# **Options Trading SIG**

Saturday, February 18, 2023 @ 9:00am PT

### **Option Basics: Terminology and Fundamentals**

- Informal presentations to help you enhance your portfolio with options
- For addition to email list: Bruce Ennis, vicepresident@aaiisandiego.com
- Previous meetings: www.aaiisandiego.com/sub-groups/options-trading/



Flexible Meeting Fees Make a Contribution Here

### **Flexible Meeting Fees**

- New payment system: Flexible Meeting Fees instead of the Pay-As-You-Go.
- Motivated by the many of you who made generous, voluntary contributions online toward our expenses during COVID, Thank You.
- We need contributions to meet our expenses.
- Ways to make voluntary contributions
  - Cash or check
  - Use this QR code



Presentation
Outline for
Portfolio
Enhancement



# Why Options

Options are financial instruments that provide flexibility in almost any investment situation.

Options allow an investor to achieve a variety of objectives:

- Risk Reduction: protect stock holdings from a decline in market price.
- Generate income.
- Stock acquisition at a lower price.
- Market speculation at lower risk and greater reward
- You can benefit from a stock price's rise or fall without incurring the cost of buying the stock outright.

## **Defining an Option**

- An option is a contract that is either <u>bought</u> or <u>sold</u>.
- One contract provides for buying or selling 100 shares of an underlying asset.
- The underlying asset is bought or sold at specified <u>price</u>, on or before a given <u>date</u>.
- The specified price is the **Strike Price**
- The given date is the **Expiration Date**
- An option exists as either a Call or a Put
  - Stock can be Called Away
  - Stock can be Put up for sale

## **Describing Options**

- If you buy a call, you have the <u>right to buy</u> the underlying asset
- If you buy a put, you have the <u>right to sell</u> the underlying asset

#### Remember:

Call away shares

Put up for sale"

## **Describing Options** (cont'd)

• If you sell a call, you have the <u>obligation to sell</u> the underlying asset

• If you sell a put, you have the <u>obligation to buy</u> the underlying asset

# **Underlying Assets**

- Stock (ex. TSLA, AAPL, AMZN)
- ETF (ex. SPY, QQQ, IWN)
- Index (ex. SPX, VIX, RUT, NDX)
- Futures (ex. /ES, /MES, /NQ)

## The Market

For retail traders (that's us) options and underlying assets are traded through your **brokerage firm** at **Exchanges**. Trade transactions are cleared through the Options Clearing Corporation (OCC).

- Markets are fragmented, anonymous and 90% electronic.
- Every trade has a buyer and a seller, but one initiator.
- There is information in every quote and every trade.

## Options Volume by Exchange-Week Ending 10 FEB 2023

Data from OCC

	Equity		Index	Index/Other		ge Total
Exchange	Volume	Market Share	Volume	Market Share	Volume	Market Share
AMEX	16,162,114	7.54%	0	0.00%	16,162,114	6.99%
ARCA	28,010,277	13.06%	0	0.00%	28,010,277	12.12%
BATS	12,317,423	5.74%	4,668	0.03%	12,322,091	5.33%
вох	11,913,885	5.56%	0	0.00%	11,913,885	5.15%
C2	9,277,066	4.33%	51,559	0.31%	9,328,625	4.04%
СВОЕ	20,663,181	9.63%	16,545,570	98.93%	37,208,751	16.09%
EDGX	13,950,320	6.50%	0	0.00%	13,950,320	6.03%
EMLD	6,932,530	3.23%	0	0.00%	6,932,530	3.00%
GEM	4,515,788	2.11%	2,380	0.01%	4,518,168	1.95%
ISE	12,499,967	5.83%	63,519	0.38%	12,563,486	5.43%
MCRY	3,441,121	1.60%	0	0.00%	3,441,121	1.49%
MIAX	15,267,980	7.12%	29	0.00%	15,268,009	6.60%
MPRL	14,989,679	6.99%	0	0.00%	14,989,679	6.48%
<b>NOBO</b>	7,290,644	3.40%	0	0.00%	7,290,644	3.15%
NSDQ	15,794,837	7.36%	0	0.00%	15,794,837	6.83%
PHLX	21,434,216	9.99%	56,341	0.34%	21,490,557	9.30%
OCC Totals	214,461,028	100%	16,724,066	100%	231,185,094	100%

## Most Active Stock Options 11 FEB 2023

Equity	Index	ETF		
Symbol		Contracts	%Calls	%Puts
TSLA		4196976	54.16	45.84
AAPL		1198125	52.91	47.09
AMZN		712785	63.64	36.36
NVDA		647636	46.66	53.34
AMC		566176	61.19	38.81
GOOGL		517018	74.68	25.32

## Most Active Index Options 11 FEB 2023

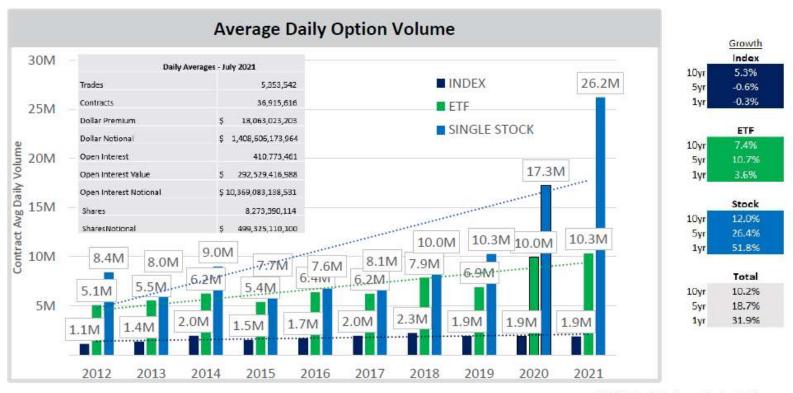
Equity	Index	ETF			
Symbol		Contracts	%Calls	%Puts	
.SPX		3071117	40.08	59.92	
.VIX		902812	84.43	15.57	
.XSP		61056	36.33	63.67	
RUT		40012	43.52	56.48	
.NDX		32214	52.91	47.09	
.DJX		3636	51.13	48.87	

## Most Active ETF Options 11 FEB 2023

<u>Equity</u>	Index	ETF				
Symbol		Contracts	•	%Calls	%Puts	
SPY		9420342		43.07	56.93	
QQQ		2905846		41.79	58.21	
IWM		865751		24.96	75.04	
LQD		688508		15.26	84.74	
HYG		482054		15.73	84.27	
ARKK		381609		46.68	53.32	
TQQQ		371591		60.48	39.52	
SQQQ		257929		88.29	11.71	
EWZ		238258		67.49	32.51	

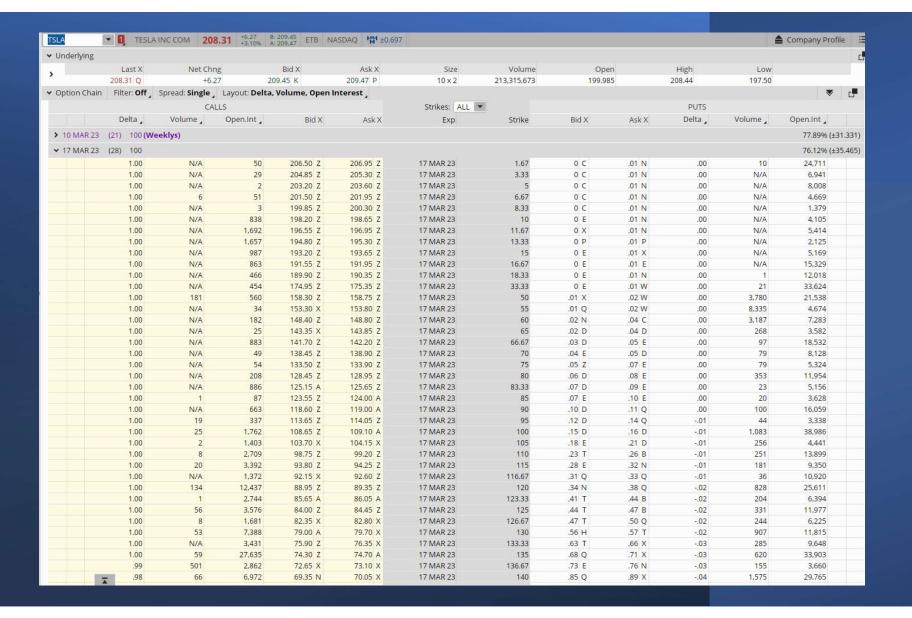
#### Market Activity



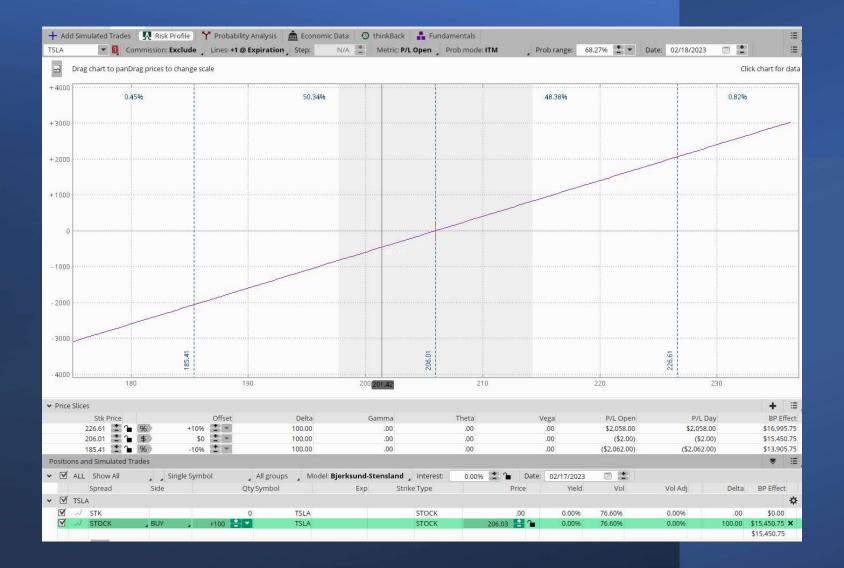


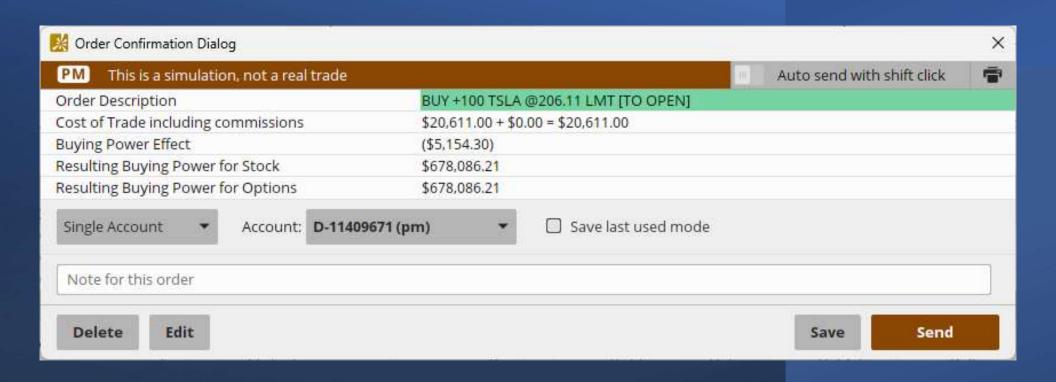
7/28/21 Options Clearing Corp and Choe LiveVol. LLC



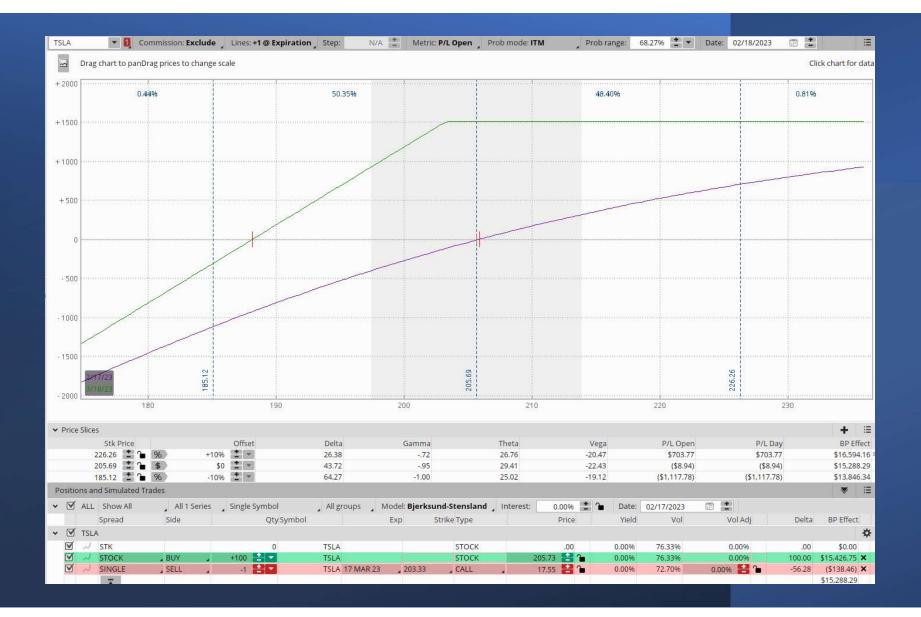


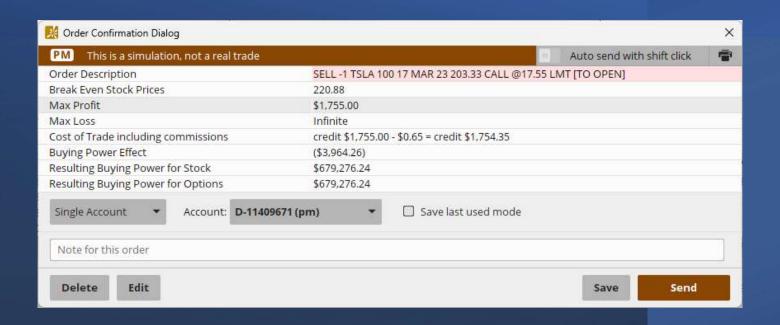
52 week IV High: 1.	.026	Trade Analysis	Calls	Puts	Total
52 week IV Low: 0.	.539	Total Volume:	4,968,427	4,313,535	9,281,962
Current IV Percentile: 40	6%	Traded at BID or below:	2,044,432	1,877,460	3,921,892
52 week HV High: 0.	.965	% of total:	41%	43%	42%
52 week HV Low: 0.	.326	Traded at ASK or above:	2,149,759	1,822,360	3,972,119
Eurrent HV Percentile: 65	5%	% of total:	43%	42%	42%
Implied Volatility: 70	6.40%	Between the Market:	774,236	613,715	1,387,951
VWAP: 20	02.561	% of total:	15%	14%	1496



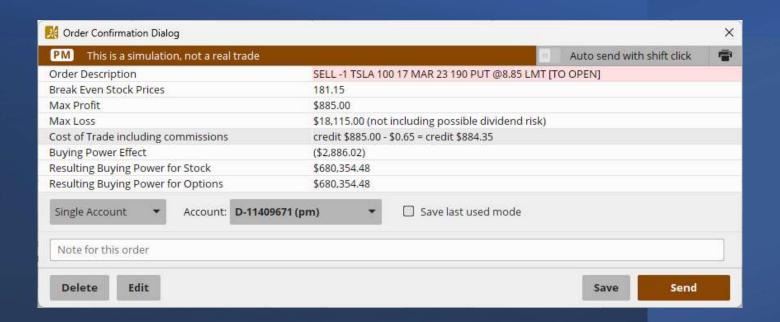


	→ Option Chain	Filter: Off	Spread: Single	Layout: Delta,	Volume, Open In	nterest		
			CAL	LS			Strikes: ALL	
		Delta	Volume ,	Open.Int	Bid X	Ask X	Exp	Strike
	▼ 17 MAR 23	(28) 100						
I		.87	9	3,018	45.40 M	45.65 E	17 MAR 23	163.33
		.86	178	7,061	43.95 T	44.30 X	17 MAR 23	165
		.85	24	6,303	42.50 M	42.90 M	17 MAR 23	166.67
		.84	268	10,554	39.75 X	40.05 X	17 MAR 23	170
		.82	115	3,136	37.10 B	37.35 E	17 MAR 23	173.33
		.80	144	4,942	35.75 B	36.05 X	17 MAR 23	175
		.79	25	5,216	34.40 M	34.70 B	17 MAR 23	176.67
		.77	338	20,231	31.95 M	32.20 E	17 MAR 23	180
		.74	8	3,402	29.55 E	29.80 E	17 MAR 23	183.33
		.73	205	3,341	28.35 M	28.60 X	17 MAR 23	185
		.72	63	2,694	27.20 M	27.45 W	17 MAR 23	186.67
		.69	532	16,839	25.00 C	25.25 C	17 MAR 23	190
		.66	302	2,148	22.95 M	23.15 C	17 MAR 23	193.33
		.64	4,623	11,387	21.95 W	22.10 X	17 MAR 23	195
١		.63	579	2,718	20.95 E	21.10 C	17 MAR 23	196.67
		.61	424	3,834	20.05 M	20.15 X	17 MAR 23	198.33
		.59	12,369	40,284	19.15 N	19.25 X	17 MAR 23	200
		.58	1,573	2,057	18.25 B	18.35 M	17 MAR 23	201.67
		.56	1,261	3,003	17.35 Z	17.45 E	17 MAR 23	203.33
		.55	2,984	4,444	16.50 E	16.65 E	17 MAR 23	205
		.53	794	2,710	15.75 W	15.85 X	17 MAR 23	206.67
		.51	385	2,647	14.95 W	15.05 X	17 MAR 23	208.33
		.50	5,416	10,697	14.20 C	14.30 W	17 MAR 23	210
		.48	296	2,189	13.50 C	13.60 X	17 MAR 23	211.67
		.46	226	2,160	12.85 N	12.90 W	17 MAR 23	213.33
		.45	2,063	14,284	12.15 C	12.25 B	17 MAR 23	215
		.43	546	5,018	11.50 E	11.60 E	17 MAR 23	216.67
		.42	287	1,637	10.95 W	11.00 N	17 MAR 23	218.33
		.40	5,218	14,482	10.35 C	10.45	17 MAR 23	220
		.39	200	1,465	9.80 W	9.90 A	17 MAR 23	221.67
		.37	942	1,261	9.30 B	9.35 M	17 MAR 23	223.33



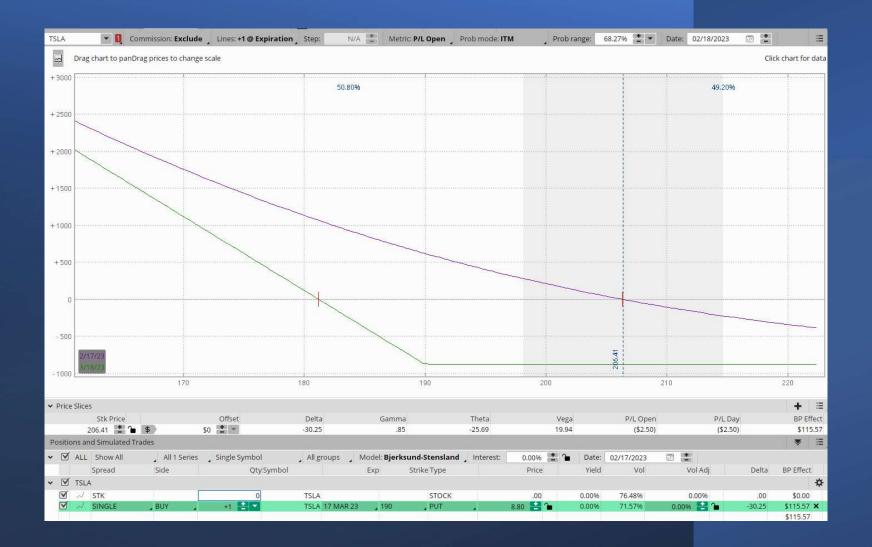


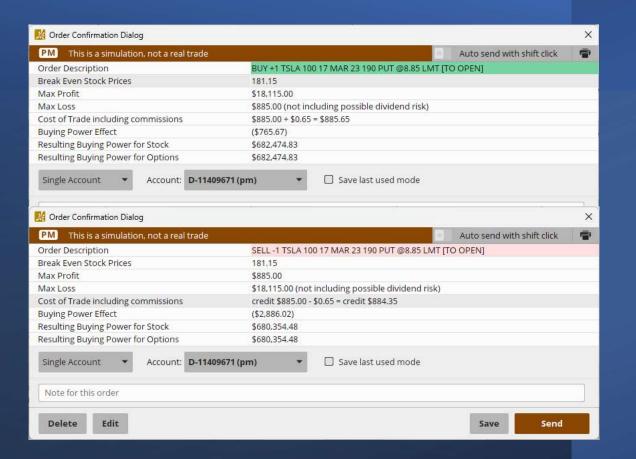
Strikes: ALL					PUTS		
Exp	Strike	Bid X	Asl	¢Χ	Delta ,	Volume ,	Open.Int ,
							76.36% (±35.378
17 MAR 23	136.67	.80 W	.81	Ň	04	151	3,660
17 MAR 23	140	.93 Q	.95	E	04	1,480	29,765
17 MAR 23	143.33	1.08 W	1.10		05	386	4,877
17 MAR 23	145	1.17 W	1.19	D	05	427	8,261
17 MAR 23	146.67	1.27 Q	1.28	N	06	227	4,293
17 MAR 23	150	1.48 T	1.50	D	07	5,508	26,258
17 MAR 23	153.33	1.73 Q	1.75	D	08	99	2,884
17 MAR 23	155	1.87 W	1.89	N	08	1,126	5,989
17 MAR 23	156.67	2.02 D	2.05	D	09	119	3,534
17 MAR 23	160	2.37 N	2.39	N	10	4,542	24,537
17 MAR 23	163.33	2.76 B	2.79	N	12	228	5,902
17 MAR 23	165	2.99 P	3.05	C	12	1,970	8,132
17 MAR 23	166.67	3.20 C	3.25	P	13	589	11,848
17 MAR 23	170	3.75 W	3.80	C	15	5,446	23,178
17 MAR 23	173.33	4.35 W	4.40	E	17	294	12,379
17 MAR 23	175	4.65 X	4.75	C	18	1,386	10,117
17 MAR 23	176.67	5.05 D	5.10	C	19	222	3,531
17 MAR 23	180	5.80 C	5.85	N	22	5,416	24,870
17 MAR 23	183.33	6.65 E	6.75	C	24	129	8,206
17 MAR 23	185	7.15 H	7.20	E	26	1,112	5,795
17 MAR 23	186.67	7.65 H	7.70	E	27	262	4,494
17 MAR 23	190	8.70 E	8.80	E	30	3,611	22,550
17 MAR 23	193.33	9.90 B	10.00	X	33	429	2,465
17 MAR 23	195	10.55 N	10.60	E	-,35	6,101	11,060
17 MAR 23	196.67	11.20 E	11.30	C	36	1,838	1,921
17 MAR 23	198.33	11.90 E	11.95	N	38	686	2,642
17 MAR 23	200	12.60 E	12.70	C	40	10,306	38,716
17 MAR 23	201.67	13.35 X	13.45	В	41	1,745	1,790
17 MAR 23	203.33	14.15 E	14.25	C	43	762	2,670
17 MAR 23	205	14.95 C	15.05	В	45	1,216	3,730
17 MAR 23	206.67	15.80 E	15.90	E	46	197	2,483
17 MAR 23	208.33	16.70 P	16.75	В	48	306	1,130
17 MAR 23	210	17.60 Q	17.65	T	50	1,694	6,224
17 MAR 23	211.67	18.50 C	18.60	C	51	179	922
17 MAR 23	213.33	19.45 E	19.55	X	-,53	199	1,090
17 MAR 23	215	20.45 E	20.55	C	55	220	6,485
17 MAR 23	216.67	21.45 N	21.60	C	56	97	2,895
17 MAR 23	218.33	22.50 E	22.70	X	58	10	4,897











The End