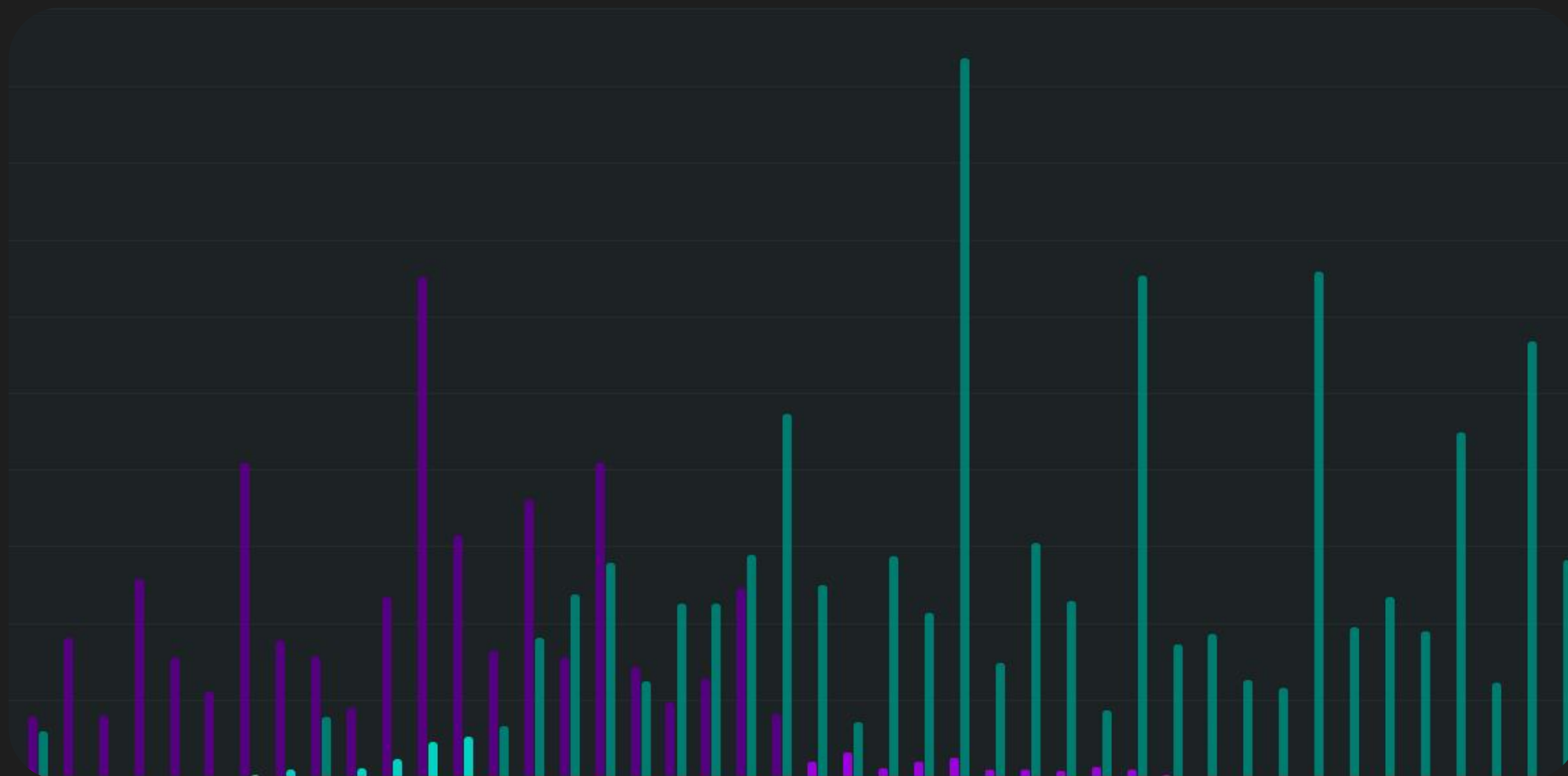




**\_checkonchain**

**PREMIUM**




**MARKET CHECK-IN**

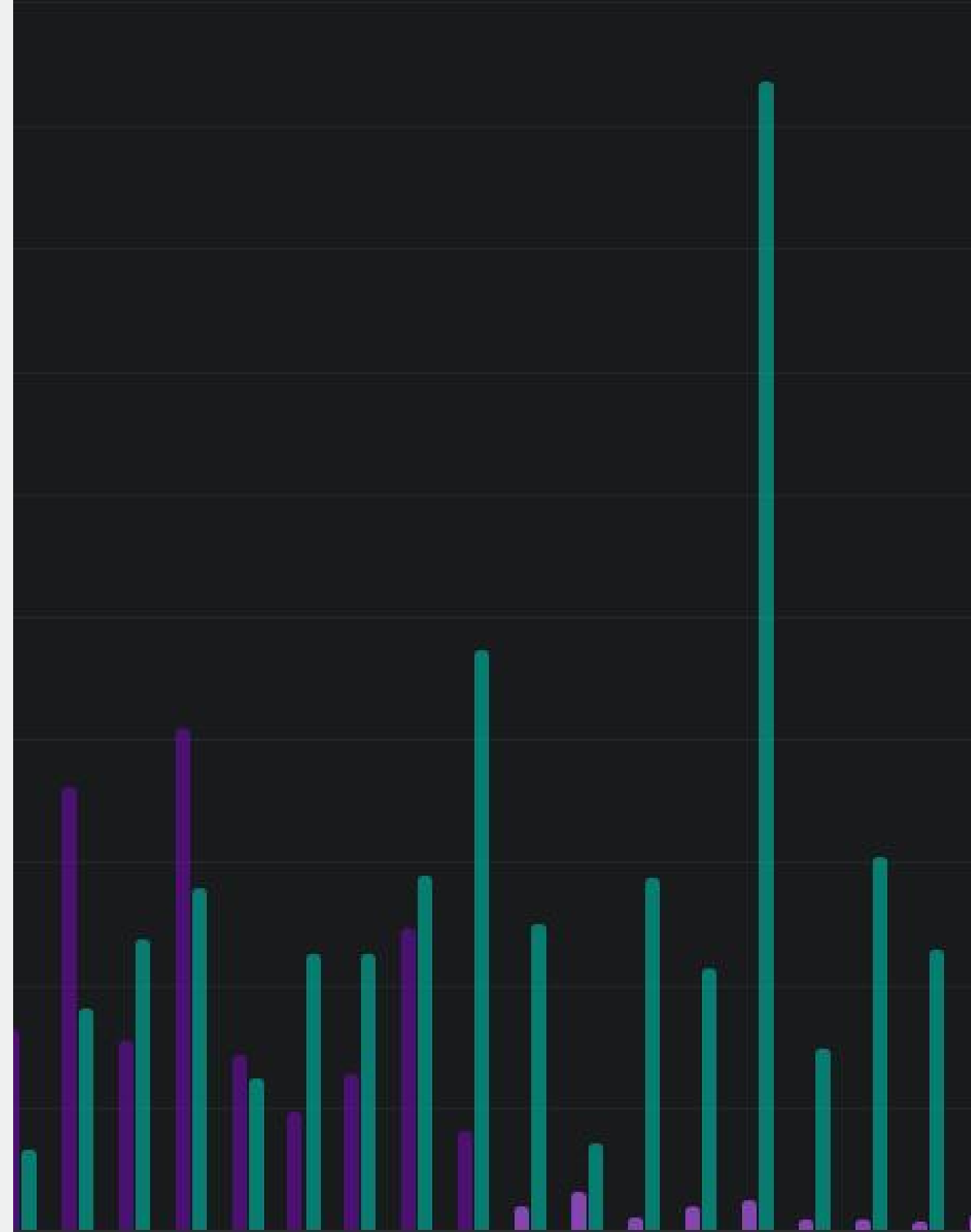


# **Options 101**

# topics covered

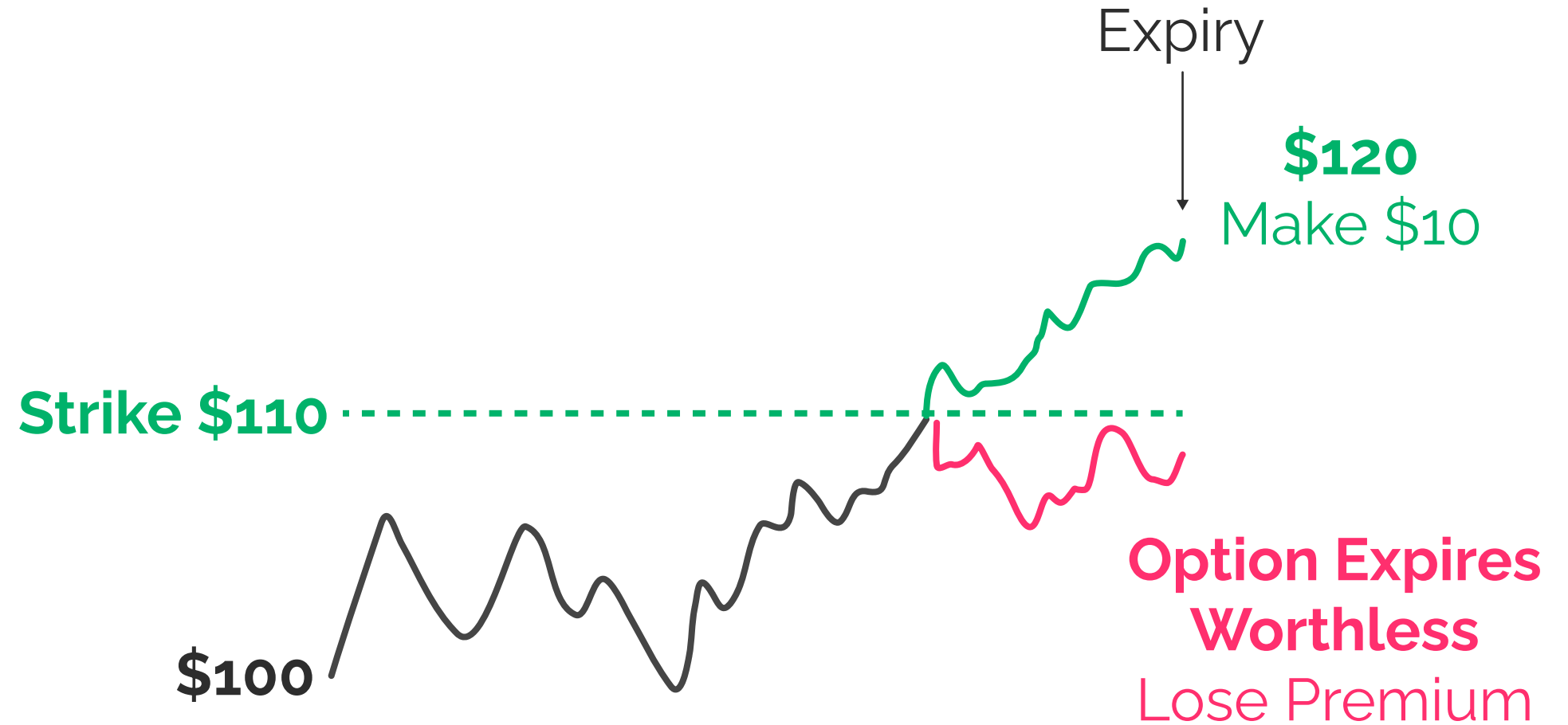
Options are one of the more sophisticated instruments, and the SEC has just approved options on the BlackRock spot ETFs.

-  What are Options?
-  What affects Option Premium?
-  Applications and market Impacts.



# Buy a Call

Upside Insurance  
Leverage Long

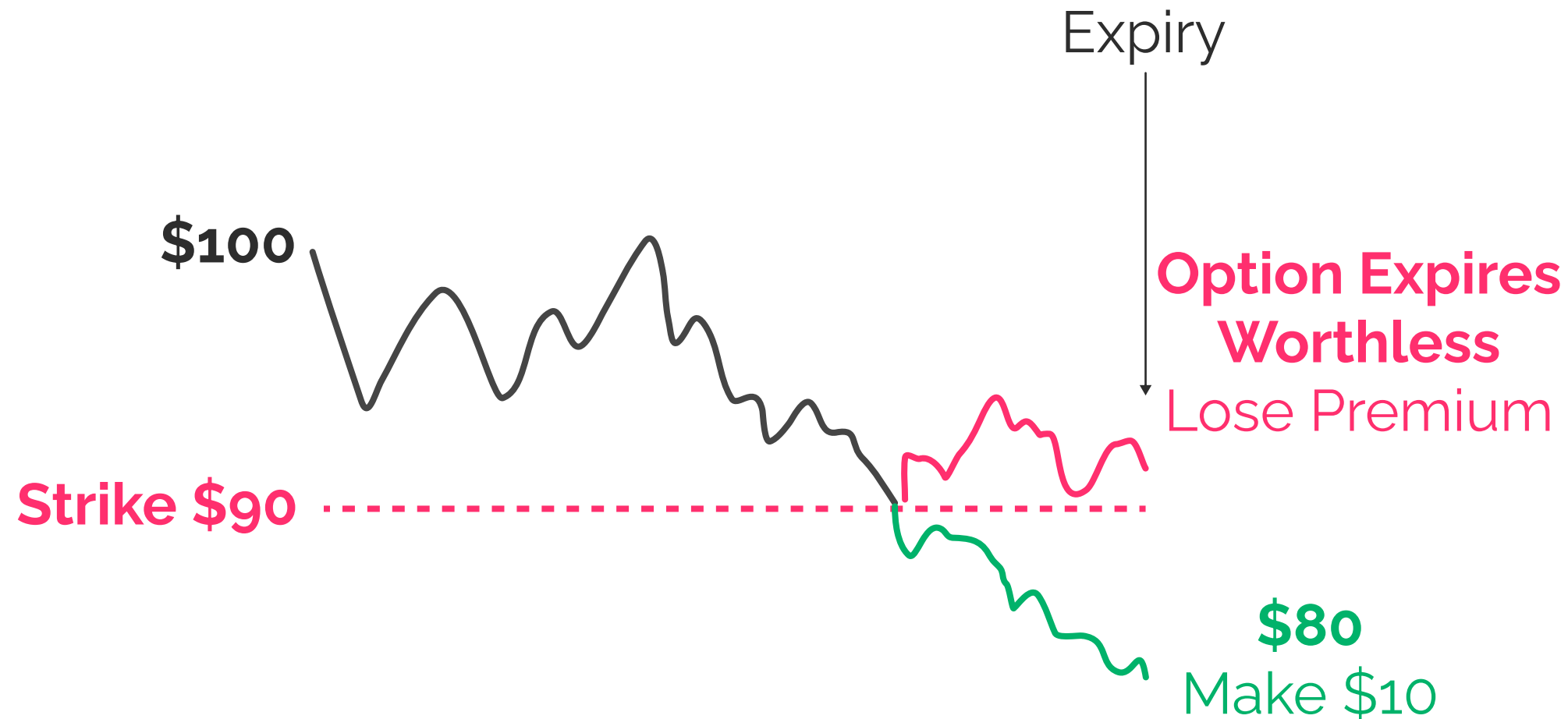


Trader has the option to BUY an asset at \$110, and immediately sell at \$120 for a \$10 Profit

# Buy a Put

## Downside Insurance

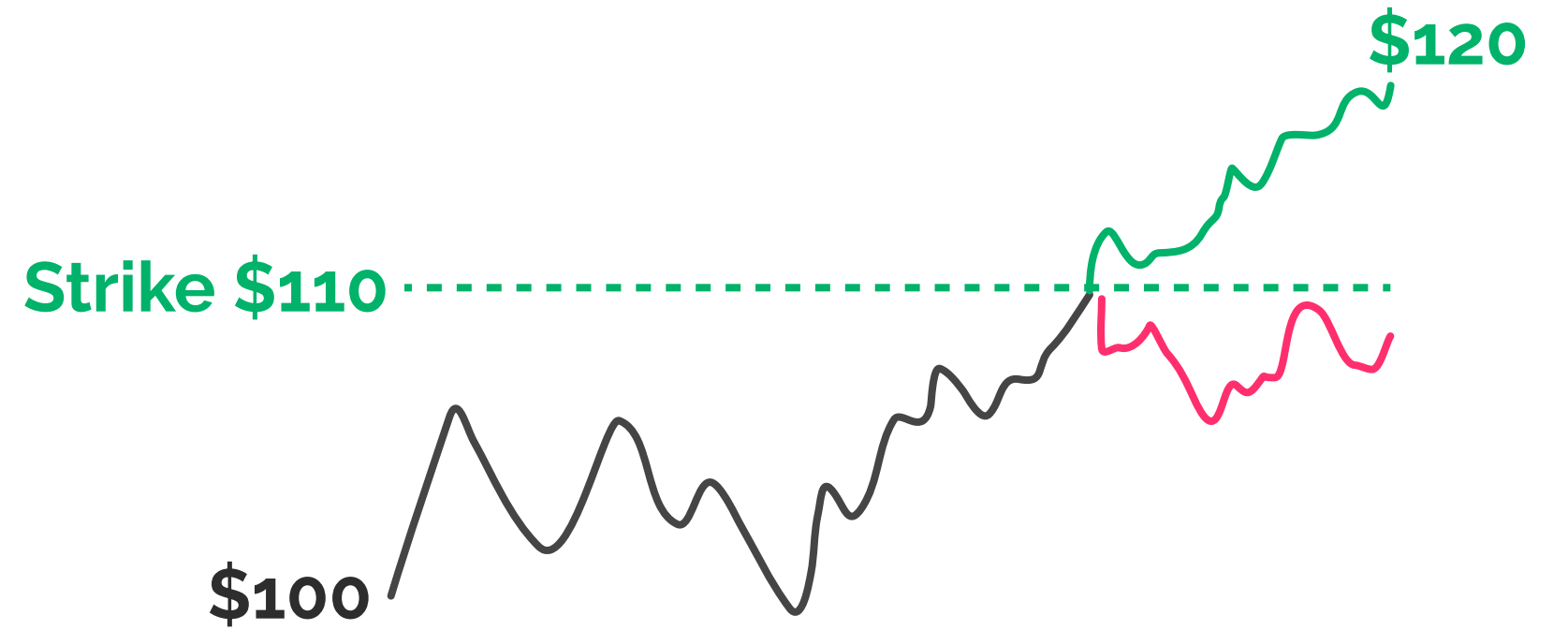
### Leverage Short



Trader has the option to SELL an asset at \$90, and immediately buy at \$80 for a \$10 Profit

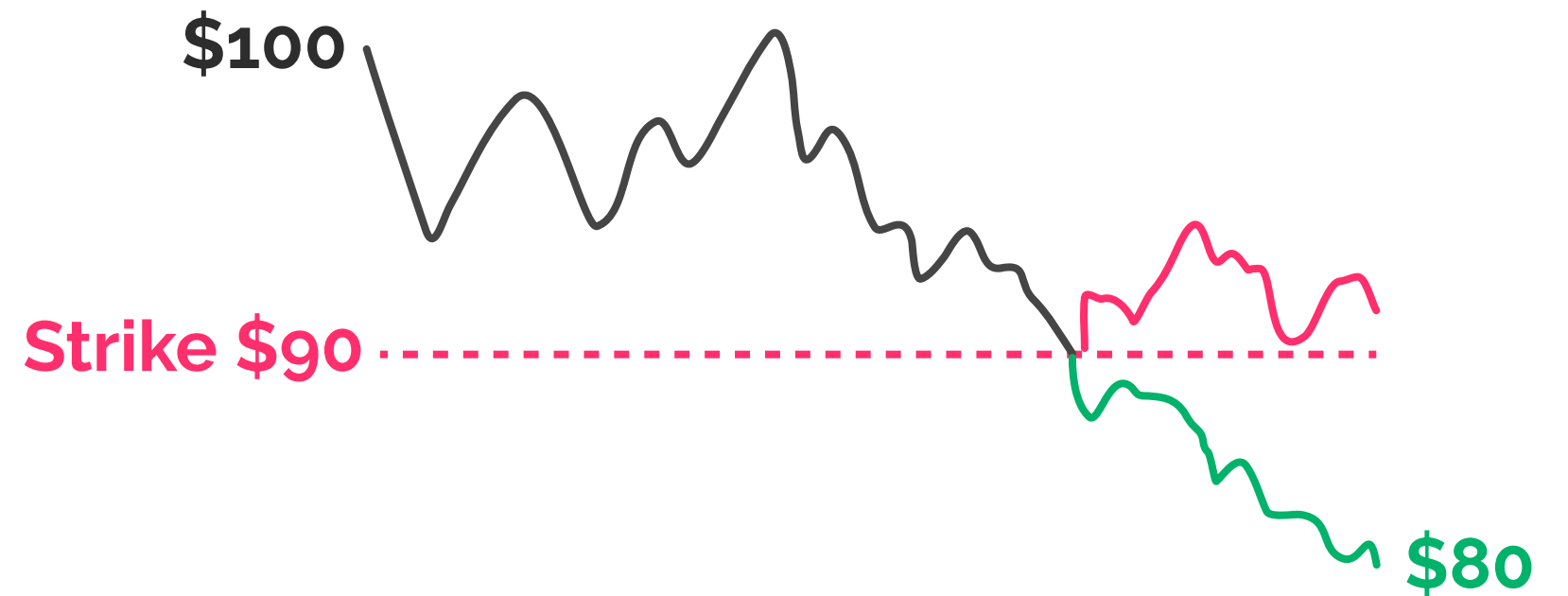
# Calls

Upside Insurance  
Leverage Long



# Puts

Downside Insurance  
Leverage Short



Option Buyer (Trader)

Pays Premium

Unlimited Reward

Limited Risk (Premium)

Option Seller (Insurer)

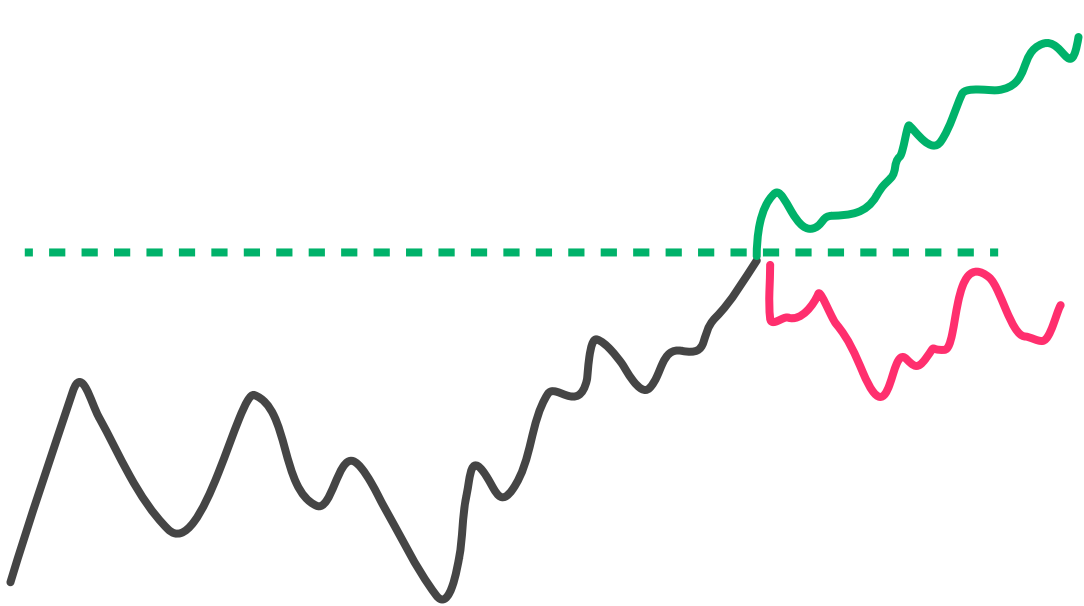
Underwrites Insurance

Limited Reward (Premium)

Unlimited Risk

Calls

Upside Insurance  
Leverage Long

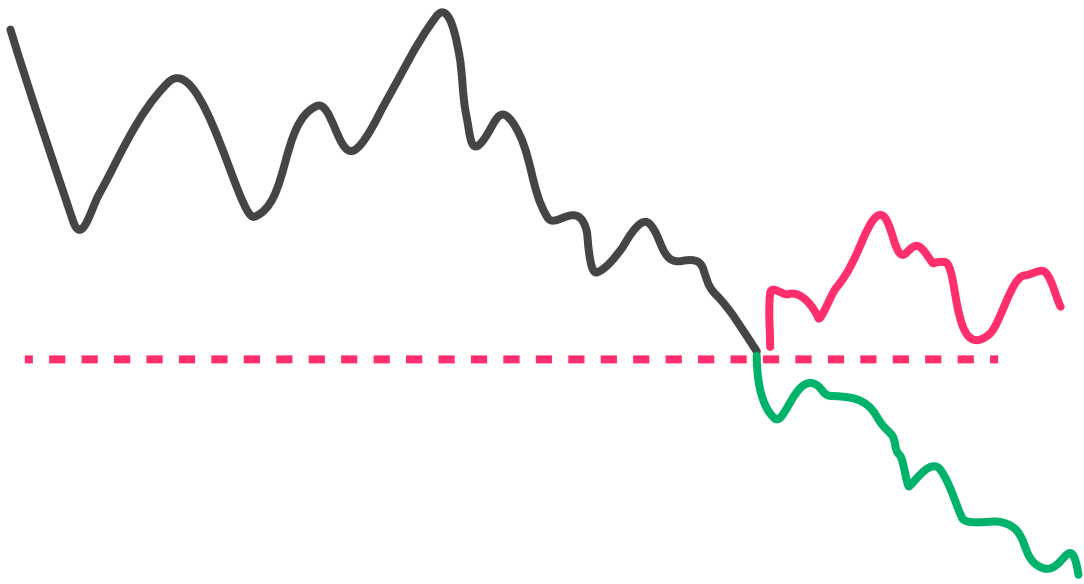


On The Hook  
+ Keeps Premium

Keeps Premium

Puts

Downside Insurance  
Leverage Short



Keeps Premium

On The Hook  
+ Keeps Premium

## Option Buyer

## Option Seller

**Calls**

### Win Conditions

Price Trades **Above** Strike  
AND  
ROI > Premium Paid

### Win Conditions

Price **Sideways** or **Down**

**Puts**

### Win Conditions

Price Trades **Below** Strike  
AND  
ROI > Premium Paid

### Win Conditions

Price **Sideways** or **Up**

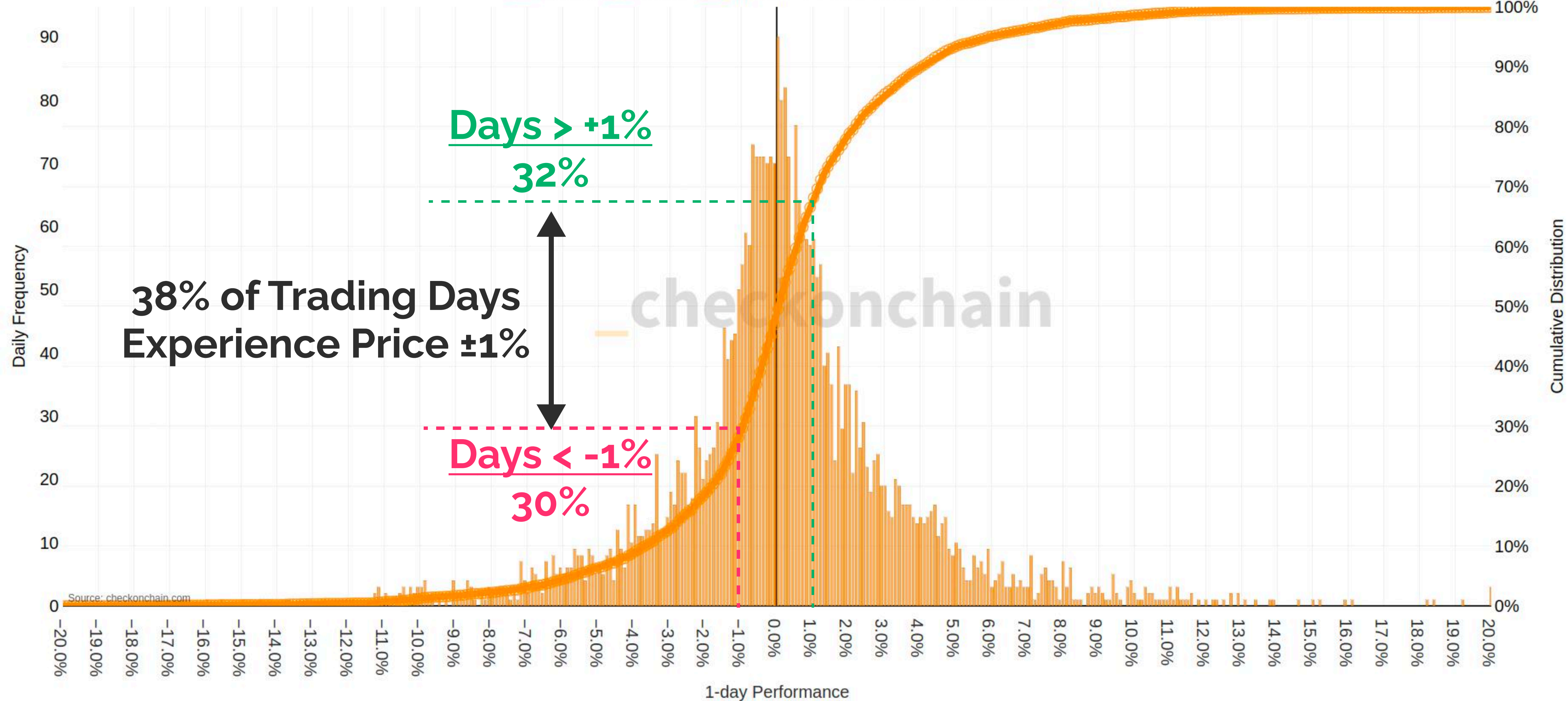
**Notice how Buyer has more conditions to win vs the Seller**



# Price Performance (1-day) Bull and Bear Distributions

Info On ▼

Bear CDF Bull CDF Total CDF PricePerf Bear PricePerf Bull PricePerf





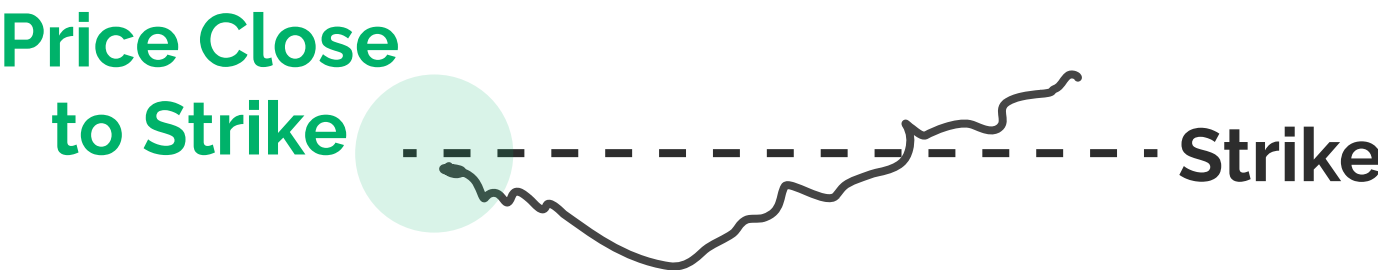
# Three Key Drivers of Option Premium

**1. Price Relative to Strike**  
Starting conditions vs strike  
**DELTA**

**2. Volatility of Asset**  
Likelihood to reach strike  
**VEGA**

**3. Time Until Expiry**  
How long trader has available  
**THETA**

**Expensive  
Premium**



**Cheaper  
Premium**

