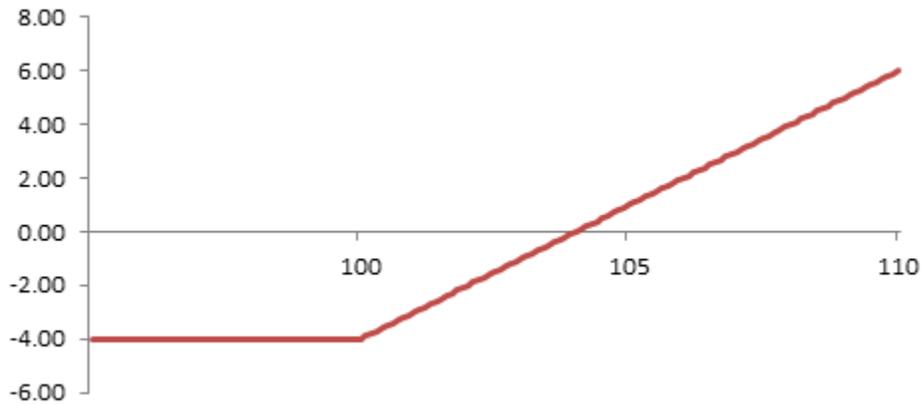


## Classroom Session 1: Introduction to Options – Homework

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

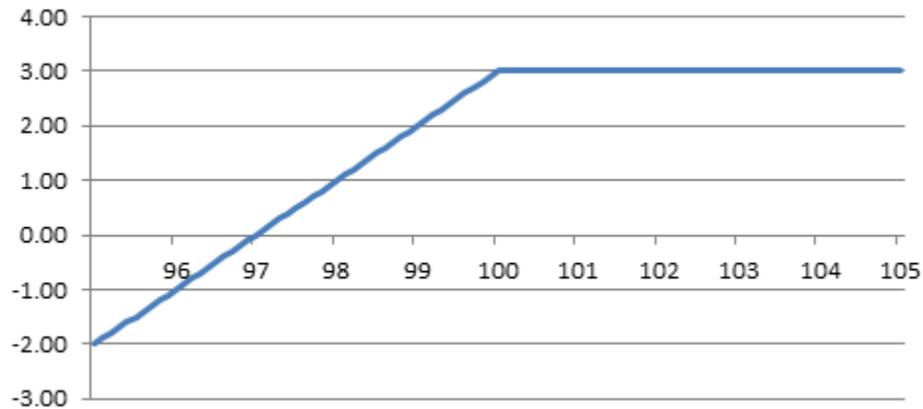
1. How many shares does one standard option represent?
  - a. 10
  - b. 50
  - c. 100
  - d. 200
  
2. What are the four things that an option contract stipulates?
  - a. Expiration date, underlying security price, American/European style, underlying security
  - b. Expiration date, Underlying price, strike price, underlying security
  - c. Underlying security, strike price, underlying price, American/European style
  - d. Expiration date, strike price, American/European style, underlying security
  
3. 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
  
4. 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
  
5. Which transactions would best describe a put on expiration date?
  - a. Holder would buy 100 shares at strike price, writer would sell 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 buy 100 shares at strike price
  - d. Holder would sell 100 shares at strike price, writer would sell 100 shares at strike price

6. What does the below P/I diagram represent?



- a. Long Call
- b. Long Put
- c. Short Call
- d. Short Put

7. What does the below P/I diagram represent?



- a. Long Call
- b. Long Put
- c. Short Call
- d. Short Put

8. What is the expiration date for this option symbol -SPX181019c2850?

9. What is the strike price for this option symbol - SPX181019c2850?

10. Is this option symbol -SPX181019c2850 a call or a put?

11. What is the breakeven for .SPX 2650 call that you bought for \$81.10?
- a. 2658.11
  - b. 2568.90
  - c. 2731.10
  - d. 2650.00

**Project:** Use the profit loss calculator on fidelity.com and/or ATP to see the break even on buying a SPY call for the front month. Manually calculate the breakeven, max loss, and max gain. We will review in prep portion of next class.

*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.*

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