

# Binary Options Booklet- Optionbanque.com

## A brief introduction to Binary Options

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### 1. Introduction

Binary options (also known as "digital options") are a type of trading options with which the trader must predict the market price direction of a given asset for a selected period of time. The basic trading flow is as follows:

1. Select an asset. =>
2. Determine a direction to trade for. =>
3. Select an amount to invest. =>
4. Trade

If your prediction for the price is correct, you generate winnings, otherwise you generate losses.

#### Winnings

When the trader's forecast is correct, the options expire "in the money" and winners receive a fixed Percentage of the invested amount (usually 75-81% of invested amount).

#### Losses

When the trader's forecast is not correct, the options expire "out of the money" and lose some or the entire invested amount.

Every binary option trade is based on three essential elements: the underlying asset, the binary option contract and the forecast.

## Tie

In rare cases when upon option expiry the asset's market price is the same as the one of the investment

The trader is "at-the-money" which means they do not lose nor win anything and the invested amount is returned to trader's balance.

## Asset Types

Assets in the **Option Banque** trading platform are categorized as:

Currencies

Indices

Stocks

Commodities

It is up to the trader to choose on which asset-based options they wish to trade.

## Binary Option Lifespan

Binary options are available for a specific period. Based on their preconfigured lifespan, binary options can be hourly, daily, and monthly.

However traders are not obliged to buy contracts at their very beginning. They can choose to invest later as the option time passes by invest until a short time-slot before option expiry when trading is not permitted.

Note: Touch options can be expired before option expiry time is reached

## 2. Binary Options

Binary options offered by us:

Digital

Touch (High Profit Touch)

Range

The basic idea is the same with all: make a correct prediction and win. Differences are clarified in the respective descriptions.

## 2.1 Digital

Digital options (also known as binary options) are the most popular type of options. You have to determine whether the price of an asset will move higher or lower than the current market price by the time of expiration.

When you expect the selected asset price to go up, you buy a Call. When you expect the selected asset price to go down, you buy a Put.

Depending on the underlying assets, the returns vary between 75-81%

## 2.2 Touch

With Touch trading options, you must predict if an asset will reach ("touch") a predetermined Upper or Lower strike price at any time before expiration (Up and Down). If the option expires without reaching the Upper or Lower strike values, you are out-of-the-money.

**Note:** When the option reaches (touches) either the Upper or Lower strike, it is instantly expired.

Payouts in Touch options are usually between 75% - 81%. Because of higher payouts, Touch options are sometimes referred to as High Profit Touch options.

## 2.3 Range

With Range options you must determine whether the value of an option will expire within a predefined range or not (In and Out).

Payouts usually vary between 75 - 81%.

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