Introduction to Options

Part Two – Greek Risk Measurements

Disclosure of Risks

Options involve risk and are not suitable for all investors. For more information, read the "Characteristics and Risks of Standardized Options" before investing in options. For a copy call 203- 618-5800 or click here.

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In order to simplify the computations, commissions, fees, margin interest and taxes have not been included in the examples used in these materials. These costs will impact the outcome of all stock and options transactions and must be considered prior to entering into any transactions. Investors should consult their tax advisor about any potential tax consequences.

Any strategies discussed, including examples using actual securities and price data, are strictly for illustrative and educational purposes only and are not to be construed as an endorsement, recommendation or solicitation to buy or sell securities. Past performance is not a guarantee of future results.

Most strategies involving futures and/or options spreads require a margin account.
Multiple leg strategies involve multiple commissions charges.
Supporting documentation for any claims and statistical information will be provided upon request.

Options Pricing

- ❑ Input Variables
- ❑ Greek Risk Measurements
- ❑ Combining Options
  - IB Options Calculator

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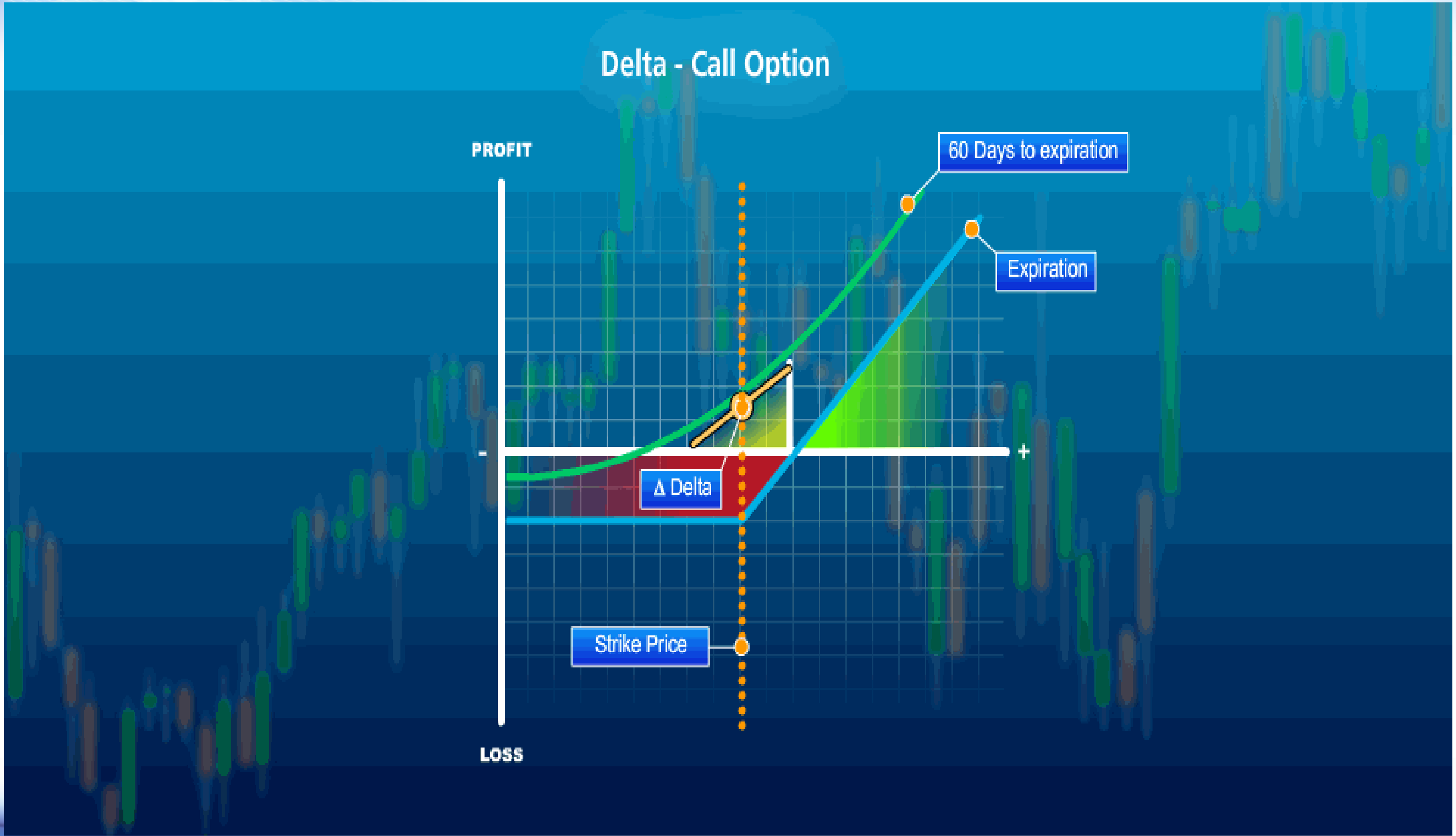
Risk Measures - Delta



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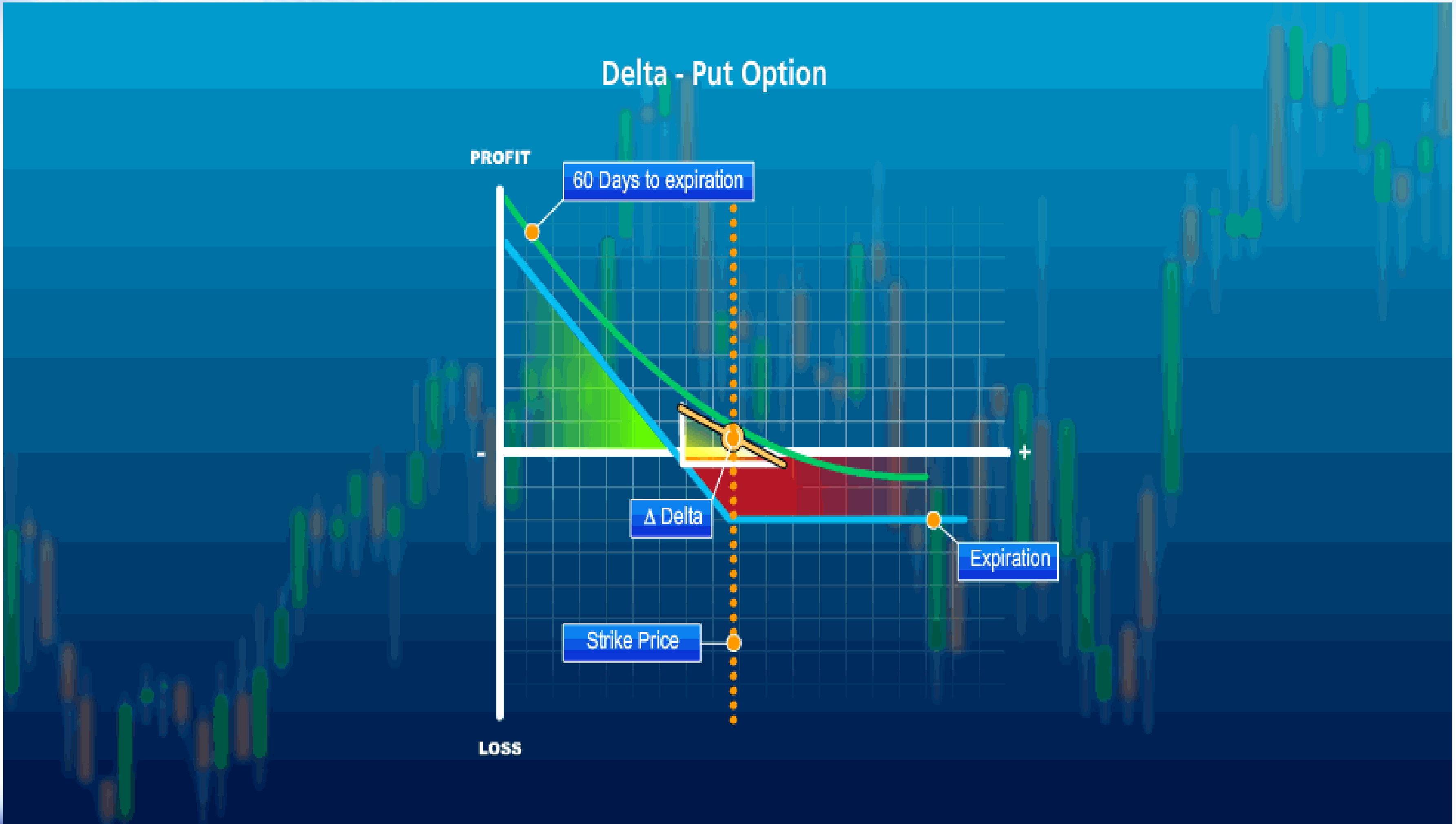
Risk Measures - Delta



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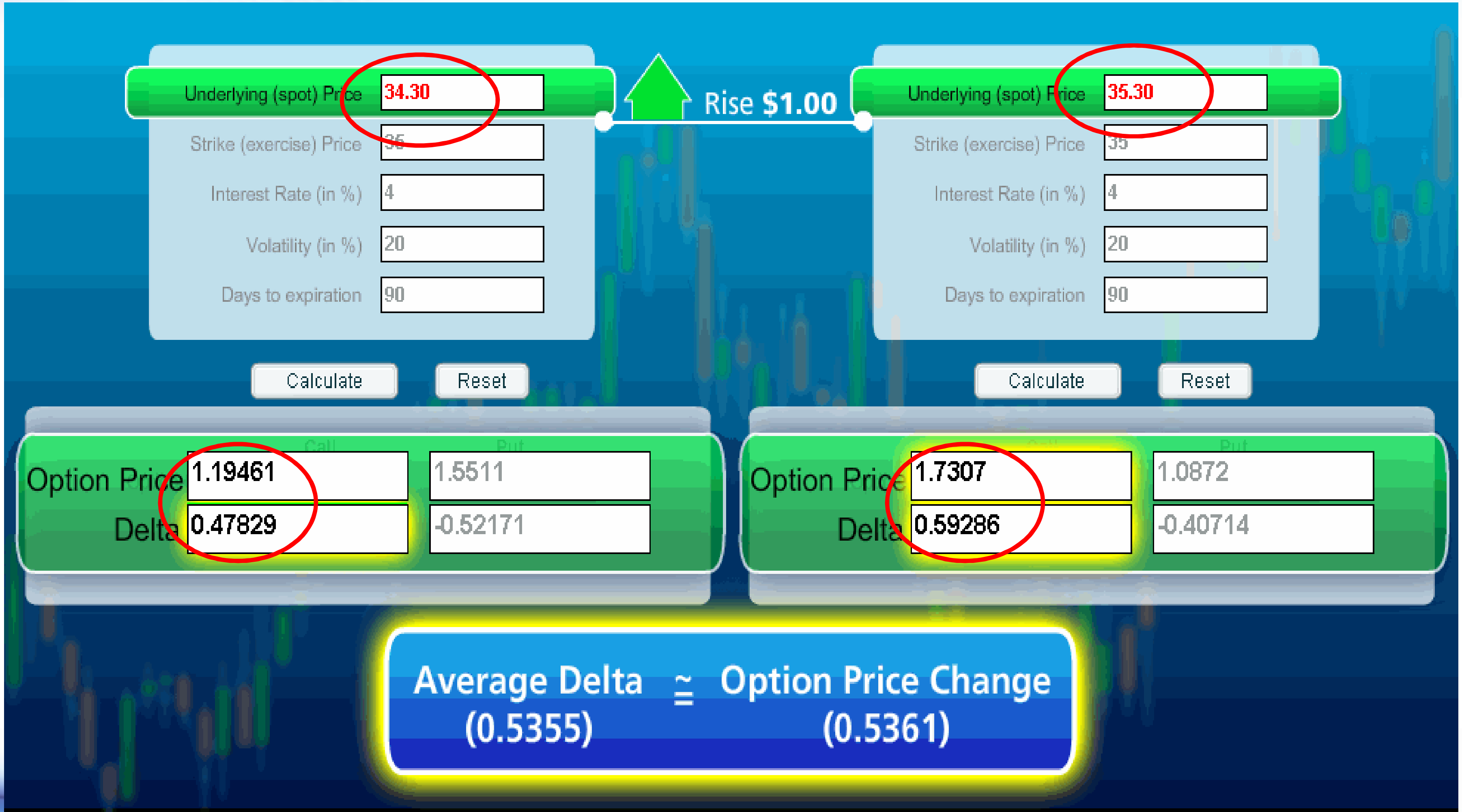
Risk Measures - Delta



Risk Measures - Delta

Options Calculator

Underlying (spot) Price	41
Strike (exercise) Price	42.5
Interest Rate (in %)	5
Volatility (in %)	15
Days to expiration	45
Dividend Yield (in %)	0

Reset | Calculate

	CALL	PUT
Option Price	0.38936	1.69278
Delta	0.2923	-0.75027
Gamma	0.16159	0.18501
Theta	-0.00996	-0.00514
Vega	0.05415	0.04831
Rho	0.01449	-0.0205

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Options Calculator

Underlying (spot) Price	44.5
Strike (exercise) Price	42.5
Interest Rate (in %)	5
Volatility (in %)	15
Days to expiration	45
Dividend Yield (in %)	0

Reset | Calculate

	CALL	PUT
Option Price	2.45805	0.20046
Delta	0.84461	-0.15884
Gamma	0.10277	0.1058
Theta	-0.01108	-0.00546
Vega	0.03638	0.03676
Rho	0.04343	-0.0079

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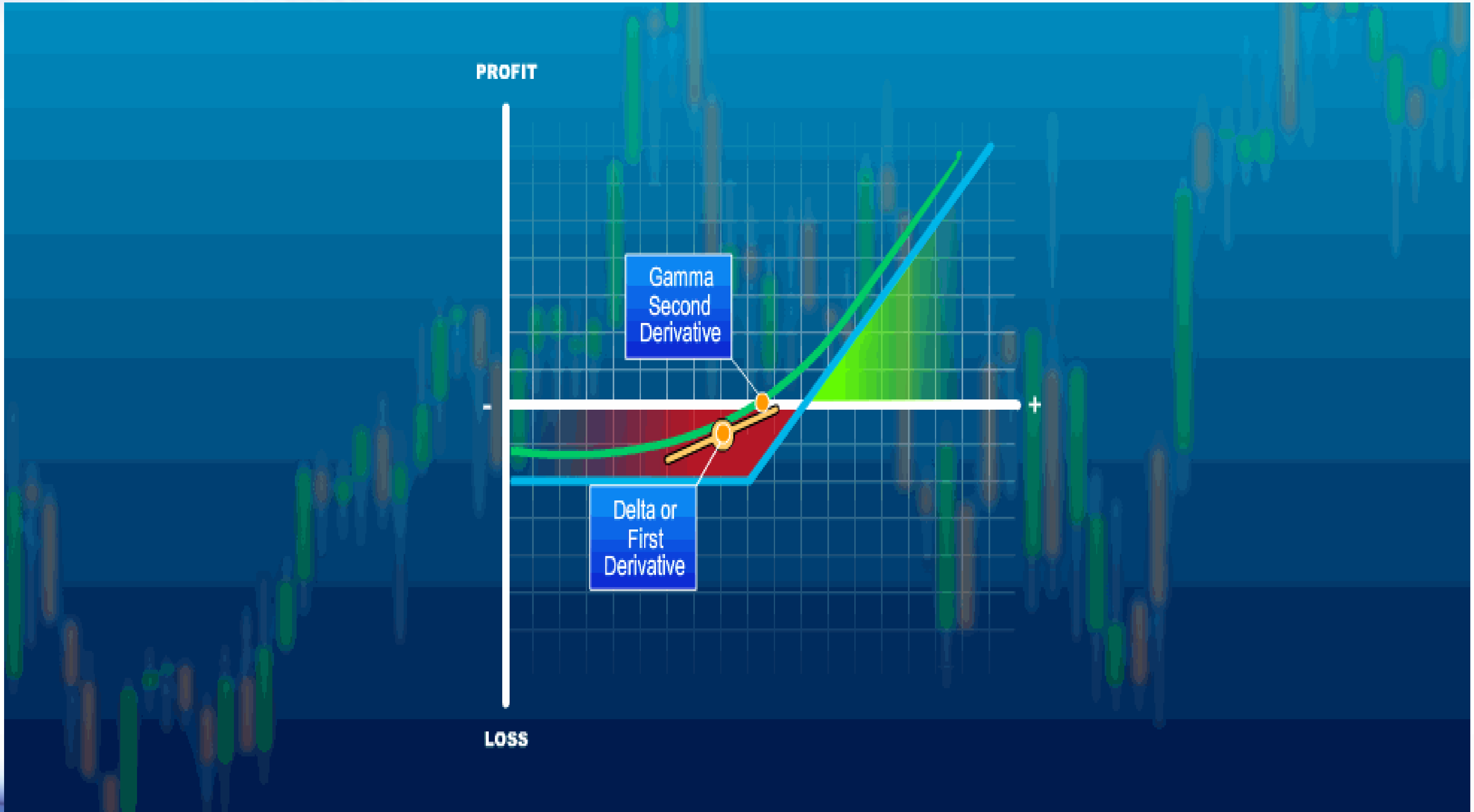
Risk Measures - Gamma



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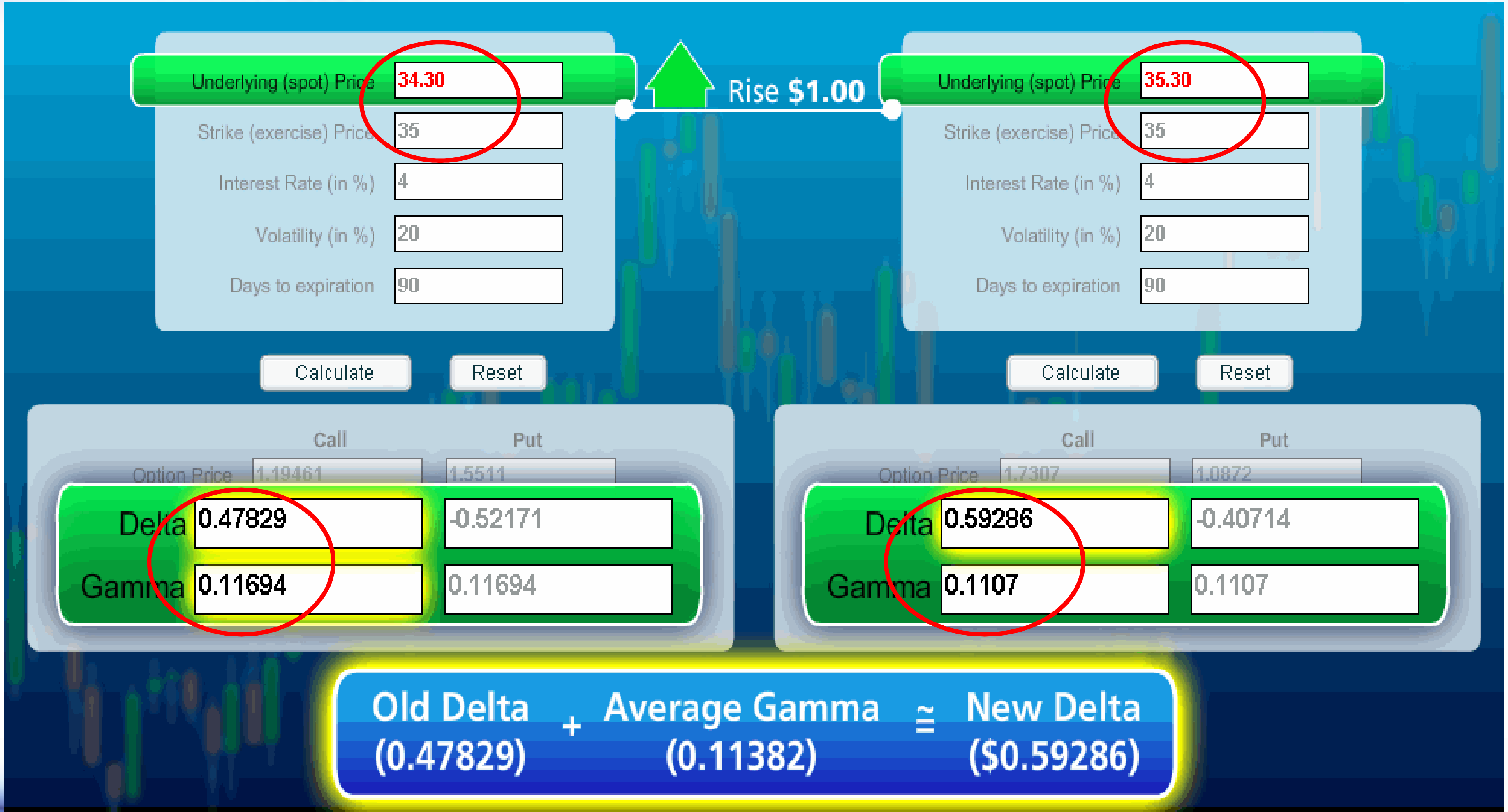
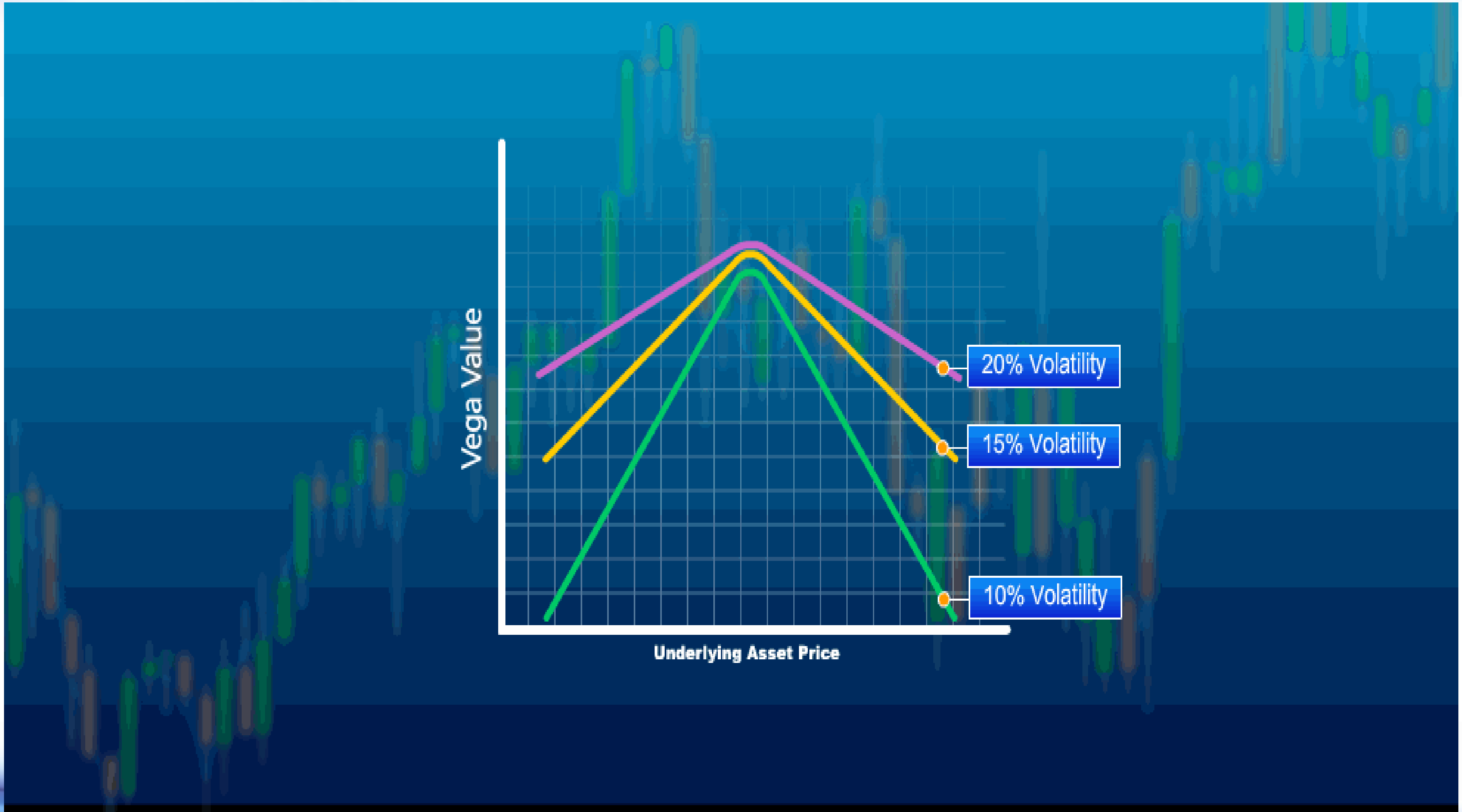
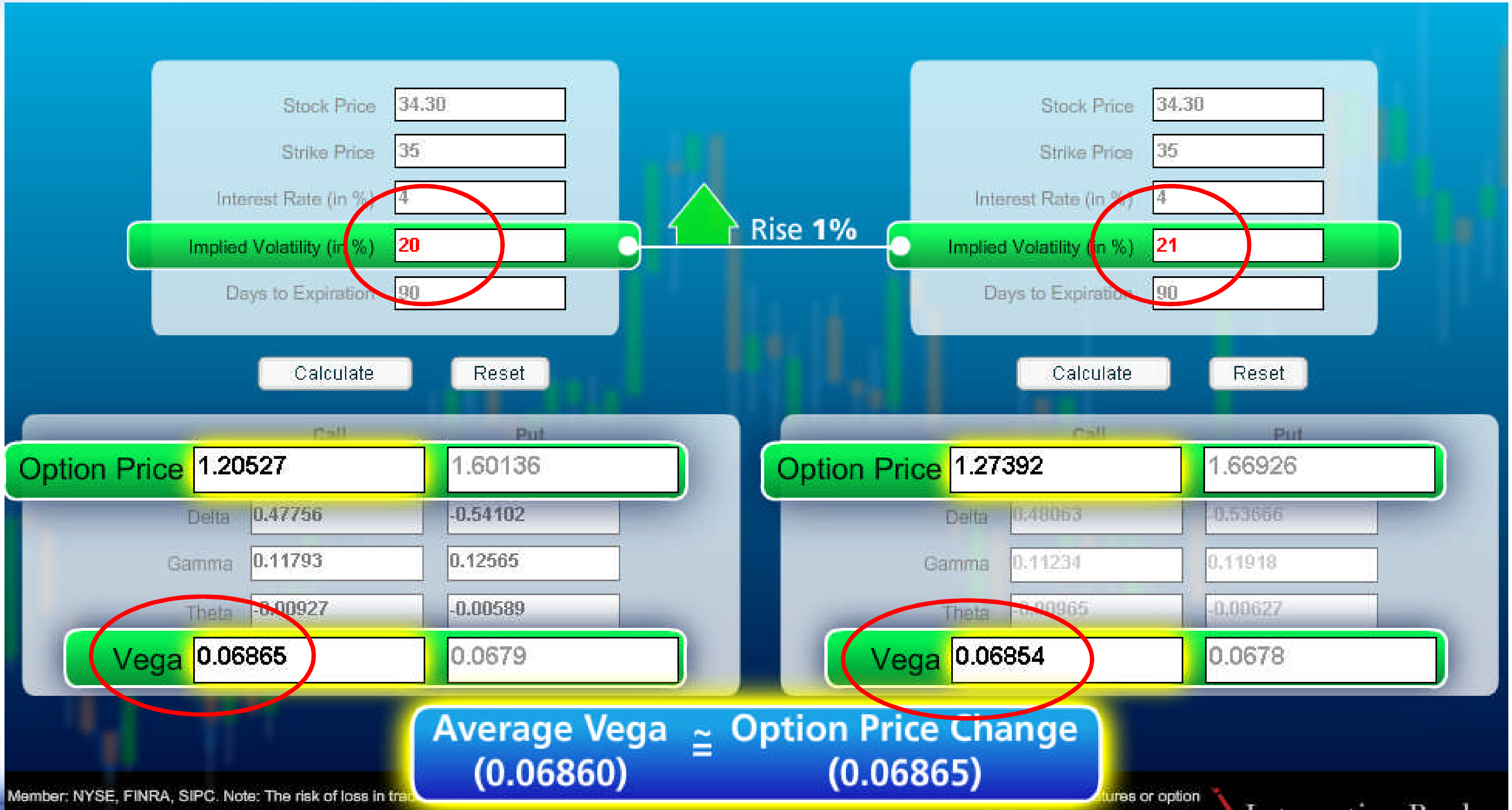
Risk Measures - Gamma



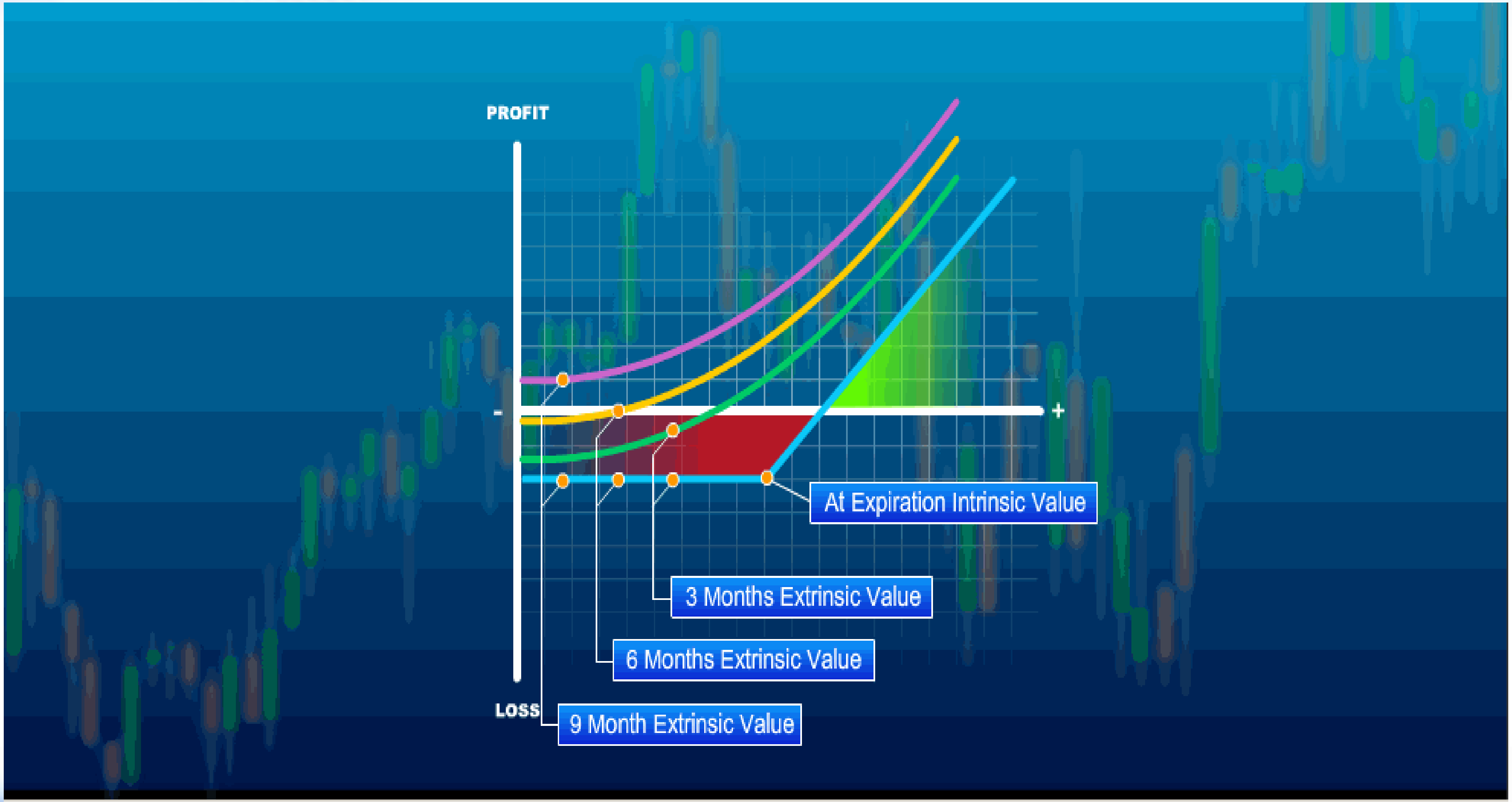
Risk Measures - Vega



Risk Measures - Vega



Risk Measures - Theta



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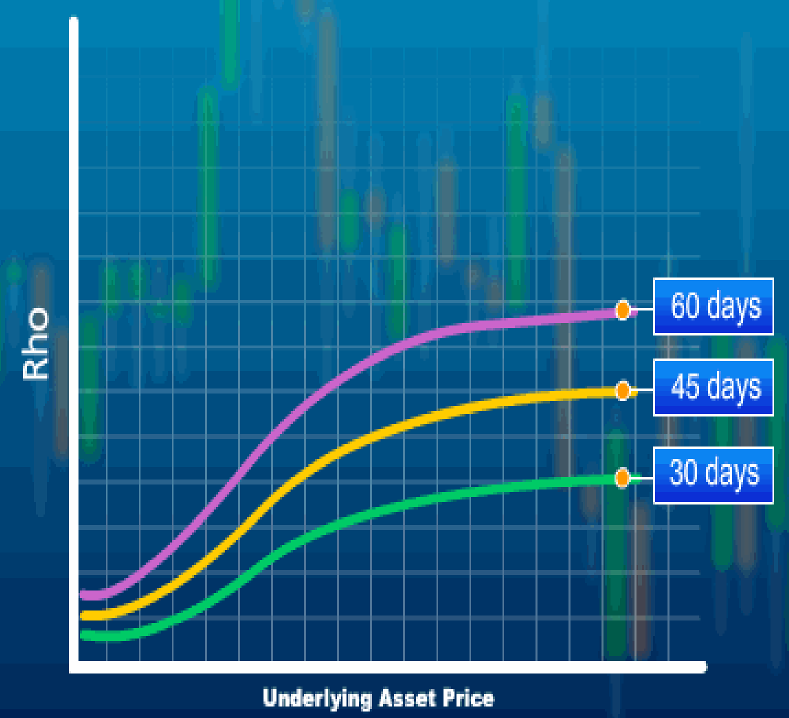
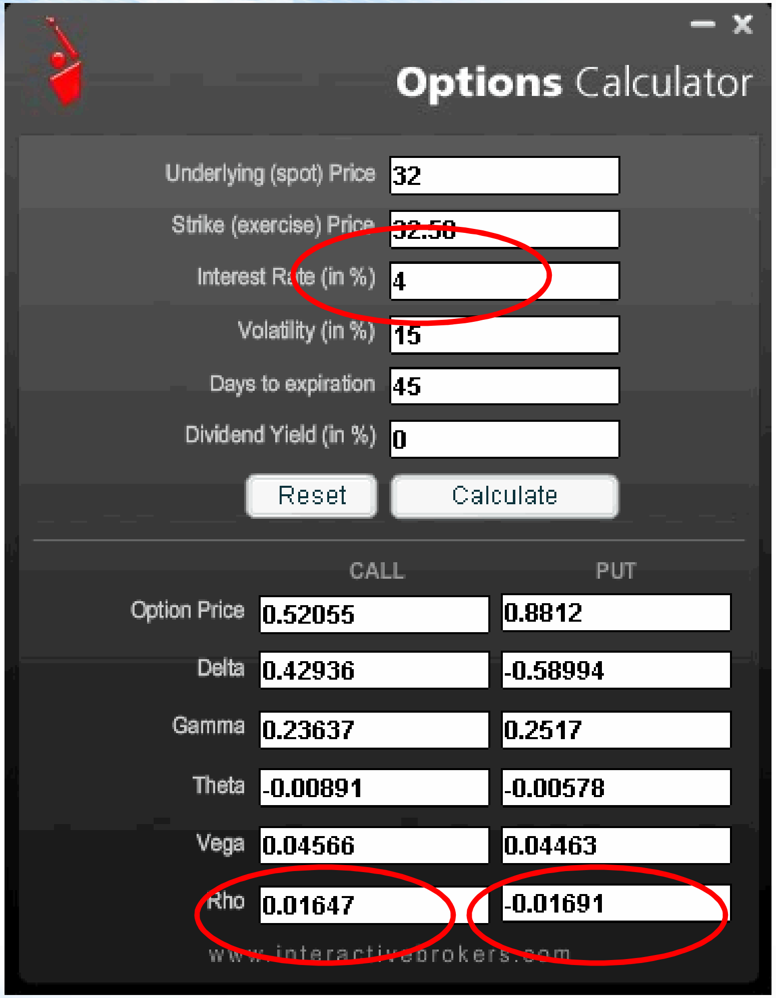
Risk Measures - Theta

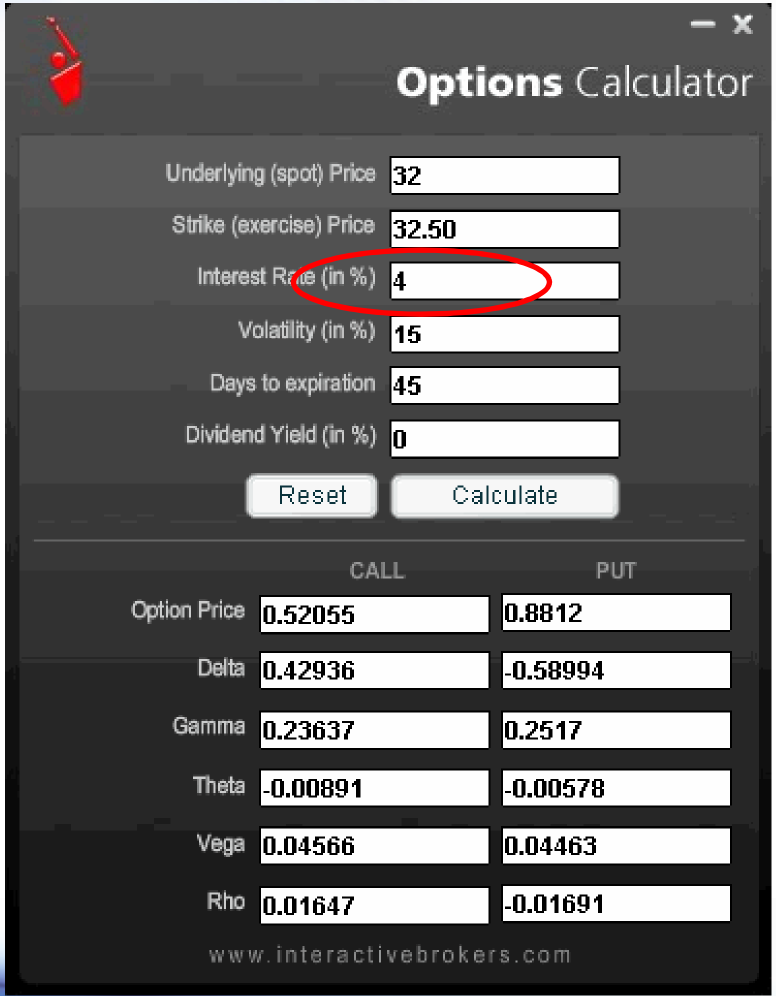
Risk Measures - Rho

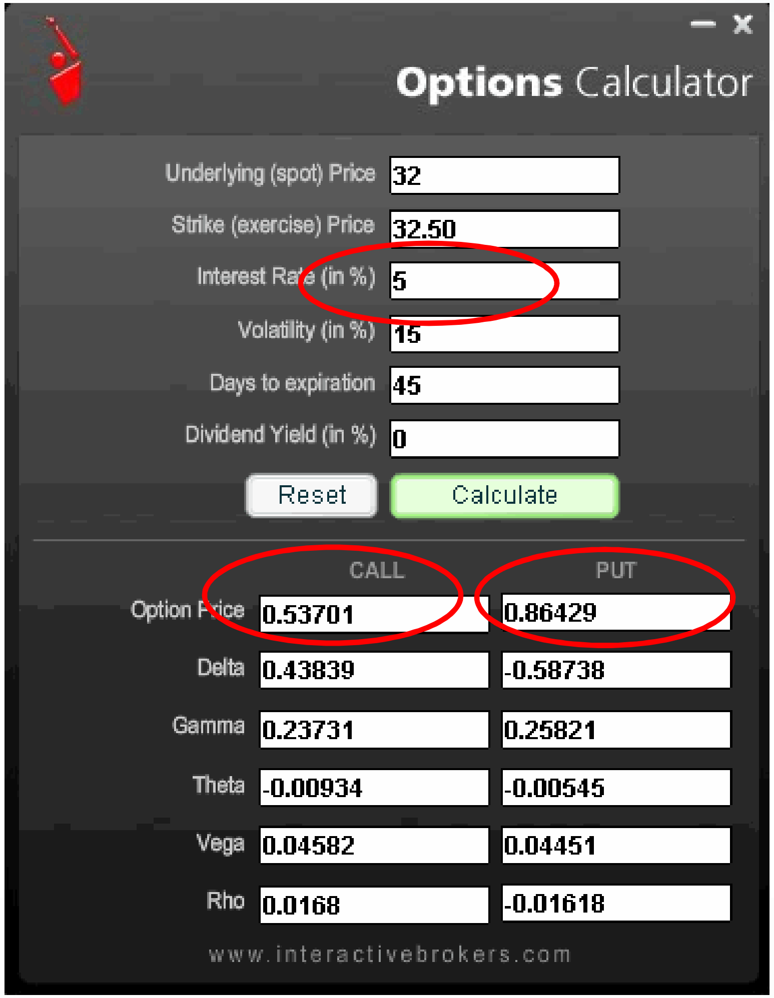


Risk Measures - Rho



Risk Measures - Rho





Conclusion and Questions

- Session 3 – Option combinations and strategies
- Question time