

Ready to trade Options? Tips and tools

Edward J Modla

Director of Retail Education
Options Industry Council (OIC)

Andrew Rakowski

Regional Brokerage Consultant
Fidelity Investments



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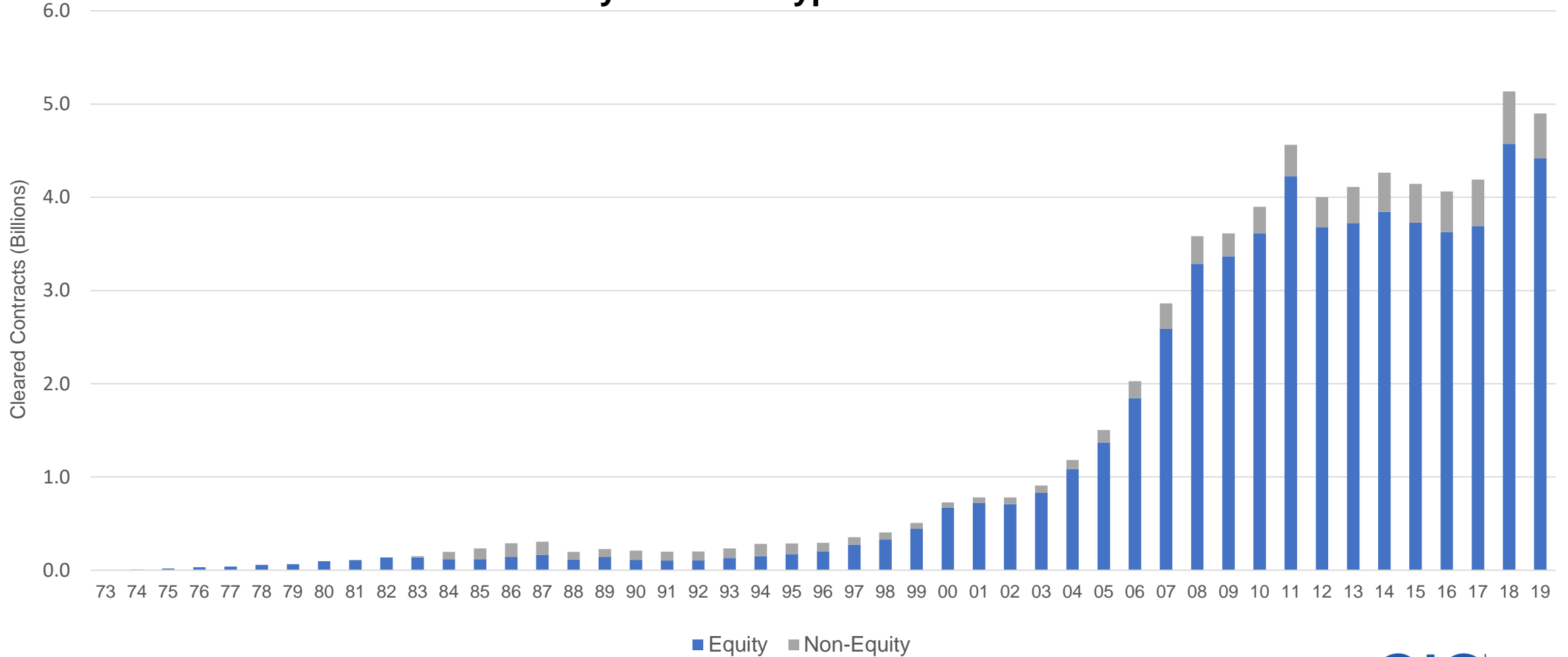
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Annual Options Volume 1973-2019

OCC Annual Contract Volume by Contract Type



Presentation Outline

- Key Considerations
- Tools and Analytics



Key Considerations



Key Considerations

1. Plan the Trade, then Trade the Plan

- The first step is developing a market bias
- Selecting the correct strategy to fit your market thesis is paramount
- Add strategies to your toolbox

2. Order Types (Market, Limit, Open, Close)

- Be familiar with bid/ask spread
- Limit orders can be used to aggressively enter a position
- Option orders to “Open” are when creating new (or adding to) position
- Option orders to “Close” are when exiting (or reducing) a position

Key Considerations

3. Implied Volatility (IV) and its Effect on Option Prices

- Options prices reflect expected stock price fluctuation in the future
- Changes in expected future volatility can be significant
- Be aware of calendar of events (announcements)

4. Exercise by Exception

- At expiration, options with intrinsic value will be exercised unless the investor instructs otherwise.
- Value is determined by comparing strike price to last traded stock price during regular trading hours.

Key Considerations

5. Monitoring and Position Management

- Market dynamics are constantly changing
- Tracking positions is critical, active management may be necessary
- Exit, Expire, Exercise

6. Corporate Actions and their Effect on Option Terms

- Events such as splits, mergers, etc. can change the terms of an option
- Be careful when an option symbol has a numeric suffix (e.g. XYZ1)
- If an options price looks too good to be true, it probably is