candidates should be able to:

Demonstrate knowledge of option exposures. Including:

* Understand option risk exposure diagrams
* Recognize the key characteristics of long and short positions in an underlying asset
* Recognize the key characteristics of call and put exposures
* Recognize the key characteristics of protective put exposures
* Discuss characteristics of option spreads (e.g., bull spreads, bear spreads, and ratio spreads)
* Recognize the key characteristics of option combinations (e.g., straddles, strangles, and the concept of risk reversals)
* Define and apply the concepts of option collars and of put-call parity