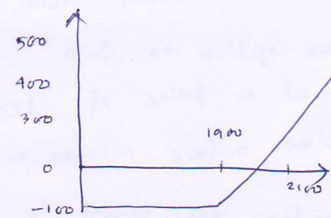
A third variety is called call-cum-put option
(Teji-Mandi – Indian version)

A enters into a contract with B, whereby he has the option to buy or sell 100 ounce of gold at \$1400 per ounce any time before 1 November. For granting this option, B charg a premium of \$ 31 from A.

pay off of option strategy



current spot price = 1900
premium for SBC call = 100 (with 1900 strike price)

Stock price at expiry	premium paid	gain by exercising option	net gain
1500	-100	0	-100
1700	-100	0	-100
1900	-100	0	-100
2100	-100	200	100
2300	-100	400	300