

How to trade **BINARY OPTIONS**

Lesson 3



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StartOptions



How to Trade **BINARY OPTIONS** Lesson03

Making your first Trade

Basic Principles

First 50 min.

options are available for trading



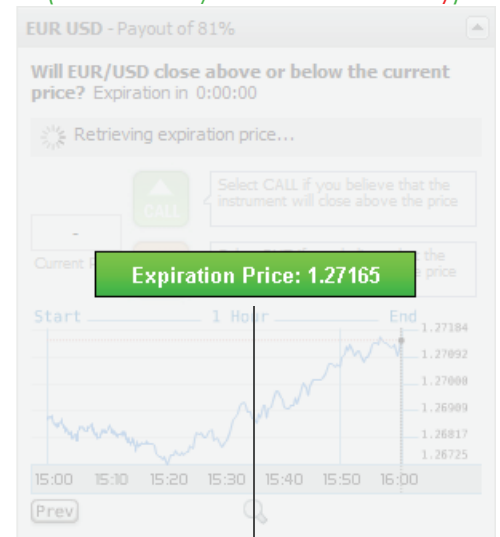
Last 10 min.

options are closed for trading



End of the hour (settlement)

all trades are settled
(in-the-money or out-of-the-money)



Expiration price is the price of the binary option when it expires. Expiration price is calculated as a straightforward average of the last Bid and Ask of an underlying instrument prior to expiration, as quoted from Reuters.

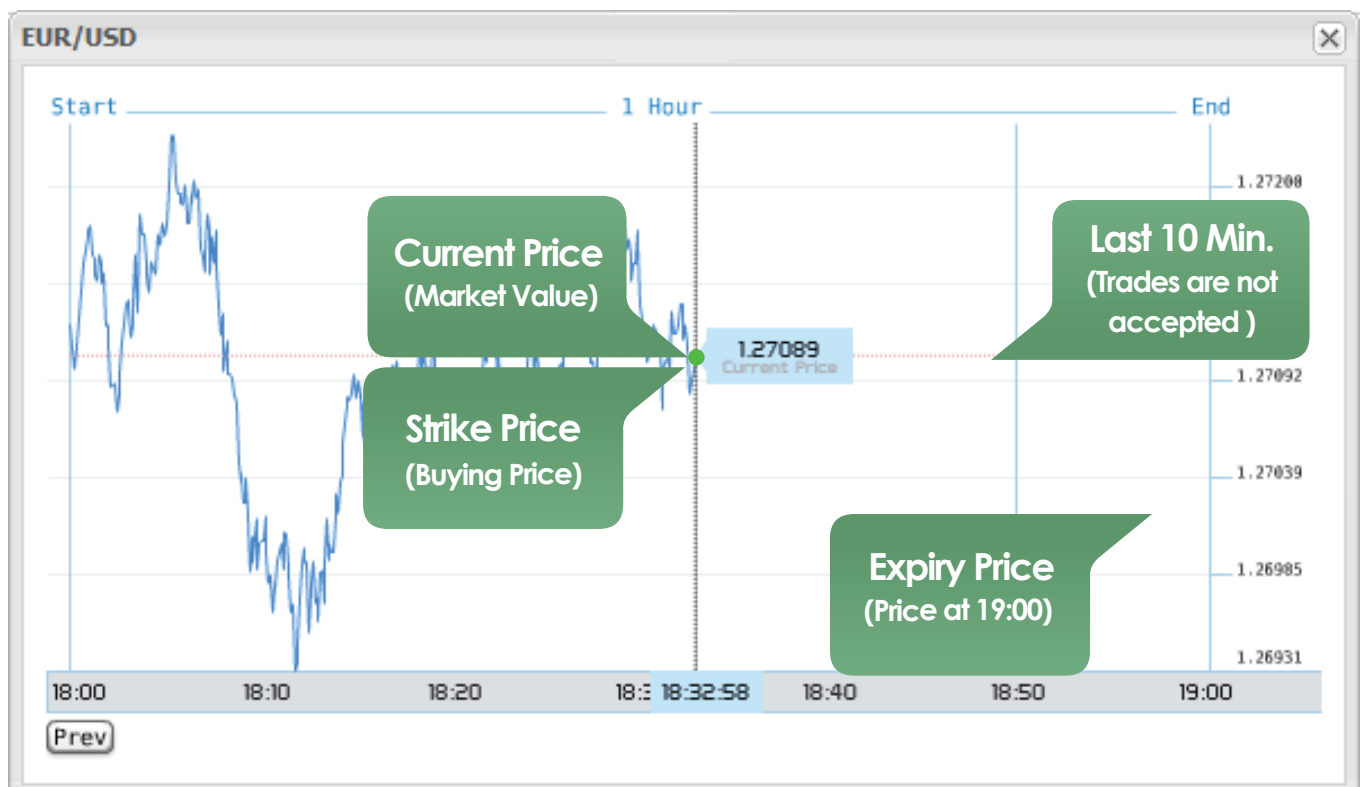


THOMSON REUTERS



Basic Terminology

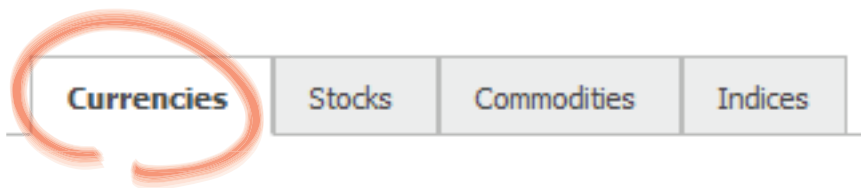
- 1) Current price: the price of the underlying asset.
- 2) Strike price: the price of the underlying asset when the binary option is purchased.
- 3) Expiry price: The price of the underlying asset at the time of expiry of the binary option.
- 4) In-the money: a successful option trade i.e. A CALL option that expired above the option price during purchase or a PUT option that expired below the option price during purchase.
- 5) At-the-money: an option trade in which the price during expiration is identical to the level at which the option was bought--in such a scenario the initial investment amount is fully returned to the customer.
- 6) Out-of-the-money: a failed option trade: A CALL option that expired below the option price during purchase, or a PUT option that expired above the option price during purchase.





Basic steps to make a trade

1. Decide on the market and underlying asset you want to trade, whether stocks, commodities, currencies or indices. Select the option (i.e. EUR/USD) that you want to trade from the trading section.



2. Select the direction

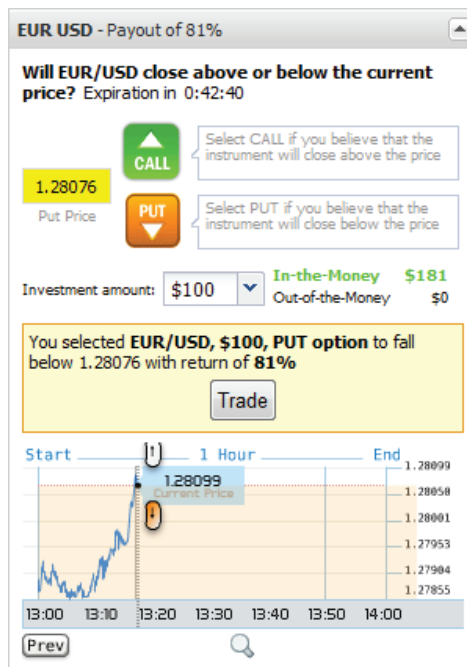
ABOVE ▲ CALL
or
BELOW ▼ PUT

3. Select the investment amount

minimum - \$30 (per trade)
maximum- \$1000 (per trade)

4. Confirm the transaction details

click Trade






Key features



i) Reading the charts

1. Magnifying the chart

In order to view a larger chart with more detail, press the magnifying glass icon  located in any asset box beneath the chart. A large real-time chart of the asset will appear in the center of your screen.



2. Two platform views

The platform allows for two different views on the trading platform. In order to toggle between both views, select the button   at the top of the screen, to the left of the Account Balance section.

Box View

List View



ii) Viewing my Open Positions

This section shows you a summary view of all open positions, i.e. the trades that have not yet closed. At any time, depending on the current price of the asset, they may be “in-the-money” or “out-of-the-money”.

Instrument	Price	↑↓	%	Amount	Expiry	Status	
GBP/USD	1.5387	Call	70%	\$100	03:00pm	In The Money	
USD/CAD	1.05926	Call	68%	\$100	03:00pm	In The Money	
EUR/USD	1.28039	Call	81%	\$100	03:00pm	In The Money	
USD/JPY	84.055	Put	81%	\$100	03:00pm	Out of The Money	

Shows in realtime your trade status.

Important

Binary Options are based on the European method of trading, meaning they cannot close out prior to the option expiry time, or the end of the hour on StartOptions.com. The benefit to the trader is that the position closes out automatically; so there is no need to monitor the trade or re-calculate its P&L. Once closed the account balance is updated right away.



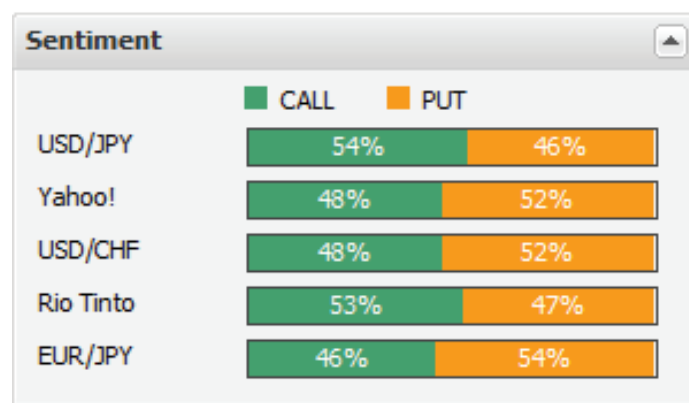
iii) Viewing my history of trades

The My Trades section of the platform is a summary view of your portfolio and history of trades. Here you can see all the trades you have made including direction, strike and expiry price, amount traded and profit or loss. The My Trades section, including a summary of transactions and account balance, can be viewed online or downloaded in Excel format.

		Trading	My Account	My Trades	Deposit	Getting Started	FAQ's	Blog			
				+44 20 3318 5970	Live Chat!		English				
#	Instrument	Trading Time	Expiry Time	↑↓	Strike Price	Expiry Price	Amount	Payout	Rebate	Status	Return
99239	USD/JPY	September 1, 2010 02:15pm	September 1, 2010 03:00pm	PUT	84.055	-	\$100	81%	0%	Not Settled Yet	-
99238	EUR/USD	September 1, 2010 02:15pm	September 1, 2010 03:00pm	CALL	1.28039	-	\$100	81%	0%	Not Settled Yet	-
99237	USD/CAD	September 1, 2010 02:15pm	September 1, 2010 03:00pm	CALL	1.05926	-	\$100	68%	10%	Not Settled Yet	-
99236	GBP/USD	September 1, 2010 02:14pm	September 1, 2010 03:00pm	CALL	1.53870	-	\$100	70%	5%	Not Settled Yet	-
99210	EUR/USD	September 1, 2010 01:17pm	September 1, 2010 02:00pm	PUT	1.28076	1.27981	\$100	81%	0%	In the Money	\$181

iv) Reading the Market Sentiment

The Sentiment bar is an indicative measure of the current sentiment of traders for a particular asset. The Sentiment bar shows the percentage of traders selecting CALL or PUT at any moment, or towards the end of the trading session. It can be helpful in predicting a price trend, together with the use of other analytical support tools provided by your account manager.





v) Selecting an Option from the Asset Index.

To understand the full portfolio of assets traded on StartOptions.com, view the Asset Index section on the site. The Asset Index provides a brief description, the hours traded for each asset, and the expiry price calculation.

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 Binary options trading platform by TradeSmarter.
 Market data by Reuters.



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Forex		Stocks	Commodities	Indices		
Name	Exchange	Timeframes	Hours	Expiry Calculation	Description	
EUR/USD		Hourly currency options	Mon - Thu 24 hrs, Fri 12am - 7pm GMT	$[(\text{Bid} + \text{Ask}) / 2]$	This widely traded currency pair is the relation of the Euro against the US Dollar.	
USD/JPY		Hourly currency options	Mon - Thu 24 hrs, Fri 12am - 7pm GMT	$[(\text{Bid} + \text{Ask}) / 2]$	This widely traded currency pair is the relation of the US Dollar against the Japanese Yen.	
GBP/USD		Hourly currency options	Mon - Fri 7am - 7pm GMT	$[(\text{Bid} + \text{Ask}) / 2]$	This widely traded currency pair is the relation of the British Pound against the US Dollar.	
USD/CAD		Hourly currency options	Mon - Fri 7am - 7pm GMT	$[(\text{Bid} + \text{Ask}) / 2]$	This widely traded currency pair is the relation of the US Dollar against the Canadian Dollar.	



vi) *Viewing my Account Balance*

The Account Balance section shows your current balance, available cash for trading, amount invested at any time, and status of any bonus funds pending. You can re-charge your balance at any time via the Deposit section at the top of the screen, or directly below the Balance indicator. To learn about our daily bonus promotions and additional training modules, contact us or speak to your account manager today.

Balance: \$9,999.00
Available Cash: \$9,899.00 Invested: \$100.00

MAKE A DEPOSIT