Name_____

MarketTaker

Preliminary Assessment

Rudimentary Concepts

1. A call is, generally, a _____ position. (bullish, bearish)

2. A put is, generally, a _____ position. (bullish, bearish)

3. _____ a long option results in a position in the underlying asset. (Buying, Selling, Exercising, Assigning)

4. _____ is the in-the-money value of an option. (Time value, Extrinsic value, Intrinsic value)

5. The strike price of an out-of-the-money call is _____ the current underlying asset price. (above, below)

6. A position consisting of two or more options is called a _____. (series, multiple trade, spread)

7. An option's _____ is the price at which the underlying asset is bought or sold in the event of exercise or assignment. (market price, strike price, bid price)

8. Market hours for equity options in the U.S. is _____ Central Time. (9:00 – 5:00, 8:00 – 2:30, 8:30 – 3:00, 24 hours a day)

9. Single-legged, long options have _____ profit potential and _____ loss potential. (limited, limited; unlimited, unlimited; limited, unlimited; unlimited, limited)

10. Short options are _____ affected by time passing. (favorably, adversely)

Execution Concepts

1. The highest available bid and the lowest available offer for a particular stock or option is called the _____. (entry price, execution report, market)

2. There is (are) _____ U.S. exchange(s) on which options are traded. (1, 2, 5, 8, 20, hundreds of)

3. A _____ order dictates that the order must be filled at or better than the stated price. (market, limit, stop, trailing stop)

4. In options, _____ is the capital required to carry a particular position. (money, interest, margin, available funds)

5. A stop order can be used to _____. (try to limit losses, exit a position to take profits, enter a position to trade momentum, all of the above)

Market Concepts

1. The SPX is an index which tracks _____. (Dow Jones Industrials, NASDAQ, S&P 500)

2. Index options are typically _____. (highly volatile, the least active, cash settled, American exercise)

3. Some examples of derivatives are (choose more than one) _____ _____ _____. (stocks, options, futures, bonds, swaps, CDSs, ETFs)

4. Stock prices and volatility are typically _____ related. (directly, inversely)

5. Statistically (academically) speaking, stock prices are _____ distributed. (lognormally, linearly, randomly)

Spread Concepts

1. The simultaneous purchase of both a call and a put, sharing the same strike price, expiration date, and underlying asset is called a _____. (straddle, strangle, synthetic, butterfly)

2. A long call combined with a short call on the same underlying, in the same expiration month, but with a higher strike price is called a _____. (credit call spread, debit call spread, combination)

3. Creating a spread by trading the components as part of two separate trades is called _____. (spreading, legging, laddering)

4. Trading a spread that results in closing one option and opening another is called _____. (executing, legging out, rolling)

5. A delta-neutral position has _____. (no possibility of losing money, all long options, no immediate directional sensitivity)

Option-Pricing Concepts

1. In general, when the underlying asset rises by a factor of X, a call price will rise by _____, all other factors held constant. (X, Δ times X, θ times X, none of the above)

2. _____ is the measure of an option value's sensitivity to time. (delta, gamma, theta, vega, rho)

3. _____ is the measure of an option value's sensitivity to volatility. (delta, gamma, theta, vega, beta)

4. Short options have _____ gamma. (positive, negative)

5. _____ is a statistical measure of past price movements in an asset. (implied volatility, realized volatility).

Profit and (Loss) Diagrams

1. Draw an at-expiration P&(L) diagram of a 50-strike call purchased for $3.

2. Draw an at-expiration P&(L) diagram of a 65-70 debit call spread traded for $2.

3. Draw an at-expiration P&(L) diagram of a 45-55 strangle sold at $1.50.

4. Draw a P&(L) diagram at November expiration of a November-January 40 call calendar bought for $2.

Personal Goals/Interests

1. What do you hope to gain from Market Taker Mentoring?

2. How many years have you traded:
    a. Stocks?
    b. Options?
    c. Other? (please specify)

3. Describe your experience level? (beginner, intermediate, advanced)

4. If experienced, please describe your trading style and philosophy.

5. (Agree / Disagree) I believe I can predict the market.

6. Rate yourself in terms of risk tolerance on a scale of 1 – 10 (1 = very conservative, 10 = very aggressive).

7. The satisfaction that I get from making $1,000 is (<, =, or >) the dissatisfaction I get from losing $1,000.

8. Which mindset best represents you?
- I'd rather have lots of small winners with a few big losers.
- I'd rather have a few big winners with lots of small losers.

9. Which best describes you? (Choose one)
- I am a conservative investor.
- I am a gambler.
- I am a methodical trader.
- I trade for intellectual satisfaction.

10. In my trading, I <u>mostly</u> rely on (technical analysis, fundamental analysis, volatility analysis, 3rd party information, "gut-feel")

11. I believe the best option strategy is _____.

12. What is your occupation?

13. At what firm(s) do you have brokerage accounts?

14. What software and other services do you currently use to evaluate trades and market data?

15. Have you ever taken a course on options/trading somewhere else? If so, where?

16. Do you have any other relevant career/educational/hobby background that may relate to trading?

17. Where do you get your market news?

18. Which trading strategies do you use most often?

19. How many trades do you make per month?

20. How much time do you plan to devote to trading (per week) and why?

21. Please describe your success rate of your trading over the past six months.

22. What was your percentage of winning trades over the last three months?

23. What was your total percentage gain/loss over the last three months?