

# Binary Trading Practice Test Questions and Answers

## 1. What is a binary option in trading?

- A) A complex derivative with multiple outcomes
- B) A financial option with two possible outcomes: fixed payout or nothing
- C) A traditional stock purchase
- D) A long-term investment strategy

## 2. What does "in-the-money" mean for a binary option?

- A) The option has expired worthless
- B) The option's prediction was correct and pays out
- C) The option is still active
- D) The option can be sold early

## 3. Which factor is most important in binary options trading?

- A) The company's dividend history
- B) Market direction prediction and timing
- C) Long-term economic growth
- D) Company management changes

## 4. What is the typical expiration time range for binary options?

- A) Several years
- B) Minutes to hours or days
- C) Only at market close
- D) Never expires

Answers: 1-B 2-B 3-B 4-B

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