



**U.S. COMMODITY FUTURES TRADING COMMISSION**  
ENSURING THE INTEGRITY OF THE FUTURES & OPTIONS MARKETS

RELEASE: PR6602-13

June 6, 2013

**CFTC Charges "Prediction Market" Proprietor Banc de Binary with Violating the CFTC's Off-Exchange Options Trading Ban and Operating as an Unregistered Futures Commission Merchant**



**Washington, DC** – The U.S. Commodity Futures Trading Commission (CFTC) filed on June 5, 2013 a civil complaint in federal district court in Nevada charging **Banc de Binary, Ltd.** (Banc de Binary), a foreign company that held itself out as being headquartered on Wall Street, with violating the CFTC's ban on off-exchange options trading by offering commodity option contracts to U.S. customers for trading, as well as soliciting, accepting, and confirming the execution of orders from U.S. customers. The CFTC's complaint also charges Banc de Binary with operating as an unregistered Futures Commission Merchant (FCM).

According to the CFTC's complaint, Banc de Binary operates an online trading website through which customers can buy or sell binary ("call" or "put") options, predicting whether the price of a certain commodity will increase or decrease in a given time period.

Specifically, from May 2011 through March 2013, Banc de Binary operated an online trading website which allowed U.S. customers to trade options products prohibited by the CFTC's ban on off-exchange options trading. Through its website, Banc de Binary allegedly unlawfully solicited and permitted U.S. customers to buy and sell options betting on the prices of wheat, oil, platinum, sugar, coffee, corn, foreign currency pairs, and stock indices.

The CFTC's complaint also charges Banc de Binary with operating as an unregistered FCM from July 2011 through March 2013. Finally, the complaint alleges the company did not limit its options offerings to eligible contract participants, allowing U.S. customers to trade without requiring any information about their trading history or net worth.

David Meister, the Director of the CFTC's Division of Enforcement, stated: "If a company wants to offer U.S. persons the opportunity to buy and sell predictions on the direction of commodity prices, the company must play by the rules or suffer the consequences. The applicable rules are on the books for good reason – to protect market participants and promote market integrity – and we will serve the public by enforcing them."

The CFTC seeks civil monetary penalties, an injunction preventing Banc de Binary from engaging in certain commodity options activity with U.S. customers, and other remedial ancillary relief, including restitution, disgorgement, and rescission.

The CFTC acknowledges the Securities and Exchange Commission, the United Kingdom Financial Conduct Authority, and the Cyprus Securities and Exchange Commission for their assistance in the investigation of Banc de Binary.

CFTC Division of Enforcement staff members responsible for this case are David S. Slovick, Margaret Aisenbrey, Jessica Harris, Mary Lutz, Kathleen Banar, Rick Glaser, and Richard Wagner.

The CFTC today also announced the issuance of a joint CFTC and SEC **Consumer Alert** on fraudulent schemes involving binary options and their trading platforms. The **Alert** warns customers that the perpetrators of these schemes allegedly refuse to credit customer accounts, deny fund reimbursement, commit identity theft, and manipulate software to generate losing trades.

Last Updated: June 6, 2013