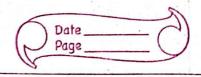
Options -> It is an agreement between two parties to buy or sell an anet at a predetermined future date for a specific price and here the buyer is not obliged to excerce their agreement to buyer is not Typer of options: P Call options (RY) Port options It gives the holder the 94 gives the holder night to buy the the ignt to sell the most to buy the the right to sell to underlying anset at underlying anset the strike price at at the price. Key differences from futures and equity!—

(5) options provide the right but not the obligation to buy or sell but in future both parties are obliged to fulfill the terms of contract. (3) In option buying maximon portential low is equal to promite paid whereas in eguity unlimited loses can happen ? to stark delines: and also same can happen en futures also,



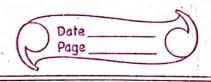
	(ili) option have United Ufespan whereas
GTA.	en poulty it represents
BW N	Ownership in a company and can
	be held indefinitely.
, squ	By Option gives of tentstity compane to
	be held indefinitely. (iv) Option gives a flexibility compane to Authore and equity.
1	
(2)	There are many factors which affect the premium of option prices.
	affect the premium of option prices.
· · · · · · · · · · · · · · · · · · ·	first let's trink of an example of
	a only saling in the sea. The speed
ر الأريد	at which the only early (anime speed =
	premium) depend on various forces such
370	as wind speed , sea neater density, sea
3179	pressure and power of the sup, some
	fores tend to Increase the speed while
-	some fend to decrease. The ship boutter
M.C.	optimal earling speed likewise the
	optimal lailing speed likewhile the
11111	premium of option depends on contain
	formes couled at the option Greeks.
15 a	lome option greeks tend to increase the
1.1.	option premium white some try to reduce
1,000	mainly, option with longer expiration
	pendeds have high premium because they
	penhads have high premium because they offer mal time for the underlying emet to
	more en a favorable direction.

Case-1: Strike price = 13000

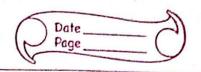
spot price is sufficiently

By the use of long ITM call option toader

an buy the stock at 13000 and Sell it at an infinitely higher price Cone-2: state price = 15000 spot price as infinity Here also trader can buy the stock at 15000 and sell statan infinitely higher profee but one things can be noted by that the profit is lower than the case I. Case-3: style price = 14000 Spot price & Infinity. Here, Wader will go in lon became trader the lander bryer of call aption would exercise them and trader have to sell the Stock at 14000, which is much lower than the spot price.



(4)	Strike price = 1000
	(a) spot price = 400
e e di	
	Intrinsic (IV) = spot price - strike value Price
all of the	(for call option) = 700-1000
	= -200
	But Iv & never negative 10, 1v=0.
	Profit = mare [o, (spot - strike)] - premius Logs Logs Profit = price price price)
NAR.	Plh = - premium pald
5-23-1-	Plh = - premium pold
	1 v for put option = striper - spot price
	c 1000 - 700
	Profit & lon = [max (0, [000-700)] - Prontum pared
A CONTRACT	(PSL) = 300 - premi on pard
1 1 1 1 1 1 1	[[]]
	(b) spot price =1100
No. of the con-	P&L (Call) = Mass [0, (1100-1000)] - prendry pars
	= 100 - premium Rated
	00. 10.11
	P&L (Port) = man [0,(1000,71100)] - premin pard = 0 - premin = - promin pard.
	= 0 - premen = - promer pald.
	[18] : : : [18] [18] [18] : [18] : : : : [18] [18] : : : [18] : [18] : [18] : [18] : [18] : [18] : [18] : [18]



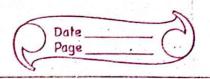
Stoke	Drice	11	a,	Ь	
mondon	1	S	×	r t	(X)
P			310 777		

Strike price of b = a+c >) a=2b+

dince we know in general the premium tends to decrease as the strike proce.

increases, so y & expected to be

less than the average of x and z



(6)	premium = 5 \$ strike price = 100 \$
	strike price = 100\$
	The state of the s
	(a) stock price = 90\$
	The state of the s
	IV = stock price - 1 mike price
Jules XV	20-100 = -10 Standard
	= 0 (Never re)
2000	strike price > courprie
	→ OTM
8	
	Time value = Pronsim - IN
	<u> </u>
	(b) stock price = 105\$
	IV = 105-100 = 5\$
	Place value = 5-5 = 0
	stancprice > struce price
7 - 7 - 7 - 7 - 7 - 7 - 7 - 7 - 7 - 7 -	D) ITM
	potential
	Here the map my loss can be unlimited
	in case of selling options. Margin
	regularement for telling a naked call option
	is usually based an potential loss.
	John Marin Marin
- 11	