CALL OPTION

If you are the buyer of the CALL option, you are bullish the market

You bought a--Sept---call option at this strike price--- 3.50---for this purchase price/premium of---20¢---that expire on---Aug 25. Your risk is the purchase price.

If at expiration, the market is below 3.50 (strike price) you lose your purchase price/premium of 20¢.

If the market goes above 3.70 (3.50 was the strike price plus the purchase price of 20¢) you start making money/profit.

If you are the seller of the CALL option, you are bearish the market

You sold a---December---call option at this strike price of---$4.50---for the price/premium of--- 10¢---that expires on---November 24.

Note: if the value of the call increases above what you sold if for at any time after you sell it, you are responsible for the margin at that time.

If at expiration the market is below the 4.50 strike price, you get the premium price of 10¢.

If the market is above $4.60 (the 4.50 strike price plus the premium of 10¢), you will lose the difference.

IF THE ABOVE IS CONFUSING, CALL BILL @ 815-541-6868

PUT OPTION

If you are the buyer of the PUT option, you are bearish the market

You bought a---December---put option at a strike price of---3.90---for the purchase price/premium of---30¢---that expire on---November 24.

If the market goes below $3.60 (strike price 3.90 minus the premium of 0.30), you will make money.

If at expiration the market is above the $3.90 strike price, you lose your premium of 30¢.

If you are the seller of the PUT option, you are bullish or think the market will stay steady

You sold a---December---put option at a strike price of---3.30---for the purchase price/premium of---8¢---that expire on---November 24.

Note: If the value of the call increases above what you sold if for at any time after you sell it, you are responsible for the margin at that time.

If at expiration the market is below $3.22 (the 3.30 strike price plus the premium of 8¢), you will lose the difference.

If at expiration the market is above the 3.30 strike price, you get the premium price of 8¢.

IF THE ABOVE IS CONFUSING, CALL BILL @ 815-541-6868

PUT-CALL SPREAD

PUT-CALL SPREAD: You are both the buyer and seller
You are bearish the market or wanting downside protection.

PUT PORTION of the spread
You bought---December---put options at a strike price of---3.90---for the purchase price/premium of---30¢---that expire on---November 24.

If at expiration the market goes below 3.60 (3.90 strike price plus premium of 30₵), you will make money.

If at expiration the market is above the 3.90 strike price, you lose your premium of 30¢.

CALL PORTION of the spread
You sold a---December---call options at this strike price of---$4.50---for the price/premium of--- 10¢---that expire on---November 24.

Note: if the value of the call increases above what you sold if for at any time after you sell it, you are responsible for the margin at that time.

If at expiration the market is below the 4.50 strike price, you get the premium price of 10¢.

If the market is above $4.60 (the 4.50 strike price plus the premium of 10¢), you will lose the difference.

IF THIS IS CONFUSING, CALL BILL @ 815-541-6868

PUT SPREAD

PUT SPREAD: You are both the buyer and seller
You think the market is going lower but not exceeding lower or just want some downside coverage.

Your maximum gain/profit is the difference between strike prices minus the purchase price/premium.

Note: There is no margin requirement.

You bought a---December---put options at a strike price of---3.90---for the purchase price/premium of---30¢---that expire on November 24.

You sold a---December---put options at a strike price of---3.20---for the price/premium of---8¢--- that expire on---November 24.

If at expiration the market is below 3.12 you would:

Collect the difference between the two strike prices minus the cost. Example:

The December 3.90 strike price minus the 30¢ premium equals 3.60

The December 3.20 strike price minus the 8¢ premium equals 3.12

The maximum gain would be $0.48 (3.60 - 3.12)

If at expiration the market is above 3.60, you would lose 22¢, (The 0.30¢ you paid for the 3.90 put but collect the premium of 8¢ from the 3.20 put that you sold).

If at expiration the market is between 3.68 (3.90 strike minus the 30¢ cost plus 8¢ for what you sold the 3.20 put for) and 3.20 you would make the difference between 3.68 and the market.

IF THIS IS CONFUSING, CALL BILL @ 815-541-6868

CALL SPREAD

CALL SPREAD: You are both the buyer and seller
You think the market is going higher but has a limit on how much higher it can go.

Your maximum gain/profit is the difference between strike prices minus the purchase price/premium.

Note: There is no margin requirement.

You bought--December--call options at a strike price of 3.90 for the purchase price/premium of 0.30¢ that expire on November 24.

You sold--December--call options at a strike price of 4.50 for the price/premium of 0.08¢ that expire on November 24.

If at expiration the market is below 3.90, you would lose 0.22¢, (The 0.30 you paid for the 3.90 put but collect the premium of 0.8¢ from the 4.50 that you sold).

If at expiration the market is between 4.12 (3.90 strike plus the 30¢ cost minus 8¢ for what you sold the 4.50 call for) and 4.50 you would make the difference between market price and 4.12.

If at expiration the market is above 4.58 you would:

Collect the difference between the two strike prices minus the cost. Example:

The December 3.90 strike price plus the 0.30 premium equals 4.20

The December 4.50 strike price plus the 0.08¢ premium equals 4.58

The maximum gain would be $0.38 (4.58 - 4.20).

IF THIS IS CONFUSING, CALL BILL @ 815-541-6868

IF this is confusing, call Bill @815-541-1857

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