically, binary options might remove some complexities of forex (like managing margin and exits) but can enhance compulsive, gambling-like behaviors.[60]

D. Comparative Table

The following table summarizes the key differences in risk profiles and characteristics:

Feature	Binary Options	Vanilla Options	Stock Trading	Forex Trading
Basic Structure	Yes/No bet on price vs. strike at expiry	Right (not obligation) to buy/sell underlying asset	Ownership of company shares	Exchange of one currency for another
Payout/Loss Potential	Fixed payout if correct; Total loss of stake if wrong	Variable profit potential; Loss limited to premium (buyer)	Variable profit/loss; Potential for total loss	Variable profit/loss; Losses can exceed deposit (leveraged)
Ownership of Underlying	No	Potential (upon exercise)	Yes	No (spot trading)
Typical Time Horizon	Very Short (minutes/hours/days)	Variable (days to months/years)	Variable (short-term to long-term)	Variable (short-term to long-term)
Key Risks	Total loss per trade, High fraud risk, Unfavorable odds	Premium loss, Time decay, Volatility risk	Market risk, Company risk, Liquidity risk	Leverage risk, Volatility risk, Interest rate risk
Regulatory Oversight	Largely Unregulated/Banned for retail	Traded on regulated exchanges	Traded on regulated exchanges	Regulated brokers, but leverage adds risk
Complexity Level	Deceptively simple; Odds assessment complex	High (requires understanding Greeks, strategies)	Moderate to High (requires analysis)	High (requires understanding leverage, macro factors)

Suitability for Retail	Generally Not Advised/Banned in many regions	Requires significant knowledge and risk tolerance	Common investment (diversification advised)	High Risk; Requires significant knowledge/capital

Sources: [2]

This table highlights the unique position of binary options as instruments with capped per-trade risk but structurally unfavorable odds, significant fraud associations, and widespread regulatory disapproval for retail use, distinguishing them clearly from more conventional investment and trading vehicles.

VIII. Official Warnings and Investor Advisories

The significant risks associated with binary options have prompted numerous and consistent warnings from financial regulatory bodies and law enforcement agencies across the globe.

A. Summary of Key Alerts

- **SEC (US):** The Securities and Exchange Commission has repeatedly warned investors about binary options fraud, highlighting issues such as unregistered internet platforms, refusal to reimburse customer funds, identity theft, manipulation of trading software to generate losses, and overstated investment returns.[5] The SEC emphasizes that investors dealing with unregistered platforms may lack the safeguards of federal securities laws.[12] It has often issued joint alerts with the CFTC.[5]
- **CFTC (US):** The Commodity Futures Trading Commission has issued strong warnings regarding off-exchange binary options trades, particularly those offered by offshore, unregistered entities.[5] The CFTC highlights the risks of fraud, manipulation, and abuse, maintains the RED List of suspicious foreign entities, and has expressed concerns about certain binary option contracts resembling gambling.[6]
- **FINRA (US):** The Financial Industry Regulatory Authority warns that trading binary options is an "extremely risky proposition," made even riskier by prevalent fraudulent schemes, often originating overseas.[15] FINRA emphasizes the "all-or-nothing" nature and advises investors to rigorously check the registration status of platforms and professionals via BrokerCheck before investing.[6] It has also warned about potential follow-up scams targeting binary options victims.[72]
- **FBI (US):** The FBI has publicly identified binary options fraud as a major issue,

detailing common scam tactics (fund withholding, identity theft, software manipulation) often perpetrated by overseas criminals.[4] The agency actively investigates these cases and advises investors on avoidance measures, including verifying platform registration.[6]
- **International Bodies (ESMA, FCA, ASIC, CSA, etc.):** As detailed in Section V, regulators in the EU, UK, Australia, Canada, and other nations have issued bans or severe restrictions on binary options for retail clients, based on findings of significant, widespread consumer harm, inherent product risks, and associated fraud.[4]

B. Consistent Themes in Regulatory Guidance

Across these diverse regulatory bodies and jurisdictions, several consistent themes emerge in their warnings about binary options:

- **Extreme Risk:** A universal emphasis on the high risk of losing the entire invested amount due to the all-or-nothing structure.
- **Prevalence of Fraud:** Repeated warnings about the high likelihood of encountering fraudulent schemes, especially when dealing with unregistered or offshore platforms.
- **Misleading Marketing:** Caution against platforms making unrealistic promises of high returns, easy profits, or low risk.
- **Withdrawal Issues:** Highlighting the common problem of platforms preventing or refusing customer withdrawals.
- **Importance of Registration:** Strong advice to verify the registration status of any platform or broker before investing or providing personal information.
- **Comparison to Gambling:** Frequent analogies drawn between binary options trading and gambling, emphasizing the speculative nature and unfavorable odds.
- **Structural Disadvantages:** Recognition that the typical payout structures often put retail clients at an inherent disadvantage.

The remarkable consistency of these warnings, issued independently by numerous authoritative bodies over several years, strongly indicates that the dangers associated with binary options offered to retail investors are fundamental and globally recognized, not merely isolated incidents or market-specific problems. This global regulatory consensus validates the need for extreme investor caution.

IX. Conclusion: Overall Risk Assessment and Investor Caution

A. Reiteration of Highly Speculative Nature

Based on their structure, mechanics, and the manner in which they are typically traded, binary options must be categorized not as conventional investments but as highly speculative financial instruments.[2] Their core features – the yes/no proposition, fixed expiry, and all-or-nothing payout – align them more closely with wagering or gambling activities than with traditional investment strategies aimed at capital growth or preservation through asset ownership or participation in economic value creation.[4]

B. Emphasis on High Potential for Significant Financial Loss

The analysis presented in this report, supported by extensive evidence from regulatory findings and market structure, leads to an unambiguous conclusion: binary options trading carries an exceptionally high potential for rapid and significant financial loss for retail investors.[2] This stems from the confluence of several factors: the inherent all-or-nothing payout structure where any incorrect prediction results in total loss of the stake; the often structurally embedded negative expected return due to payout percentages being less than 100% for wins; the extreme difficulty of consistently predicting short-term market movements accurately; and the pervasive risk of fraud, manipulation, and fund misappropriation, particularly on unregulated platforms. Regulatory investigations in multiple jurisdictions have confirmed that the vast majority of retail clients lose money trading these products.[13]

C. Final Cautionary Note

In light of the substantial risks identified, retail investors are strongly advised to exercise extreme caution regarding binary options. It is crucial to recognize the highly speculative nature of these instruments, the significant potential for complete loss of capital, and the alarmingly high prevalence of fraudulent operations within this market. The numerous warnings, restrictions, and outright bans implemented by financial regulators worldwide should be seen as clear indicators of the dangers these products pose. Investors should be deeply skeptical of any platform promising easy, high, or guaranteed returns from binary options, as such claims are major red flags for potential fraud.[6] Engaging with unregistered platforms, especially those based offshore, should be avoided entirely. Even where regulated binary options trading is available, potential participants must carefully consider whether the high-risk, gambling-like characteristics align with their financial goals and risk tolerance, acknowledging the structurally unfavorable odds often present. Given the overwhelming evidence of negative outcomes and regulatory censure, binary options are generally unsuitable for retail investors seeking legitimate investment opportunities.

Works cited

1. www.investopedia.com, accessed on April 20, 2025, https://www.investopedia.com/articles/active-trading/061114/guide-trading-binary-options-us.asp#:~:text=Binary%20options%20are%20based%20on,which%20option%20is%20more%20likely.
2. Binary Option: Definition, How They Trade, and Example - Investopedia, accessed on April 20, 2025, https://www.investopedia.com/terms/b/binary-option.asp
3. Binary options | Investor.gov, accessed on April 20, 2025, https://www.investor.gov/introduction-investing/investing-basics/glossary/binary-options
4. Binary option - Wikipedia, accessed on April 20, 2025, https://en.wikipedia.org/wiki/Binary_option
5. CFTC/SEC Investor Alert: Binary Options and Fraud, accessed on April 20, 2025, https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/fraudadv_binaryoptions.html
6. Binary Options Fraud - FBI, accessed on April 20, 2025, https://www.fbi.gov/news/stories/binary-options-fraud
7. The Most Important Technical Indicators for Binary Options - Investopedia, accessed on April 20, 2025, https://www.investopedia.com/articles/active-trading/022615/most-important-technical-indicators-binary-options.asp
8. Currency Binary: What It is, How it Works, Examples - Investopedia, accessed on April 20, 2025, https://www.investopedia.com/terms/c/currency-binary.asp
9. Beware of Off-Exchange Binary Options Trades | CFTC, accessed on April 20, 2025, https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/beware_of_off_exchange_binary_options.htm
10. Binary Options Fraud | Investor.gov, accessed on April 20, 2025, https://www.investor.gov/protect-your-investments/fraud/types-fraud/binary-options-fraud
11. A Losing Bet: Binary Options - Canadian Securities Administrators, accessed on April 20, 2025, https://www.securities-administrators.ca/uploadedFiles/General/pdfs/CSA_BinaryOptionsFraud_EN_2017.pdf
12. SEC Warns Investors About Binary Options and Charges Cyprus-Based Company with Selling Them Illegally in U.S., accessed on April 20, 2025, https://www.sec.gov/newsroom/press-releases/2013-2013-103htm
13. Firm Charged With Misleading Investors About Binary Options Profitability - SEC.gov, accessed on April 20, 2025, https://www.sec.gov/newsroom/press-releases/2016-236
14. NASAA Informed Investor Advisory: Binary Options -, accessed on April 20, 2025, https://www.nasaa.org/43192/informed-investor-advisory-binary-options/
15. www.finra.org, accessed on April 20, 2025, https://www.finra.org/investors/investing/investment-products/options#:~:text=Bi

nary%20Options%3A%20Unlike%20other%20types,which%20originate%20outside%20the%20U.S.
16. The Central Bank, Binary Options and CFDs, accessed on April 20, 2025, https://www.mccannfitzgerald.com/knowledge/financial-services-regulation/the-central-bank-binary-options-and-cfds
17. Binary options and CFDs: the AMF adopts national intervention measures - Autorité des marchés financiers, accessed on April 20, 2025, https://www.amf-france.org/en/news-publications/news-releases/amf-news-releases/binary-options-and-cfds-amf-adopts-national-intervention-measures
18. ESMA agrees to prohibit binary options and restrict CFDs to protect retail investors, accessed on April 20, 2025, https://www.esma.europa.eu/press-news/esma-news/esma-agrees-prohibit-binary-options-and-restrict-cfds-protect-retail-investors
19. UK FCA Charges Four Individuals with £1.2M Binary Options Fraud - Finance Magnates, accessed on April 20, 2025, https://www.financemagnates.com/binary-options/uk-fca-charges-four-persons-in-12m-binary-options-fraud/
20. Compliance Corner: UK Bans Binary Options For Retail Investors - Wealth Briefing, accessed on April 20, 2025, https://www.wealthbriefing.com/html/article.php/compliance-corner%3A-uk-bans-binary-options-for-retail-investors-
21. 22-243MR ASIC's binary options ban extended until 2031, accessed on April 20, 2025, https://asic.gov.au/about-asic/news-centre/find-a-media-release/2022-releases/22-243mr-asic-s-binary-options-ban-extended-until-2031/
22. 21-064MR ASIC bans the sale of binary options to retail clients, accessed on April 20, 2025, https://asic.gov.au/about-asic/news-centre/find-a-media-release/2021-releases/21-064mr-asic-bans-the-sale-of-binary-options-to-retail-clients/
23. FINRA Investor Alert: All-or-Nothing Binary Options Frequently Fraudulent - Investment & Securities Fraud Lawyer - Meyer Wilson, accessed on April 20, 2025, https://investorclaims.com/blog/finra-investor-alert-all-or-nothing-binary-options-frequently-fraudulent/
24. Investor Alert: Binary Options Websites may be Used for Fraudulent Schemes, accessed on April 20, 2025, https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-alerts/investor-4
25. Investor Alert - Ohio.gov, accessed on April 20, 2025, https://dam.assets.ohio.gov/image/upload/com.ohio.gov/documents/secu_BinaryOptionsAlert.pdf
26. A Guide to Trading Binary Options in the US - Investopedia, accessed on April 20, 2025, https://www.investopedia.com/articles/active-trading/061114/guide-trading-binary-options-us.asp
27. Options | FINRA.org, accessed on April 20, 2025,

https://www.finra.org/investors/investing/investment-products/options
28. Binary Options Trading: Risks, Benefits & Strategies | Bajaj Broking, accessed on April 20, 2025, https://www.bajajbroking.in/blog/binary-option-trading
29. Binary Options Reappear in Israel: Local Regulator Issues Fresh Warning, accessed on April 20, 2025, https://www.financemagnates.com/forex/binary-options-reappear-in-israel-local-regulator-issues-fresh-warning/
30. Beyond the Hype: Risks and Regulations in Binary Options Trading - IndiaCorpLaw, accessed on April 20, 2025, https://indiacorplaw.in/2024/02/beyond-the-hype-risks-and-regulations-in-binary-options-trading.html
31. Binary Options Trading Litigation Team - Giambrone, accessed on April 20, 2025, https://www.giambronelaw.com/site/servicesforindividuals/binary-trading-litigation/english/
32. Investor Alert: Binary options and Fraud - SEC.gov, accessed on April 20, 2025, https://www.sec.gov/investor/alerts/ia_binary.pdf
33. Introduction to Binary Options Trading - NerdWallet, accessed on April 20, 2025, https://www.nerdwallet.com/article/investing/binary-options-trading
34. Binary Option: Yes or No: The Simplified World of Binary Options - FasterCapital, accessed on April 20, 2025, https://www.fastercapital.com/content/Binary-Option--Yes-or-No--The-Simplified-World-of-Binary-Options.html
35. Understanding Binary Options: A Beginner's Guide - Deeside.com, accessed on April 20, 2025, https://www.deeside.com/understanding-binary-options-a-beginners-guide/
36. Binary Options Trading: Risks, Benefits & Strategies | Angel One, accessed on April 20, 2025, https://www.angelone.in/knowledge-center/online-share-trading/binary-options-trading
37. Binary Options Strategies You Should Know - Investopedia, accessed on April 20, 2025, https://www.investopedia.com/articles/active-trading/052014/binary-options-strategies.asp
38. The Basics of Investing In Binary Options - Washington State Department of Financial Institutions, accessed on April 20, 2025, https://dfi.wa.gov/financial-education/information/basics-investing-binary-options
39. Mastering Binary Options: Types, Strategies, and Risks - Quadcode, accessed on April 20, 2025, https://quadcode.com/blog/mastering-binary-options-types-strategies-and-risks
40. Trading Forex With Binary Options - Investopedia, accessed on April 20, 2025, https://www.investopedia.com/articles/forex/022415/trading-forex-binary-options.asp
41. Futures & Derivatives Law - Katten Muchin Rosenman LLP, accessed on April 20, 2025,

https://katten.com/webfiles/FDLR%20March%20Davis%20author%20reprint.pdf
42. Beware of Online Binary Options Schemes - Missouri Secretary of State, accessed on April 20, 2025, https://www.sos.mo.gov/bewareofonlinebinaryoptionsschemes
43. Binary Options When Investment Becomes Gambling - Shariyah Review Bureau, accessed on April 20, 2025, https://shariyah.net/binary-options-when-investment-becomes-gambling/
44. Research Article Binary options trading: A deep dive into user perspective and satisfaction - Semantic Scholar, accessed on April 20, 2025, https://pdfs.semanticscholar.org/5a25/be81673bab4d8469ab53acae452c1446c170.pdf
45. Binary Options: Portfolio Destruction Theory or Market Wizardry?, accessed on April 20, 2025, https://www.gfmi.com/articles/binary-options-portfolio-destruction-theory-or-market-wizardry/
46. Binary Options, Fraud and Money Laundering - ACAMS Today, accessed on April 20, 2025, https://www.acamstoday.org/binary-options-fraud-and-money-laundering/
47. Futures Glossary | CFTC, accessed on April 20, 2025, https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/CFTCGlossary/index.htm
48. Arbitrage Strategies With Binary Options - Investopedia, accessed on April 20, 2025, https://www.investopedia.com/articles/active-trading/040115/arbitrage-strategies-binary-options.asp
49. How to Hedge Stock Positions Using Binary Options - Investopedia, accessed on April 20, 2025, https://www.investopedia.com/articles/active-trading/073015/how-hedge-stock-positions-using-binary-options.asp
50. Beware of Online Binary Options Schemes - Ohio Department of Commerce, accessed on April 20, 2025, https://com.ohio.gov/divisions-and-programs/securities/consumers-and-investors/beware-of-online-binary-options-schemes
51. FCA Introduces Permanent Ban on Binary Options to Retail Consumers - objectivus, accessed on April 20, 2025, https://objectivus.com/fca-introduces-permanent-ban-on-binary-options-to-retail-consumers/
52. How Binary Options Work - MarketReview, accessed on April 20, 2025, https://www.marketreview.com/how-binary-options-work/
53. Binary Betting – How Binaries Work - Independent Investor, accessed on April 20, 2025, https://www.independentinvestor.com/spread-betting/binary-betting/
54. Binary Betting or Fixed Odds Financial Betting Questions?, accessed on April 20, 2025, https://www.financial-spread-betting.com/binary-options/Binary-betting-questions.html

55. Forex Algorithmic Trading: Understanding the Basics - Investopedia, accessed on April 20, 2025, https://www.investopedia.com/articles/forex/053115/basics-forex-algorithmic-trading.asp
56. Trade Forex with Binary Options - Nadex, accessed on April 20, 2025, https://www.nadex.com/learning/understand-forex-trading-with-binary-options/
57. Federal Court Orders Binary Options Firm and Owners to Pay Over $204 Million in Monetary Sanctions for Fraudulent Binary Options, accessed on April 20, 2025, https://business.cch.com/srd/8877-24.pdf
58. PS19/11: Product intervention measures for retail binary options | FCA, accessed on April 20, 2025, https://www.fca.org.uk/publications/policy-statements/ps19-11-product-intervention-measures-retail-binary-options
59. Risks vs Return with Binary Option Trading - Theseus, accessed on April 20, 2025, https://www.theseus.fi/bitstream/handle/10024/120432/Kiiskinen_Eemi.pdf
60. Binary Options and Forex – A Trading Comparison | Finance Magnates, accessed on April 20, 2025, https://www.financemagnates.com/executives/insights/binary-options-forex-trading-comparison/
61. Forex vs Binary Options Risk – Traders | Finance Magnates, accessed on April 20, 2025, https://www.financemagnates.com/executives/insights/forex-vs-binary-options-risk-traders/
62. Forex Options Trading: Primary Types and Examples - Investopedia, accessed on April 20, 2025, https://www.investopedia.com/terms/forex/f/foreign-currency-option-trading.asp
63. What Are Binary Options? The Key Risks And Rewards - Bankrate, accessed on April 20, 2025, https://www.bankrate.com/investing/what-are-binary-options/
64. ASIC extends binary options ban - Money Management, accessed on April 20, 2025, https://www.moneymanagement.com.au/news/policy-regulation/asic-extends-binary-options-ban
65. ASIC Extends Binary Options Ban until October 2031 - Finance Magnates, accessed on April 20, 2025, https://www.financemagnates.com/binary-options/regulation/asic-extends-binary-options-ban-until-october-2031/
66. ASIC's Binary Options Ban Extended - LeapRate, accessed on April 20, 2025, https://www.leaprate.com/binary-options/regulation/asic-binary-options-ban-extended/
67. Stock Market Vs. Sports Betting - Comparison Guide - RG.org., accessed on April 20, 2025, https://rg.org/guides/comparison/stock-market-vs-sports-betting
68. Two Former Owners of Binary Options Company and 13 Other Individuals Charged In $140 Million Fraud Scheme - Department of Justice, accessed on April 20, 2025, https://www.justice.gov/archives/opa/pr/two-former-owners-binary-options-com

pany-and-13-other-individuals-charged-140-million-fraud
69. Beware of Binary Options Mobile Apps | CFTC, accessed on April 20, 2025, https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/beware_of_binary_options_mobile.htm
70. Morgan & Morgan Investigating Binary Options Fraud - Business Trial Group, accessed on April 20, 2025, https://www.businesstrialgroup.com/news/binary-options-fraud/
71. Fraudulent binary options scheme participants ordered to pay CFTC $451m, accessed on April 20, 2025, https://www.grip.globalrelay.com/defendants-who-operated-fraudulent-binary-options-scheme-ordered-to-pay-cftc-451m/
72. FINRA-Blank (Full Width), accessed on April 20, 2025, https://www.finra.org/sites/default/files/FINRA-Investor-Newsletter-Mar-2017.pdf
73. Binary Options Trading: Myths vs. Realities Debunked by Binaryoptions.com, accessed on April 20, 2025, https://usa.inquirer.net/156664/binary-options-trading-myths-vs-realities-debunked
74. UK Financial Conduct Authority Implements Permanent Ban of Sale of Binary Options to Retail Consumers - A&O Shearman | FinReg, accessed on April 20, 2025, https://finreg.aoshearman.com/UK-Financial-Conduct-Authority-Implements-Permane
75. Leader of $70M Cryptocurrency and Binary Options Fraud Schemes Extradited to the U.S., accessed on April 20, 2025, https://www.justice.gov/archives/opa/pr/leader-70m-cryptocurrency-and-binary-options-fraud-schemes-extradited-us
76. — Seeking Victims in Banc de Binary Investor Fraud Scheme - FBI.gov, accessed on April 20, 2025, https://forms.fbi.gov/seeking-victims-in-banc-de-binary-investor-fraud-scheme
77. Binary option ban extended, subject to certain exclusions - Taylor Wessing, accessed on April 20, 2025, https://www.taylorwessing.com/en/insights-and-events/insights/2018/09/binary-option-ban-extended-subject-to-certain-exclusions
78. ESMA renews binary options prohibition for a further three months from 2 April 2019, accessed on April 20, 2025, https://www.esma.europa.eu/press-news/esma-news/esma-renews-binary-options-prohibition-further-three-months-2-april-2019
79. Europe wide ban on risky binary options - DLA Piper, accessed on April 20, 2025, https://www.dlapiper.com/es-pr/insights/publications/2018/10/finance-and-markets-global-insight-issue-15/europe-wide-ban-on-risky-binary-options
80. Product intervention measures for retail binary options Financial Conduct Authority (FCA) RPC rating: validated - GOV.UK, accessed on April 20, 2025, https://assets.publishing.service.gov.uk/media/5d1df9c340f0b609f39009e5/RPC-4371_1_-HMT-FCA_-_product_intervention_measures_for_retail_binary_options_-_IA_f__opinion.pdf

81. ESMA ceases renewal of product intervention measure relating to binary options, accessed on April 20, 2025, https://www.esma.europa.eu/press-news/esma-news/esma-ceases-renewal-product-intervention-measure-relating-binary-options
82. PwC UK, accessed on April 20, 2025, https://www.pwc.co.uk/financial-services/assets/pdf/fca-proposes-ban-on-binary-options-and-restrictions-on-cfds.pdf
83. ASIC's binary options ban extended until 2031 - Consumers' Federation of Australia, accessed on April 20, 2025, https://consumersfederation.org.au/asics-binary-options-ban-extended-until-2031/
84. ASIC update: proposal to extend ban on binary options | Addisons | Sydney Law Firm, accessed on April 20, 2025, https://addisons.com/article/asic-update-proposal-to-extend-ban-on-binary-options/
85. Election Contracts and Sports Event Contracts: The Future of Regulated Event-Based Trading | Insights | Holland & Knight, accessed on April 20, 2025, https://www.hklaw.com/en/insights/publications/2025/02/election-contracts-and-sports-event-contracts-the-future
86. Is Options Trading Gambling? | A Data-Backed Exploration - OptionsTrading.org, accessed on April 20, 2025, https://www.optionstrading.org/blog/is-options-trading-gambling/
87. Binary Options Investing vs. Gambling: What is the Difference?, accessed on April 20, 2025, https://binarytradingclub.com/binary-options-investing-gambling/
88. Association between gambling and financial trading: A systemic review.. - F1000Research, accessed on April 20, 2025, https://f1000research.com/articles/12-111
89. The Casino Mentality in Trading - Investopedia, accessed on April 20, 2025, https://www.investopedia.com/articles/investing/070815/casino-mentality-trading.asp
90. Trading vs. Gambling - What You Need to Know - YouTube, accessed on April 20, 2025, https://www.youtube.com/watch?v=MNWFiRNZYT0
91. Benefits and Risks of Trading Forex With Bitcoin - Investopedia, accessed on April 20, 2025, https://www.investopedia.com/articles/forex/081815/benefits-risks-trading-forex-bitcoin.asp