

Binary option

What is a binary option?

A binary option is a contract signed by two parties: the buyer and the seller, in which the buyer predicts whether the value of a chosen underlying asset will go up or down.

How does it work?

Financial consumers who choose to invest in binary options, also known as "all or nothing" contracts, pay a sum of money and make a prediction about the direction in which the price of an asset will change in the subsequent minutes, hours or days. The asset may be a share, an index, a currency, a commodity, etc.

If the investors' prediction is fulfilled, then they get their money back along with a profit. If their prediction is not fulfilled, then they lose all the money invested.

What rules apply?

The distribution of certain over-the-counter derivative financial instruments, including binary options, CFDs (Contracts for difference), etc. to retail clients in Belgium is prohibited.

What does the FSMA do?

The FSMA supervises compliance with the ban on distribution and warns against illegal offers.

Where can I get more information?

More information is available on [this website](#) and on Wikifin.be ([French](#) - [Dutch](#)).

Source URL: <https://www.fsma.be/en/binary-option>