

# Binary Options



## Course Manual

By Tian Kriek

### **HYPOTHETICAL PERFORMANCE RESULTS**

HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

### **RISK DISCLOSURE STATEMENT**

OFF-EXCHANGE FOREIGN CURRENCY TRANSACTIONS INVOLVE THE LEVERAGED TRADING OF CONTRACTS DENOMINATED IN FOREIGN CURRENCY CONDUCTED WITH A FUTURES COMMISSION MERCHANT OR A RETAIL FOREIGN EXCHANGE DEALER AS YOUR COUNTERPARTY. BECAUSE OF THE LEVERAGE AND THE OTHER RISKS DISCLOSED HERE, YOU CAN RAPIDLY LOSE ALL OF THE FUNDS YOU DEPOSIT FOR SUCH TRADING AND YOU MAY LOSE MORE THAN YOU DEPOSIT. YOU SHOULD BE AWARE OF AND CAREFULLY CONSIDER THE FOLLOWING POINTS BEFORE DETERMINING WHETHER SUCH TRADING IS APPROPRIATE FOR YOU.

TRADING CRYPTOCURRENCIES ON MARGIN CARRIES A HIGH LEVEL OF RISK, AND MAY NOT BE SUITABLE FOR EVERYONE. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. THE HIGH DEGREE OF LEVERAGE CAN WORK AGAINST YOU AS WELL AS FOR YOU. BEFORE GETTING INVOLVED IN CRYPTOCURRENCY TRADING YOU SHOULD CAREFULLY CONSIDER YOUR PERSONAL VENTURE OBJECTIVES, LEVEL OF EXPERIENCE, AND RISK APPETITE. THE POSSIBILITY EXISTS THAT YOU COULD SUSTAIN A LOSS OF SOME OR ALL OF YOUR INITIAL DEPOSIT AND THEREFORE YOU SHOULD NOT PLACE FUNDS THAT YOU CANNOT AFFORD TO LOSE. YOU SHOULD BE AWARE OF ALL THE RISKS ASSOCIATED WITH CRYPTOCURRENCY TRADING, AND SEEK ADVICE FROM AN INDEPENDENT FINANCIAL ADVISOR IF YOU HAVE ANY DOUBTS. THE INFORMATION CONTAINED IN THIS VIDEO DOES NOT CONSTITUTE FINANCIAL ADVICE OR A SOLICITATION TO BUY OR SELL ANY CRYPTOCURRENCY CONTRACT OR SECURITIES OF ANY TYPE. MTI WILL NOT ACCEPT LIABILITY FOR ANY LOSS OR DAMAGE, INCLUDING WITHOUT LIMITATION ANY LOSS OF PROFIT, WHICH MAY ARISE DIRECTLY OR INDIRECTLY FROM USE OF OR RELIANCE ON SUCH INFORMATION.

THE INFORMATION CONTAINED IN THIS PRESENTATION DOES NOT CONSTITUTE FINANCIAL ADVICE OR A SOLICITATION TO BUY OR SELL ANY SECURITIES OF ANY TYPE. MTI WILL NOT ACCEPT LIABILITY FOR ANY LOSS OR DAMAGE, INCLUDING WITHOUT LIMITATION ANY LOSS OF PROFIT, WHICH MAY ARISE DIRECTLY OR INDIRECTLY FROM USE OF OR RELIANCE ON SUCH INFORMATION.

# Agenda

## 1. LESSON 1 | CORE CONCEPTS

- a. The Concept of Binary Options
- b. The Trading Platform
- c. The BID, ASK and STRIKE price

## 2. LESSON 2 | TRADING STRATEGY

- a. Trading Strategy Concept
- b. Pivot, Support #1 and Resistance #1 Levels
- c. Market Profile Indicator
- d. Binary Options Time Frame

## 3. LESSON 3 | RISK MANAGEMENT

- a. Recommended Risk Percentage
- b. Equity Management

## 4. LESSON 4 | TRADING PSYCHOLOGY

- a. This is a lesson on the importance of managing your emotions.
- b. Trading psychology refers to the emotions and mental state that help dictate success or failure in trading securities.
- c. Trading psychology represents various aspects of an individual's character and behaviors that influence their trading actions and outcomes

A photograph of a person's arm and hand writing on a piece of paper on a wooden desk. The person is wearing a light blue long-sleeved shirt and a black watch with a white face. Their hand is holding a black pen. In the background, another person's hand is visible, gesturing. The image is overlaid with a semi-transparent white rectangle containing text, and a dark blue geometric pattern of triangles is visible in the upper right and lower left corners.

LESSON 1

# CORE CONCEPTS

# THE CONCEPT OF BINARY OPTIONS

YES or NO

Binary Options are financial options that come with one of two payoff options: a fixed amount or nothing at all

Traders place trades based on whether they believe the answer is yes or no, making it one of the simplest financial assets to trade.



The question is simple:

“Will the EURUSD end higher than 1.0534 by the end of the New York Trading Session?”

Yes or NO?

# THE CONCEPT OF BINARY OPTIONS

YES or NO

**Binary Options** are financial options that come with one of two payoff options: a fixed amount or nothing at all

Traders place trades based on whether they believe the answer is yes or no, making it one of the simplest financial assets to trade.





# THE CONCEPT OF BINARY OPTIONS

**YES** or **NO**

**Binary Options** are financial options that come with one of two payoff options: a fixed amount or nothing at all

Traders place trades based on whether they believe the answer is yes or no, making it one of the simplest financial assets to trade.

Indicative price **1.22163** Expires in **4h 53m**

Will **EUR/USD** finish higher than **1.2200** @11AM?

150	SELL	NO	YES	BUY	100
41.25			45.50 ▲		

[Show market depth](#)

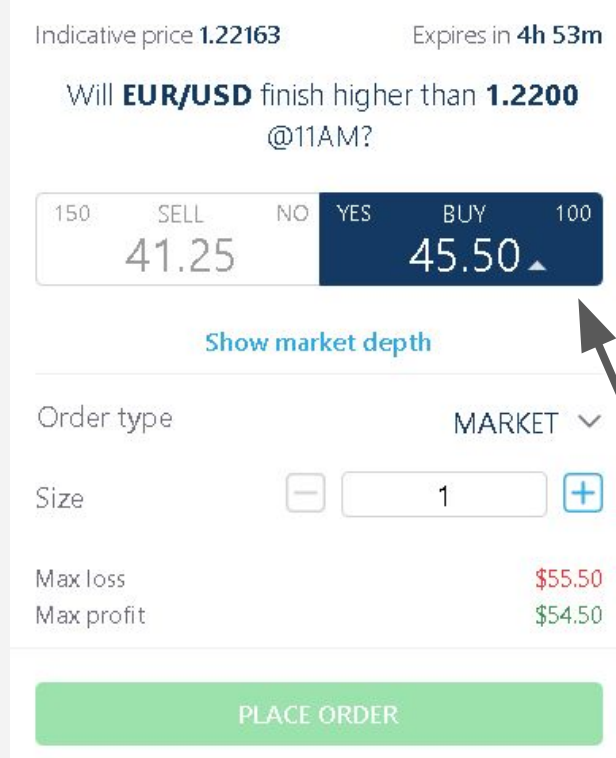
Order type MARKET ▼

Size [-]  [+]

Max loss \$55.50

Max profit \$54.50

**PLACE ORDER**



If I believe that the EURUSD will close above the 1.2200 price point then I open my trading platform and select “YES”

# THE CONCEPT OF BINARY OPTIONS

**YES** or **NO**

**Binary Options** are financial options that come with one of two payoff options: a fixed amount or nothing at all

Traders place trades based on whether they believe the answer is yes or no, making it one of the simplest financial assets to trade.

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@11AM?

150	SELL	NO	YES	BUY	100
41.25			45.50 ▲		

Show market depth

Order type

MARKET ▼

Size



1



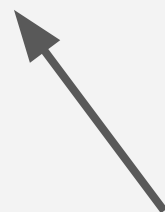
Max loss

\$55.50

Max profit

\$54.50

PLACE ORDER



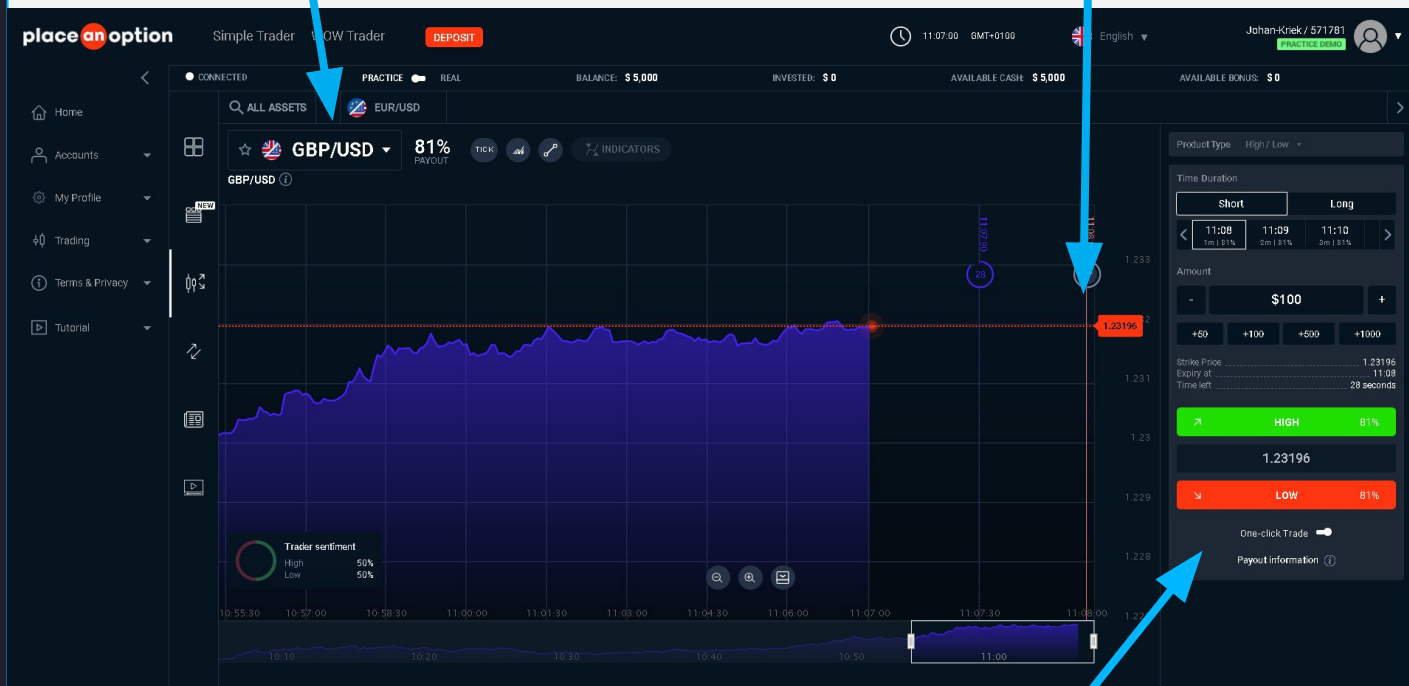
If the EURUSD remains above 1.2200 by 11am then I make a profit of **\$54.50**. If I am wrong then I lose **\$55.50**



# THE TRADING TRADING PLATFORM

Select the desired instrument to trade

Indicative Price (Current Price)



This is the Deal Ticket

# THE TRADING PLATFORM

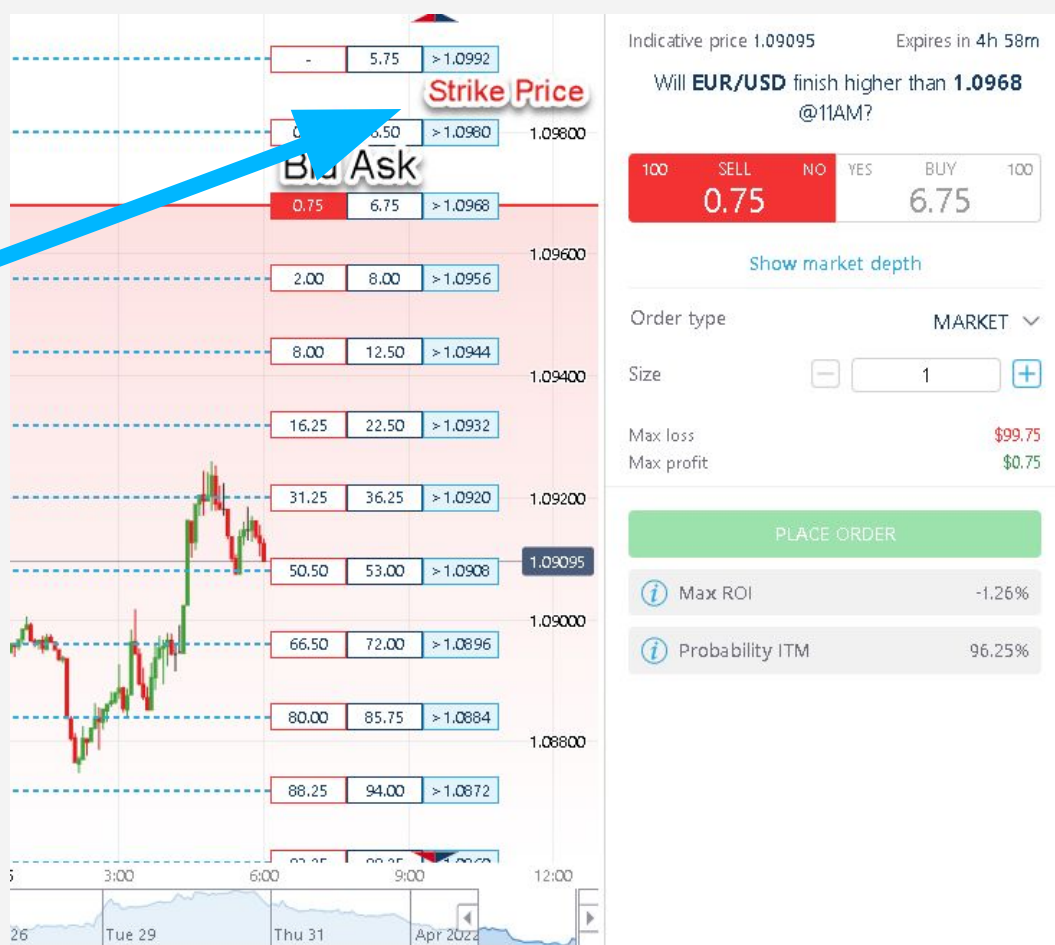


\*Internal note - to be replaced with placeanoption.com when ready

# The STRIKE, BID and ASK price

## STRIKE PRICE

The Strike Price is the price or value that the underlying asset must equal or exceed for the holder of the binary option to profit



# The STRIKE, BID and ASK price

## BID and ASK PRICE

The price of a binary option is always between \$0 and \$100, and just like other financial markets, there is a BID and ASK price. The binary option may be trading at \$0.75 (bid) and \$6.75 (ASK) at 11 a.m.

If you buy the binary option right then, you will pay \$6.75, excluding fees.

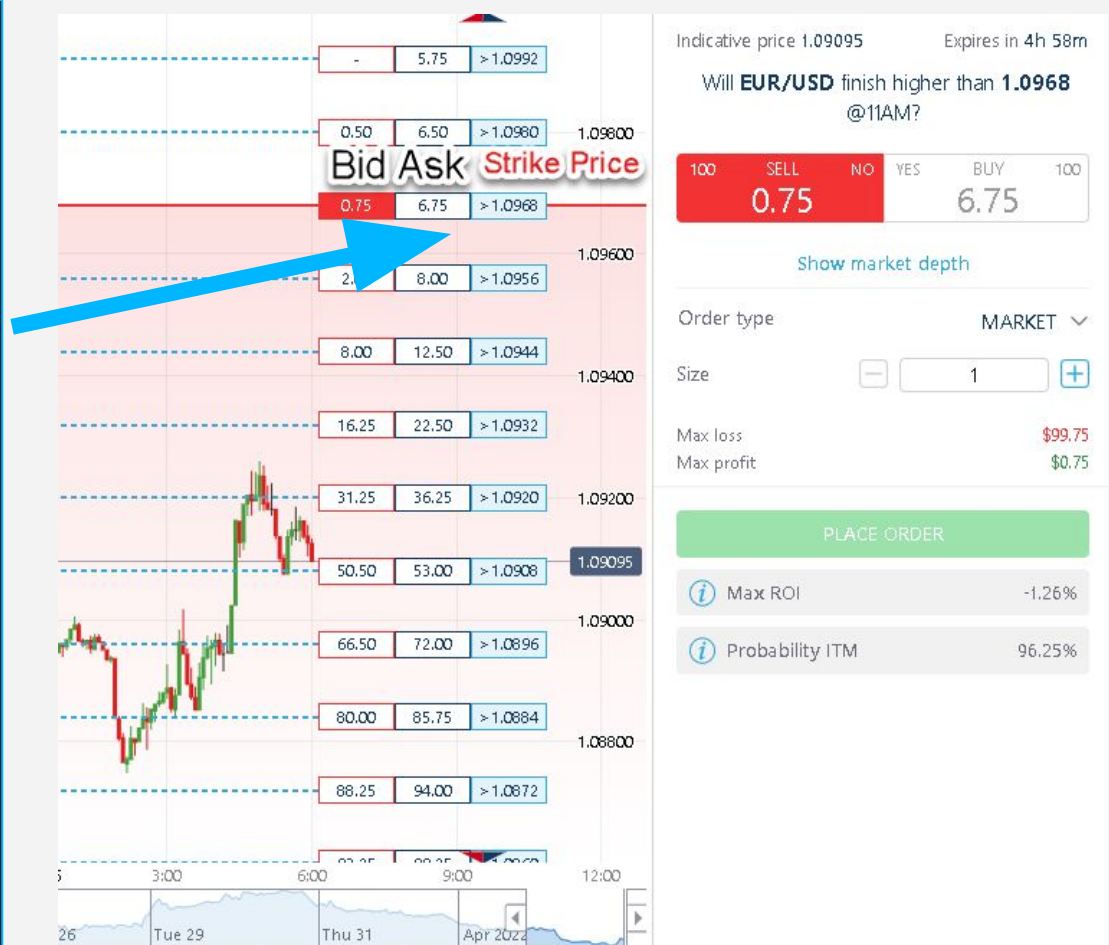
If you sell the binary option you will pay \$0.75, excluding fees



# The STRIKE, BID and ASK price

The current binary option in this slide has a BID price of 0.75, an ASK price of 6.75 and a STRIKE price of 1.0968

If I SELL the Binary Option right now then



# The STRIKE, BID and ASK price

The current binary option in this slide has a BID price of 0.75, an ASK price of 6.75 and a STRIKE price of 1.0968

If I SELL the Binary Option right now then:

- 1) My sell price is \$0.75;
- 2) The fees will be the difference between the BID/ASK price and amounts to \$6.00





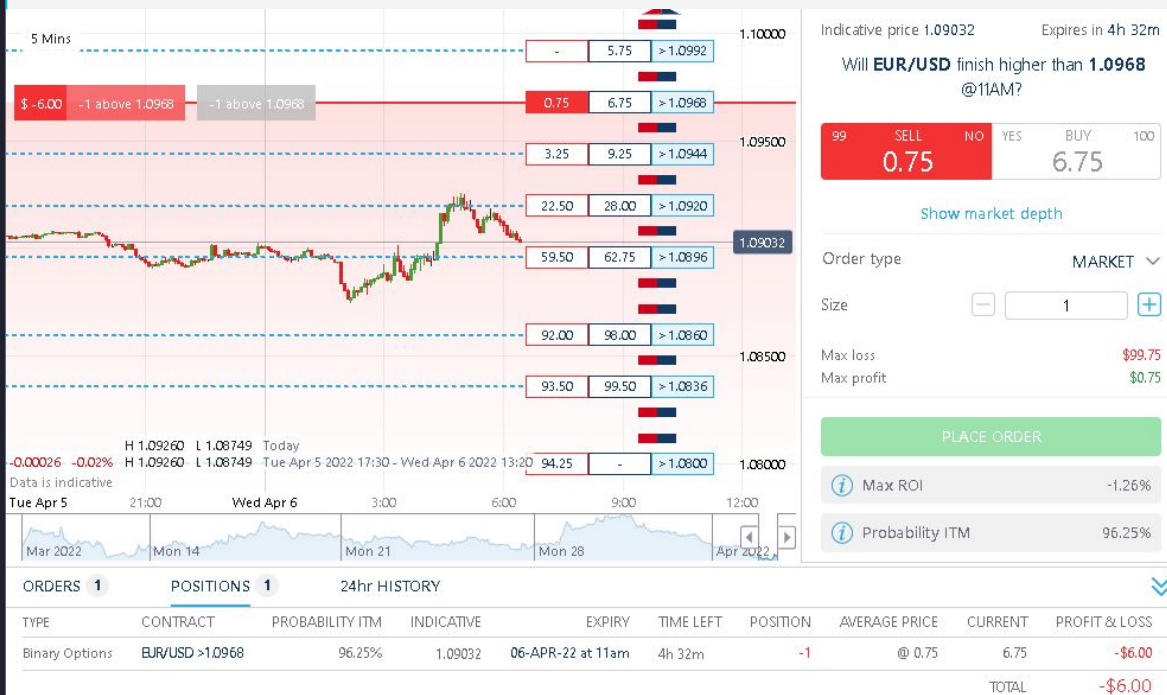
## The STRIKE, BID and ASK price

**The current binary option in this slide has a BID price of 0.75, an ASK price of 6.75 and a STRIKE price of 1.0968**

**Because I am selling, I disagree that price will close above the strike price by 11am, therefore my**

- 1) My Max loss is \$99.75, and;
- 2) My Max profit will be \$0.75

**The reason my reward is very low vs. the risk is because the Probability of price being above the strike price at 11am is very low**





# The STRIKE, BID and ASK price

The current binary option in this slide has a BID price of 0.75, an ASK price of 6.75 and a STRIKE price of 1.0968

Because I am buying, I agree that price will close above the strike price by 11am, therefore my

- 1) My Max loss is \$16.75, and;
- 2) My Max profit will be \$93.25

The reason my reward is very high vs. the risk is because the Probability of price being above the strike price at 11am is very high



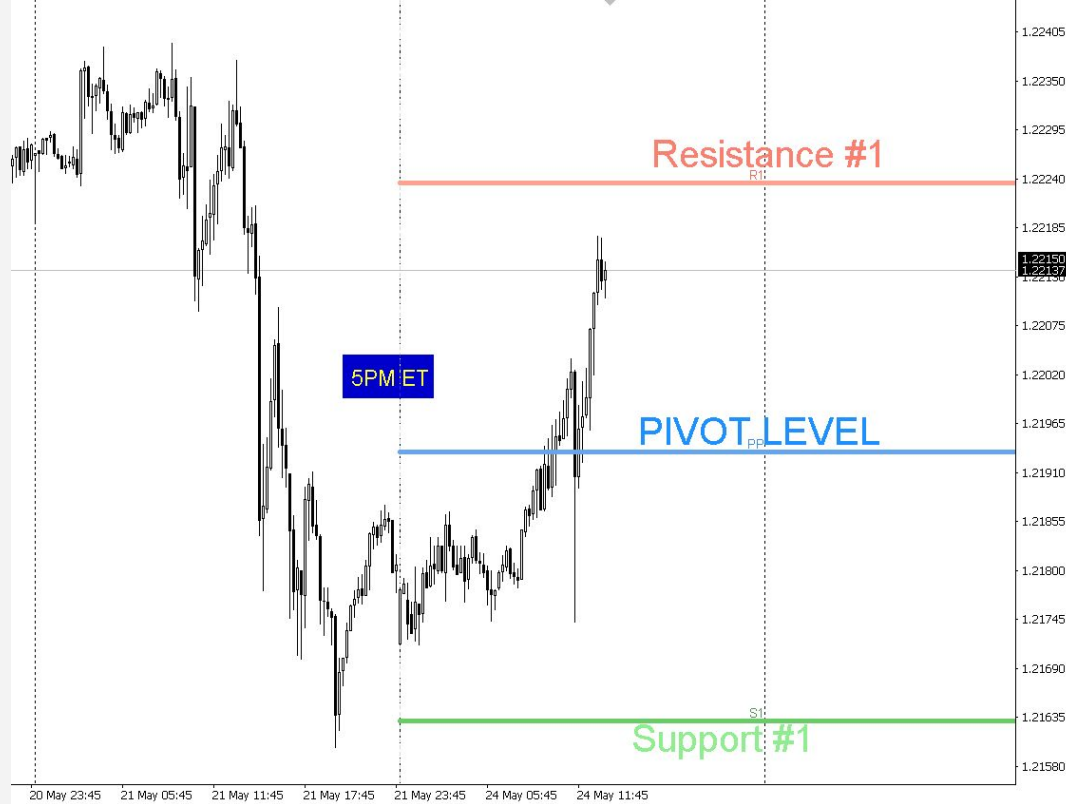
A person is seated at a dark wooden table, writing on a white document with a black pen. They are wearing a light blue long-sleeved shirt and a black watch with a gold-colored metal link band on their left wrist. In the background, another person's hand is visible, gesturing while speaking. The scene is set in a bright, modern interior with large windows in the background. The image is overlaid with a semi-transparent white box containing text and a geometric pattern of blue and white triangles.

LESSON 2

# THE TRADING STRATEGY

# THE TRADING STRATEGY

First of all we must explain the **Pivot Level** that will appear on the chart including **Resistance #1** and **Support #1**



The Pivot Point Indicator

# THE TRADING STRATEGY

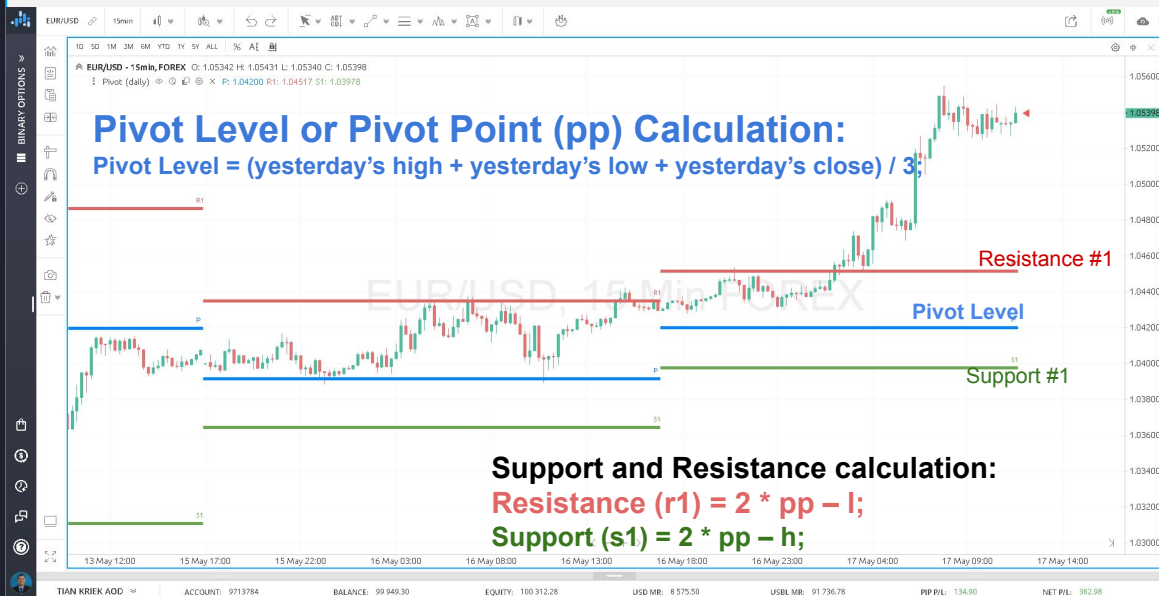
First of all we must explain the **Pivot Level** that will appear on the chart including **Resistance #1** and **Support #1**



## The Pivot Point Indicator

# THE TRADING STRATEGY

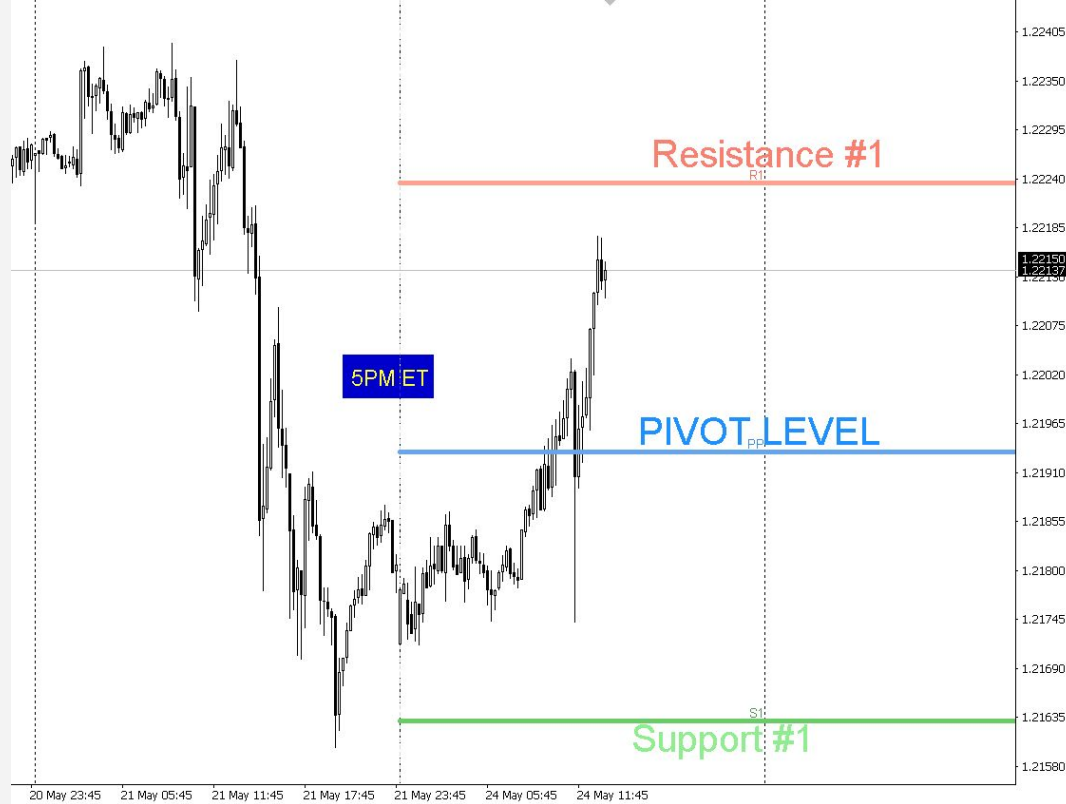
First of all we must explain the **Pivot Level** that will appear on the chart including **Resistance #1** and **Support #1**



## The Pivot Point Indicator

# THE TRADING STRATEGY

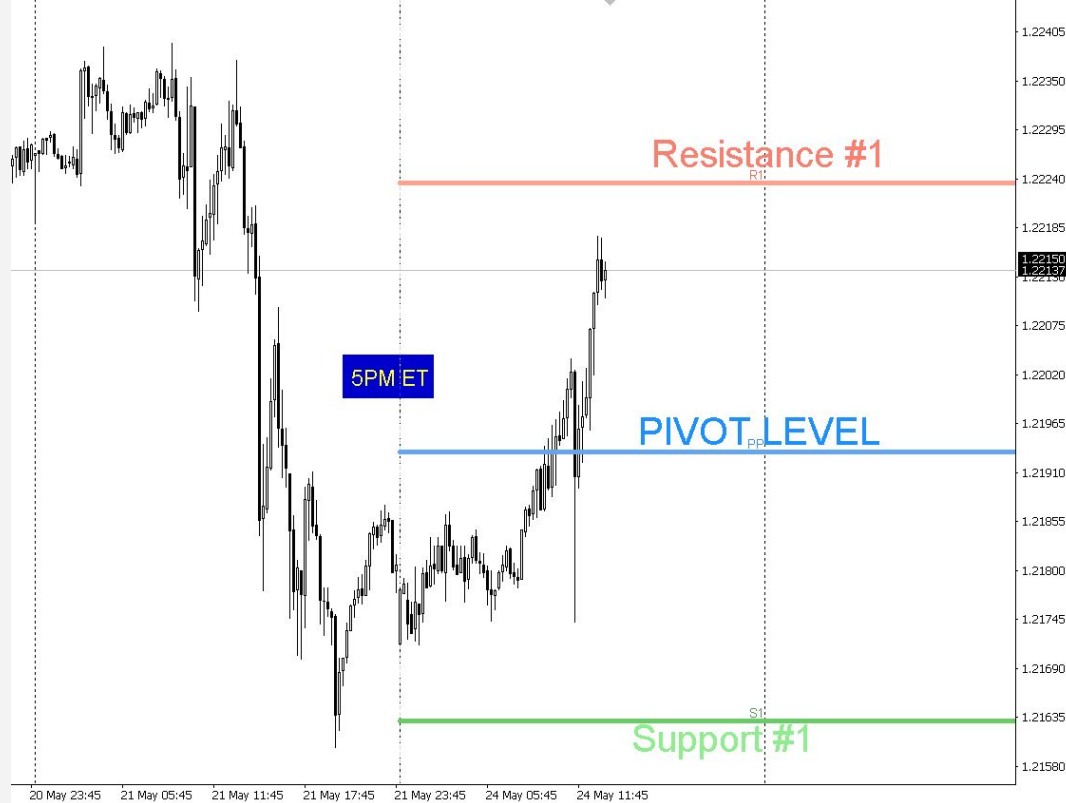
Every day at 5pm a new **Pivot Level** will appear on the chart including **Resistance #1** and **Support #1**



The Pivot Point Indicator

# THE TRADING STRATEGY

Every day at 5pm a new **Pivot Level** will appear on the chart including **Resistance #1** and **Support #1**



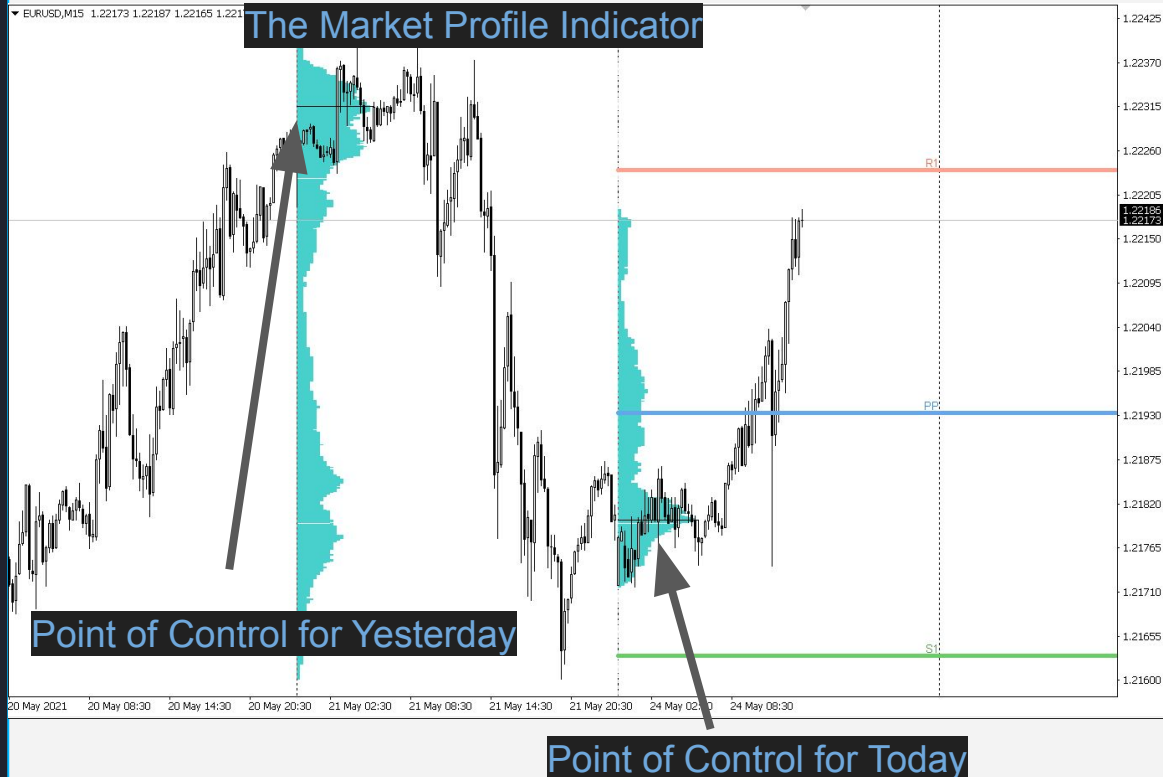
The Pivot Point Indicator



# THE TRADING STRATEGY

During the course of the day we will capture the price point where the market “hung around” the most. We refer to this level as the **POC or Point of Control**

We use the **Market Profile Indicator** to measure the Point of Control



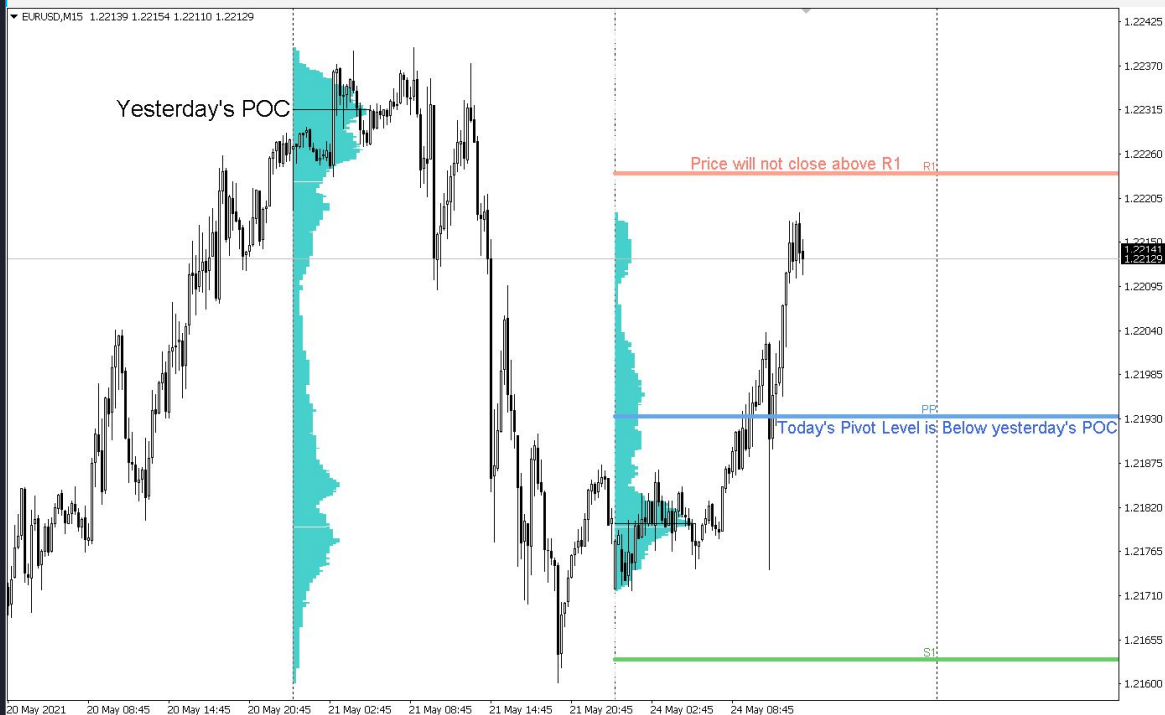
# THE TRADING STRATEGY

Direction for the next trading day will be determined by where the Pivot Level Opened.

If the **Pivot Level** Opened Below the **POC** for the previous day then we assume that price will move Bearish **WILL NOT CLOSE ABOVE RESISTANCE #1 (R1)**

If the **Pivot Level** Opened Above the **POC** for the previous day then we assume that price will move Bullish and **WILL NOT CLOSE BELOW SUPPORT #1 (S1)**

## Finding Direction



## THE TRADING STRATEGY

Now that I have direction, I have to answer a simple question:

Will price close above **1.2223** by 11 am ET?

The Answer is **NO** and therefore I shall select **"NO"** or **"SELL"** on my trading platform



# THE TRADING STRATEGY

Now that I have direction, I have to answer a simple question:

Will price close above **1.2223** by 11 am ET?

The Answer is **NO** and therefore I shall select **"NO"** or **"SELL"** on my Binary Options trading platform

## Answering a simple question

Indicative price **1.22127**

Expires in **3h 46m**

Will **EUR/USD** finish higher than **1.2223**  
@11AM?

150	SELL	NO	YES	BUY	100
33.00 ▾			37.50 ▾		

Show market depth

Order type

MARKET ▾

Size



1



Max loss

\$77.00

Max profit

\$33.00

PLACE ORDER

A person is sitting at a wooden desk, writing on a piece of paper with a black pen. They are wearing a light blue long-sleeved shirt and a black watch with a white face. Another person's hand is visible in the background, gesturing. The scene is indoors, possibly in a meeting or office setting. The image has a geometric overlay of blue and white triangles.

LESSON 3

# RISK MANAGEMENT

# BASIC RISK MANAGEMENT

What is trading risk?

What is trading risk?

Trading risk is the danger that a trade may move against you, causing you to lose money. Some trades carry greater risk than others – this will depend on factors such as the markets you trade, the products you choose and the amount of capital you use.

Certain products offer a fixed level of risk, such as **Binary Options**, where it will be clear how much you stand to win or lose before you place the trade.

# BASIC RISK MANAGEMENT

How do I manage risk?

The risk management methods you'll use can vary based on the market and instrument you trade. The sign of a good risk management strategy is that it allows you to limit losses, which include:

1. Consider all potential outcomes
2. Trade strategically with a set of rules, not with emotions
3. Diversify your exposure



# BASIC RISK MANAGEMENT

## 1. Consider all possible outcomes

### 1. Consider all possible outcomes

Markets can move fast, and while you might think a trade seems like a safe choice, it's always possible to lose on a trade

Make sure you are comfortable with the amount of capital you risk on a trade in order to not lose a substantial amount of your capital on a single trade.

This is why trading with a set of rules is vitally important

# BASIC RISK MANAGEMENT

## 2. Trade with a plan, not emotions

### 2. Trade strategically, not emotionally

One of the greatest risks to traders is letting emotions interfere with a trading strategy.

When you trade based on an emotion, you are in danger of moving away from your plans and going against logic, exposing you to a high level of risk.

If emotions are left unchecked, big wins are often followed by heavy losses; traders spurred on by a winning streak might open new positions with less consideration and make reckless decisions. **It's important that you have a good grasp of trading psychology and know how to trade effectively. Developing a trading plan and sticking to it is the best way to avoid emotional interference.**

**The next chapter will explain Trading Psychology in detail**

# BASIC RISK MANAGEMENT

## 3. Use capped risk products to trade

### 3. Use capped risk products to trade

Controlled risk products enable you to see your maximum profit and loss upfront.

They are different to leveraged products, where you could lose more than your initial deposit. With binary option contracts, you will know your maximum possible risk and reward before you place your trade.

## ADVANCED RISK MANAGEMENT

### Working out the maximum risk on a single trade

What is the maximum percentage you should expose on a single transaction?

We recommend that 0.50% risk per transaction on any instrument is sensible;

many traders will take steps to ensure they won't lose more than 0.50% of their capital.

The theory behind this is that if you are trading within a directional bias (set of rules) then you are more likely to win more trades. However, if you are rewarded with more than what you risk, you do not have to win every trade.

Thinking in this way can make you a more sensible trader, Here is an example of how this works:

## ADVANCED RISK MANAGEMENT

### Working out the maximum risk on a trade-by-trade basis

1. Let's say you have \$1,000 of trading capital to invest. You need to work out the percentage of this capital that you can afford to place on each of your trades.

- 0.50% of your capital = \$5
- 1% of your capital = \$10
- 5% of your capital = \$50
- 10% of your capital = \$100

## ADVANCED RISK MANAGEMENT

### Working out the maximum risk on a trade-by-trade basis

1. Let's say you have \$1,000 of trading capital to invest. You need to work out the percentage of this capital that you can afford to place on each of your trades.

- 0.50% of your capital = \$5
- However on this transaction the risk is **\$30**, which means overexposure

Indicative price **91.844**

Expires in **9h 3m**

Will **AUD/JPY** finish higher than **91.40**  
@3PM?

150	SELL	NO	YES	BUY	100
79.50 ▼			83.50 ▲		

Show market depth

Order type MARKET ▼

Size

Max loss **\$30.50**

Max profit **\$79.50**

PLACE ORDER

## ADVANCED RISK MANAGEMENT

### Working out the maximum risk on a trade-by-trade basis

1. Let's say you have \$1,000 of trading capital to invest. You need to work out the percentage of this capital that you can afford to place on each of your trades.

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Show market depth

Order type MARKET ▼

Size

Max loss **\$30.50**

Max profit **\$79.50**

PLACE ORDER



## ADVANCED RISK MANAGEMENT

### Working out the maximum risk on a trade-by-trade basis

Once you understand your worst-case scenario and how the risk per trade impacts your overall account value, you must use this information to take a disciplined approach to each and every trade.

When traders fail, it's often not because a series of trades goes against them, but because they decide to 'double-up' and chase the market following their losses.

It's important not to fall into this trap, and to keep each loss at a low percentage of your overall account value. By doing so, you are much less likely to hit the psychological tipping point that has doomed many aspiring traders.

## ADVANCED RISK MANAGEMENT

### Considering the risk compared to the reward

The second important technique for analyzing and understanding risk is to consider it in relation to the possible reward.

For many traders, a 1:2 risk-to-reward ratio is something they feel comfortable with, offering manageable losses and good profit potential. With Binary Options, it's even easier to see a direct comparison between your maximum profit and loss as they are shown on each order ticket.

Binary option contracts always add up to \$100 so you can understand your risk-to-reward profile. If, for example, you choose to buy a binary option contract for \$30 and your order is in-the-money at expiration, you will receive \$100 for the trade. Minus the \$30 capital you put in, this leaves you with a \$70 profit (excluding fees). You can never lose more than you put in, so if the trade finishes out-of-the-money, you will lose your initial \$30 (plus fees) and nothing more.

Indicative price **91.844** Expires in **9h 3m**

Will **AUD/JPY** finish higher than **91.40**  
@3PM?

150	SELL	NO	YES	BUY	100
79.50 ▼			83.50 ▲		

Show market depth

Order type MARKET ▼

Size

Max loss \$30.50  
Max profit \$79.50

PLACE ORDER

Excellent Risk-Reward  
Ratio!



LESSON 4

# TRADING PSYCHOLOGY

# TRADING PSYCHOLOGY

## Controlling Your Emotions

*90 percent of success in trading depends on psychology!*

Controlling your emotions is an essential part of becoming a successful binary options trader.

Over reacting to the ups and downs of a market can cause huge losses or missed opportunities.

It is very common for traders to get attached to both losing and winning trades. For example, a trader who is on losing streak may feel the need to “make up” their losses and start to throw more money at the losing trade. This often causes even greater losses to ensue because fear is taking over.

On the other hand, a trader might get over confident because of a winning trade and start to make decisions that they normally would not. This too often causes traders to lose money because they are acting out of greed. These are the two most common scenarios when it comes to how emotions can affect a trader. This article will give you some suggestions on avoiding these mistakes and keeping your emotions balanced.

# TRADING PSYCHOLOGY:

## Controlling your Emotions

Always stay patient when trading, even if that means looking at the charts for eight hours yet not finding a set-up worth trading.

Exercising patience is the same as exercising rationality, as it's a uniquely human ability and exercises higher-order cognitive functions, and not the more primitive parts of the brain that take over when an individual trades emotionally.

Overtrading is a definite problem for many individuals and is probably the number one trading-related issue that prevents many from becoming good traders.

It only makes sense.

People want to make money quickly and binary options do seem like a good means to rapidly multiply your available capital. Therefore, they trade a lot as if they're trying to compel the markets to make money for them. It takes a certain maturation process to understand that you're not going to become rich right off the bat in trading.

# TRADING PSYCHOLOGY:

## Controlling your Emotions

### Stay Calm

Even professional traders can lose a lot of money if they are not calm. That's because when they are impatient, they make impulsive decisions, which don't work in their favor.

To keep yourself calm while trading, remember three simple things, i.e., investing in the right asset at the right time, have patience till the result is displayed, and trade in small amounts.

# TRADING PSYCHOLOGY:

## Controlling your Emotions

The main task of a beginner and “experienced” trader is self-discipline.

This means that you need to be able to exercise restraint and composure, analyzing the situation in the dynamics of the market.

In addition, it is necessary to use all existing methods so that none of the above items become a stumbling block.

# TRADING PSYCHOLOGY:

## Controlling your Emotions

The reason for failure are high expectations

what we want:  $1+1+1+1+1+1+1+1+1=9$

What the market delivers:  $1+2+8+7-4+0-5+8-4-5+1=9$

"Failure is success in progress"

Dr. Alexander Elder : successful trading should be a little bit boring.



# TRADING PSYCHOLOGY:

## Controlling your Emotions

### Conclusions:

1. Inflated expectations and human weakness - the reason for the defeat of 95% of traders.
2. Emotional trading leads to loss of money, reduce health and destroy relationships.
3. Knowing yourself and your weaknesses - the path to rational trading, and through this acquire stable earnings and a good emotional condition.
4. If applicable to trading as a gambling game - sooner or later people will lose everything. From that as a trader applies to his work formed its expectation. In gambling, the expectation of profit is negative.

# TRADING PSYCHOLOGY:

## Controlling your Emotions

The main task of a beginner and “experienced” trader is self-discipline.

This means that you need to be able to exercise restraint and composure, analyzing the situation in the dynamics of the market.

In addition, it is necessary to use all existing methods so that none of the above items become a stumbling block.



**Warren Buffett** ✓  
@warrenbuffett

If you cannot control your emotions, you cannot control your money.