

## PDF Booklet

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## Video Series

### **01-Introduction**

#### **02-Download free trading platform**

. Download and install a free and powerful trading platform for your training.

#### **03-Set up your charts**

. Setting up charts by using a clean, free of clutter style and applying some basic yet powerful indicators: three widely followed moving averages and a couple of oscillators. You don't need more than that.

#### **04-Create a simple Indices Watch list**

. Creation of a basic watch list of the major indices in order to be in sync with the markets at all times with just a quick glimpse.

#### **05-Planing the first trade of the expiration cycle**

- . When to enter the first trade of a monthly options expiration cycle?
- . Evaluation of current market conditions (Overbought, Oversold or No man's land) and determination of what the first position of the month should be in accordance with the market conditions seen.
- . Impact of a low VIX.
- . Strike prices selection for the first candidate position of the cycle and some comments on position size and potential losses.

#### **06-Creating your own layout to view the Options Chain**

. Creating a style for visualizing options' stats such as Probability of expiring In the Money, Open Interest and Volume in the options chain.

#### **07-Support and Resistance**

. Drawing Support and Resistance areas on the chart as guidelines for out of the money Options selling.

#### **08-When and where would my spread be threatened - Theoretical price demonstration**

- . Estimating what move the market has to make in order for an existing spread to reach 30% probability of being in the money.
- . In advance estimation of losses by using theoretical pricing models.
- . Setting up alerts in the platform to be notified in advance and not having to be in from of the computer following the markets every minute.

#### **09-Different adjustment techniques**

. Analysis of different ways to make Credit Spread adjustments and their potential for mitigating drawdowns.

## **10-Impact of commissions**

- . Pros and Cons of using Large index options vs ETF options.
- . Evaluation of commission costs when trading Indexes (SPX, RUT) vs trading the ETFs (SPY, IWM).
- . Some words on capital allocation.
- . Diversification of positions over time.

## **11-Technical Analysis**

- . This chapter covers all the Technical Analysis I do as a trader. A simple yet effective approach to Technical Analysis for Options Sellers.

## **12-Portfolio review. Sample 1. (2015-01-05)**

- . Analysis of existing positions. Are they being threatened?
- . Estimation of point at which they will be threatened and reach the 30% probability of being in the money. Setting up alerts to get automatically notified if it happens.
- . Planning a secondary trade (always credit spread) for the expiration cycle after having an Iron Condor already on.
- . Simple way to determine which Index is more oversold and therefore a better candidate for selling Puts.

## **13-Portfolio review. Sample 2. (2015-01-14)**

- . Analysis of existing positions. Are they being threatened?
- . Estimation of point at which positions will reach the 30% probability of being in the money. Updating alerts to get automatically notified when positions are close to needing an adjustment.
- . Considerations for selling Credit Put spreads in high volatility environments when market is not in an oversold extreme.
- . A brief look at seasonality stats and how they support the case for selling Puts in high volatility environments.

## **14-Analyzing potential Iron Condor adjustment**

- . Planning an adjustment to the Put side of an Iron Condor.
- . Avoiding panic by accurately estimating losses way in advance before an adjustment is needed.
- . Estimation of number of contracts to trade in the new hypothetical position in order to mitigate losses.

## **15-Analyzing potential first trade of a new Expiration cycle**

- . The whole thinking process when planning the first trade of a new monthly options expiration cycle.
- . Position Size. Calculating the number of contracts to trade.

## **16-Unbalanced SPX Iron Condor filled**

- . Two tips to get your Iron Condors filled quicker.
- . Updating the Automatic Alerts now taking into account two positions in two different expiration months but in the same index.
- . General principles about sequence of trades in a cycle. What to enter first, an Iron Condor or an individual Credit spread? Why? How does this influence the selection of the secondary trade of the cycle later on?

### **17-Portfolio review. Sample 3. (2015-02-12)**

- . Analysis of existing positions. Are they being threatened?
- . Estimation of point at which they will be threatened and reach the 30% probability of being in the money. Updating existing alerts to get automatically notified if adjustment conditions present themselves.
- . Planning a secondary trade (always credit spread) for the expiration cycle after having an Iron Condor already on.
- . Analyzing potential new position for the upcoming cycle. Comments about the first trade of a cycle not being an Iron Condor.

### **18-Unbalanced Iron Condor vs Standard Iron Condor**

- . Planning the first position of the new Expiration cycle and analyzing Pros and Cons of an Unbalanced Iron Condor vs a Standard one.

### **19-Unbalanced SPX Iron Condor position initiated**

- . Reporting a fill on an Unbalanced Iron Condor to start the cycle and updating automatic alerts on the platform by estimating new adjustment points.

### **20-The options selling business during low volatility environments**

- . The impact of volatility and the VIX in the options selling business.
- . Relationship between volatility and market direction.
- . Some considerations on selling options during low volatility environments. Should you stop your trading activity during these periods or not?
- . The danger of selling Calls during very high volatility environments.
- . My take on doing technical analysis on VIX charts. It's useless.

### **21-Beta weighting**

- . How to avoid concentration of risk on the same spot of the prices spectrum when trading positions in different indexes. Comparing apples to apples using the Beta weighting feature.

### **22-Portfolio review. Sample 4. (2015-03-07)**

- . Analysis of existing positions and alerts update to be notified when positions are close to needing an adjustment.
- . Considerations for potential new trade when market gets close to a short term oversold extreme. Which symbol to choose? Which month's options to play? Ensuring the risk is not concentrated on the same spot where other positions exist

### **23-The Greeks**

- . What are they? What information do they provide?
- . How do the Greeks influence my trading decisions? My take on the Greeks and why you don't need them if you monitor probabilities closely and know your adjustment points as well as your monetary losses in advance.

#### **24-A Credit Put spread on SPX during an oversold condition**

. When the market starts to fall, volatility expands, options become juicier and selling Put Credit spreads becomes attractive. In this video we analyze the conditions that made it convenient to initiate a Credit Put spread position on the SPX Index.

. We also analyze the potential scenario where this new position would be adjusted. We accurately evaluate the impact that the adjustment would have on the overall profitability of the trading cycle. All the calculations are done in advance, always giving you a clear picture as a trader of what to expect in terms of profits/losses ahead of the events. We mathematically demonstrate why risk is under control with accuracy, which brings peace of mind to the options seller trader allowing him to be patient with his trading decisions and avoid unnecessary panics.

#### **25-The key to Long term Profitability as a Passive Options Index seller**

. Taking Profits early. Should you really take your positions all the way to expiration?

. Why it is good to wait for markets to move before entering second trade of a cycle and diversify overtime and over the price spectrum.

. The key to Long term Profitability as a Passive Options Index seller: Minimize the probability of having two losing Credit Spreads the same month.

#### **26-Brief portfolio analysis and potential trade for new expiration cycle**

. In this video we analyze a potential new trade for the upcoming expiration cycle. We finally opt for a RUT Iron Condor instead of the traditional SPX and reflect about the cause for this.

#### **27-Stocks above their 20 Day Moving Average**

In this video we analyze the importance of this vital piece of information in our trading.

. How can we use it to gauge upcoming weakness in an index?

. Why it is better than most indicators that just describe past action price.

. How we can use this information for very small speculative plays with a high success rate based on buying out of the money options with plenty of time to expiration. A simulation of this principle is illustrated via the ThinkBack feature of ThinkOrSwim.

. We also look at different sources where this information can be obtained and we even venture ourselves into this statistic applied to particular indexes (i.e. percentage of stocks trading above their 20 Day Moving Average inside the S&P500 only, rather than in the entire market)

#### **28-The difference between an Index's price and its own 20 Day Moving Average**

. In this video analyze the relationship between the S&P500 index and its own 20 Day moving average in more depth. We look at how this information can be used as a "confidence reinforcer" when selling Out of the money Calls. We use a public free resource that shows this data in a visually attractive and easier to understand manner.

### **29-Portfolio review. Sample 5. (2015-03-28)**

- . Analysis of the existing positions. Are they being threatened?
- . Estimation of point at which the existing positions will need an adjustment in the upcoming week and corresponding update of the automated notification alerts on the platform.
- . Analysis of "seasonality tendencies" in the markets and the benefits of selling Puts during the "end of year – beginning of year" period.
- . Study of a potential new trade in RUT. The candidate position is beta-weighted against SPX to compare "apples to apples" and ensure risk is will not be concentrated on the "equivalent" same spot where other SPX positions exist.
- . We finally show how you can enter a GTC Order (Good Till Cancelled) when you are going to be away from the computer for more than a day. This allows for an even more "hands off" - "low stress" approach to trading, very convenient for people with a day job, etc.

### **30-The business of selling options in larger portfolios**

As your portfolio grows in value you want to reduce your risks. After all, you don't need the super high returns in order to have a nice living anymore. How would we trade a 1 million dollar portfolio?

- . In this video we discuss how a Credit spread can be played as a sequence of smaller, laddered positions spread across different strike prices in order to mitigate risk even more. This approach also helps you to reduce the "pain" suffered when a credit spread position is entered too early. Nobody can time the market perfectly, but by using smaller, laddered positions, you improve your overall risk exposure and decrease the impact of an initial poorly timed entry.

### **31-Portfolio review. Sample 6. (2015-04-10)**

1. Analysis of existing position. Is it being threatened?
2. Estimation of point at which existing position will be threatened and reach the 30% probability of being in the money. Updating existing alerts to get automatically notified if adjustment conditions present themselves.
3. Quick wrap up of the thinking process when analyzing potential new trades for an upcoming expiration cycle.

### **32-Summing up**

- . Analysis of trading results and final summary of the main aspects of the strategy.