Call option user flow

ETH:DAI pair

Option Seller

Option Seller

Options Instrument

Writing a Call option

Locks ETH as collateral

Mint equivalent **PodCall**

Options AMM

Selling the option

Sell it on the AMM for a premium

Buy **PodCalls** on AMM paying a premium

Buying the option

By doing so the seller was able to generate additional returns on it's idle assets (ETH). It is important to notice that it agreed to maybe sell ETH at the strike price by expiration date.

If it the option is still valid.
Is the option *in-the-money*?

Evaluating if it makes sense to exercise the option

Options Instrument

No

Yes

It makes no sense to exercise. Seller may get the collateral back after the exercise window closes.

Buyer may exercise the option.

Exercising an option

Settle the option by receiving the equivalent in DAI and PodCalls. By the end of the settlement PodCalls are burned.

Buyer has to deliver PodCalls + equivalent DAI in order to exercise the option.

Physical settlement happens in the case of exercise.

The seller can withdraw its equivalent amount of DAI after the window of exercise has ended.