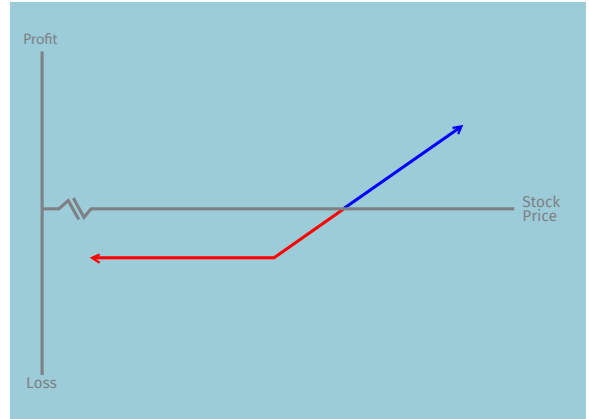


The MTM Option Strategy Guide

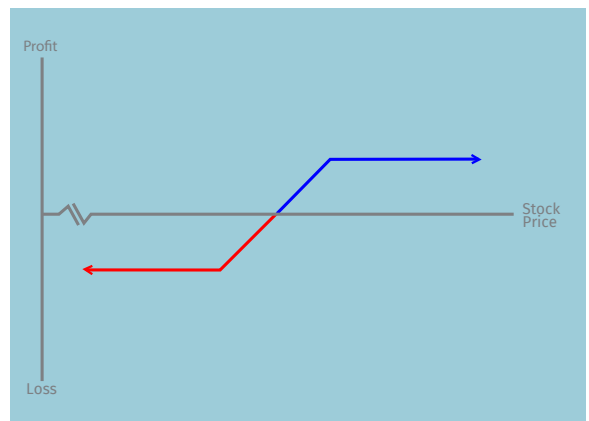
LONG CALL

- Buy a Call
- Bullish Outlook
- Limited Risk
- Unlimited Reward
- IV Increase Helps Position
- Time Passing Hurts Position



BULL CALL SPREAD

- Buy a Call and Sell a Higher-Strike Call With Same Expiration
- Bullish Outlook
- Limited Risk
- Limited Reward
- IV Increase Can Help or Hurt Depending on Strikes
- Time Passing Can Help or Hurt Depending on Strikes



BULL PUT SPREAD

Sell a Put and Buy a Lower-Strike Put With Same Expiration

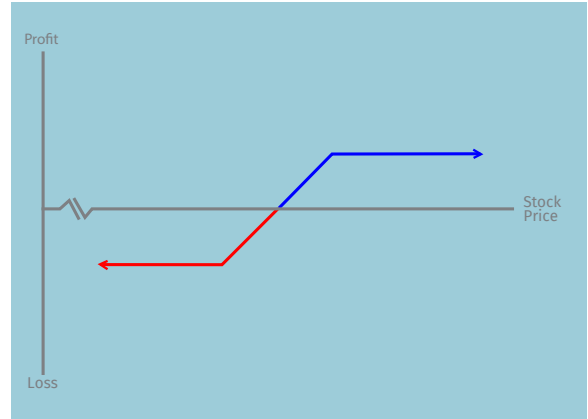
Neutral-to-Bullish Outlook

Limited Risk

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position



COVERED CALL

Buy Stock and Sell Calls on a Share-per-Share Basis

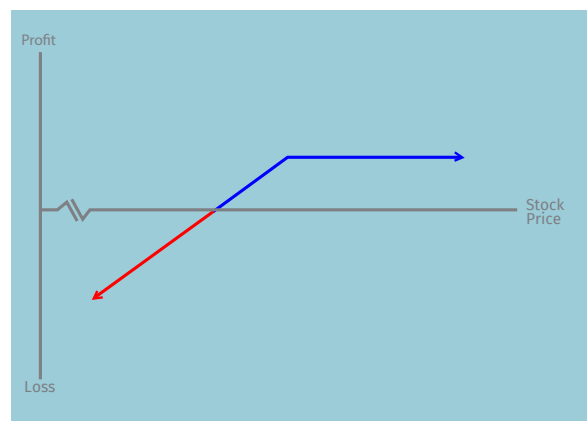
Slightly Bullish-to-Neutral Outlook

Limited Risk (Stock Can Fall to Zero)

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position



PROTECTIVE PUT

Buy or Own Shares and Buy a Put on a Share-per-Share

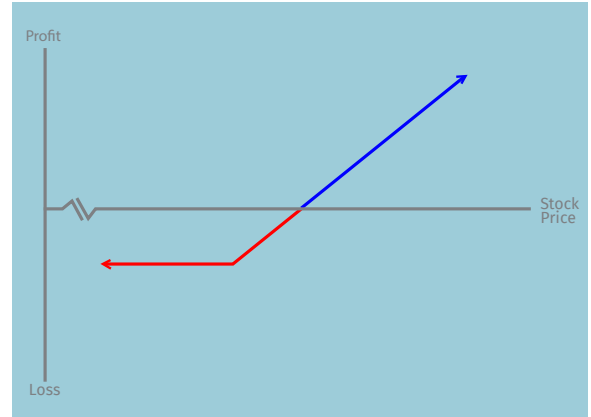
Bullish Outlook With
Downside Protection

Limited Risk

Unlimited Reward

IV Increase Helps Position

Time Passing Hurts Position



CASH-SECURED PUT

Sell a Put and Have Cash to
Cover Equal to Strike
Times 100

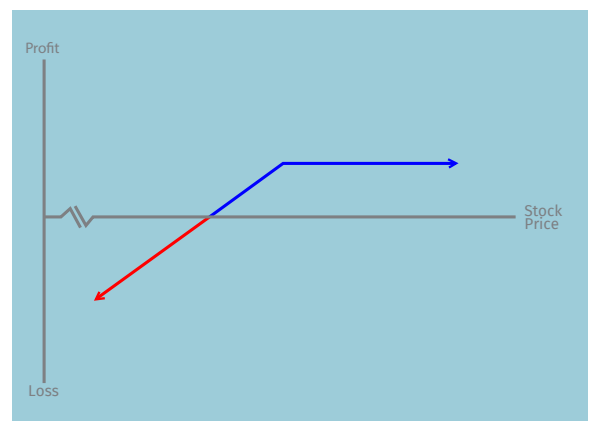
Slightly Bullish-to-Neutral
Outlook

Limited Risk (Stock Can Fall
to Zero)

Limited Reward

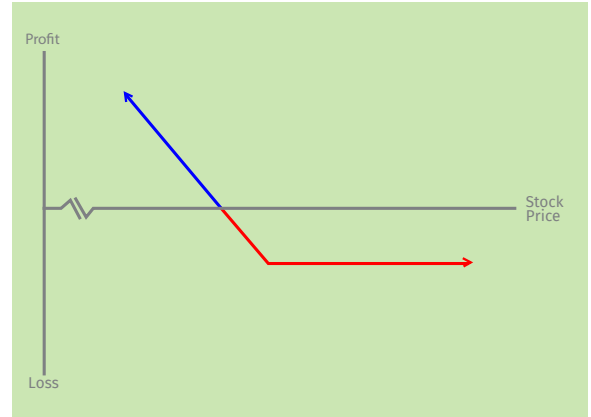
IV Increase Hurts Position

Time Passing Helps Position



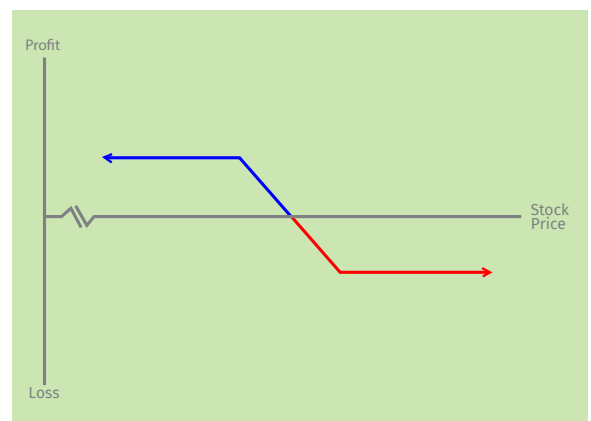
LONG PUT

- Buy a Put
- Bearish Outlook
- Limited Risk
- Limited Reward (Stock Can Fall to Zero)
- IV Increase Helps Position
- Time Passing Hurts Position



BEAR PUT SPREAD

- Buy a Put and Sell a Lower-Strike Put With the Same Expiration
- Bearish Outlook
- Limited Risk
- Limited Reward
- Time Passing Can Help or Hurt Depending on Strikes
- IV Increase Can Help or Hurt Depending on Strikes



BEAR CALL SPREAD

Sell a Call and Buy a
Higher-Strike Call With
Same Expiration

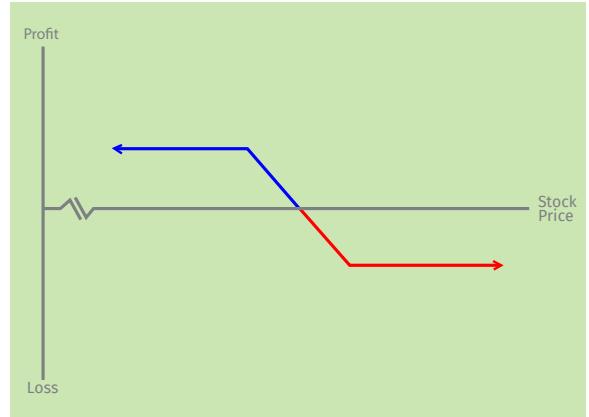
Neutral-to-Bearish Outlook

Limited Risk

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position



IRON CONDOR

Sell a Bear Call Spread and a Bull Put Spread With the Same Expirations

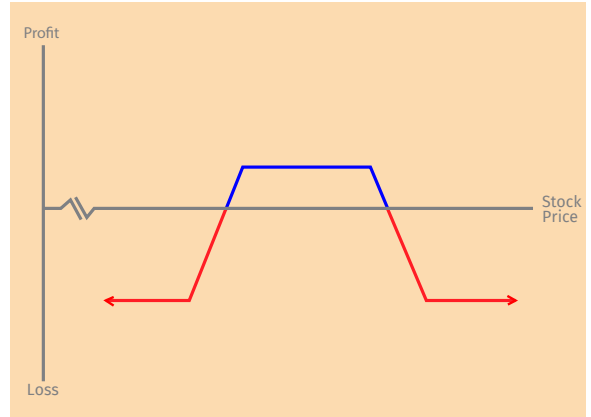
Neutral to Range-Bound Outlook

Limited Risk

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position



COLLAR

Buy or Own Stock and Buy a Put and Sell a Call With a Higher Strike

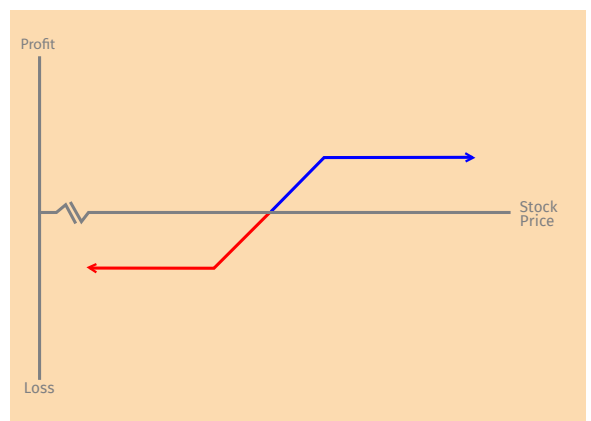
Neutral Outlook

Limited Risk

Limited Reward

IV Increase Can Help or Hurt Depending on Strike

Time Passing Can Help or Hurt Depending on Strike



SHORT STRADDLE

Sell a Call and Put at the Same Strike

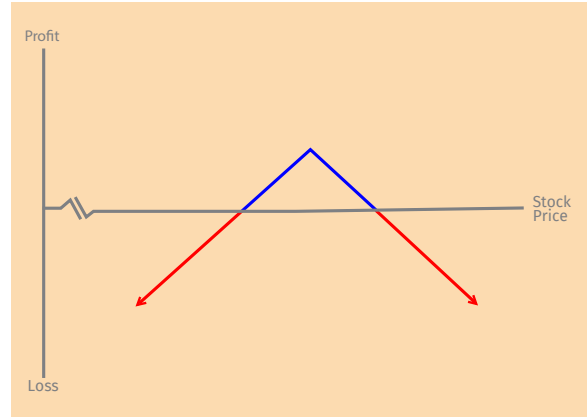
Neutral Outlook

Unlimited Risk

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position



SHORT STRANGLE

Sell a Call With a Higher Strike and Sell a Put With a Lower Strike

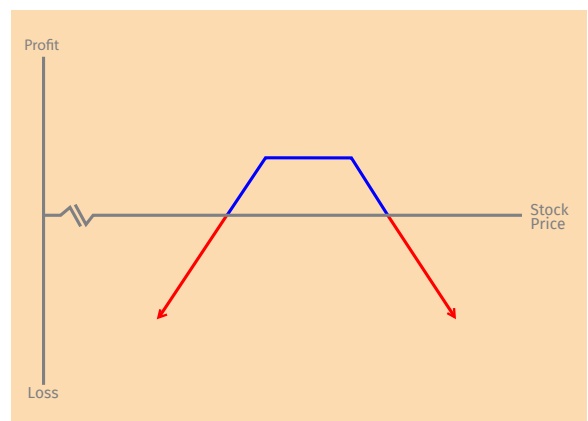
Neutral Outlook

Unlimited Risk

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position



CALENDAR SPREAD

Sell a Call and Buy a Call With the Same Strike and Longer Expiration (Can Also Use All Puts)

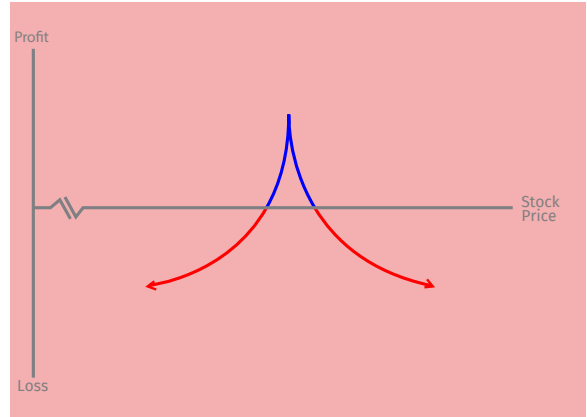
Neutral, Bullish or Bearish Outlook Depending on Proximity of Strike to Stock Price

Limited Risk

Limited Reward

IV Increase Helps Position

Time Passing Helps Position



LONG BUTTERFLY

Sell Two Calls and Buy One Call Each at a Higher and Lower Strike Equidistant Apart (Can Also Use All Puts)

Neutral, Bullish or Bearish Outlook Depending on Proximity of Strike to

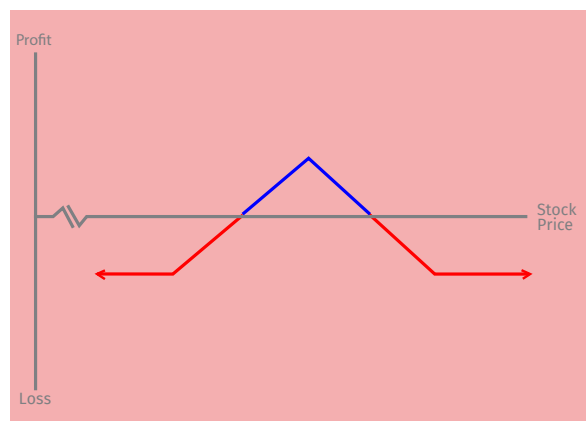
Stock Price

Limited Risk

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position



LONG STRADDLE

Buy a Call and Put at the Same Strike

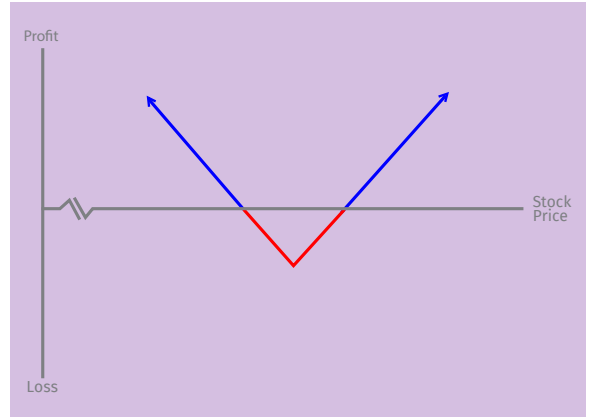
Large Bullish or Bearish Outlook

Limited Risk

Unlimited Reward

IV Increase Helps Position

Time Passing Hurts Position



LONG STRANGLE

Buy a Call With a Higher Strike and Buy a Put With a Lower Strike

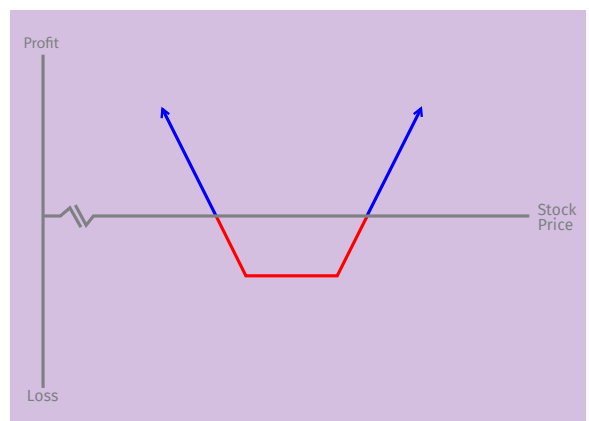
Large Bullish or Bearish Outlook

Limited Risk

Unlimited Reward

IV Increase Helps Position

Time Passing Hurts Position



PUT BACKSPREAD

Sell a Put and Buy Two or More Puts at a Lower Strike

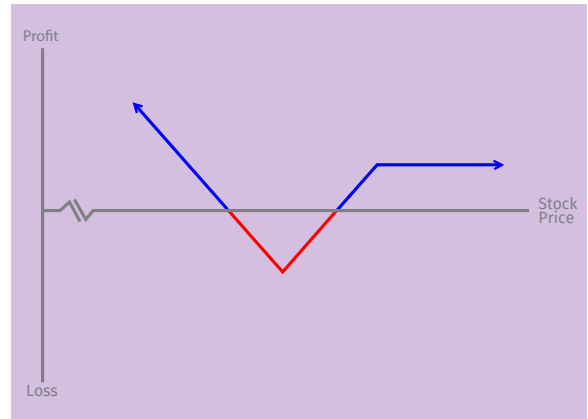
Bearish Outlook

Limited Risk

Limited Reward (Stock Can Fall to Zero)

IV Increase Helps Position

Time Passing Hurts Position



CALL BACKSPREAD

Sell a Call and Buy Two or More Calls at a Higher Strike

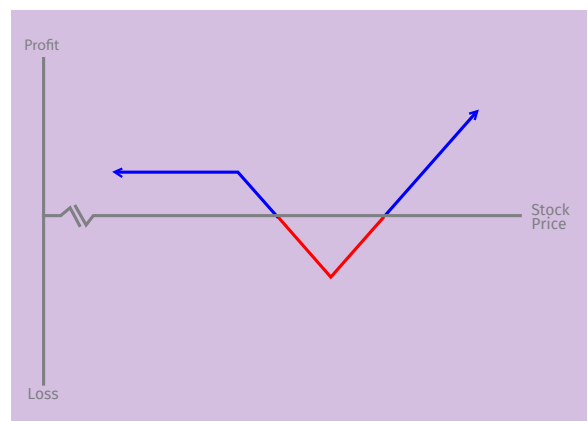
Bullish Outlook

Limited Risk

Unlimited Reward

IV Increase Helps Position

Time Passing Hurts Position



MEET THE AUTHOR

Dan Passarelli is an author, trader and former member of the Chicago Board Options Exchange (CBOE) and Chicago Board of Trade (now part of CME Group). Dan has written two popular books for option traders: “Trading Option Greeks” and “The Market Taker’s Edge.” He’s also the President and Founder of Market Taker Mentoring, the global leader in option trader education.



Dan began his trading career on the floor of the CBOE as an equity options market maker. He also traded agricultural options and futures on the floor of the Chicago Board of Trade.

Dan is a frequent contributor to Bloomberg Business Television, FOX Business News, The TD Ameritrade Network and CBOE TV, and a resource to print journalists on markets, trading and investing.

Dan is an invited speaker for organizations such as NASDAQ, CBOE, the Philadelphia Stock Exchange, the International Securities Exchange, The Chicago Mercantile Exchange, Fidelity Investments, Tradestation, TheStreet.com, The Options Industry Council, The Shanghai Futures Exchange and the China Futures Association.

Dan is also a marathon runner, musician and world traveler.

Every trading day Dan shares insights in his daily video on the [Market Taker Mentoring Blog](#). Be sure to visit the blog each day and sign up for updates.

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