**Options II class notes**

**Strategies**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **#** | **Category** | **Strategy** | **Description** | **Example Stocks** | **Remarks** |
| 1 | Vertical Spreads | Bull Call |  |  |  |
| 2 | Vertical Spreads | Bear PUT |  |  |  |
| **3** | Vertical Spreads | Bull PUT |  |  |  |
| **4** | Vertical Spreads | Bear Call |  |  |  |
| **5** | **Straddle** | **Long Straddle** |  |  |  |
| **6** |  | **Short Straddle** |  |  |  |
| **7** | **Strangle** | **Long Strangle** |  |  |  |
| **8** | **Strangle** | **Short Strangle** |  |  |  |
| **9** | **Iron Condor** |  |  |  |  |
| **10** | **Debit Condor** |  |  |  |  |
|  |  |  |  |  |  |
| **11** | **Horizontal Spreads** |  |  |  |  |
| **12** | **Diagonal Spreads** |  |  |  |  |
| **13** | **Bullish Risk Reversal** |  |  |  |  |
| **14** | **Bearish Risk Reversal** |  |  |  |  |
| **15** | **Butterfly** | **Long Butterfly** |  |  |  |
| **16** |  | **Short Butterfly** | **We don’t care which direction stock guys. Its volatility trade** |  | **Inverted butterfly** |
|  |  |  |  |  |  |

**Tools Used**

|  |  |  |
| --- | --- | --- |
| **#** | Tool Name | Remarks |
| 1 | Think Or Swim |  |
| **2** | **Options Xpress** | **Provides API support**  [**https://www.programmableweb.com/api/optionsxpress**](https://www.programmableweb.com/api/optionsxpress) |
| **3** | **Cboe.com** |  |
| **4** | [**www.ivolatility.com**](http://www.ivolatility.com) |  |
| **5** | [**www.finviz.com**](http://www.finviz.com) |  |
| **6** | [**https://www.interactivebrokers.com/en/home.php**](https://www.interactivebrokers.com/en/home.php) |  |
| **7** | **Google Finance APIs** |  |
| **8** | **Robinhood APIs** |  |
| **9** | [**https://www.theocc.com/**](https://www.theocc.com/) | **Options Clearing Club (OCC) is a regulating body for options like FDIC for banks. They guarantee the option price execution**  **Call 888 OPTIONS for any questions. They are Options Industry Council** |

**Action Items**

|  |  |  |
| --- | --- | --- |
| **#** | **Task** | **Status** |
| **1** | **Open Fidelity LLC account / Mail papers** |  |
| **2** | **Open Robinbood LLC account** |  |
| **3** | **Open IB LLC account** |  |
| **4** | **Open WellsFargo business account** |  |
| **5** | **Open UnionBank business account** |  |
|  |  |  |
| **6** | **Pay 800 to CA for LLC fees** |  |
| **7** | **Sign up for Bear Market Survival Guide** |  |
| **8** | **Get into Value Investment Club group** |  |

**Risk Graphs**

**Buy CALL**

**Lessons To Be Learned from Others Mistakes**

1. You don’t need to make money on same position you lost.
2. Ticker symbol EGO is never a good investment / strategy. Go logical and practical and chartical
3. If time is hurting the trade, its called negative theta trade. Example is buying CALL.
4. If stock price growth hurts trade, its called negative delta trade. Example is buying PUTs.
5. People even lost 99% by becoming over confident or by selling the calls or by being overly judgmental on one direction.
6. **Key word => OBLIGATION => Unlimited Risk**
7. **Always see Max Profit, Max Loss and Break Even**
8. **If you are ultra bullish**
9. **Its almost suicidal to sell a stock before ER**

**System Development Points**

1. Always fill Max Profit, Max Loss and Break Even price and draw Risk Graph
2. Can we automate the given trade?
3. **Outlooks =>**
   1. Bullish
   2. Bearish
   3. Neutral
   4. Bi-Directional but care direction
   5. Bi-Directinal but don’t care direction (pure volatility trade)
4. Strategies Summary

