**🧠 Goal:**

**You own 100 shares of COIN at $100. You want cheap insurance against a sudden drop, using 0.15 delta puts with 30–40 days to expiration (DTE).**

**Find a 0.15 Delta Put**

* **Let's say the 0.15 delta put corresponds to a strike around $80 (could vary depending on IV, DTE).**
* **So you'd buy a COIN $80 Put expiring in ~30-40 days.**
* **Check the option chain to confirm the delta — you'd typically find this info on most trading platforms.**

**2. Buy 1 Put Contract**

* **Each contract covers 100 shares, so 1 put protects your full position.**
* **This limits your downside below $80. If COIN crashes, the put increases in value, offsetting some (or a lot) of your losses.**

**3. Premium Cost**

* **Let’s assume the $80 put costs $1.00 per share (so $100 per contract).**
* **That’s your insurance premium.**

**How It Plays Out**

| **Scenario** | **COIN Price at Expiration** | **Your Stock Value** | **Put Value (approx)** | **Net Position Value** |
| --- | --- | --- | --- | --- |
| **Base case** | **$100** | **$10,000** | **$0** | **$10,000 - $100 = $9,900** |
| **Mild drop** | **$90** | **$9,000** | **~$0.50** | **$9,050 - $100 = $8,950** |
| **Big drop** | **$75** | **$7,500** | **~$5.00** | **$8,000 - $100 = $7,900** |
| **Crash** | **$60** | **$6,000** | **~$20.00** | **$8,000 - $100 = $7,900** |

**📌 *So instead of dropping to $6,000, your hedge cushions you back to ~$7,900.***

**✅ Pros:**

* **Cheap protection from crashes**
* **Keeps upside open**
* **You know your max loss (strike - premium)**

**⚠️ Cons:**

* **You’ll lose the premium if COIN stays above $80**
* **Doesn’t help much on small drops (but that’s expected)**

**###############################################################################################################**

**Here's a quick framework for calculating how many 0.15 delta puts you'd need to hedge any portfolio size of COIN (or other stocks).**

**Core Formula**

**Let’s define a few variables:**

| **Variable** | **Description** |
| --- | --- |
| **P** | **Number of shares you own (e.g. 100)** |
| **Δ** | **Delta of the put (e.g. -0.15)** |
| **C** | **Contracts needed** |
| **Hedge Ratio** | **Portion of your position you want to hedge (e.g. 1.0 for 100%)** |

**Since each put option covers 100 shares, the formula is:**

**C = (P × Hedge Ratio) ÷ (|Δ| × 100)**

**Example 1: Hedge 100 COIN shares (fully)**

* **You own 100 shares**
* **Use 0.15 delta puts**
* **Want to hedge 100%**

**Plug in:**

**C = (100 × 1.0) ÷ (0.15 × 100)  
C = 100 ÷ 15 = 6.67 contracts**

**➡️ You’d round up to 7 contracts for full coverage.**

**🧮 Spreadsheet Format**

**Here’s something you can copy into Excel/Sheets:**

| **Shares Owned** | **Put Delta** | **Hedge %** | **Contracts Needed** |
| --- | --- | --- | --- |
| **100** | **-0.15** | **1.0** | **=ROUNDUP((A2\*C2)/(ABS(B2)\*100), 0)** |
| **200** | **-0.15** | **1.0** | **=ROUNDUP((A3\*C3)/(ABS(B3)\*100), 0)** |
| **500** | **-0.15** | **0.5** | **=ROUNDUP((A4\*C4)/(ABS(B4)\*100), 0)** |

* **A: Number of shares**
* **B: Delta (always negative for puts, but use ABS)**
* **C: Desired hedge percentage**
* **D: Output: contracts needed**

**⚖️ Pro Tips**

* **If cost is too high, consider hedging only 50% of your position.**
* **Reassess every few weeks or when COIN moves a lot.**
* **Keep in mind that IV spikes during a crash will also inflate your puts' value—bonus!**

**To hedge 100 shares of Coinbase (COIN) purchased at $100 per share against a sudden drop using 0.15 delta puts with 30–40 days to expiration (DTE), here's a structured approach:**

**Strategy Overview**

1. **Contract Selection: Buy 1 out-of-the-money (OTM) put option (0.15 delta) expiring in 30–40 days.**
   * **A 0.15 delta implies ~15% probability of expiring in-the-money (ITM), keeping premiums low while providing downside protection below the strike price.**
   * **Example: If COIN trades at $160**[**3**](https://tradingeconomics.com/coin:us)**, a 0.15 delta put might have a strike near $140–$145 (exact strike depends on real-time options data).**
2. **Cost Analysis:**
   * **Premiums for OTM puts are cheaper than ATM options. For instance, a $140-strike put might cost ~$2.00 per share ($200 total for 1 contract)**[**2**](https://tradingblock.com/blog/options-expiration)**.**
   * **Maximum loss: Limited to the premium paid if COIN stays above the strike.**
3. **Expiration Timing:**
   * **Choose 30–40 DTE to balance time decay (theta) and cost efficiency. Options with <45 DTE experience accelerated time decay**[**2**](https://tradingblock.com/blog/options-expiration)**, but this range minimizes upfront expense.**

**Risks and Considerations**

* **Time Decay: The put’s value erodes faster as expiration nears, especially in the final weeks.**
* **Pin Risk: If COIN closes near the strike at expiration, the short party faces uncertainty about assignment**[**2**](https://tradingblock.com/blog/options-expiration)**.**
* **Alternative: For longer-term protection, consider rolling the put forward before expiration or using a higher delta (e.g., 0.30) for greater coverage at a higher cost.**

**This strategy provides affordable insurance against a sharp decline while allowing participation in upside gains.**