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As Chicago Board of Options Exchange listed the binary options in July 2008, they came to forefront. Prior to this, binary trading was done actively by major investment banks and institutional investors in over the counter market. One might wonder what these options are. Popularly known as digital options, these options give the investor an unchanging amount if the criterion of the option is met. The thing which makes these options interesting for the investors is that they give unchanging payout in the form of return which is based on whether the financial is rising or falling below a particular level at a particular time. While trading these options, the financial market needs to move a great deal so that there is a payout. With just small moves in the underlying market, a significant payout is created by the structure set-up of these options. Most of the time, these options are priced at the current market. This signifies that the trader or investor shall be able to make return on the investment made precisely on short term movements which occur in the financial market.

The activities of binary trading generally have these below mentioned features which set them apart from the regular Forex trade:

• While trading binary options, the investor need not get involved with the actual buying and selling of the currency and thereby make money from the variation of prices. Whatever the traders generally invest in such trading is general price directions for a specific pair of currency for the expiration period.

• The traders know in advance as to what they shall gain and lose while trading in such options, much before when the actual transaction initiates.

• Trading at the Forex market is hassle free with low entry barriers. The investors can use the online trading software; make initial deposits using their credit cards.

• When the traders trade in such options, they make trades on a particular time frame.

Generally the following information should be made to the traders, if they are interested in such trading:

• Currency pairs open for such transactions

• Expiration period

• Strike price

• Payout percentage

• Call and put options

• Out of money payout amount

• In money payout amount

However, the concept of binary trading seems like a gamble to individuals who are not familiar with the financial markets and the events which occur there. But the traders and businessmen who are very serious about trading in binary options consider them as a potent business tool. In matters of

foreign exchange, the contracts of trading in such options present extraordinary opportunities to mint profits and reduce losses much quickly. Such extra ordinary opportunities are absent in equity as well as other financial markets. Hedging and risk management are another principal reasons why the investors get attracted to participate in trading with such options. Using such trading in a very volatile market, a Forex trader can counterbalance any probable losses arising from general Forex trades.

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Rill Bell is an experienced trader of stocks, currencies, commodities and many more. In the wake of rising popularity of a [binary options](#) , he offers all kinds of updated market news, strategies and tips related to a [binary trading](#) through his website.

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