

Short Strangle Strategy Rules and Constraints

1. Market Conditions:

- Implied Volatility (IV) should be above the 50th percentile.
- Avoid entering before major events (earnings, policy announcements).
- Do not trade before 9:30 AM to avoid initial volatility.

2. Strike Selection:

- Sell Call Strike at 15-20 Delta.
- Sell Put Strike at 15-20 Delta.
- Ideally, strikes should be outside the 1 Standard Deviation range.

3. Management:

- Exit if loss exceeds 2x the credit received.
- Adjust strikes if the spot price breaches one of the breakeven points.
- Take profit at 50% max profit.