

EZTD Inc
Form 10-12G/A
October 29, 2015

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File No. 000-51255

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10/A

AMENDMENT NO. 4
GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g) OF
THE SECURITIES EXCHANGE ACT OF 1934

EZTD INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

98-0374121
(I.R.S. Employer Identification No.)

6 Yehezkel Koifman Street,
Tel-Aviv, Israel 68012
(972)-73-705-8000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Shimon Citron, Chief Executive Officer
6 Yehezkel Koifman Street,
Tel-Aviv, Israel 68012
(972)-73-705-8000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Securities to be registered pursuant to Section 12(b) of the Act: None

Securities to be registered pursuant to Section 12(g) of the Act:
Common Stock, par value \$0.001 per share

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company
	x

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EXPLANATORY NOTE

This Registration Statement on Form 10 is being filed by EZTD Inc., formerly known as EZTrader, Inc., in order to register its common stock, par value \$0.001 per share, voluntarily pursuant to Section 12(g) under the Securities Exchange Act of 1934 as amended (the “Exchange Act”). Unless otherwise noted or indicated by the context, the terms “EZTD”, “the Company,” “we,” “us” and “our” refer to EZTD Inc., together with its consolidated subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this Registration Statement on Form 10 that are not historical facts are “forward-looking statements”. Our business and operations are subject to substantial risks, which increase the uncertainty described in the forward-looking statements contained in this Registration Statement on Form 10. Such forward-looking statements may be identified by, among other things, the use of forward-looking terminology such as “believes,” “intends,” “plan,” “expects,” “may,” “will,” “should,” or “anticipates” or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. In particular, our statements regarding the potential growth of our markets and business outlook are examples of such forward-looking statements. The forward-looking statements include risks and uncertainties, including, but not limited to, our future growth being dependent upon the success of our business activity in the field of binary options and other factors, including future financings, and general economic conditions and regulatory developments, not within our control. The factors discussed herein, including those risks described in Item 1A, could cause actual results and developments to be materially different from those expressed in or implied by such statements. The forward-looking statements are made only as of the date of this filing, and, except as required by law, we undertake no obligation to update such forward-looking statements to reflect subsequent events or circumstances. Readers are also urged to carefully review and consider the various disclosures we have made in this Registration Statement on Form 10.

Item 1. Business.

Overview

We are engaged in the business of offering online trading of binary options. We conduct our operations and business with and through our wholly owned subsidiaries: (a) Win Global Markets Inc. (Israel) Ltd., an Israeli company and (b) WGM Services Ltd., a company registered in Cyprus (“WGM”). Trading is being offered by WGM on <http://www.eztrader.com>, <http://www.globaloption.com>, and <http://www.ezinvest.com>. Information contained on, or that can be accessed through, our websites does not constitute a part of this Registration Statement on Form 10, and we have included our website addresses in this Registration Statement on Form 10 solely as inactive textual references. We will post on our websites any materials required to be so posted on such websites under applicable corporate or securities laws and regulations, including, posting any XBRL interactive financial data required to be filed with the Securities and Exchange Commission (“SEC”), and any notices of general meetings of our shareholder.

We have developed and currently operate an online trading platform for retail customers to trade a wide range of binary options internationally with more than 100 different assets including indices, international stocks, commodities and currency pairs (“Trading Platform”).

The Trading Platform enables retail customers to trade binary options in more than 30 countries. It is accessible from multiple operating systems (Windows, smartphones (iOS and Android) and tablets) and the internet. The Trading Platform has been self-developed and is proprietary. The Trading Platform has been designed to be as intuitive and as easy to use as possible. The Trading Platform has been localized into eleven languages. We believe that our emphasis on technology, together with targeted online marketing strategy, has helped to differentiate us from our competitors.

In June 2013, the Cyprus Securities and Exchange Commission (“CYSEC”) authorized us to freely provide our services in all European Union (“EU”) member states where CYSEC has informed each country competent authority. As a result we now operate in Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Ireland, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. To comply with United States federal securities laws and U.S. Commodity Futures Trading Commission (“CFTC”) regulations, we prohibit U.S. and Canadian persons from using our Trading Platform. We utilize geo-targeting, which is the method of determining the country of the website visitor based on his or her address. Even if the website visitor uses a virtual private network or some other method of Internet Protocol which will prevent us from correctly identifying his or her country, we have a second layer of security, in the form of credit card/bank account identification and proof of address such as a current utility bill, and copies of a passport from each potential user to further ensure that he or she does not reside in the United States.

Once a potential customer is identified as a U.S. person based on the methods described above, our trading platform automatically blocks this potential customer from using our website.

We conduct our operations from two offices which are located in Nicosia, Cyprus and Tel-Aviv, Israel. Currently we have 120 full time employees. We manage risk in a number of ways, in particular by limiting financial exposure to any individual customer to a relatively low level as well as limiting exposure to any individual asset. We generate our revenues principally from the margin between winning customers and losing customers. We do not charge customers a commission on trades.

Our Company was incorporated under the laws of the State of Nevada on April 23, 2002. On June 3, 2015, the Company reincorporated in Delaware. Effective as of January 26, 2015, we changed our name from EZTrader Inc. to EZTD Inc. Our shares were registered under the Exchange Act from December 24, 2002 until August 26, 2013. On August 26, 2013, we filed a Form 15 with the SEC to voluntarily deregister our common stock and suspend our reporting obligations under the Exchange Act. We are now filing this Registration Statement on Form 10 in order to re-register our shares of common stock with the SEC and resume our reporting obligations under the Exchange Act.

Historically, we have been engaged in the business of offering technology servicing the interactive gaming industry for regulated markets, mainly through third parties. In November 2009, following sales of our assets, we changed our business model and in March 2010 launched our binary options business. On June 5, 2011, as further discussed below, our subsidiary, WGM completed the acquisition of proprietary software, customer database and all rights related thereto, including the domain name www.eztrader.com, from Venice Technologies Ltd., an Israeli corporation, which platform features online trading of binary options.

On June 17, 2015, for the purpose of expanding into new markets, the Company signed a share purchase agreement with GKFX Financial Services Limited, to purchase all of its outstanding shares. GKFX Financial Services Limited operates as a foreign exchange brokerage business, and is regulated by the Japanese Financial Services Agency. GKFX Financial Services Limited is authorized under its Type I Financial Instruments Business Registration to conduct Foreign Exchange and Contract of Differences businesses in Japan. It operates exclusively in Japan, and may offer its authorized services to local Japanese customers only. GKFX Financial Services Limited is also in the process of obtaining a Japanese regulatory license to offer online binary options products and services.

The aggregate purchase price for all outstanding shares in GKFX Financial Services Limited was \$400,000, plus the value of net assets of GKFX Financial Services Limited on the closing date, which took place on July 3, 2015.

Our Current Business

The Binary Options Market

A binary option is a type of option where the payoff is straightforward – it pays back either some fixed amount of a trade or nothing at all. The two main types of binary options are the cash-or-nothing binary option and the asset-or-nothing binary option. The cash-or-nothing binary option pays some fixed amount of cash if the option expires “in-the-money” while the asset-or-nothing pays the value of the underlying security. Thus, the options are binary in nature because there are only two possible outcomes. They are also called all-or-nothing options, digital options and Fixed Return Options (“FROs”).

A binary option is an option with a predetermined expiration time. At the expiration of the option period the customer either wins or loses. There is no automatic exercise feature since the options are of binary nature and the customer does not end up with a position in the underlying asset.

Once a customer enters into a contract neither we nor the customer can change the contract.

Binary Options – featured by online providers

Unlike “regular” options that are offered by different exchanges and which are contracts where the customer pays for the right to buy or sell an underlying asset at a given price, an online binary option is a contract where the customer pays for the right to receive a fixed return in case the price of the underlying asset ends up higher or lower than the strike price. The fixed return is attached to a particular asset and the customer has the ability to see the potential payout prior to entering into a certain option contract. The customer does not have the ability to determine the percentage of return on such contract, however the customer sees the exact payout ratio via the platform.

The “payout ratio” represents the ratio of (1) the fixed return the customer will earn when the position is closed, against (2) the market price of the asset when the customer enters the position. Management, together with the head of the risk department, set and determine the payout ratio for each underlying asset featured on our Trading Platform. The payout ratios are clearly marked next to each trading asset so customers know in advance how much they may gain or lose on each tradable asset. The Company’s methodology in calculating payout rates for assets are trade secrets and not disclosed to customers. Customers may withdraw their deposits upon demand. Upon request of a withdrawal by the customer, the funds are returned to such customer within three business days. In addition, unlike traditional stock-exchange-offered binary options that pay a fixed amount or nothing only if the option expires in-the-money, online binary options entitle the customer to gain a fixed return, in addition to his or her transaction amount (usually around 75%) if his or her prediction, either for a higher or lower strike price, has been achieved at the expiration of the underlying asset. If the customer’s prediction is not fulfilled, he loses between 90%-95% of his or her investment. The difference between what we receive when customers lose and what we pay out to the customers when they win, constitutes our revenue. For example, if a purchase is made at 10:15 AM of a binary call option on XYZ Corp.’s stock, struck at \$100 with a binary payoff of 75%, then, if at the expiry time of 11:00 AM the stock is trading above \$100, \$175 is paid by us back to the customer. If its stock is trading below \$100, only \$10 is paid by us to the customer and we generate revenue of \$90.

In addition, once the customer makes a deposit, a contingent bonus is added into his or her account on top of his or her deposited amount. The customer is granted with the opportunity to forego the bonus and continue with the deposit made by him or her only. The bonus added typically amounts, on average, to between 20% and 30% of the customer’s actual deposit, but the Company may choose to increase the bonus amount offered to the customer and the customer as well may request to increase the bonus amount. To be entitled to withdraw a bonus or any profit earned in the account after the bonus is added into the account, a customer must turn-over a trading volume of 25 times the amount of the bonus. As an example, if a customer received a bonus of \$100, to be entitled to withdraw this bonus, he or she will need to trade a minimum volume of at least \$2,500 during a time period no longer than 90 days from his or her first trade. If the customer has not reached the required volume within this 90 day period, then the bonus will be voided and deducted from the customer’s available balance and any other profit earned in the account after the receipt of such bonus will be void as well and will not be included in the amounts that the customer is able to withdraw from his or her account. In the event that the customer loses on a particular trade after a bonus has been added into his or her account, such loss will be deducted from the actual amounts deposited by the customer and not from the bonus. Customers are not required to accept bonuses; they are optional for all customers. A customer may select not to accept a bonus via a link located at the bonus terms and conditions section of the Company’s website.

As of August 1, 2015, we have upgraded the terms and conditions of granting trading benefits to be consistent with Circular 65 issued by CYSEC regarding the granting of trading benefits. We have separated trading benefits into two separate types of contingent trading bonuses, as follows:

·“Sign-Up Bonus”: a Sign-Up Bonus may be granted after a customer registers a new account with the Company. The client is not required to make a prior deposit into the account. The customer can capitalize the free initial credit granted to him or her as a result of the Sign-Up Bonus only if he or she meets the withdrawal preconditions (volume

generation must be equal to 25 times the initial bonus provided within 90 days).

For illustrative purposes, if a customer deposits \$0 and receives a Sign-Up Bonus of \$100, he or she must meet the withdrawal preconditions (i.e., generating total volume of \$2,500 ($\100×25) within 90 days) before being eligible to withdraw his or her profit and bonus funds. At the time the customer requests to withdraw funds from his or her account, he or she has made a profit of \$400 from winning trades; if he or she has met the withdrawal preconditions, he or she is eligible to receive \$500 (\$400 profit, plus \$100 Sign-Up Bonus). If he or she has not met the withdrawal preconditions, he or she is eligible to receive \$0 (due to cancellation of profit and Sign-Up Bonus funds).

·“Deposit Bonus”: a Deposit Bonus may be granted to a customer once he or she makes a deposit into his or her trading account. In the case of Deposit Bonuses, customer funds, including profits and losses, are available for withdrawal at any given time; the only element dependent on the withdrawal preconditions is the bonus itself. This Deposit Bonus is only available for withdrawal if the customer meets the withdrawal preconditions (volume generation must be equal to 25 times the initial bonus provided within 90 days).

For illustrative purposes, if a customer deposits \$1,000 and receives a Deposit Bonus of \$500, he or she must meet the withdrawal preconditions (i.e., generating total volume of \$12,500 ($\500×25) within 90 days) before being eligible to withdraw his or her profit and bonus funds. At the time the customer requests to withdraw funds from his or her account, he or she has made a profit of \$500; if he or she has met the withdrawal preconditions, he or she is eligible to receive \$2,000 (\$1,000 deposit amount, plus \$500 Deposit Bonus, plus \$500 in profits). If he or she has not met the withdrawal conditions, he or she is eligible to receive \$1,500 (the \$1,000 deposit, plus \$500 in profits).

If, on the other hand, the customer, at the time he or she requests to withdraw funds from his or her account, had incurred a loss of \$200 from losing trades, but met the withdrawal preconditions, he or she is eligible to receive \$1,300 (\$1,000 deposit amount, plus \$500 Deposit Bonus, less \$200 in losses). If he or she did not meet the withdrawal preconditions, he or she is eligible to receive \$800 (due to cancellation of Deposit Bonus, \$1,000 deposit, less \$200 in losses).

Customers are informed about all aspects of the bonuses at the time of election via the detailed terms and conditions available on our website. Customers are also advised of the terms and conditions in the process of, and prior to, registering new accounts, and are required to acknowledge that they have read the terms and conditions before they may proceed with opening an account. Customers are only subject to the withdrawal preconditions described above if they elect to accept the Sign-Up and/or Deposit Bonuses when registering a new account. The majority of customers typically do not meet the required volume of trades to retain bonuses.

For volume purposes, trading both a call option and a put option on the same asset and at the same expiration time are considered a single trade. Sell option transactions are not included in calculating the trading volume threshold required to be met to withdraw the bonus. A customer may not receive a bonus for a deposit when, at the same time, he or she has a pending withdrawal request. The Company may decide at its own discretion whether or not to grant bonuses.

Any customer has to have his or her own personal account with us in order to use our Trading Platform. Once a customer enters into his/her account, and wants to invest in an option the customer is made aware of the payout and loss ratio prior to entering into a contract via the Trading Platform. Upon a request to withdraw funds the customer receives a payout within 3 business days. These ratios are always fixed prior to the opening of a contract with a customer and determined based on the risk of the underlying asset at the time that we make the asset available for trading.

Online binary options usually carry an expiration date, or time, of once every hour, end of business day, depending on the specific chosen expiration period.

Online Binary Options Market

The online financial trading industry is competitive and evolving. As an international provider of binary options, we compete primarily against businesses like AnyOption.com and 24Option.com.

There are a number of websites competing in other online trading mediums, such as trading in pairs of foreign currencies, commodities, equities and indexes.

Different Types of Binary Options

Binary options are simple put or call options conditioned only by the price and the expiration date. They refer to conditional scenarios that if they come true, either validate or invalidate the option. The customer knows ahead of his or her investment the amount of the desired payout he or she will get if his or her conditional scenario proves to be right or his or her loss if his or her conditional scenario proves to be wrong.

Binary Options Websites

We offer customers, mainly from European markets, the ability to trade on options through www.eztrader.com and www.globaloption.com. Approximately 92% of our revenues is derived from the European market. We do not presently offer our services to customers from the United States, Canada, Turkey, or certain other South East Asian countries. We utilize geo-targeting, which is the method of determining the geolocation of a website visitor based on his or her location, such as a country, region/state, city, metro code/zip code, Internet Protocol or Internet Service Provider. Once a potential customer is identified as a U.S. person based on the geo-targeting method described above. Our trading platform automatically prohibits this potential customer from accessing the Company's website. In addition, as part of the required documentation from customers, we obtain proof of address such as a current utility bill, copies of a passport and credit card from each potential customer to further ensure that he or she does not reside in the United States.

There can, however, be no assurance that we will in every instance be successful at filtering out customer applications received from persons located in the United States. It is also possible for existing customers to access the Trading Platform from the United States if they physically move to the United States. Further, although our website is blocked to persons in the United States, and we have systems in place designed to prevent a customer application from the United States being accepted, such systems are subject to human and technological error, and fraud on the part of a customer. If a customer in the United States were to open an account on the Trading Platform, this could subject us to legal and/or regulatory action and/or liability in the United States. There is also a risk that a customer could mask their IP address in order to access the Trading Platform from the United States, which could result in regulatory action being taken against us in the United States.

Specifically, we market our online binary options trading business towards customers who are seeking to realize a profit from their trades within a short period of time. We market to such customers because, in our opinion, our Trading Platform features a novel venue and a simpler and straightforward method for the realization of immediate returns on trades in the global financial markets.

Customers use our binary options platform to choose either a put option or a call option. In either case, if the option expires “in-the-money”, customers receive about 75% return on their trades or lose between 90%-95% of their trades if their option expires “out-of-the-money”. Expirations take place once every sixty seconds, or every hour, or at the end of each day depending on the specific chosen expiration period.

We also offer Long-Term Options which include a few options that commence on one specific business day, and are differentiated by their expiry date. Such Long-Term Options may expire after a minimum period of one day, one week, one month or at the end of each calendar quarter or year. The purchase prices of the Long-Term Options and their return rate may be changed from time to time according to supply and demand and market risk, but on the expiry date of such options, their relevant price will be their exact market price at their exact expiry moment. In any event, the minimum buying amount with regard to the Long-Term Options is \$500, and no bonus is paid and no turnover bonus is calculated on such options. If a return rate is changed, then the change applies to the Long-Term Options purchased after the change. A comparison between the buying price of a Long-Term Option and such option's price on its expiry date shall determine whether the purchaser of such Long-Term Option is entitled to receive the relevant payment. Once a Long-Term Option is purchased, it cannot be canceled or re-traded. The Long-Term Option stays in the possession of its purchaser, solely and exclusively, until it expires. The Long-Term Option's price includes dividends (if distributed). The exchange rate on the day of the Long-Term Option's expiry shall prevail. If a stock split has occurred with regard to the holdings in a relevant asset or commodity, then, on the date of such split, the price of the relevant Long-Term Option is changed accordingly.

Our trading platform gives a customer the ability to buy or sell options on all of the assets listed on the platform. Prior to making an investment decision, the customer sees the current real time quotes of the particular asset and also sees the predetermined gain or loss ratio for each particular option.

A new customer is directed to a sign up page, where he or she has access to all terms and conditions related to the platform in 13 different languages. On the registration page the customer needs to input certain basic personal information, which is required to open an account. This process is simple and straightforward. Customers have the ability to deposit funds via a direct wire, credit card payment or via alternative payment methods specific to each country. There are no fees associated with opening an account or with executing any option transaction. The minimum initial deposit is \$200 for dollar-based accounts, €200 for euro-based accounts and £200 for pound-based accounts. All other currency accounts have a minimum initial deposit equivalent of \$200 in the particular currency.

In order for customers to start trading, they are required to open an account and provide their exact personal information, a process which is simple and straightforward. Once this phase is complete, customers have an array of methods to make a deposit. They can elect to use their credit card, e-wallet provider or effectuate a bank wire transfer. Credit card and e-wallet deposits are recorded immediately as credits in the customers' account and they can then proceed to make their trades.

All quotations of current rates and active assets of the different trading exchanges are provided through eSignal and NASDAQ OMX in real time.

Also, customers are provided with a sophisticated back-office tool, enabling monitoring of their entire account activity.

Marketing

We invest significantly in marketing and advertising as we believe that marketing and advertising is critical for increasing number of new customers and active customers which are among the main drivers of revenue growth. We seek to acquire customers through a range of marketing online channels such as media buying, affiliation with marketing partners, Pay Per Click (PPC), Search Engine Optimization (SEO) and social media.

In August 2014, we signed exclusive three year premium partnership agreement with Bayer 04 Leverkusen, a Premier Bundesliga Football Team, pursuant to which we became a sponsor of this team and receive certain rights, including on-line and field display of our logos and the right to use the website addresses of this team for our marketing and advertising purposes.

In September 2014, we signed a sponsorship agreement with VFL Wolfsburg women team, a Premier Bundesliga Football Team which won the European Champions league in the past two years, pursuant to which we became a sponsor and received certain rights, including on-line and field display of our logos and the right to use the website addresses of these teams for our marketing and advertising purposes.

In October 2014, we signed a cooperation agreement with AIK Football AB, a football club of Solna, Sweden, which will be in effect until the end of 2017, pursuant to which we became a sponsor and received certain rights, including on-line and field display of our logos and the right to use the website address of this club for our marketing and advertising purposes.

In November 2014, we signed an advertising agreement with the National German Women's Handball team. Pursuant to this agreement, we have the right to present our corporate logo on the front of the jerseys of each player and staff member, together with advertising rights for online binary trading, and our corporate logo on the LED advertising system during all matches. The agreement will be in effect through October of 2016.

In September 2014, we signed a sponsoring contract with VfL Wolfsburg Fussball GmbH. This contract will be in effect through June 2018, pursuant to which we will become a sponsor and receive certain rights, including on-line and field display of our logos and the right to use the website addresses of the team for our marketing and advertising purposes.

In March of 2015, we signed a partnership agreement with the Everton Football Club Company Limited with immediate effect that will continue through May 2017. We will benefit from advertising at all domestic cup games played at the Goodison Park in Liverpool and host exclusive content on the club's website.

Our marketing strategy is to focus on investing in targeted and cost-effective marketing initiatives, including in both online and off-line media channels, affiliate programs, sponsorships and co-operations with leading consumer manufacturers, which provide us measurable results. The majority of advertising is conducted through online channels such as search engine websites (such as Google, MSN and Yahoo), apps and via the "OPTION AFFILIATES.COM" program, which is an extensive affiliates network with approximately 2,500 affiliates.

Under the media buying channel we seek and maintain local websites that can generate quality traffic source, within the "OPTION AFFILIATES.COM" program. We maintain a large number of "affiliate" marketing partners, typically operators of one or more websites on which certain products and services are promoted. We provide our affiliates with a range of marketing materials designed to direct potential customers to the Trading Platform, and affiliates are compensated on a success basis.

OPTIONAFFILIATES.COM, wholly owned by us, allows our partners, such as advertising networks, to get marketing materials for their use and it also allows us to acquire new customers. Customers obtained from a partner will be credited to such partner and if the customer starts trading, then such partner will be entitled to a payment in accordance with a predetermined rate. The basic OPTIONAFFILIATES.COM program offers eligible partners \$200 per customer. All other terms of compensation to partners are based on the volume of customers received from each partner. Our program is based on the success of our partners and allows us to work with large agencies and small advertisers.

We have engaged with business intelligence providers in order to measure our marketing results. Business intelligence systems have provided us with full insights on user potential, personal preferences and operative platform to connect with users (via emails, SMS and our call center). We currently work with three different business intelligence companies. All three vendors gather collective information about our users' activities and operate based on actions within our platform.

One of the vendors is an operational business intelligence company that allows us to segment users per specific criteria and then communicate with these users in the most efficient notification method such as email, customer support SMS or push notifications within the mobile applications.

Another vendor is a business intelligence service company that analyzes our database and segments it for special promotions.

The third vendor is a social engagement platform that allows us to add social elements into the platform.

The collective fees for all three vendors are an immaterial expense to us.

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We are able to analyze this data to determine the conversion ratios between the “clicks” on the website and sign-ups for real money accounts. In reviewing this information, we are able to calculate the return on investment and the maximum price per click we are prepared to pay for a particular online marketing campaign, and as a result, to allocate marketing resources effectively. We believe online awareness of our brand is growing.

Strategy

We intend to grow our customer base further and increase the proportion of customers who trade frequently and for a longer period of time, resulting in an increase in the number of trades executed on the Trading Platform. We intend to do this by increasing brand awareness and business intelligence and attracting more customers in regulated markets, to and retaining more customers on, the Trading Platform. We believe that increased brand awareness with business intelligence will generate greater Average Revenue Per User (“ARPU”) by improving our perception by customers and hence willingness to trade on the Trading Platform with greater frequency and in greater quantum. We believe that increased brand awareness alongside with deep business intelligence has the potential to improve the margin between ARPU and Average User Acquisition Cost (“AUAC”).

We also intend to increase our customer base through entry into new markets. Where appropriate, we will also consider setting up local offices or subsidiaries in such markets and to extend our product and technology offering.

We intend to further update the number of financial assets offered for binary options trading on the Trading Platform. We believe that by adjusting the product portfolio, we will attract more relevant customers to the Trading Platform resulting in a variety of trading activity.

We have extended our trading platform and it is now available on many leading mobile devices. We strongly believe that our ability to deliver the most advanced and reliable mobile platform will enable us to continue to have a leading position in the market place.

Trading Platform

We believe that our success is primarily due to the self-developed proprietary technology supporting the Trading Platform:

(i) Customer interface the Trading Platform

The Trading Platform provides a simple and consistent interface for customers across a number of different devices. It has been designed to be as intuitive and easy to use as possible and provides customers with real-time prices, execution facilities and a multitude of order types. Through these proprietary and user-friendly delivery channels, customers may trade and access their account information online through a number of different mediums, which increases accessibility to, and traffic on, the Trading Platform.

The Trading Platform’s customer interface is designed to interact efficiently, with as little human input as possible. The Trading Platform processes each customer’s trades automatically, updating the “back office” account information in real-time. Real-time position-keeping also allows customers to monitor their open positions and trading activity continuously.

As a result of our self-developed proprietary technology, we pay no external license fees for our core Trading Platform technology. This allows us to operate with internal timeline and allow flexible account management with customers not limited by third party limitations from a platform service provider.

In the years ended December 31, 2014 and 2013 over 585,000 and 152,000 trades were closed on the Trading Platform, respectively. We believe there is significant scope for the Trading Platform to process more trades, without a material increase in development costs. The Trading Platform is designed to accommodate additional instruments and customers easily, with limited modifications and minimal capital expenditure.

(ii) Robust, scalable technology platform and infrastructure

The modular server architecture is designed to maximize trade reliability, speed and network security across our network. In addition, we operate through a number of different scalable servers, so that if one or more should fail, the remaining servers should be in a position to maintain our operations. We believe that our business model is scalable as a result of the level of automation in the Trading Platform.

All quotations of current rates and active assets of the different trading exchanges are provided through NASDAQ OMX, eSignal, EuroNext and Leverage in real-time.

We utilize Leverage as a service provider to obtain real time quotes of all the underlying assets. Leverage has a 24 hour support service to assist with any quotes disputes. We pay a fixed minimum fee per month for all assets provided in the Trading Platform. This expense accounts for less than 1% of our overall expenses.

The network is protected against unauthorized intrusions by firewalls and, to maximize reliability and security, we have developed a backup system in the event the systems are unable to perform. All data held in the network is clustered in a "Storage Area Network" and is automatically backed up every hour with the backups being transported offsite once each week. To date, we have never experienced an unauthorized intrusion into our network.

While we are responsible for the administration of the Trading Platform, we use a third party hosting service. The third party service provider, which has a Statement on Standards for Attestation Engagements No. 16 ("SSAE 16") accreditation, also provides monitoring services. SSAE 16 defines the standards an auditor must employ in order to assess the contracted internal controls of a service organization. The report for internal controls of the third party hosting service is in accordance with SSAE16. Service organizations, such as hosted data centers, insurance claims processors and credit processing companies, provide outsourcing services that affect the operation of the contracting enterprise. In the case of a disaster, the third party service provider is responsible for the provision of replacement devices that are ready for deployment.

We believe that as the binary options market continues to experience growth, we have the proprietary technology to grow with it with a view to increasing our market share. In addition, developing the necessary proprietary technology presents high barriers to entry for new entrants into the market due to the time-consuming and capital-intensive software development which is initially required. Although comparable technology may be available by lease or other means, reliance on outside parties has the potential to interrupt the flow of business, inadvertently release customer information, and reduce efficiency and responsiveness to customers.

Proprietary Intellectual Property

To our knowledge, none of our products or services is subject to any patents, or patent applications, We believe that our products and services, including the Trading Platform, are primarily protected by copyrights, trademark, trade secrets and contract laws in the jurisdictions in which we operate. However, despite our efforts to protect our proprietary rights from unauthorized use or disclosure, our efforts may not be sufficient or successful. It may be possible that some of our innovations may not be protectable. If third parties were to use or otherwise misappropriate our source code, other copyright materials, trademarks, service marks or other proprietary rights without our consent or approval, our competitive position could be harmed, or we could become involved in costly and distracting litigation to enforce our rights.

We do not currently own any registered copyrights or trademarks.

Customer base

We are a highly customer focused business as both winning and retaining customers is our key strategy. The Trading Platform is only used by retail customers and is not available to institutional traders.

We believe that our business is attractive to customers for several reasons, including, but not limited to, the following:

- the Trading Platform provides a simple and consistent interface for customers across a number