

# OptionsPlay/The Small Exchange – Introduction to Trading Small Exchange Futures

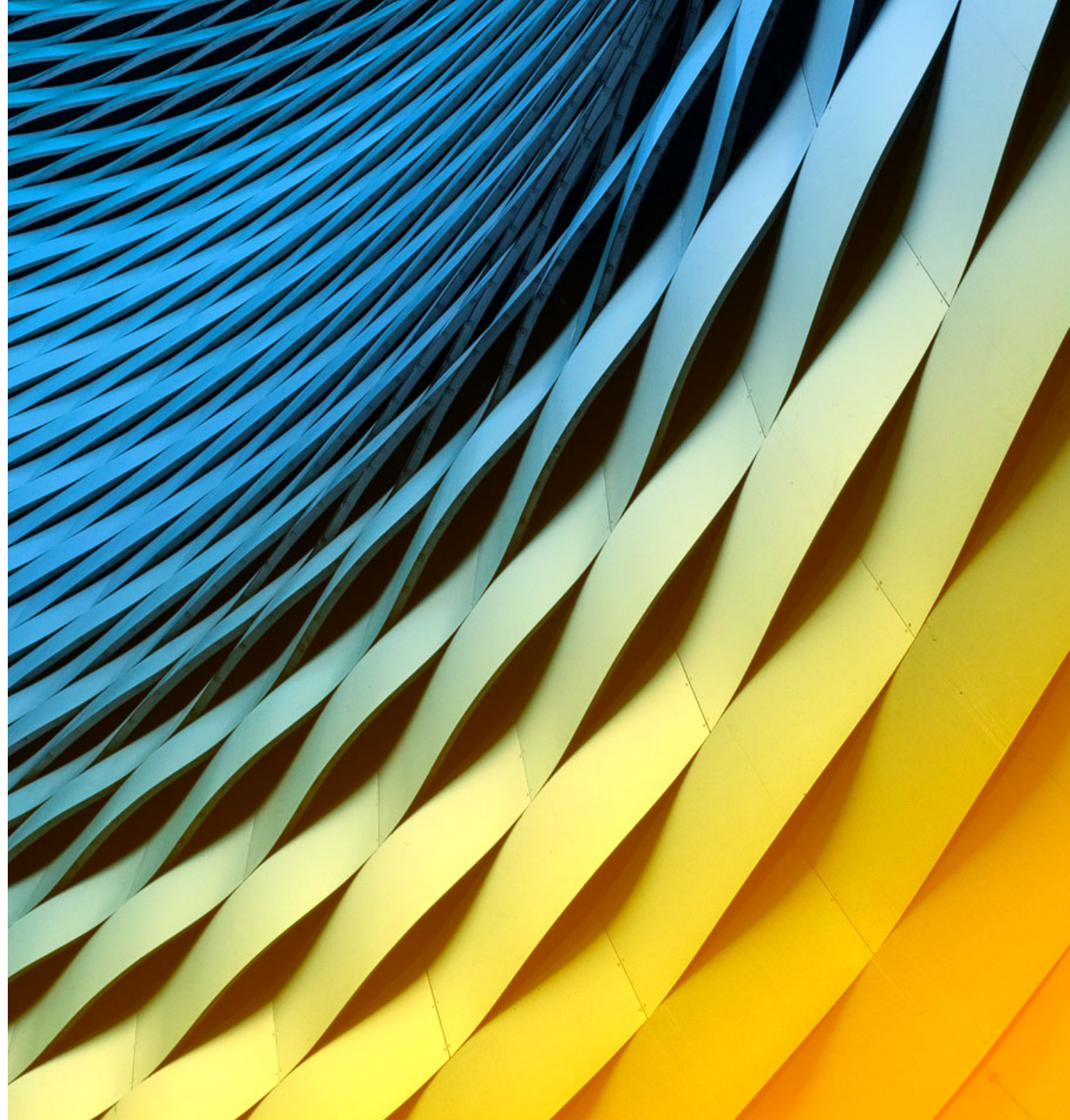
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**Tony Zhang,**  
OptionsPlay;  
**Steve Sosnick,**  
Interactive Brokers

**April 22, 2021**



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# Introduction to Small Futures with Steve Sosnick

April 22<sup>nd</sup>, 2020 – Starting @ 2:00 PM EST

Tony Zhang, Chief Strategist @ OptionsPlay

Options Action – Fridays on CNBC @ 5:30 PM EST



# Disclaimer



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# Agenda

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- **Intro to Futures Contracts**
- **Futures Products**
- **ETF vs. Futures**
- **Small Futures Products**
- **Live Trade Examples**
- **IBKR Offer**



**Tony Zhang**

Chief Strategist



**Derivatives | Technical Analysis | Equities | Economics | Market Strategy**  
**Options Action on CNBC – Fridays @ 5:30PM EST**

# Steve Sosnick







Steve Sosnick is the Chief Strategist at Interactive Brokers. He also serves as Head Trader of Timber Hill, the firm's trading division, and is a Member of Interactive Brokers Group, the firm's holding company. Steve has held numerous roles in the organization since joining Timber Hill in 1995 as Equity Risk Manager and Options Market Maker. He led the firm into Canada in 1998 and managed Timber Hill Canada from its inception. Much of Steve's career was spent quietly developing and implementing algorithmic and electronic trading strategies for stocks and options before moving into a more visible role as the firm's Chief Options Strategist and later as Chief Strategist. Steve has guest-authored several columns in Barron's and makes regular live appearances on Bloomberg TV and Radio, as well as Yahoo Finance. He has held board memberships at various stock exchanges, serving as a board member of CBSX, NSE and ISE-SE. In Canada, he is a member of the MX Regulatory User Group and the IIAC Derivatives Committee. Prior to joining Interactive Brokers, Steve held senior trading roles at Morgan Stanley, Lehman Brothers, and Salomon Brothers, where he completed the firm's famed training program. He holds both an MBA in Finance and a BS in Economics from The Wharton School of the University of Pennsylvania.

# Introduction to Futures Contracts

**Contract between 2 parties to assume or offset the risk of a price of an asset over time.**

Standardized  
Exchange Traded

	<b>5,000</b>	Bushels of Corn
	<b>£62,500</b>	British Pounds
	<b>1,000</b>	Barrels of Oil
	<b>\$100,000</b>	Treasury Bonds



## Direct exposure large group of asset classes

Indices – Commodities – Currencies – Bonds

### Benefits

Capital Efficient

Tax Benefits

No pattern Day  
Trading Rules

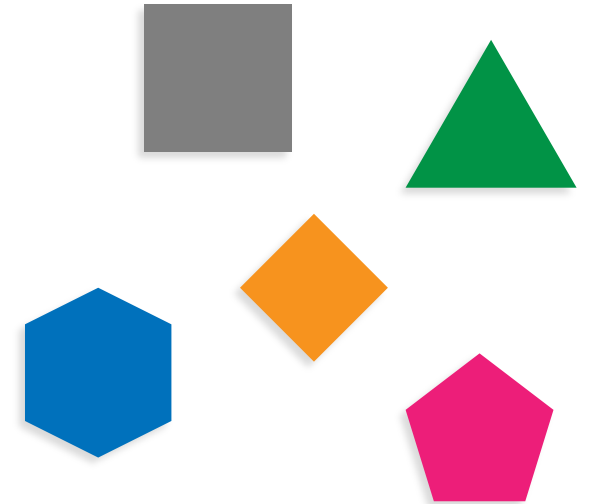
### Learning Curve

Large & Various Contract  
Sizes

Various Tick Sizes

Various Expiration Dates

Risk of Physical Delivery



## Exposure to a very large selection of assets

Indices – Commodities – Currencies – Bonds

### Benefits

Wide selection of assets

Easy to understand

Any time horizon

### Efficiency

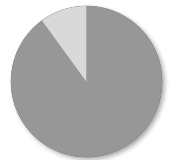
Requires 50-100% margin

Subject to Pattern Day Trading Rules

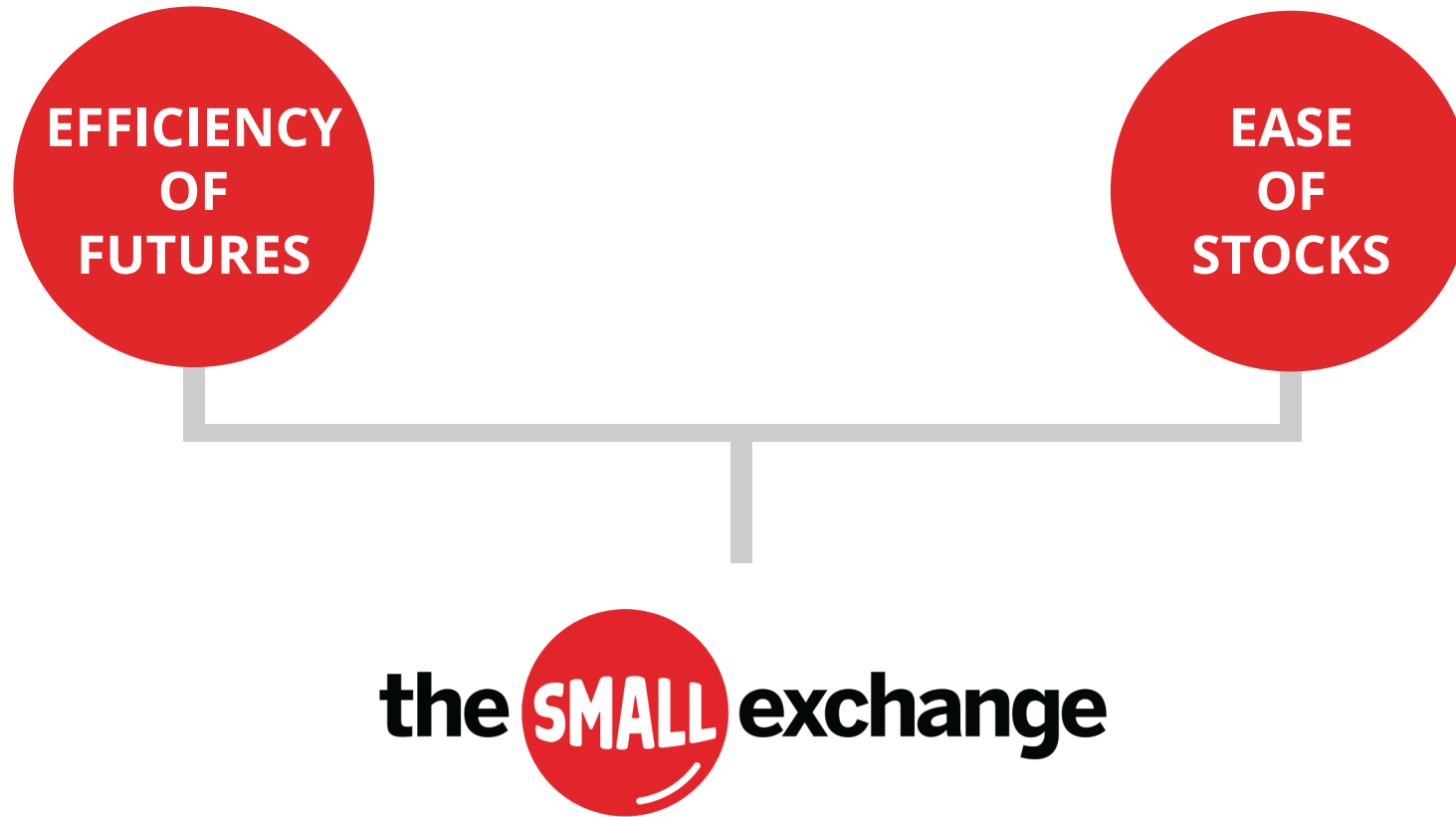
Tracking error over time



1-25%



50-100%



# The Small Exchange



**SMALL**

Efficient capital  
that can be  
tailored to any  
account size



**STANDARD**

Universal  
construction  
that tracks  
directly



**SIMPLE**

Clear context  
that accelerates  
ideas to  
execution



**SMALL**

	SMFE	Futures
Size	<b>\$500 - \$20,000</b>	\$20,000 - \$200,000
	SMFE	ETFs
Capital Required	<b>1 - 25%</b>	50 - 100%

# STANDARD




  
SIMPLE

# 8AM – 5PM EST & Cash Settled

S2Y \ Small 2YR US Treasury Yield

**Small 2YR US Treasury Yield** is priced simply so you can forget the complications of other short-term rate products. [See it in action.](#)



S10Y \ Small 10YR US Treasury Yield

**Small 10YR US Treasury Yield** is priced simply so you can skip the calculations in bond alternatives and just trade rates. [See it in action.](#)



S30Y \ Small 30YR US Treasury Yield

**Small 30YR US Treasury Yield** is priced simply so you can get direct access to the long-term end of the yield curve. [See it in action.](#)



STIX \ Small Technology 60

**Small Technology 60** represents a growing technology sector with the most innovative stocks from four distinct subsectors. [See it in action.](#)



SM75 \ Small Stocks 75

**Small Stocks 75** tracks millions of data points across the five major stock sectors to give you a truly active stock market. [See it in action.](#)



SFX \ Small US Dollar

**Small US Dollar** is priced directly to USD so you won't need conversions when trading foreign exchange. [See it in action.](#)



SPRE \ Small Precious Metals

**Small Precious Metals** blends the most popular metals so you won't miss the fashionable trade in such a dynamic market. [See it in action.](#)



# Equities Exposure

## Directional View

- Value vs. Growth
- Near major support
- Potential outperform value

## Challenges

SPY, QQQ, IWM, IWD?

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.





# Precious Metals

## Directional View

- Gold completed bottoming formation
- Broke above \$1775 resistance
- RSI turning Positive
- Crossed above 20, 50D SMA

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# Precious Metals

## Directional View

- Silver bounced off 150D SMA
- Broke above \$26 resistance
- RSI turning Positive

## Challenges

GLD or SLV?

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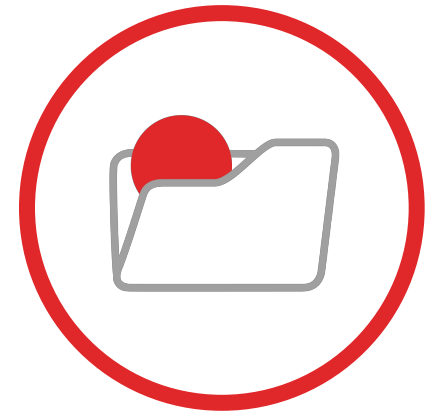
## The Smalls are used to



**Speculate** on  
short-term action



**Invest** in  
long-term direction



**Hedge** portfolios  
of any size or asset

# FAQ Futures Questions



- How can I manage the leverage provided by futures?
- What happens at the EOD with a futures contract, what is Mark to Market?
- What's the difference between initial and maintenance margin?
- What happens if I hold a futures contract to expiration?



# YOUR QUESTIONS

