

I. Ponomarenko

*Candidate of Economic Sciences,
Associate Professor, Senior Research Scholar,
Academy of Financial Management*

FEATURES OF FUNCTIONING OF BINARY OPTIONS MARKET

The author in the article touches upon the problem of establishment and development of binary options in the world. The history of digital derivative markets is investigated. The author considers the main stock structures, which began to introduce innovation derivatives in the global economic environment. The author pays attention to definition of the category “binary options”. The article presents the basic methods of forecasting price movement of the underlying asset: “In the money” – correct forecast; “At the money” – bid price for the asset remained unchanged; “Out of the money” – incorrect forecast. Two main approaches to defining the essence of binary options were considered. Top 10 companies trading in digital options in 2014 have been presented: Boss Capital, Banc De Binary, 24Option, MagnumOptions, RedwoodOptions, TradeRush, Grand Option, Opteck, TopOption, AnyOption, and CherryTrade. The role of software for to-

day’s market of binary options and its classification in online trading system are defined. A comparative analysis of traditional and binary options is held. The main reasons identifying boost of trade binary options in Internet trading system were defined.

The features of binary options market regulation in the European Union by Cyprus Securities and Exchange Commission and Malta Financial Services Authority are investigated. The author considers The Markets in Financial Instruments Directive (MiFID), which provides regulation of broker of binary options through standardization of processes and procedures of settlements. The article presents the main regulators of derivatives market in the USA: U.S. Commodity Futures Trading Commission and U.S. Securities and Exchange Commission. The author considers the basic requirements, which the company must meet to obtain a license to trade in binary options.