

**Question for written answer E-003498/2016
to the Commission**
Rule 130
Janusz Korwin-Mikke (NI)

Subject: Expiration time of binary options

Current-day financial instruments, in particular binary options, have a shorter and shorter expiration time. Does this affect whether the instruments in question fit the definition of 'financial instrument' within the meaning of the Markets in Financial Instruments Directive (MiFID)? No Member State has yet decided to make the determination of whether an instrument meets the definition of financial instrument dependent on this aspect.

This is all the more important given that instruments such as European-type binary instruments (i.e. which cannot be realised before they fall due) that have expiration times of one second, are sometimes being offered on the internet. Yet the internet does not operate in real time, and the supplier receives information about the order somewhere between several tens of milliseconds and two seconds after it was made (depending on the quality of the connection).

1. Does the expiration time of a financial instrument influence whether it can be defined as a financial instrument within the meaning of the MiFID, if the instrument is a binary option? Can an option have a one-second expiration time?
2. Does the same definition apply to an instrument offered by a financial institution licensed in the EU or an institution outside the EU which does not carry out brokering activities in the EU, if their clients are EU citizens and make orders via that institution's online platform?