



TRADOLOGIC
Financial Innovation



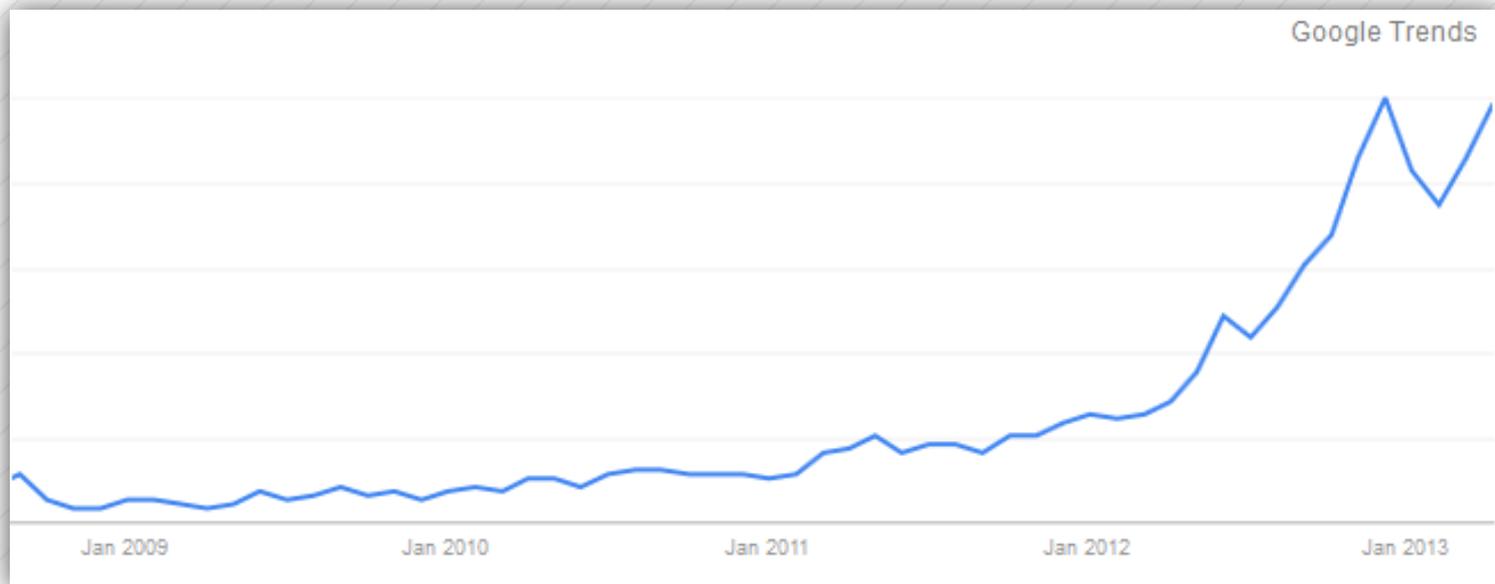
THE CASE FOR BINARY OPTIONS

FOREX FORUM INVESTOR.BG

SOFIA, NOVEMBER 22ND 2013

The Market

- Binary Options are a simple and easy alternative to traditional trading platforms.
- A rapidly growing industry with huge market potential and increasing business interest:

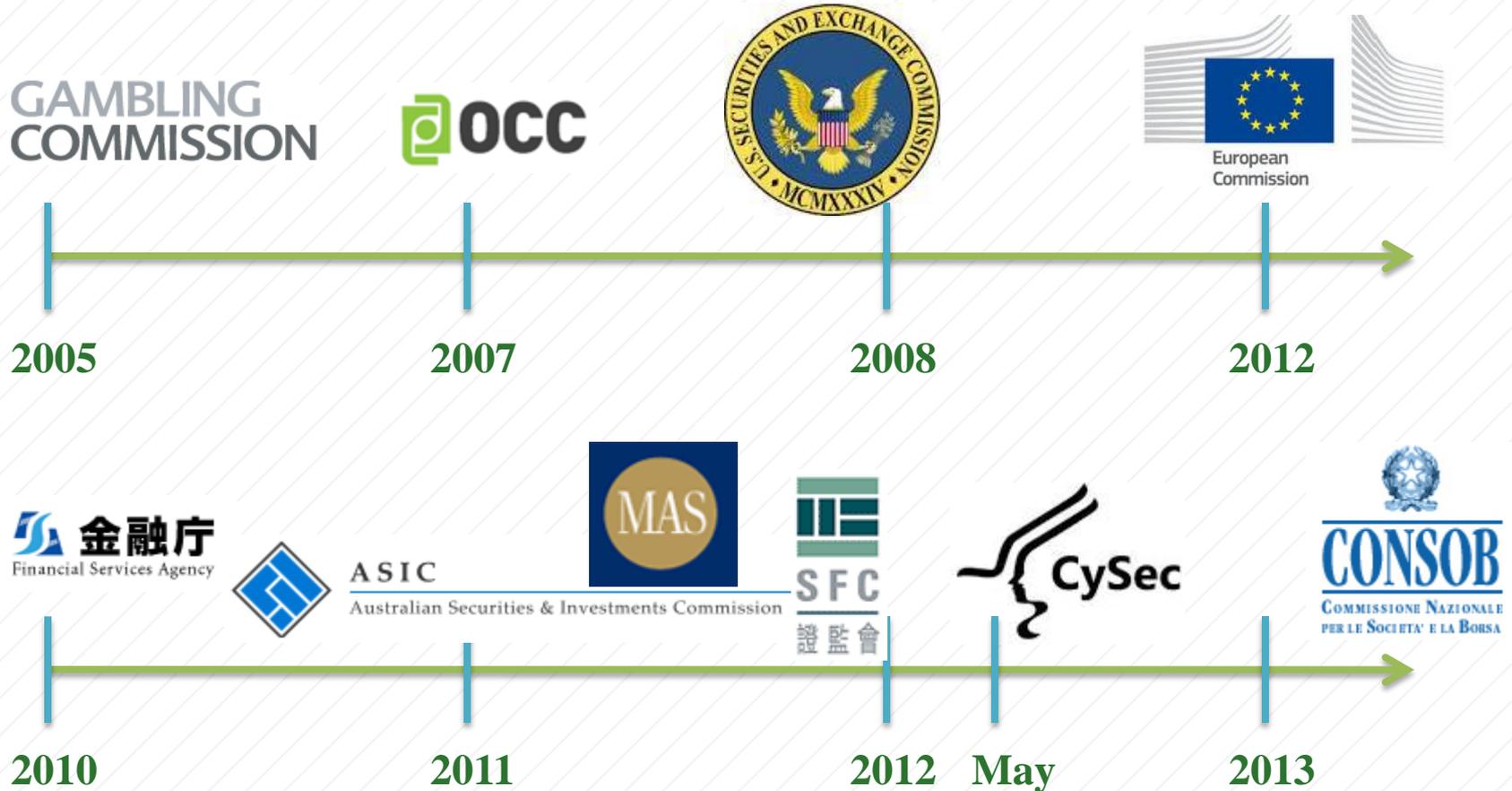




The Market – Definition (EC)

- Point (4) of Section C of Annex 1 to Directive 2004/39/EC lists and covers all derivatives relating to securities, currencies, interest rates or yields (point (4) of Section C Annex I) as well as derivatives relating to commodities that are settled in cash or that can be physically settled provided they have the characteristics of other derivative financial instruments (points (5) (6) and (7) of Section C Annex I and Article 38 of the Implementing Regulation No 1287/2006).
- ... A **binary option** is **a derivative contract settled in cash = financial instrument** ...
- Companies offering investment services and activities in binary options should be authorised as investment firms under MIFID.

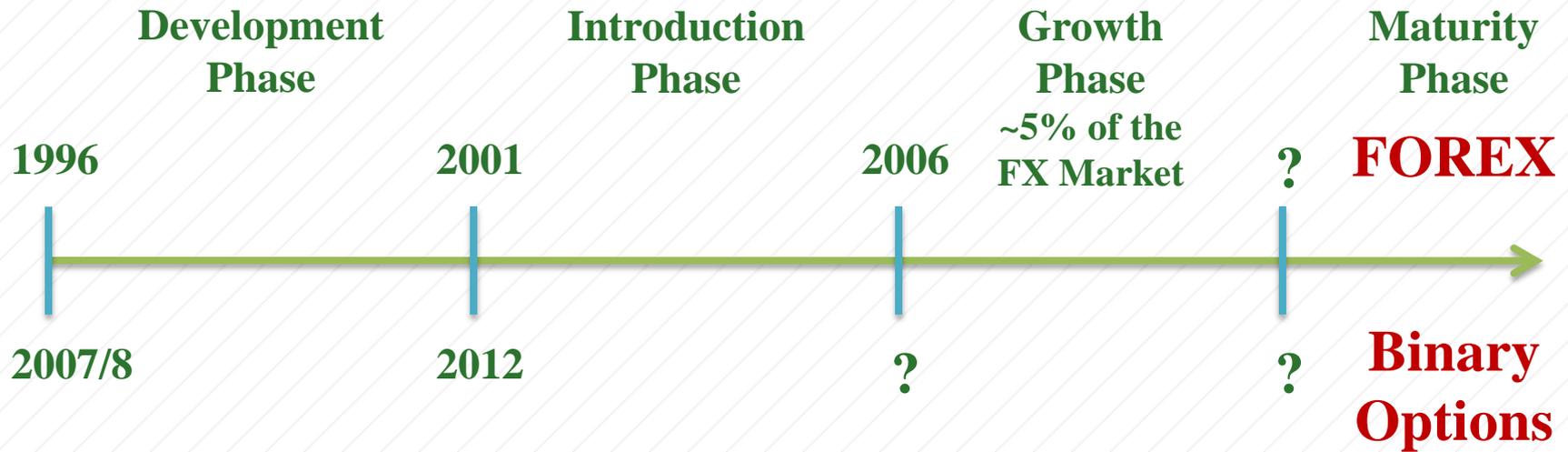
The Market – Regulatory Timeline



The Market – BOs Exchanges



The Market Potential



The Market Potential

- ▼ Potential of the Industry:
 - ▼ Retail FX was developed during midst 1990's.
 - ▼ BO's were developed during midst 2000's.
 - ▼ Online greater accessibility to end users.
 - ▼ End users are far more educated.
 - ▼ Multiple of platforms and available instruments.
 - ▼ Broader scope of potential end users.

The Future

- ▼ Technologically – Continuous development of the core technology, ERC, Fair Value, compliance and risk management tools.
- ▼ Investors – Additional trading tool, additional transparency.
- ▼ Regulation – Continuous collaboration with leading and new regulators globally.
- ▼ Education – Providing and sharing more information related to this growing industry.

Some Challenges

▼ User Cost will increase

Competition on traffic → User Cost increase → User Value must increase

▼ Payout will increase

Higher Payout Competition → Payout increase → Risk management

▼ Regulations

Regulators' requests → Complied with the regulatory framework

Binary Options market size 2013

Monthly deposit	\$68,500,000 (\$32,000 Japan)
Monthly volume	480,500,000 (\$230,000 Japan)

Expected growth in the Binary Options market in 2014: **80%**

Binary Options market size 2013

Geographical allocation of customers and turnover (excluding Japan) :

UK, France, Germany & Italy	40%
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Rest of Europe	10%
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Asia & Middle East	50%
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Binary Options market size 2013

Estimated number of active brokers (making over 50K/month): **120**

Making more than 50K **55**

Making more than 150K **40**

Making more than 500K **28 (8 Japan)**

Making more than 2.5M **9 (4 Japan)**

Forex / gaming background ratio: **15%-20% forex / 85%-90% gaming**

Statistics (2012)

Average CPA	\$180 - \$400 *Expected to increase alongside increased competition
Sign-up to Depositor	1:3 – 1:8 (depending on where traffic comes from)
Average First-time Deposit	\$400
Average User Lifetime Deposit	\$1,450
Average Number of Trades Per User Lifetime	160
Lifetime User Value	\$1,100 – \$1,300
Average User Lifetime	5 months
5 Month Average Cash Flow Split	40%, 20%, 20%, 10%, 10%
Countries with Highest User Value	France, Germany, Japan, Singapore, AUE * According to the current activities , some of the countries are still not explored in-depth.



THANK YOU!