

# Classroom Session 1: Introduction to Options

Week 1

## Homework

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Please complete this homework before the next class in this course. We will review the answers at the beginning of the next class.

**How many shares does one standard option represent?**

- A. 10
- B. 50
- C. 100
- D. 200

**What are the four things that an option contract stipulates?**

- A. Expiration date, underlying security price, American/European style, underlying security
- B. Expiration date, Underlying price, strike price, underlying security
- C. Underlying security, strike price, underlying price, American/European style
- D. Expiration date, strike price, American/European style, underlying security

**What is the strike price of the option contract?**

- A. The price that the exercise/assignment would occur at
- B. The purchase price of acquiring the option
- C. The amount that the underlying is In The Money for the contract
- D. Determines if the underlying is bought or sold upon exercise

**Which transactions would best describe a call on expiration date?**

- A. Holder would buy 100 shares at strike price, writer would buy 100 shares at strike price
- B. Holder would sell 100 shares at strike price, writer would buy 100 shares at strike price
- C. Holder would sell 100 shares at strike price, writer would sell 100 shares at strike price
- D. Holder would buy 100 shares at strike price, writer would sell 100 shares at strike price



**Which transactions would best describe a put on expiration date?**

- A. Holder would buy 100 shares at strike price, writer would buy 100 shares at strike price
- B. Holder would sell 100 shares at strike price, writer would buy 100 shares at strike price
- C. Holder would buy 100 shares at strike price, writer would sell 100 shares at strike price
- D. Holder would sell 100 shares at strike price, writer would sell 100 shares at strike price

**Using the following option symbol -SPX221216C3300, list the strike price, the expiration date, and whether this is a call or put?**

**When you sell an American style option, you can only be assigned at expiration.**

- A. True
- B. False

**The term for transacting shares in an underlying when you are the option buyer is known as?**

- A. Exercise
- B. American Style
- C. Assignment
- D. European Style

**The term for transacting shares in an underlying when you are the option seller is known as?**

- A. Exercise
- B. American Style
- C. Assignment
- D. European Style

**An option contract that has intrinsic value would be:**

- A. In The Money
- B. At The Money
- C. Out Of The Money

Options trading entails significant risk and is not appropriate for all investors. Certain complex options strategies carry additional risk. Before trading options, please read [Characteristics and Risks of Standardized Options](#). Supporting documentation for any claims, if applicable, will be furnished upon request.