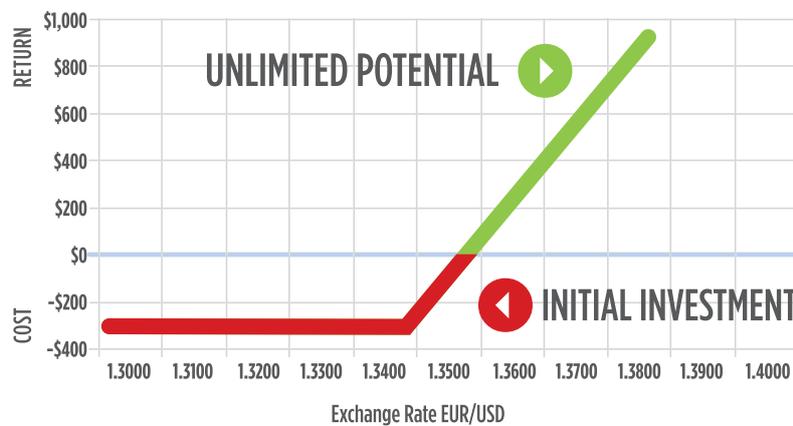


VANILLA OPTIONS

STRATEGIES



BALANCE YOUR RISK WITH OPTIONS

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Bullish strategies

Long Call Spread

To build a Long Call Spread, the trader is required to buy a Call that is In-the-money (ITM) at strike price A and sell a Call that is out-of-the-money (OTM) at strike price B. By implementing this strategy, the trader minimises his risk as by selling the call at B he covers the costs of purchasing at A. The downside is that the maximum profit he could earn is capped.

When to do it

This strategy works best when the trader thinks that the pair is bullish but he is not as sure as to simply buy a Call and wants to minimize his risks.

The set-up

Buy an ITM Call at strike price A (spot -)

- Sell an OTM Call at strike price B (spot +)
- At the time of creating this strategy, the pair's price is between A and B.

Maximum potential profit

The maximum potential profit is limited to the difference between A and B minus the premium paid.

Maximum potential loss

The maximum potential loss is limited to the premium paid.

Time impact

In the Long Call Spread, time has no significant effect as any losses suffered by time decay on the purchased Call are equalised by profits made by time decay on the sold Call.

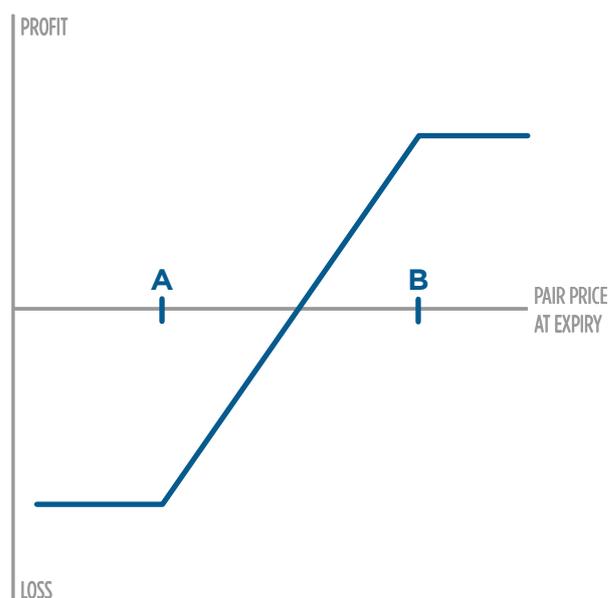
Best/worst case scenario

The best case scenario is at B. Anything above B will not make a difference to the profit, but if the price ends up being a lot higher than B, then the trader would have been better off if he had simply bought a Call.

The worst case scenario is at A or below. In this case, both options expire with no value and the trader only loses the premium.

Tips

By increasing the strike price above B, maximum potential profit is increased, but at the same time the premium paid is increasing and the likelihood that the higher strike price will be achieved is minimised. Generally you should only set higher strike prices if you expect high bullish spikes.



Short Put Spread

A Short Put Spread works when the trader buys a Put at an out-of-the-money (OTM) strike price A, and sells a Put at a higher strike price B, which might be in-the-money (ITM), out-of-the-money (OTM), or at-the-money (ATM) depending on the trader's risk and maximum profit preferences. If the trader wishes to sell the Put at an out-of-the-money (OTM) strike price, it must be higher than the strike price of the purchased Put. By implementing this strategy, the trader minimises his risk as by buying the Put at A he caps his losses if the pair's price decreases. The downside is that the premium received decreases by the premium paid in order to buy the Put at A.

When to do it

This strategy works best when the trader thinks that the pair is bullish or neutral and expects low volatility.

The set-up

- Buy an OTM Put at strike price A (spot -)
- Sell an ITM, OTM or ATM Put at strike price B (spot -, = or +)
- At the time of creating this strategy, the pair's price will be above A and below, at or above B.

Maximum potential profit

The maximum potential profit is the total premium received.

Maximum potential loss

The maximum potential loss is limited to the difference between A and B minus the premium received.

Time impact

In the Short Put Spread, time has no significant effect as any losses suffered by time decay on the purchased Put are equalised by profits made by time decay on the sold Put.

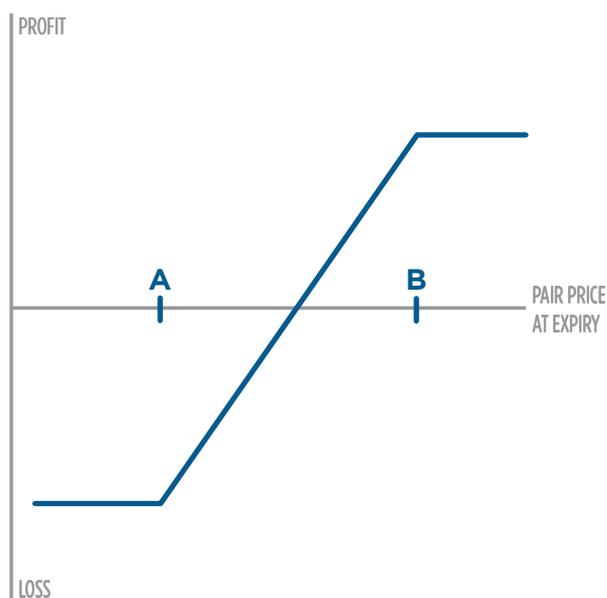
Best/worst case scenario

The best case scenario is when both options expire worthless and the trader's premium remains unchanged.

The worst case scenario is limited to the difference between A and B minus the premium received.

Tips

By decreasing the strike price at B, the received premium decreases but the risk decreases as well. Choosing the correct strike price will depend on the expected currency movements and volatility.



Back Spread with Calls

A Back Spread with Calls strategy can be extremely profitable when trading a bullish and highly volatile currency pair. Essentially the trader sells an at-the-money (ATM) Call to cover the expenses of the more expensive out-of-the-money (OTM) Call. The trader expects the pair to be bullish for a maximum profit and at the same time cuts his losses if the pair is bearish with a small profit from the sale of the at-the-money (ATM) Call. The trader only makes a loss if the pair is not as bullish as he expected it to be.

When to do it

This strategy works best when the trader thinks that the pair is bullish with high volatility.

The set-up

- Sell an ATM Call at strike price A (spot +0)
- Buy an OTM Call at double the amount of A at strike price B (spot +)
- At the time of creating this strategy, the pair's price will be at A.

Maximum potential profit

The maximum potential profit is unlimited.

Maximum potential loss

The maximum potential loss is limited to the difference between B and A minus the premium received.

Time impact

In the Back Spread with Calls strategy, time decay will inflict the greatest loss if the pair's price is at B. If the pair's price is at or below A, then time decay works in favour of the trader in order for both options to expire worthless and the trader will profit from the premium received.

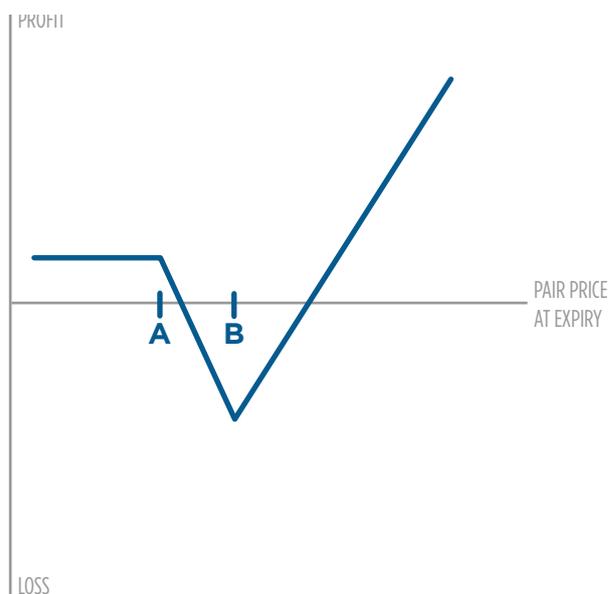
Best/worst case scenario

The best case scenario occurs when the pair's price increases by a big margin. Profits keep rising as the pair's price increases.

The worst case scenario occurs when the pair's price does not increase as much as expected and the trader suffers the greatest loss at B.

Tips

By increasing the price of the Call purchase, maximum profit is increased. The point where the premium received is close to 0 is where the trader can earn a big profit and at the same time not suffer a loss if the pair ends up being bearish. Any occasion where the trader is required to pay a premium instead of receiving a premium would mean higher profits if the pair is bullish but losses if the pair is either bearish or not as bullish as expected.



Inverse Skip Strike Butterfly with Calls

An Inverse Skip Strike Butterfly with Calls strategy operates with the same expectations as the Back Spread with Calls strategy and requires a bullish and highly volatile currency pair. Essentially the trader sells an at-the-money (ATM) Call to cover the expenses of the more expensive out-of-the-money (OTM) Call. The difference with the Back Spread with Calls strategy is that with the Inverse Skip Strike Butterfly with Calls strategy the trader sells an additional Call at an out-of-the-money (OTM) strike price to reduce the overall cost.

When to do it

This strategy works best when the trader thinks that the pair is bullish with high volatility.

The set-up

- Sell an ATM Call at strike price A (spot +0)
- Buy an OTM Call at twice the amount of A at strike price B (spot +)
- Sell an OTM Call at strike price D (spot +)
- At the time of creating this strategy, the pair's price will be at A.

Maximum potential profit

The maximum potential profit is limited to the difference between D and C plus the premium received.

Maximum potential loss

The maximum potential loss is limited to the difference between B and A minus the premium received.

Time impact

In the Inverse Skip Strike Butterfly with Calls strategy, time decay will inflict the greatest loss if the pair's price is at B. If the pair's price is at or below A, then time decay works in favour of the trader in order for both options to expire worthless and the trader will profit from the premium received. Time decay also works in favour of the trader once the pair's price moves beyond C.

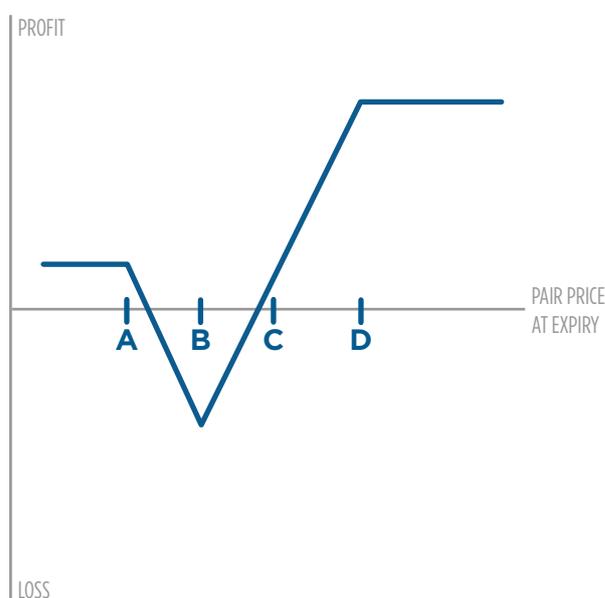
Best/worst case scenario

The best case scenario occurs when the pair's price reaches D where maximum profit is earned.

The worst case scenario occurs when the pair's price does not increase as much as expected and the trader suffers the greatest loss at B.

Tips

By increasing the price of the Call purchase, maximum profit is increased. However in order to increase the price of the purchased Call, the trader must also increase the price of the sold (OTM) Call. If he chooses not to then the strategy becomes a Back Spread with Calls as there is no limit to profits. In addition, the premium becomes negative and the trader suffers a loss if the pair is bearish.



Christmas Tree Butterfly with Calls

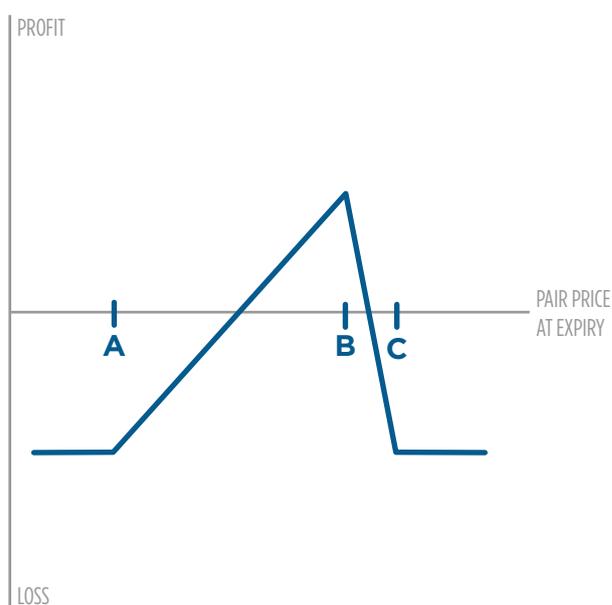
A Christmas Tree Butterfly with Calls strategy can be implemented in situations where the trader believes the pair will be slightly bullish. To implement this strategy, the trader is required to buy an at-the-money (ATM) Call, sell an out-of-the-money (OTM) Call three times the amount spent on the (ATM) Call, and buy an out-of-the-money Call with a higher strike price twice the amount spent on the (ATM) Call.

When to do it

This strategy works best when the trader thinks that the pair is slightly bullish.

The set-up

- Buy an ATM Call at strike price A (spot +0)
- Sell an OTM Call at three times the amount of A at strike price B (spot +)
- Buy an OTM Call twice the amount of A at strike price C (spot +)
- At the time of creating this strategy, the pair's price will be at A.



Maximum potential profit

The maximum potential profit is limited to the difference between B and A minus the premium paid.

Maximum potential loss

The maximum potential loss is limited to the premium paid.

Time impact

In the Christmas Tree Butterfly with Calls strategy, time decay works in favour of the trader in order for all the options to expire worthless except the option with strike price A.

Best/worst case scenario

The best case scenario occurs when the pair's price reaches B and stops, where maximum profit is earned.

The worst case scenario occurs when the pair's price increases more than expected or ends up being bearish.

Tips

This strategy can be very profitable for traders that expect low volatility but have a sense of direction. Thus instead of implementing the Iron Butterfly strategy, they implement the Christmas Tree if they expect low volatility with a slightly bullish direction.

Bullish strategies

Long Put Spread

For a Long Put Spread strategy, the trader sells a Put at an out-of-the-money (OTM) strike price A and buys a Put at an in-the-money (ITM) strike price B. By implementing this strategy, the trader minimises his risks since by selling the Put at A he covers the costs of purchasing at B. The downside is that maximum profit is capped.

When to do it

This strategy works best when the trader thinks that the pair is bearish but he is not as sure as to simply buy a Put and wants to minimise his risks.

The set-up

- Buy an ITM Put at strike price B (spot +)
- Sell an OTM Put at strike price A (spot -)

- At the time of creating this strategy, the pair's price will be between A and B.

Maximum potential profit

The maximum potential profit is limited to the difference between A and B minus the premium paid.

Maximum potential loss

The maximum potential loss is limited to the premium paid.

Time impact

In the Long Put Spread, time has no significant effect as any losses suffered by time decay on the purchased Put are equalised by profits made by time decay on the sold Put.

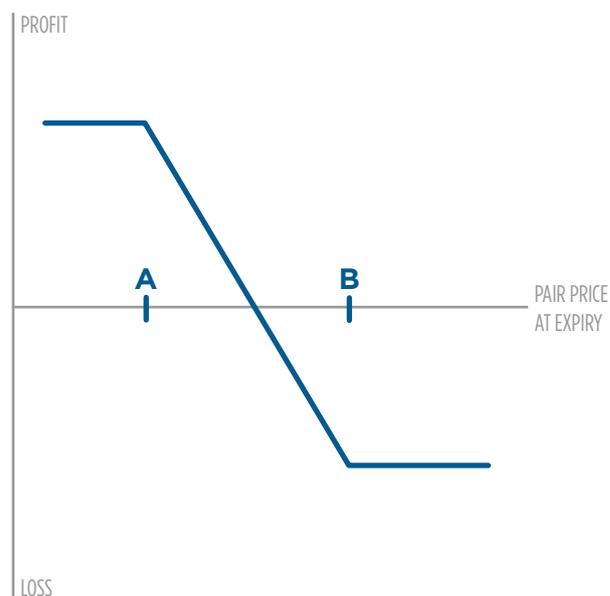
Best/worst case scenario

The best case scenario is at A. Anything below A will not make a difference to the profit, but if the price ends up being a lot lower than A, then the trader would have been better off if he had simply bought a Put.

The worst case scenario is at B or above. In this case, both options expire worthless and the trader suffers the loss of the premium.

Tips

By decreasing the strike price at A, maximum potential profit is increased, but at the same time the premium paid is increasing and the likelihood that the lower strike price will be achieved is minimised. Generally you should only set lower strike prices if you expect bearish spikes.



Short Call Spread

A Short Call Spread requires the trader to buy a Call at an out-of-the-money (OTM) strike price B and sell a Call at a lower strike price A which might be in-the-money (ITM), out-of-the-money (OTM), or at-the-money (ATM) depending on the trader's risk and maximum profit preferences. If the trader wishes to sell the Call at an out-of-the-money (OTM) strike price, it must be lower than the strike price of the purchased Call. By implementing this strategy the trader minimises his risks since by buying the Call at B he caps his losses if the pair's price increases. The downside is that the premium received decreases by the premium paid in order to buy the Call at B.

When to do it

This strategy works best when the trader thinks that the pair is bearish or neutral and expects low volatility.

The set-up

- Buy an OTM Call at strike price B (spot +)
- Sell an ITM, OTM or ATM Call at strike price A (spot -, +, +0)

- At the time of creating this strategy, the pair's price will be above A and below, at or above B.

Maximum potential profit

The maximum potential profit is the total premium received.

Maximum potential loss

The maximum potential loss is limited to the difference between A and B minus the premium received.

Time impact

In the Short Call Spread, time has no significant effect as any losses suffered by time decay on the purchased Call are equalised by profits made by time decay on the sold Call.

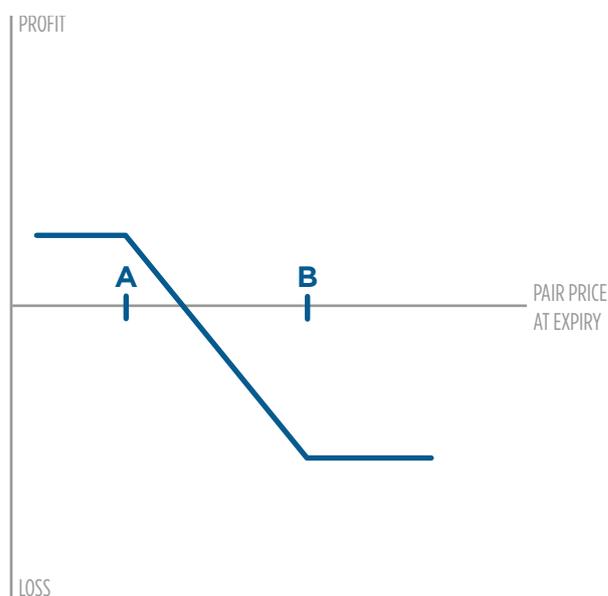
Best/worst case scenario

The best case scenario is when both options expire worthless and the trader's premium remains unchanged.

The worst case scenario is limited to the difference between A and B minus the premium received.

Tips

By increasing the strike price at A, the received premium decreases but the risk decreases as well. Choosing the correct strike price will depend on the expected currency movements and volatility.



Back Spread with Puts

A Back Spread with Puts strategy can be extremely profitable when trading a bearish and highly volatile currency pair. Essentially the trader sells an at-the-money (ATM) Put to cover the expenses of the more expensive out-of-the-money (OTM) Put. The trader expects the pair to be bearish for a maximum profit and at the same time cuts his losses if the pair is bullish with a small profit from the sale of the at-the-money (ATM) Put. The trader only makes a loss if the pair is not as bearish as he expected it to be.

When to do it

This strategy works best when the trader thinks that the pair is bearish with high volatility.

The set-up

- Sell an ATM Put at strike price B (spot +0)
- Buy an OTM Put at twice the amount of B at strike price A (spot -)
- At the time of creating this strategy, the pair's price will be at B.

Maximum potential profit

The maximum potential profit can be very substantial if the pair's price decreases by a big amount.

Maximum potential loss

The maximum potential loss is limited to the difference between B and A minus the premium received.

Time impact

In the Back Spread with Puts strategy, time decay will inflict the greatest loss if the pair's price is at A. If the pair's price is at or above B then time decay works in favour of the trader in order for both options to expire worthless and the trader will profit from the premium received.

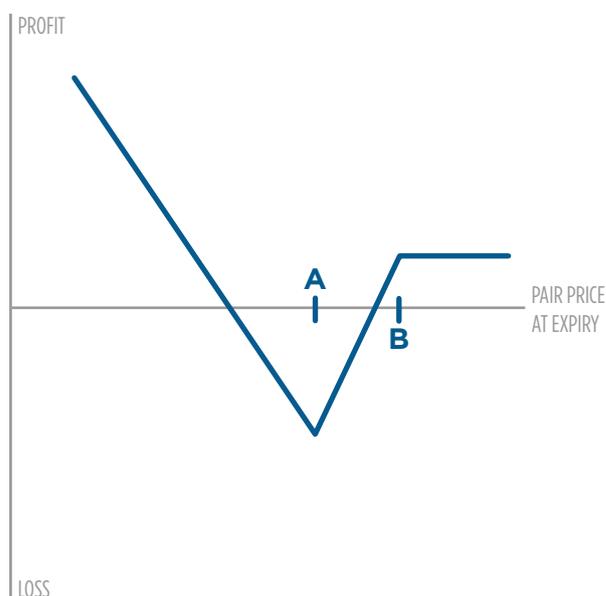
Best/worst case scenario

The best case scenario occurs when the pair's price decreases by a big margin. Profits keep rising as the pair's price decreases.

The worst case scenario occurs when the pair's price does not decrease as much as expected and the trader suffers the greatest loss at A.

Tips

By increasing the price of the Put purchase, maximum profit is increased. The point where the premium received is close to 0 is where the trader can earn a big profit and at the same time does not suffer a loss if the pair ends up being bullish. Any occasion where the trader is required to pay a premium instead of receiving a premium would mean higher profits if the pair is bearish but losses if the pair is either bullish or not as bearish as expected.



Inverse Skip Strike Butterfly with Puts

An Inverse Skip Strike Butterfly with Puts strategy operates with the same expectations as the Back Spread with Puts strategy and requires a bearish and highly volatile currency pair. Essentially the trader sells an at-the-money (ATM) Put to cover the expenses of the more expensive out-of-the-money (OTM) Put. The difference with the Back Spread with Puts strategy is that for the Inverses Skip Strike Butterfly with Puts strategy the trader sells an additional Put at an Out of The Money (OTM) strike price to reduce the overall cost.

When to do it

This strategy works best when the trader thinks that the pair is bearish with high volatility.

The set-up

- Sell an ATM Put at strike price D (spot +0)
- Buy an OTM Put at twice the amount of D and A at strike price C (spot -)
- Sell an OTM Call at strike price A (spot less than C)
- At the time of creating this strategy, the pair's price will be at D.

Maximum potential profit

The maximum potential profit is limited to the difference between B and A plus the premium received.

Maximum potential loss

The maximum potential loss is limited to the difference between D and C minus the premium received.

Time impact

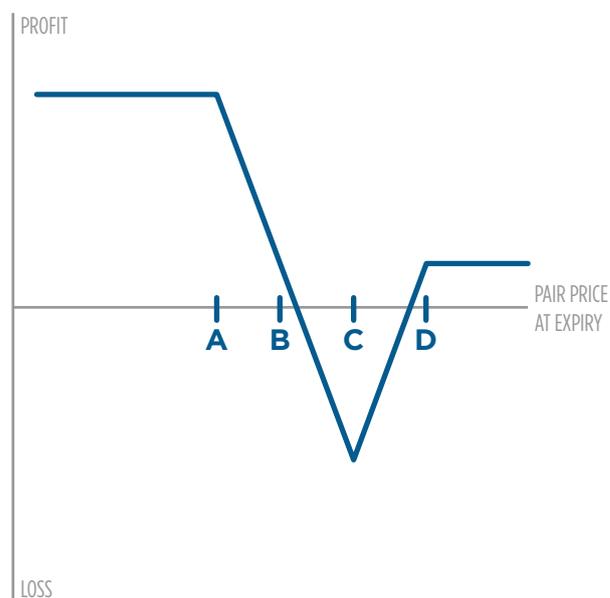
In the Inverse Skip Strike Butterfly with Puts strategy, time decay will inflict the greatest loss if the pair's price is at C. If the pair's price is at or above D, then time decay works in favour of the trader in order for both options to expire worthless and the trader will profit from the premium received. Time decay also works in favour of the trader once the pair's price moves beyond A.

Best/worst case scenario

The best case scenario occurs when the pair's price reaches A where maximum profit is earned. The worst case scenario occurs when the pair's price does not increase as much as expected and the trader suffers the greatest loss at C.

Tips

By increasing the price of the Put purchase, maximum profit is increased. However in order to increase the price of the purchased Put the trader must also increase the price of the sold (OTM) Put. If he chooses not to, then the strategy becomes a Back Spread with Puts as there is no limit to profits. In addition, the premium becomes negative and the trader suffers a loss if the pair is bullish.



Christmas Tree Butterfly with Puts

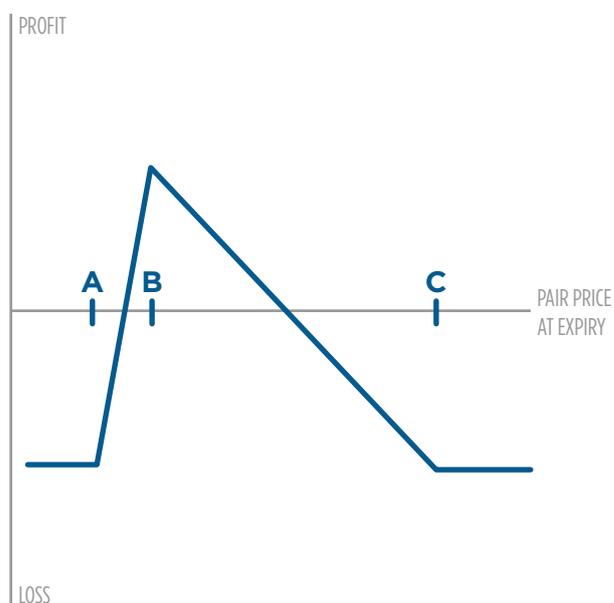
A Christmas Tree Butterfly with Puts strategy can be implemented in situations where the trader believes the pair will be slightly bearish. To implement this strategy, the trader is required to buy an at-the-money (ATM) Put, Sell an out-of-the-money (OTM) Put three times the amount spent on the ATM Put, and buy an out-of-the-money (OTM) Put with a lower strike price twice the amount spent on the ATM Put.

When to do it

This strategy works best when the trader thinks that the pair is slightly bearish.

The set-up

- Buy an ATM Put at strike price C (spot +0)
- Sell an OTM Put at three times the amount of C at strike price B (spot -)
- Buy an OTM Put twice the amount of C at strike price A (spot -)
- At the time of creating this strategy, the pair's price will be at C.



Maximum potential profit

The maximum potential profit is limited to the difference between D and B minus the premium paid.

Maximum potential loss

The maximum potential loss is limited to the premium paid.

Time impact

In the Christmas Tree Butterfly with Puts strategy, time decay works in favour of the trader in order for all the options to expire worthless except the option with strike price C.

Best/worst case scenario

The best case scenario occurs when the pair's price falls at B and stops, where maximum profit is earned.

The worst case scenario occurs when the pair's price decreases more than expected or ends up being bullish.

Tips

This strategy can be very profitable for traders who expect low volatility but have a sense of direction. Thus instead of implementing the Iron Butterfly strategy, they implement the Christmas Tree Butterfly if they expect low volatility with a slightly bearish direction.

Volatility strategies

Long Straddle

The Long Straddle strategy allows the trader to profit from expectations regarding upcoming high volatility in a currency pair. This strategy requires the purchase of an at-the-money (ATM) Call and Put. However the strategy involves high premium costs, so in order for the trader to be able to make a profit, the currency pair must be very volatile.

When to do it

This strategy works best when the trader thinks that the pair will be very volatile in the near future.

The set-up

- Buy an ATM Call at strike price A (spot +0)
- Buy an ATM Put at strike price A (spot +0)
- At the time of creating this strategy, the pair's price will be at A.

Maximum potential profit

The maximum potential profit is unlimited.

Maximum potential loss

The maximum potential loss is limited to the premium paid.

Time impact

In the Long Straddle strategy, time decay works strongly against the trader. As time goes by, the value of both options decreases.

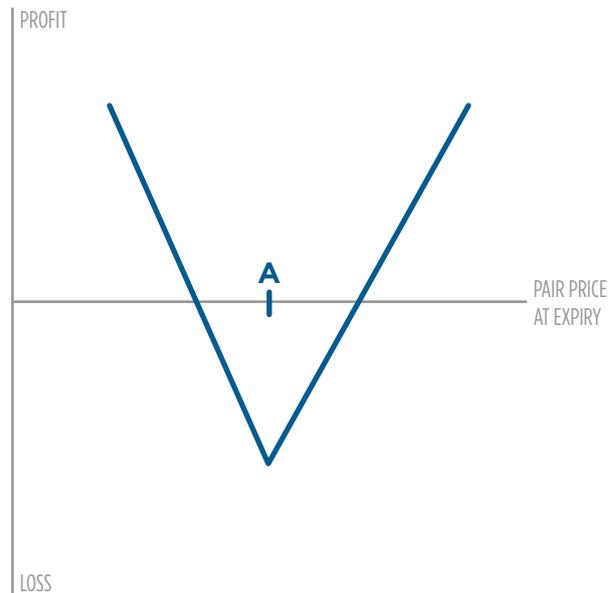
Best/worst case scenario

The best case scenario occurs when the pair's price increases or decreases by a huge amount.

The worst case scenario occurs when the pair's price does not change by the amount required to start making profit.

Tips

The Long Straddle works well when major events that are expected to highly increase volatility will occur in the near future. This anticipation enables the trader to create a Long Straddle in a limited time period and thus limit the premium costs. Doubling the amount spent on either the Put or the Call will mean that the trader still expects high volatility but has an expectation on the direction the pair will move. Implementing this expectation to the Straddle, it changes its name to "Strip" if the expectation is bearish and "Strap" if the expectation is bullish.



Long Strangle

The Long Strangle strategy allows the trader to profit from expectations regarding upcoming high volatility in a currency pair. This strategy requires the purchase of an out-of-the-money (OTM) Call and Put. The Long Strangle differs from the Long Straddle in that the purchase of the options happens at an out-of-the-money (OTM) strike price, and hence premium costs are reduced. However in order for the trader to be able to make a profit, the currency pair must be even more volatile than required by the Straddle.

When to do it

This strategy works best when the trader thinks that the pair will be extremely volatile in the near future.

The set-up

- Buy an OTM Call at strike price B (spot +)
- Buy an OTM Put at strike price A (spot -)
- At the time of creating this strategy, the pair's price will be between A and B

Maximum potential profit

The maximum potential profit is unlimited.

Maximum potential loss

The maximum potential loss is limited to the premium paid.

Time impact

In the Long Strangle strategy, time decay works strongly against the trader. As time goes by, the value of both options decreases.

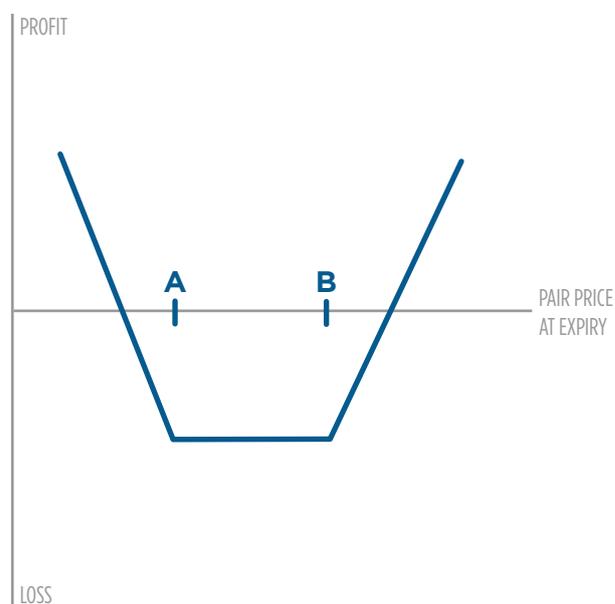
Best/worst case scenario

The best case scenario occurs when the pair's price increases or decreases by a huge amount.

The worst case scenario occurs when the pair's price does not change by the amount required to start making profit.

Tips

The Long Strangle works well when there are major events that are expected to highly increase volatility. This anticipation enables the trader to create a Long Strangle for a longer duration than a Straddle because of the reduced premium costs. Traders can benefit if they expect the volatility to increase prior to the date of the event and so are able to prolong their options to capture that potential increase in volatility.



Iron Butterfly

The Iron Butterfly strategy allows the trader to profit from expectations regarding very low volatility in a currency pair. This strategy requires the purchase of an out-of-the-money (OTM) Put and Call and the sale of an at-the-money Call and Put. Essentially the trader believes that the pair's price will not move beyond the A and C strike prices, with the optimal position being strike price B.

When to do it

This strategy works best in situations with very low volatility and when the trader thinks that the pair will not move by a big margin in the set time period.

The set-up

- Buy an OTM Put at strike price A (spot -)
- Sell an ATM Put at strike price B (spot +0)
- Sell an ATM Call at strike price B (spot +0)
- Buy an OTM Call at strike price C (spot +)
- At the time of creating this strategy, the pair's price will be at B.

Maximum potential profit

The maximum potential profit is limited to the premium received.

Maximum potential loss

The maximum potential loss is limited to the difference of B and A minus the premium received.

Time impact

In the Iron Butterfly strategy, time decay works in favour of the trader. The trader wants all options to expire worthless.

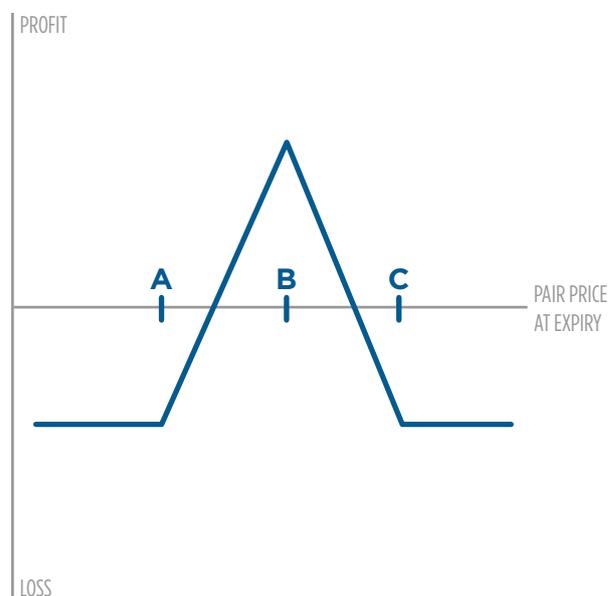
Best/worst case scenario

The best case scenario occurs when the pair's price ends up being at B.

The worst case scenario occurs when the pair's price moves beyond strike prices A and C.

Tips

The Iron Butterfly works well in a sideways market, where there are no major events that are expected to highly increase volatility. This anticipation enables the trader to create an Iron Butterfly strategy and profit from the very low volatility of the pair. By increasing the strike prices of the OTM Call and Put, the trader can increase his potential profit but at the same time he increases the potential losses as well.



Iron Condor

The Iron Condor strategy allows the trader to profit from expectations regarding very low volatility in a currency pair. This strategy requires the purchase of an out-of-the-money (OTM) Put, the sale of an out-of-the-money (OTM) Put with a higher strike price, the sale of an out-of-the-money (OTM) Call and the purchase of an out-of-the-money (OTM) Call with a higher strike price. The Iron Condor differs from the Iron Butterfly in that the trader sacrifices an amount of the potential profit to extend the points on which profits are maximised.

When to do it

This strategy works best in situations with very low volatility and when the trader thinks that the pair will not move by a big margin in the set time period.

The set-up

- Buy an OTM Put at strike price A (spot -)
- Sell an OTM Put at strike price B (spot -)
- Sell an OTM Call at strike price C (spot +)
- Buy an OTM Call at strike price D (spot +)
- At the time of creating this strategy, the pair's price will be between B and C.

Maximum potential profit

The maximum potential profit is limited to the premium received.

Maximum potential loss

The maximum potential loss is limited to the difference of B and A minus the premium received.

Time impact

In the Iron Condor strategy, time decay works in favour of the trader. The trader wants all options to expire worthless.

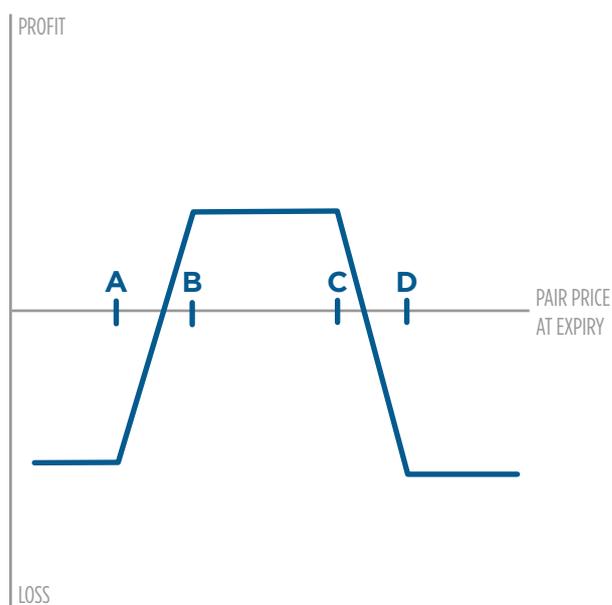
Best/worst case scenario

The best case scenario occurs when the pair's price ends up being between B and C.

The worst case scenario occurs when the pair's price moves beyond strike prices A and D.

Tips

The Iron Condor works well where there are no major events that are expected to highly increase volatility. This anticipation enables the trader to create an Iron Condor strategy and profit from the very low volatility of the pair. By increasing the strike prices of the purchased OTM Call and Put, the trader can increase his potential profit but at the same time he increases the potential losses as well. This strategy would be more suitable than the Iron Butterfly in situations where the trader expects slight volatility but does not want to suffer the losses of this volatility.



Glossary

In-the-money (ITM):

When an option contract has intrinsic value.

- A Call option is in-the-money when the strike price is below the current spot price of the underlying currency pair.
- A Put option is in-the-money when the strike price is above the current market price of the underlying currency pair.

At the Money (ATM):

When an option contract has no intrinsic value. Call or Put options are at-the-money when the strike price is the same as the current market price.

Out of the Money (OTM):

When an option contract has no intrinsic value.

- A Call option is out-of-the-money when the strike price is above the current market price of the underlying currency pair.
- A Put option is out-of-the-money when the strike price is below the current market price of the underlying currency pair.

Strike price difference from spot price

On the easy-forex options platform you enter an exact figure for the strike price (e.g. 1.2345) or you can enter an amount of percentage above or below the spot.

For example:

- = means the strike equals the spot
- +0 also means the strike equals the spot
- 1 means 1% less than the spot
- +2.3 means 2.3% higher than the spot.

American options

Every option has an expiry date. American options can be exercised any time before or on the expiry date. This is the type of options you trade on optionsReasy.

Call option

A call option is the right to buy a currency pair at a specified strike price during a specified time period. For example, a call option for 100,000 GBPUSD with a strike price of 1.55 and an one month expiration gives the owner the right to buy 100,000 GBP in exchange for 155,000 USD any time within the next month.

Covered option

A covered option is when you sell a call option along with buying a call with the same expiry date and at the same or larger amount. This means that your loss on the trade is limited and easily calculable (as it depends on the market rates rather than premium calculations). Similarly, if you sell a put option along with buying a put with the same expiry date and in the same or larger amount, it is considered a covered option. One appeal of selling a covered call is that you collect the premium but don't risk potentially large losses.

European options

Every option has an expiry date. European options can be exercised only on the pre-set expiry date, and not before nor after. optionsReasy allows you to trade American options.

Expiry date

Options can be exercised any time before a pre specified date, at which point they expire. The last day on which the option can be exercised is known as the expiry date. You can customise an option's expiry date and choose how long it lasts when you are opening it.

Premium

The amount of money paid or received when the option or strategy is opened.

Premium ATM

'Premium At The Money' shows how much money would be paid or received if the option is purchased or sold at the money, i.e. when the market price and strike price are equal. The premium will depend on the option's implied volatility, interest rates, and time to expiry, among other factors.

Put option

A put option is the right to sell a currency pair from a specified strike price during a specified time period. For example, a put option for 100,000 EUR/USD with a strike price of 1.24 and an one week expiration gives the owner the right to sell 100,000 EUR in exchange for 124,000 USD any time within the next week.

Strike price

The strike price is the price at which the option can be exercised. For call options (options to buy), the strike price is the ask price at which the currency pair can be bought, while for put options (options to sell) it is the bid price at which the currency pair can be sold.

Time value

Also known as "Extrinsic Value", it is the difference between an option's price and its intrinsic value. It is effectively the premium an investor would pay over an option's current intrinsic value, based on the probability it will increase in value before expiry.

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