

Binary trading/ Contracts of difference

December 2018

Hi Team,

We've noticed a few inquiries coming through about binary trading and want to keep you in the loop about what's going on.

What's happening?

Members are signing up for binary trading services (see below) and when their payments are blocked by Orion, they contact us asking why.

What's binary trading?

"Binary trading" (known as a "contract of difference" in Australia) is where someone places money on stock/shares to act in a certain way at a certain time. This is a type of "option" product. For example:

John puts down \$100 on XYZ stock/shares which increases in price by 1.30pm – If John is right he wins \$70 and if he's wrong, he gets refunded \$15.

While sophisticated investors with a high-risk appetite might gain on these risky products, some of these companies are targeting unsophisticated investors who don't know what they're doing or understand how risky the product is.

The companies targeting unsophisticated investors are usually registered overseas in places like Bulgaria or Belize (i.e. with less regulatory oversight). The company will normally ask them to set up a direct debit arrangement from their card or account, allowing losses to accrue in a short period of time.

When our regulator, ASIC picks up these scam companies, it lists the company name on its "Companies you should not deal with" webpage (**ASIC's watch list**):

www.moneysmart.gov.au/scams/companies-you-should-not-deal-with

Why is Orion blocking payments to binary traders?

The short answer is, to protect people's money.

Orion is our card monitoring service which tracks patterns of payments and looks out for fraudulent and unauthorised transactions.

When Orion picks up payments to companies listed on ASIC's webpage or on its internal scam watch list, Orion blocks the payment and restricts the card. This restriction is treated as a "Temporary Restriction" on Qudos bank's and Orion's systems.

We are blocking all binary trades picked up by the Orion team and we have these procedures in place to protect the member's money.

However, if the member remains dissatisfied with our response, please refer the complaint to your departmental manager/team leader to attempt to address concerns. If the customer remains dissatisfied, please contact the Card Disputes team to discuss how you may lodge the complaint to our Internal Dispute Resolution process to assess the case.

(Please refer to Qudos Bank's Dispute Resolution Brochure for further information)