

FIRST
BINARY OPTION
SERVICE

Public offer agreement

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Public offer agreement.

This Public offer **agreement**, hereinafter referred to as **Agreement**, governs the rules and order of “First Binary Option Service” provision, submitted online at: www.firstbinaryoption.com. This **Agreement** is accepted as a web based document and does not need to be signed. **Client’s profile** opening on the official website of the **Company** “First Binary Option Service” means the automatic acceptance by the **Client** of all the clauses of this **Agreement**. This **Agreement** comes into force since the **Client** first enters **Client’s profile** at www.firstbinaryoption.com/register/. **Agreement** remains valid until the closure of **Client’s profile** in the **Client’s cabinet**.

1. Terms and definitions.

Client’s cabinet - website located space used by the **Client** for trading and non-trading transactions execution and personal data change. **Client** – physical or legal person who uses “First Binary Option Service” in accordance with this **Agreement**. **Company** – a legal entity, referred to as “First Binary Option Service”, that provides arbitrage operations of buying and selling of binary option contracts in accordance to clauses of this **Agreement**. **Non-trading operation** – any operation involving **Client’s trading account** deposit or withdrawal of funds from the **trading account**. For **non-trading operations** the **Company** uses electronic payment systems chosen for its own and linked to the appropriate interface in the **Client’s cabinet**.

Client’s profile – a set of personal **Client’s** data providing by the **Client** himself during the registration in the **Client’s cabinet** and stored on a secure **Company** server. **Trading account** – a specialized account on the **Company’s** server, which provides trading operations’ execution by the **Client**. **Trading operation** – arbitrage operation of buying and selling option contracts executed by the **Client** us-

ing **Trading platform** in the **Client's cabinet**. **Trading server** – a server owned by the **Company** with special software installed, performing for **Clients'** trading and nontrading operations execution and operations' statistics viewing. **The trading platform** – a special interface located in the **Client's cabinet** and connected with the **Company's** trading server, through which the **Client** executes trading operations.

2. General clauses.

2.1. The service provided by the **Company** is an Internet – services that uses for trading operation execution the official website of the **Company** and its **trading server**. The service usage requires a high quality and sustainable Internet – connection on the **Client's** computer.

2.2. In its activities the **Company** is guided by existing legislation in regards to anti-money laundering policy of funds gained by illegal activity and financing of terrorism. The **Company** requires the correct personal data input by the **Client** during the registration and reserves the right to verify the **Client's** identity, using any of the following available means: data input by the **Client** during the registration and reserves the right to verify the **Client's** identity, using any of the following available means: – sending of scanned copies of identity documents that can prove **Client's** identity and his place of residence (registration), to the **Company's** e-mail addresses that are in the domain www.firstbinaryoption.com. - a phone call to the **Client**, at the phone number indicated during registration of his **Client's profile**, or during data modification in his own **Client's profiles**.

2.3. Irrespective of his legal status (physical or legal person), it is forbidden for the **Client** to have more than one **Client's profiles** in the **Company** simultaneously. The **Company** reserves the right to termination of this **Agreement** in case of attempts to re-register of **Client's profile** in **Client's cabinet**.

2.4. Client's profile is registered in secured zone of the official website of the

Company in **Client's cabinet**. The **Company** guarantees the compliance of the confidentiality requirements of the personal data of the **Client** in accordance with the clauses of section 7 of this **Agreement**.

2.5. The **Client** is responsible for the safety of the key data for login in the **Client's cabinet** received from the **Company**; in case of access loss to the **Client's cabinet** the **Client** must inform the **Company** immediately in order to block funds on his **trading account**.

2.6. **Company** provides **trading account** to the **Client** at his registration of **Client's profile** automatically, on which all trading and **non-trading operations** are executed by the **Client**. If necessary, the **Company** can provide to the **Client** more than one **trading account** within the same **Client's profile**, using the functional that is in the **Client's cabinet**.

2.7. **Company** carries quoting of the **Clients**, using its own sources of fee quotations, applying quotation flow processing in accordance with the need for liquidity provision of the **Clients'** opened contracts. Quotes of any other companies, as well as the ones taken from others, even paid, quotes sources cannot be taken into consideration when considering disputes.

2.8. The **Company** provides to the **Client** a specially prepared web-interface (**trading platform**) to carry out trading operations within the **Client's cabinet**. The **Company** provides interest charge (fees) at its discretion on **Client's trading accounts'** funds that are not involved in trading operations, in an amount not exceeding 2.5% annually.

3. Procedure of non-trading operations execution.

3.1. Non-trading operations involve **Client's trading account** deposit or withdrawal of funds from the **trading account** (input and output of means)

3.2. Non-trading operations are performed by the **Client** using only the functional of **Client's cabinet**. The **Company** does not perform **non-trading operations** requested by any means of communication (e-mail, ICQ, Live-chat, etc).

3.3. Currency, in which the balance is reflected on **Client's trading account** is determined by the **Client** during the registration of his **Client's profile** in **Client's cabinet**, and can be changed. When the **Client** inputs funds to his **trading account** the currency of his deposit is automatically converted from the currency of **Client's** purse into the one of his **trading account**. The same operation occurs during the withdrawal of funds, the system automatically converts the deposit currency into the purse currency used for funds' input.

3.4. In case of conversion from one currency to another need the **Company** uses recalculation rate in accordance with the quotes that exist in the **Company's** trading server at the time of the non-trading operation execution.

3.5. The **Company** establishes the following minimum amounts for **non-trading operations**:

- Deposit - 5 units of chosen account currency (5 USD or 5 EUR).
- Withdrawal – a unit of chosen account currency (1 USD or 1 EUR).

3.6. In case the **Client** uses different purses to deposit his **trading account**, the withdrawals are made in the same proportion in which the deposit was done. The amount of profit may be divided into two parts for different purses. In case the **Company** refuses to withdraw funds to the purses indicated by the **Client**, the **Company** is obliged to notify the **Client** immediately for the change of selected payment systems or purses.

3.7. In order to secure the fulfillment of generally accepted legislation, as well as for the protection of **Clients'** funds the withdrawal is carried out in the same payment system, in which the deposit was done, and only to the same billing information.

3.8. The **Company** does not permit to use its service as a mean to benefit from nontrading operations, or by any other mean different from the direct use of the provided service.

4. Procedure of trading operations execution.

4.1. Trading operations include arbitrage operation of buying and selling option contracts using the trading instruments that are provided by the **Company** for trading. These operations are executed via special trading web - interface provided by the **Company** within the **Client's cabinet**. The processing of all trading operations of the **Clients** is done by the **Company** through available trading server with appropriate software.

4.2. The **Company** provides quotes in the **trading platform**, indicating the price in single quote P_{lost} , which is calculated by the formula:

$$P_{lost} = P_{bid} + (P_{ask} - P_{bid}) / 2.$$

where: P_{lost} - price, which is used for trading operations execution and for opening and closing of option contracts operations. P_{bid} - price Bid, that is provided to the **Company** by its source of liquidity. P_{ask} - Price Ask, that is provided to the **Company** by its source of liquidity.

4.3. Trading operations execution on trading server of the **Company** is also made at a price P_{lost} . The **Company** allows trading operations execution and quotes around the clock from 10 p.m. GMT, Sunday till 10 p.m. GMT, Friday. The **Company** stops trading server for the period from 10 p.m. GMT, Friday till 10 p.m. GMT, Sunday.

4.4. For trading operations execution the **Company** uses quotation technology «Market execution» and performs the transaction at the price, which exists in trading server of the **Company** at the time of processing of **Client's** demand

in order of **clients'** requests. The maximum deviation of the prices displayed in **Client's trading platform**, from the one in trading server of the **Company** does not exceed two average spreads on the trading instrument in the periods corresponding to the value of the average volatility of the particular instrument.

4.5. Trading operations execution is possible only after the registration of the **Client** within **Client's cabinet** and **Client's profile** creation with the further deposit of his **trading account**.

4.6. **Clients'** funds deposited to their **trading accounts** or credit funds of the **Company** that are provided to the **Clients** on defined on official website of the **Company** conditions are involved in trading operations.

4.7. The **Company** has the right to refuse in trading operations execution in case at the time of **Client's** decision to open the contract the **Company** does not have enough liquidity for the **Client's** selected trading instrument by the time of the expiry of the contract determined by the **Client**. In this case, immediately after clicking the appropriate button in the **trading platform** the **Client** is notified.

4.8. The amount of bonus paid to the **Client** in case of a positive outcome of the concluded option contract, is determined by the **Company** as a percentage relative to the amount of deposit determined by the **Client** at the moment of option contract conclusion with an appropriate interface element of the **trading platform**.

4.9. As a part of the service provided by the **Company** to **Clients** there are offered buying, selling option contracts or non-participation in operations. Depending on the way the contracts are bought and sold, they come in different classes.

4.10. The **Client** has the possibility to keep any number of simultaneously opened trading operations on his **trading account** for any available for him expiration of any class of option contracts. Herewith, the total volume of all the newly

opened trading operations may not exceed the rate in the tab "Equity" in his **trading platform**.

4.11. Procedure of work with option contracts of «Hight - Low» class.

4.11.1. The **Company** installs the following obligatory mechanism of trading operations execution working with options contracts of «Hight - Low» class:

4.11.2. The **Client** using the provided within **Client's cabinet trading platform** determines the parameters of trading operation: trading instrument, expiration of a contract, the volume of transactions, type of contract («Call» or «Put»). Price displayed in the **trading platform** is the price P_{lost} .

4.11.3. Depending on the currently existing in the **Company** amounts of liquidity for the selected by the **Client** trading instrument, in the **trading platform** of the **Client** the profitability of the option contract is determined as a percentage in case of a positive execution. Rate of profitability is determined by the **Company** for each specific transaction and is indicated in the appropriate window of the **Client's trading platform**.

4.11.4. When the **Client** presses the button «Call» or «Put» the parameters of the trading operation determined by the **Client** are fixed in **trading platform** and transmitted to the **Company's** trading server. Trading server receives a request from the **trading platform** of the **Client** and puts it in the order for processing. At this moment the amount of margin for the execution of an option contract is fixed in accordance with established by the **Client** volume.

4.11.5. At the time of the order for processing of the **Client's** request trading server reads out the main parameters of the trading operation, executes the operation at the price that exists at the moment on a server of the **Company** with a record of the operation to the server database. Thus, the processing of trading operations is executed using «Market execution» technology.

4.11.6. At the moment of the expiry of the option contract, there is a comparison of opening price with the closing price of the last 5 - minute candle of the contract. Further, the following algorithm functions:

A) for «Call» type contracts:

– if the closing price of the contract exceeds the opening price (in strict compliance with $P_{opening} > P_{closing}$), such a contract is executed. There occurs a return to the **trading account** of the **Client** of fixed margin amount and a bonus for the execution of the particular option contract in accordance with the magnitude which was indicated in the **Client's trading platform** at the moment of «Call» or «Put» button pressing.

– if the closing price of the contract is less than or equal to the opening price (in strict compliance with $P_{opening} \leq P_{closing}$), such a contract is non-executed. There occurs debiting from the **trading account** of the **Client** of fixed margin amount, with the immediate return of the part of this margin to the **trading account** of the **Client** in the amount specified on the official website of the **Company**.

B) for «Put» type contracts:

– if the closing price of the contract is less than the opening price (in strict compliance with $P_{opening} < P_{closing}$), such a contract is executed. There occurs a return to the **trading account** of the **Client** of fixed margin amount and a bonus for the execution of the particular option contract in accordance with the magnitude which was indicated in the **Client's trading platform** at the moment of «Call» or «Put» button pressing.

– if the closing price of the contract is more

than or equal to the opening price (in strict compliance with $P_{opening} \geq P_{closing}$), such a contract is non-executed. There occurs debiting from the **trading account** of the **Client** of fixed margin amount, with the immediate return of the part

of this margin to the **trading account** of the **Client** in the amount specified on the official website of the **Company**.

4.11.7. The **Company** has the right to cancel or revise the results of the **Client's** transaction in the following cases:

- The transaction is opened/closed at nonmarket rate
- In case of server malfunctions
- Lock trades on option contracts may be declared invalid in case of abuse.

5. Quotes and information.

5.1. A price given in the **company's trading platform** is applied when executing trades. Trading conditions for instruments are indicated in the specifications of the contracts. Any question related to the determination of the current level of the market price belongs solely to the **company's** terms of reference and must be accepted by all the **clients** of the **company**.

5.2. In case of an unplanned interruption in the server quotes flow provoked by a hardware or software failure, the **Company** has the right to synchronize the server quotes base with other sources. The following bases in the priority order can act as such:

- A. the quotes base of the liquidity provider;
- B. the quotes base of a news agency.

5.3. In case of a failure in profit calculation for a type of option/instrument provoked by incorrect operation of the platform software and/or hardware, the **Company** has the right:

- A. to cancel a mistakenly opened position;

B. to adjust a mistakenly executed trade according to the current value.

5.4. The method of adjustment / modification of the volume, value and/or quantity of trades (and/or the level or volume of any order) shall be specified by the **Company** and shall be definitive and obligatory for the **Client**. The **Company** undertakes to inform the **Client** about any adjustment or modification as soon as possible.

6. Authorities and responsibilities of the Company and the Client.

6.1. The **Client** is not entitled to ask the **Company** for advice regarding trading or any other information which can prompt the **Client** to carry out trading operations. The **Company** is under the obligation not to provide any advice to the **Client**, which can prompt the **Client** to carry out trading operations. This clause does not apply to the general recommendations from the **Company** on the use of option trading strategies.

6.2. The **Client** undertakes to guarantee protection to the **Company** against various liabilities, costs, claims, damages that may arise directly or indirectly due to **Client's** failure to comply with obligations in connection with his activity in the **Company** and beyond.

6.3. The **Company** is not a provider of communication (Internet connection) services and is not liable for non-fulfillment of obligations due to failure in communication channels.

6.4. The **Client** is obliged to provide to the managers of the **Company**, upon request, copies of documents proving his identity and place of residence (registration).

6.5. The **Client** agrees not to distribute in any media (internet - forums, blogs, newspapers, radio and television, including but not limited to) any information about the **Company** without prior approval of the content of its official represen-

tatives. In case of failure to implement this condition the **Company** reserves the right to termination of this **Agreement**.

6.6. The **Company** reserves the right to modify this **Agreement** completely or partially, notifying the **Client** beforehand by any available mean of electronic communication, not later than three days before the changes.

6.7. The **Company** is not liable to the **Client** for any damages or losses incurred as a result of the usage of provided service by the **Company**; it does not compensate for moral damage or loss of profits, unless there is a provision for that in this **Agreement** or other documents of the **Company**.

6.8. The main method of communication of the **Company** with the **Client** is the e-mail correspondence that does not release the **Company** from a commitment to provide the necessary support to the **Clients** using other means of communication, set out on its official website.

6.9. The **company** provides the following payment arrangements with the **Clients**: - the deposit of **Clients' trading accounts** with the funds for the work is done mostly automatically, without the participation of the **Company's** staff. In exceptional cases, when there is a failure in the software of intermediaries involved in the funds admission, the **Company** at its discretion may execute payments manually to the **trading accounts** of the **Clients**. When the payment to the **Client's trading account** is done manually, the latter must indicate the following information contacting with the Support Department: the date and time of the payment, the payment system, the sender purse number and the recipient purse number.

– the withdrawal of funds from the **trading account** of the **Clients** is done manually, after the **Client** fills the appropriate form in the **Client's cabinet**. The **Client** cannot withdraw the amount exceeding the one indicated in the **trading platform** in the tab "Equity". When the appropriate form for funds withdrawal is filled by the **Client** the sum is debited from the available funds on the **Client's trading**

account. Funds withdrawal is executed within a period not exceeding three working days. Where necessary, the **Company** reserves the right to extend the time required for processing applications for withdrawal up to 14 working days, immediately notifying the **Client**.

6.10. Interest on the **Client's** funds that are not involved in trading is credited automatically every last calendar day of each month and appeared in the first 10 minutes of every month in the form of correction in the "Balance" tab in the **trading platform**.

7. Risk Disclosure.

7.1. The **Client** assumes the risks of the following types:

- general investment related risks to the possible loss of invested funds as a result of executed trading operations. Such risks are not the subjects to state insurance and are not protected by any legislation.
- risks associated with the "online" trading operations' execution. The **Client** realizes that his operations are supported by e-commerce system and are not linked to any existing world trading floors directly. All communication is done through communication channels.
- risks associated with the use of electronic payment systems.

7.2. The **Client** understands that he cannot invest to his **trading account** funds, which loss will significantly degrade the quality of his life or create for the **Client** problems in relations with third parties.

8. The processing of personal data.

8.1. In the processing of **Clients'** personal data the **Company** is guided by generally accepted clauses in worldwide use.

8.2. The **Company** provides the security of personal data of the **Clients** in the form it is entered by the **Client** in the registration form on the official website of the **Company** and within the '**Clients** cabinet. This data is stored on a secure server and is not provided to anyone else, except for the official application of the competent authorities.

8.3. The **Client** has the right to change his personal data in **Client's profile**, except for the e-mail address. E-mail address can be changed only by a personal application to the Technical Support Department of the **Company** after his identification.

8.4. The **Company** uses «cookies» technology on its website, in order to provide statistical information storage.

8.5. The **Company** has an affiliate program, but it does not provide any personal information to partners about their referrals.

9. Procedure of handling claims and disputes.

9.1. All disputes between the **Company** and the **Client** are resolved by negotiations and correspondence.

9.2. The **Company** accepts claims arising under this **Agreement** only in writing form via e-mail and not later than five calendar days from the date (day) of a dispute.

9.3. The **Company** is obliged to examine a **Client's** claim within a period of no more than 14 working days from the moment of the claim receipt in a written form and to notify the outcome of his claim by e-mail.

9.4. The **Company** does not compensate any lost of profit or moral damages to the **Clients** in case of a positive decision on the **Client's** claim, the **Company** makes compensation payment to the **trading account** of the **Client** or cancels the result of disputed operation, returning the **Client's** account balance to the one

that would be on account of the **Client** in case that the disputable operation had not been carried out. The results of other operations on the **Client's trading account** are not taken into consideration.

9.5. In case of a positive decision on a dispute the **Company** makes compensation payment to the **trading account** of the **Client** within one working day from the moment of a positive decision on a dispute.

9.6. In case of a conflict situation, which is not described in this **Agreement**, the **Company** makes final decision on the basis of generally accepted market practice and ideas of a fair settlement of a dispute.

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