

# Options Strategy Atlas

A “melting pot” of strategies mapped to the Greeks

Legend (dominant Greek driver)

Delta / Direction

Gamma / Convexity

Theta / Carry

Vega / Implied Vol

Dominant Greek means: the main risk factor you are deliberately taking (or hedging) *most of the time*. Greek signs are *typical at initiation* (near ATM). They can change with spot, time, and volatility surface moves.

Novice	Intermediate	Advanced	Pro	Expert
<b>BASIC</b>	<b>CREDIT</b>	<b>NAKED</b>	<b>INCOME</b>	<b>RATIO</b>
Long Call	<b>SPREADS</b>	Short Put	Covered Short	<b>SPREADS</b>
Long Put	Bull Put Spread	Short Call	Straddle	Call Ratio
<b>INCOME</b>	Bear Call Spread	<b>NEUTRAL</b>	Covered Short	Spread
Covered Call	<b>DEBIT</b>	Short Straddle	Strangle	Put Ratio
Cash-Secured Put	<b>SPREADS</b>	Short Strangle	<b>DIRECTIONAL</b>	Spread
<b>OTHER</b>	Bull Call Spread	Long Call Condor	Short Call Condor	<b>SYNTHETIC</b>
Protective Put	Bear Put Spread	Long Put Condor	Short Put Condor	Long Synthetic
	<b>NEUTRAL</b>			Future
	Iron Butterfly	<b>DIRECTIONAL</b>	<b>LADDERS</b>	Short Synthetic
	Iron Condor	Inverse Iron Butterfly	Bull Call Ladder	Future
	Long Put Butterfly	Inverse Iron Condor	Bear Call Ladder	Synthetic Put
	Long Call Butterfly		Bull Put Ladder	<b>ARBITRAGE</b>
	<b>CALENDAR</b>	Short Put Butterfly	<b>OTHER</b>	Long Combo
	<b>SPREADS</b>	Short Call Butterfly	Jade Lizard	Short Combo
	Calendar Call Spread	Straddle	Reverse Jade Lizard	<b>OTHER</b>
	Calendar Put Spread	Strangle		Strip
	Diagonal Call Spread	<b>RATIO</b> /		Strap
	Diagonal Put Spread	<b>BROKEN</b>		Guts
		<b>WING</b>		Short Guts
		Call Ratio Backspread		Double Diagonal
		Put Ratio Backspread		
		Call Broken Wing		
		Put Broken Wing		
		Inverse Call Broken Wing		
		Inverse Put Broken Wing		
		<b>OTHER</b>		
		Collar		

## Contents

# 1. Greeks: the mathematical language behind every strategy

## 1.1 Price as a function of state variables

We treat an option value as a function

$$V = V(S, t, \sigma, \dots),$$

where  $S$  is the underlying price,  $t$  is time, and  $\sigma$  is an implied-volatility input.

### Definition

**Core Greeks (continuous-time view).**

$$\Delta = \frac{\partial V}{\partial S}, \quad \Gamma = \frac{\partial^2 V}{\partial S^2}, \quad \Theta = \frac{\partial V}{\partial t}, \quad \nu = \frac{\partial V}{\partial \sigma}.$$

### Practical insight

#### Interpretation.

- **Delta**: directional exposure (small spot moves).
- **Gamma**: convexity (how Delta changes when spot moves).
- **Theta**: time decay / carry (you earn it when short premium, you pay it when long premium).
- **Vega**: sensitivity to implied vol (level + term structure + skew effects).

## 1.2 The “long option vs short option” rule (baseline)

### Practical insight

Near ATM, at initiation:

- **Long options:** typically  $\Delta$  (sign depends)  $\Gamma +$   $\Theta -$   $\nu +$ .
- **Short options:** typically  $\Delta$  (sign depends)  $\Gamma -$   $\Theta +$   $\nu -$ .

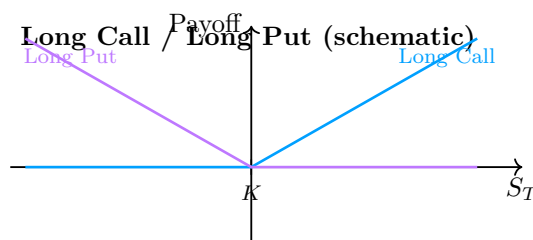
Spreads and multi-leg structures *reshape* this bundle (cap Gamma, reduce Vega, create Theta with defined risk, etc.).

### Pitfall / risk

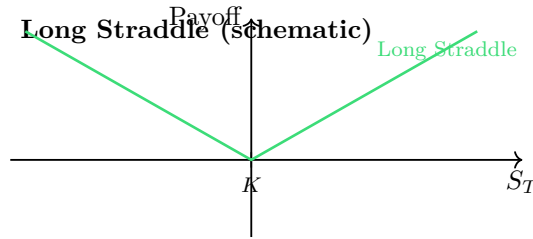
**Greeks move.** A “Theta strategy” can become a “Gamma emergency” when spot approaches a short strike near expiry. Always think **state-dependent risk**.

# 2. Quick payoff intuition (light graphs)

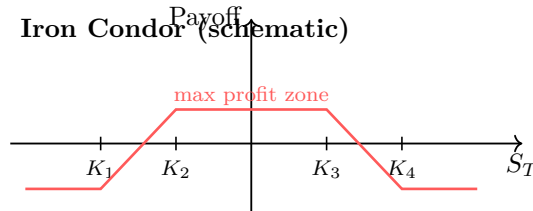
## 2.1 Long call vs long put (expiry payoff)



## 2.2 2.2 Long straddle (expiry payoff)



## 2.3 2.3 Iron condor (schematic payoff shape)



# 3 3. Strategy catalogue (based on your reference screen)

This section is the core: **every strategy** in the screen, and **which Greek(s)** it is designed to trade.

## 3.1 3.1 Novice

### Novice — BASIC

#### Long Call

Primary: Delta

**Greek signature (typical at initiation):**  $\Delta+$   $\Gamma+$   $\Theta-$   $\nu+$

**Structure:** Buy 1 call.

**What you are trading:** Primarily directional upside ( $\Delta$ ), plus convexity ( $\Gamma$ ) and long implied vol ( $\nu$ ).

**Key risks / notes:** You pay  $\Theta$ ; far OTM calls can decay fast; Delta increases with spot due to Gamma.

#### Long Put

Primary: Delta

**Greek signature (typical at initiation):**  $\Delta-$   $\Gamma+$   $\Theta-$   $\nu+$

**Structure:** Buy 1 put.

**What you are trading:** Directional downside hedge ( $\Delta$ ) with crash convexity ( $\Gamma$ ) and long IV exposure ( $\nu$ ).

**Key risks / notes:** Insurance is expensive (Theta bleed). Best when downside move + IV expansion (equity skew).

### Novice — INCOME

#### Covered Call

Primary: Theta

**Greek signature (typical at initiation):**  $\Delta+$   $\Gamma-$   $\Theta+$   $\nu-$

**Structure:** Long stock + short OTM call.

**What you are trading:** You sell time value ( $\Theta$ ) on top of a long-Delta asset.

**Key risks / notes:** Upside is capped; short call adds short Vega and assignment risk; stock downside remains.

### Cash-Secured Put

Primary: Theta

**Greek signature (typical at initiation):**  $\Delta+$   $\Gamma-$   $\Theta+$   $\nu-$

**Structure:** Short put + cash reserved to buy at strike.

**What you are trading:** You collect carry (**Theta**) and accept downside tail risk (short Gamma).

**Key risks / notes:** Large gap down dominates years of small gains; mark-to-market worsens when IV spikes.

## Novice — OTHER

### Protective Put

Primary: Vega

**Greek signature (typical at initiation):**  $\Delta+$   $\Gamma+$   $\Theta-$   $\nu+$

**Structure:** Long stock + long put.

**What you are trading:** You are buying downside convexity and IV (**Vega**) as *insurance*.

**Key risks / notes:** Costs Theta. Choose maturity/strike based on horizon (hedge vs speculation).

## 3.2 3.2 Intermediate

### Intermediate — CREDIT SPREADS

#### Bull Put Spread

Primary: Theta

**Greek signature (typical at initiation):**  $\Delta+$   $\Gamma-$   $\Theta+$   $\nu-$

**Structure:** Sell put  $K_2$ , buy put  $K_1 < K_2$  (net credit).

**What you are trading:** Theta harvesting with defined loss; still short Gamma/Vega but capped.

**Key risks / notes:** Fast losses on selloffs; avoid selling into events; size to survive worst-case move.

#### Bear Call Spread

Primary: Theta

**Greek signature (typical at initiation):**  $\Delta-$   $\Gamma-$   $\Theta+$   $\nu-$

**Structure:** Sell call  $K_1$ , buy call  $K_2 > K_1$  (net credit).

**What you are trading:** Income from time decay; short gamma near the short call.

**Key risks / notes:** Rally risk; equity dividends can affect early assignment.

### Intermediate — DEBIT SPREADS

#### Bull Call Spread

Primary: Delta

**Greek signature (typical at initiation):**  $\Delta+$   $\Gamma+$   $\Theta-$   $\nu+$

**Structure:** Buy call  $K_1$ , sell call  $K_2 > K_1$  (net debit).

**What you are trading:** Directional trade with reduced Vega/Theta vs naked call; capped upside.

**Key risks / notes:** You give up tail upside; performance depends on ending spot region.

#### Bear Put Spread

Primary: Delta

**Greek signature (typical at initiation):**  $\Delta-$   $\Gamma+$   $\Theta-$   $\nu+$

**Structure:** Buy put  $K_2$ , sell put  $K_1 < K_2$  (net debit).

**What you are trading:** Directional downside with reduced Vega/Theta vs naked put; capped

downside profit.

**Key risks / notes:** Selling the lower strike gives up deep-crash payoff.

## Intermediate — NEUTRAL

### Iron Butterfly

Primary: Theta

**Greek signature (typical at initiation):**  $\Delta 0$   $\Gamma -$   $\Theta +$   $\nu -$

**Structure:** Short ATM straddle + long wings (defined risk).

**What you are trading:** Core thesis is positive Theta; you are short Gamma and short Vega around ATM.

**Key risks / notes:** Near expiry, tiny spot moves create large delta swings; needs active management.

### Iron Condor

Primary: Theta

**Greek signature (typical at initiation):**  $\Delta 0$   $\Gamma -$   $\Theta +$   $\nu -$

**Structure:** Short OTM put spread + short OTM call spread.

**What you are trading:** Range-bound income: sell Theta, accept short Gamma/Vega (but defined wings).

**Key risks / notes:** Breakouts / event gaps are the enemy; manage early, not at the last day.

### Long Put Butterfly

Primary: Gamma

**Greek signature (typical at initiation):**  $\Delta 0$   $\Gamma +$   $\Theta (\text{often } +)$   $\nu (\text{often } -)$

**Structure:** Put butterfly (buy 1, sell 2, buy 1) with symmetric strikes.

**What you are trading:** Targeted convexity around the body; often short vega; profit if spot pins near middle.

**Key risks / notes:** Very spot-location dependent; do not treat as “set and forget”.

### Long Call Butterfly

Primary: Gamma

**Greek signature (typical at initiation):**  $\Delta 0$   $\Gamma +$   $\Theta (\text{often } +)$   $\nu (\text{often } -)$

**Structure:** Call butterfly (buy 1, sell 2, buy 1).

**What you are trading:** Same logic: gamma concentrated in a band; often short vega.

**Key risks / notes:** Pin risk and sensitivity explode close to expiry.

## Intermediate — CALENDAR SPREADS

### Calendar Call Spread

Primary: Vega

**Greek signature (typical at initiation):**  $\Delta 0$   $\Gamma (\text{often } -)$   $\Theta (\text{often } +)$   $\nu +$

**Structure:** Sell short-dated call, buy longer-dated call (same strike).

**What you are trading:** A term-structure trade: typically long Vega, often positive Theta near ATM.

**Key risks / notes:** Front-month IV spikes (earnings) can hurt; delta changes if spot drifts away.

### Calendar Put Spread

Primary: Vega

**Greek signature (typical at initiation):**  $\Delta 0$   $\Gamma (\text{often } -)$   $\Theta (\text{often } +)$   $\nu +$

**Structure:** Sell short-dated put, buy longer-dated put.

**What you are trading:** Same Vega thesis with put-side skew effects.

**Key risks / notes:** Selloffs stress the short put; assignment risk must be handled.

### Diagonal Call Spread

Primary: Vega

Greek signature (typical at initiation):  $\Delta +$   $\Gamma$  (often -)  $\Theta$  (often +)  $\nu +$

Structure: Calendar with different strikes (adds delta tilt).

What you are trading: Trade Vega/term structure plus a directional component.

Key risks / notes: More parameters: define which factor is your true thesis (spot vs IV).

### Diagonal Put Spread

Primary: Vega

Greek signature (typical at initiation):  $\Delta -$   $\Gamma$  (often -)  $\Theta$  (often +)  $\nu +$

Structure: Put diagonal (bearish tilt).

What you are trading: Vega + bearish tilt, sensitive to skew moves.

Key risks / notes: Strong downside move can dominate Greeks; stress scenarios.

## 3.3 3.3 Advanced

### Advanced — NAKED

#### Short Put

Primary: Theta

Greek signature (typical at initiation):  $\Delta +$   $\Gamma -$   $\Theta +$   $\nu -$

Structure: Sell 1 put (unhedged).

What you are trading: Pure Theta selling: short Vega and short Gamma on downside.

Key risks / notes: Tail risk is real. A single crash can wipe years of carry.

#### Short Call

Primary: Theta

Greek signature (typical at initiation):  $\Delta -$   $\Gamma -$   $\Theta +$   $\nu -$

Structure: Sell 1 call (unhedged).

What you are trading: Theta selling with potentially unlimited upside loss.

Key risks / notes: Usually only done with strict limits or dynamic hedging.

### Advanced — NEUTRAL

#### Short Straddle

Primary: Theta

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma -$   $\Theta +$   $\nu -$

Structure: Sell ATM call + sell ATM put.

What you are trading: Max theta / max short gamma near ATM: you sell volatility.

Key risks / notes: Gap risk + IV expansion are brutal; requires risk limits and hedging discipline.

#### Short Strangle

Primary: Theta

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma -$   $\Theta +$   $\nu -$

Structure: Sell OTM call + sell OTM put.

What you are trading: Same theta thesis with wider range (less gamma than straddle).

Key risks / notes: Tail risk remains; mark-to-market worsens when IV rises.

#### Long Call Condor

Primary: Gamma

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma +$   $\Theta$  (often 0)  $\nu$  (often -)

Structure: 4-leg call condor (targeted payoff).

What you are trading: Gamma concentrated in a region; often short vega.

Key risks / notes: Path-dependent; Greeks flip as spot moves.

### Long Put Condor

Primary: Gamma

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma +$   $\Theta (\text{often } 0)$   $\nu (\text{often } -)$

Structure: Put condor.

What you are trading: Same: targeted convexity; often short vega.

Key risks / notes: Not intuitive: always plot and stress.

## Advanced — DIRECTIONAL (Long-vol variants)

### Inverse Iron Butterfly

Primary: Vega

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma +$   $\Theta -$   $\nu +$

Structure: Long straddle + short wings (reverse iron fly).

What you are trading: Long Gamma/Vega: you want movement and/or IV up.

Key risks / notes: Theta bleed; can be expensive; strong state dependence.

### Inverse Iron Condor

Primary: Vega

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma +$   $\Theta -$   $\nu +$

Structure: Buy OTM call spread + buy OTM put spread (debit).

What you are trading: Long Vega + long Gamma: breakout / realized vol trade.

Key risks / notes: If nothing happens, you lose (theta).

### Straddle

Primary: Gamma

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma +$   $\Theta -$   $\nu +$

Structure: Buy ATM call + buy ATM put.

What you are trading: Trade convexity + IV: big-move strategy.

Key risks / notes: Needs realized vol above implied (or IV expansion) to win.

### Strangle

Primary: Gamma

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma +$   $\Theta -$   $\nu +$

Structure: Buy OTM call + buy OTM put.

What you are trading: Cheaper convexity; needs larger move.

Key risks / notes: Lower gamma near spot, but still theta-negative.

### Short Put Butterfly

Primary: Theta

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma -$   $\Theta +$   $\nu (\text{often } 0)$

Structure: Sell a put butterfly (often for credit).

What you are trading: Theta harvesting with shaped risk; short gamma region near body.

Key risks / notes: Payoff can be non-obvious; worst region may sit between strikes.

### Short Call Butterfly

Primary: Theta

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma -$   $\Theta +$   $\nu (\text{often } 0)$

Structure: Sell a call butterfly (often for credit).

What you are trading: Similar: theta positive, short gamma around body.

Key risks / notes: Near expiry, risk becomes very “spiky”.

## Advanced — RATIO / BROKEN WING

### Call Ratio Backspread

Primary: Gamma

Greek signature (typical at initiation):  $\Delta +$   $\Gamma +$   $\Theta -$   $\nu +$

**Structure:** Sell 1 call (near ATM) + buy 2 calls (OTM).

**What you are trading:** Upside convexity: long gamma beyond the long strike(s); often long vega.

**Key risks / notes:** There is typically a “valley” region around the short strike; manage carefully.

### Put Ratio Backspread

Primary: Gamma

**Greek signature (typical at initiation):**  $\Delta-$   $\Gamma+$   $\Theta-$   $\nu+$

**Structure:** Sell 1 put (near ATM) + buy 2 puts (lower).

**What you are trading:** Downside convexity + often long vega.

**Key risks / notes:** Slow drift can hurt; tail event helps.

### Call Broken Wing

Primary: Gamma

**Greek signature (typical at initiation):**  $\Delta 0$   $\Gamma+$   $\Theta$  (often  $+$ )  $\nu$  (often  $-$ )

**Structure:** Asymmetric call butterfly: one wing moved further.

**What you are trading:** Targeted gamma in a region; sometimes designed for cheap entry/credit.

**Key risks / notes:** Asymmetry makes max-loss region less intuitive; always compute worst-case.

### Put Broken Wing

Primary: Gamma

**Greek signature (typical at initiation):**  $\Delta 0$   $\Gamma+$   $\Theta$  (often  $+$ )  $\nu$  (often  $-$ )

**Structure:** Asymmetric put butterfly.

**What you are trading:** Same idea: shape payoff and reduce cost.

**Key risks / notes:** Still very spot-dependent; beware near expiry.

### Inverse Call Broken Wing

Primary: Theta

**Greek signature (typical at initiation):**  $\Delta 0$   $\Gamma-$   $\Theta+$   $\nu$  (often  $0$ )

**Structure:** “Sell” the broken-wing structure (credit style).

**What you are trading:** Theta harvesting with non-linear risk.

**Key risks / notes:** Easy to misunderstand: plot it and identify max loss explicitly.

### Inverse Put Broken Wing

Primary: Theta

**Greek signature (typical at initiation):**  $\Delta 0$   $\Gamma-$   $\Theta+$   $\nu$  (often  $0$ )

**Structure:** Inverse broken-wing on puts (credit style).

**What you are trading:** Theta strategy with shaped downside/upside.

**Key risks / notes:** Sizing matters; can still be nasty in fast moves.

## Advanced — OTHER

### Collar

Primary: Delta

**Greek signature (typical at initiation):**  $\Delta+$   $\Gamma$  (low)  $\Theta$  (varies)  $\nu$  (varies)

**Structure:** Long stock + long put + short call (financed hedge).

**What you are trading:** Primarily a Delta-risk shaping tool: keep exposure, cap upside, protect downside.

**Key risks / notes:** Short call introduces assignment and short vega; hedge effectiveness depends on strikes.

### 3.4 3.4 Pro

#### Pro — INCOME

##### Covered Short Straddle

Primary: Theta

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma -$   $\Theta +$   $\nu -$

Structure: Short straddle + stock overlay (implementation varies).

What you are trading: Still mainly theta selling; stock overlay changes delta exposure.

Key risks / notes: Do not confuse “covered” with “safe”: gamma/vega risk remains.

##### Covered Short Strangle

Primary: Theta

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma -$   $\Theta +$   $\nu -$

Structure: Short strangle + stock overlay.

What you are trading: Same thesis: carry harvesting with adjusted delta.

Key risks / notes: Tail risk remains; margin and hedging discipline required.

#### Pro — DIRECTIONAL

##### Short Call Condor

Primary: Theta

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma -$   $\Theta +$   $\nu -$

Structure: Call-side condor credit.

What you are trading: Theta income with defined wings; short gamma around short strikes.

Key risks / notes: Rally can push you into the short side quickly.

##### Short Put Condor

Primary: Theta

Greek signature (typical at initiation):  $\Delta 0$   $\Gamma -$   $\Theta +$   $\nu -$

Structure: Put-side condor credit.

What you are trading: Same structure, downside skew is the common risk factor.

Key risks / notes: Downside tail remains even if defined; size for worst-case.

#### Pro — LADDERS

##### Bull Call Ladder

Primary: Delta

Greek signature (typical at initiation):  $\Delta +$   $\Gamma (\text{often } -)$   $\Theta (\text{often } +)$   $\nu (\text{often } -)$

Structure: Typical idea: buy 1 call, sell 2 calls at higher strikes (variants exist).

What you are trading: Directional structure with short gamma beyond the highest short strike.

Key risks / notes: Naming is inconsistent across desks: always define legs explicitly.

##### Bear Call Ladder

Primary: Delta

Greek signature (typical at initiation):  $\Delta -$   $\Gamma (\text{often } -)$   $\Theta (\text{often } +)$   $\nu (\text{often } -)$

Structure: Call ladder variant with bearish tilt (variants exist).

What you are trading: Often a directional + carry shape with short gamma region.

Key risks / notes: Plot required; risk can be unlimited depending on legs.

##### Bull Put Ladder

Primary: Delta

Greek signature (typical at initiation):  $\Delta +$   $\Gamma (\text{often } -)$   $\Theta (\text{often } +)$   $\nu (\text{often } -)$

Structure: Put ladder with staged strikes (variants exist).

What you are trading: Directional bullish + carry with shaped downside exposure.

Key risks / notes: Can hide large tail risk; define max loss carefully.

### Bear Put Ladder

Primary: Delta

Greek signature (typical at initiation):  $\Delta-$   $\Gamma$  (often  $-$ )  $\Theta$  (often  $+$ )  $\nu$  (often  $-$ )

Structure: Bearish ladder on puts (variants exist).

What you are trading: Directional bearish profile, can include short gamma zones.

Key risks / notes: Always compute payoff endpoints and worst-case.

## Pro — OTHER

### Jade Lizard

Primary: Theta

Greek signature (typical at initiation):  $\Delta+$   $\Gamma-$   $\Theta+$   $\nu-$

Structure: Short OTM put + short OTM call spread.

What you are trading: Income with “no upside risk” if credit covers call-spread width.

Key risks / notes: Downside risk is real (short put). Still short vega/gamma.

### Reverse Jade Lizard

Primary: Theta

Greek signature (typical at initiation):  $\Delta-$   $\Gamma-$   $\Theta+$   $\nu-$

Structure: Short OTM call + short OTM put spread.

What you are trading: Income with shaped downside (depending on credit condition).

Key risks / notes: Upside risk from short call; define the credit condition precisely.

## 3.5 3.5 Expert

## Expert — RATIO SPREADS

### Call Ratio Spread

Primary: Theta

Greek signature (typical at initiation):  $\Delta+$   $\Gamma$  (can flip)  $\Theta+$   $\nu-$

Structure: Typically 1x2 call ratio (buy 1, sell 2) or desk variant.

What you are trading: Often built for credit/theta but can create short gamma above a region.

Key risks / notes: Can have unlimited upside loss depending on strikes. Must be risk-limited.

### Put Ratio Spread

Primary: Theta

Greek signature (typical at initiation):  $\Delta-$   $\Gamma$  (can flip)  $\Theta+$   $\nu-$

Structure: Typically 1x2 put ratio (buy 1, sell 2) or variant.

What you are trading: Carry profile with potential short gamma on large downside beyond region.

Key risks / notes: Downside tail can explode. Without hedging/limits this is dangerous.

## Expert — SYNTHETIC

### Long Synthetic Future

Primary: Delta

Greek signature (typical at initiation):  $\Delta+$   $\Gamma 0$   $\Theta 0$   $\nu 0$

Structure: Buy call + sell put (same  $K, T$ ).

What you are trading: Forward-like linear exposure: mainly Delta.

Key risks / notes: Carry/dividends/funding matter in practice.

### Short Synthetic Future

Primary: Delta

**Greek signature (typical at initiation):**  $\Delta-$   $\Gamma 0$   $\Theta 0$   $\nu 0$

**Structure:** Sell call + buy put (same  $K, T$ ).

**What you are trading:** Short forward-like exposure: mainly Delta.

**Key risks / notes:** Same practical risks: financing, borrow, assignment.

### Synthetic Put

Primary: Delta

**Greek signature (typical at initiation):**  $\Delta-$   $\Gamma+$   $\Theta-$   $\nu+$

**Structure:** Parity replication (e.g., long call + short stock + cash).

**What you are trading:** Economically similar to a long put (downside convexity).

**Key risks / notes:** Implementation depends on funding/borrow; check carry carefully.

## Expert — ARBITRAGE

### Long Combo

Primary: Delta

**Greek signature (typical at initiation):**  $\Delta+$   $\Gamma 0$   $\Theta 0$   $\nu 0$

**Structure:** Commonly: long call + short put (often same  $K, T$ ; variants exist).

**What you are trading:** Forward-like Delta; in variants (different strikes) it can be a skew trade.

**Key risks / notes:** Define your exact legs: same name, different risks depending on desk convention.

### Short Combo

Primary: Delta

**Greek signature (typical at initiation):**  $\Delta-$   $\Gamma 0$   $\Theta 0$   $\nu 0$

**Structure:** Short call + long put (often same  $K, T$ ).

**What you are trading:** Short forward-like Delta (or skew exposure in variants).

**Key risks / notes:** Funding and assignment practicalities dominate the real risk.

## Expert — OTHER

### Strip

Primary: Gamma

**Greek signature (typical at initiation):**  $\Delta-$   $\Gamma+$   $\Theta-$   $\nu+$

**Structure:** Long 1 call + long 2 puts.

**What you are trading:** Long convexity with bearish bias (more downside sensitivity).

**Key risks / notes:** Theta-negative; used as downside crash convexity.

### Strap

Primary: Gamma

**Greek signature (typical at initiation):**  $\Delta+$   $\Gamma+$   $\Theta-$   $\nu+$

**Structure:** Long 2 calls + long 1 put.

**What you are trading:** Long convexity with bullish bias.

**Key risks / notes:** Still theta-negative; needs movement/IV.

### Guts

Primary: Gamma

**Greek signature (typical at initiation):**  $\Delta 0$   $\Gamma+$   $\Theta-$   $\nu+$

**Structure:** Long ITM call + long ITM put.

**What you are trading:** Straddle-like but with more intrinsic; still long gamma/vega.

**Key risks / notes:** Expensive; not as “pure vol” as ATM straddle.

### Short Guts

Primary: Theta

**Greek signature (typical at initiation):**  $\Delta 0$   $\Gamma -$   $\Theta +$   $\nu -$

**Structure:** Short ITM call + short ITM put.

**What you are trading:** Short vol carry with more intrinsic exposure.

**Key risks / notes:** Still big gap risk + big margin + short vega/gamma.

### Double Diagonal

Primary: Vega

**Greek signature (typical at initiation):**  $\Delta 0$   $\Gamma (\text{often } 0)$   $\Theta +$   $\nu +$

**Structure:** Combine a call diagonal + put diagonal (common implementation).

**What you are trading:** Designed to be long Vega/term-structure while controlling Theta.

**Key risks / notes:** Highly surface-dependent (skew + term structure). Stress test scenarios.

## 4 4. Final checklist: “which Greek am I really trading?”

### Practical insight

Before you place a trade, answer:

1. Is my dominant risk factor **Delta**, **Gamma**, **Theta**, or **Vega**?
2. Where is my **short gamma region** (if any)? What happens if spot jumps there?
3. What happens if **implied vol shifts** and if **skew steepens**?
4. What happens if nothing happens (pure Theta carry)?
5. Do I know the **max loss** (defined-risk structures) or the margin worst-case (undefined)?