

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

Compiled to stay within Overleaf free compile limits: no pgfplots, lightweight TikZ only.

Contents

1 1. Greeks: the mathematical language behind every strategy

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

Practical insight

Near ATM, at initiation:

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

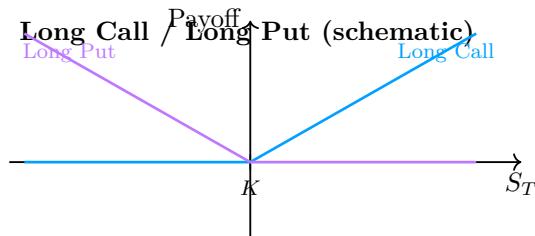
Spreads and multi-leg structures *reshape* this bundle (cap Gamma, reduce Vega, create Theta with defined risk, etc.).

Pitfall / risk

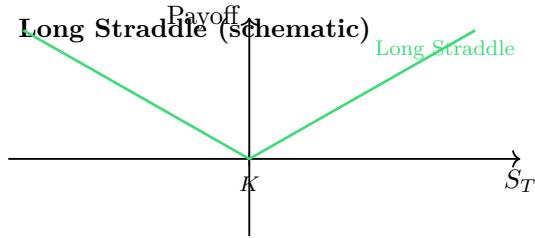
Greeks move. A “Theta strategy” can become a “Gamma emergency” when spot approaches a short strike near expiry. Always think **state-dependent risk**.

2 2. Quick payoff intuition (light graphs)

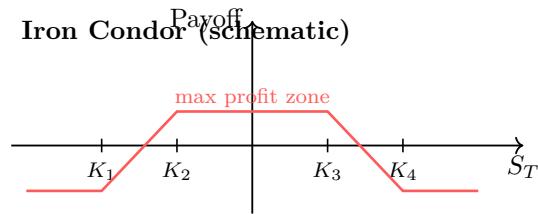
2.1 2.1 Long call vs long put (expiry payoff)



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 (**Vega**).

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 (**Vega**).

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): $\Delta+$ $\Gamma(\text{often } -)$ $\Theta(\text{often } +)$ $\nu+$

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): $\Delta-$ $\Gamma(\text{often } -)$ $\Theta(\text{often } +)$ $\nu+$

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 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): $\Delta 0$ $\Gamma+$ $\Theta(\text{often } 0)$ $\nu(\text{often } -)$

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): $\Delta 0$ $\Gamma +$ $\Theta (\text{often } +)$ $\nu (\text{often } -)$

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): $\Delta 0$ $\Gamma +$ $\Theta (\text{often } +)$ $\nu (\text{often } -)$

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): $\Delta 0$ $\Gamma -$ $\Theta +$ $\nu (\text{often } 0)$

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): $\Delta 0$ $\Gamma -$ $\Theta +$ $\nu (\text{often } 0)$

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

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

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

Advanced — OTHER

Collar

Primary: Delta

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

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): Δ^- $\Gamma(\text{often } -)$ $\Theta(\text{often } +)$ $\nu(\text{often } -)$

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): Δ^+ Γ^- Θ^+ ν^-

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): Δ^- Γ^- Θ^+ ν^-

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): Δ^+ $\Gamma(\text{can flip})$ Θ^+ ν^-

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): Δ^- $\Gamma(\text{can flip})$ Θ^+ ν^-

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): Δ^+ $\Gamma 0$ $\Theta 0$ $\nu 0$

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)?