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Screening for Multi-leg Options Trades

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As with all investments, your capital is at risk



Multi-Leg Option Trade Screener

How to Identify, Interpret, and Analyze Option Spread Activity

Understand strategy structure, liquidity, pricing, and market positioning using actual option trade data.

Webinar Agenda

What we'll cover today

- ✓ Importance of multi-leg trades
- ✓ Raw data challenges
- ✓ Common strategy structures
- ✓ Screener organization

- ✓ Key metrics: volume, price, timing
- ✓ Practical workflows
- ✓ Risk and limits
- ✓ Live demo



Why Multi-Leg Trades Matter

Institutions use multi-leg strategies for:

- 1 Directional views
- 2 Volatility targeting
- 3 Time decay capture
- 4 Event risk hedging
- 5 Relative value



Key Takeaway: Single option prints rarely tell the full story.



The Problem With Raw Option Trade Data

Challenges of manual raw tape interpretation

01 Thousands of simultaneous prints

02 Multiple strikes and expirations

03 Trades split across exchanges

04 Spreads broken into separate legs

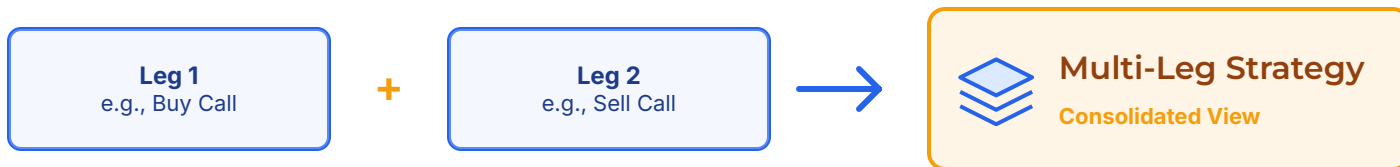


Critical Risk

Without grouping, related legs look like random single-leg trades.



What Is a Multi-Leg Option Trade?



Key Strategy Examples

- ✓ **Vertical Spreads** (Bull/Bear spreads)
- ✓ **Calendars** (Time spreads)
- ✓ **Straddles** (Volatility plays)
- ✓ **Iron Condors** (Range-bound strategies)



Core Definition

A strategy combining **two or more option legs** executed together.

The strategy is defined by how legs interact, not individual contracts.



Common Strategy Categories

How professional traders organize multi-leg option structures

Directional Spreads

Designed to capitalize on a specific upward or downward price movement of the underlying asset.

Structures: Call/Put spreads, Risk reversals

Volatility Strategies

Trading the magnitude of expected price movement rather than the underlying price direction.

Structures: Straddles, Strangles, Iron condors

Time-Based Strategies

Exploiting rate of theta decay differentials across different expiration cycles and contracts.

Structures: Calendar and Diagonal spreads

Educational Takeaway

Trade direction is not always obvious from a single print.

Market context and structural intent must be analyzed as a cohesive whole rather than in isolation.



What the Screener Is Designed to Do

Screeners organize complex activity by:



Detecting related option legs



Grouping them into potential strategies



Displaying total volume & trade frequency



Showing pricing and market references

SYMBOL	STRATEGY	VOLUME	PRICE	TIME
AAPL	Bull Call Spread	12,450	\$1.85	09:32 AM
TSLA	Iron Condor	5,120	\$3.40	09:35 AM
MSFT	Bear Put Spread	8,900	\$1.15	09:36 AM
NVDA	Long Straddle	4,300	\$15.20	09:39 AM
AMD	Covered Call	18,200	\$2.10	09:42 AM

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Key Screener Fields to Understand

Essential metrics for analyzing and executing structured options strategy screeners

- Strategy Type & Legs
- Total Volume & Trade Count
- Execution Time
- Net Spread Price
- Market Reference (Bid/Ask)
- Open Interest Context

VOLUME

15,420

Total cumulative contracts traded

TRADE COUNT

142

Number of distinct market transactions

NET PRICE

\$2.45

Spread execution cost/debit limit



Workflows: Finding & Analyzing Active Spreads

- 01 Screen by underlying stock/ETF
- 02 Sort by total spread volume
- 03 Review active strategy types
- 04 Look for multiple executions near important strikes



High volume indicates activity, not necessarily intent.



Workflows: Price Discovery & Liquidity



Price Discovery

- **Observe net debit/credit** Evaluate the overall premium direction and market entry bias.
- **Bid/ask context** Check where execution falls relative to the prevailing spread width.
- **Execution clustering** Identify high-density levels where repeat transactions occur.



Liquidity Assessment

- **Review total contracts** Monitor absolute share volume being processed in a strategy.
- **Execution frequency** Measure active pacing to differentiate continuous flow from single blocks.
- **Bid/ask width** Assess current market friction and potential execution slippage.



Educational Takeaway: Trade frequency distinguishes isolated prints from consistent liquidity.



Workflow: Trader Positioning Context



Compare volume to current open interest



Note stock price at execution



Check earnings or event timing



Caution

Order flow suggests possible positioning, but rarely proves intent.



Strategy Spotlight: Call Spread Activity

An essential defined-risk strategy for capturing directional upside at a lower cost

Core Setup

Structure: Buy one call, sell a higher call.

Benefits

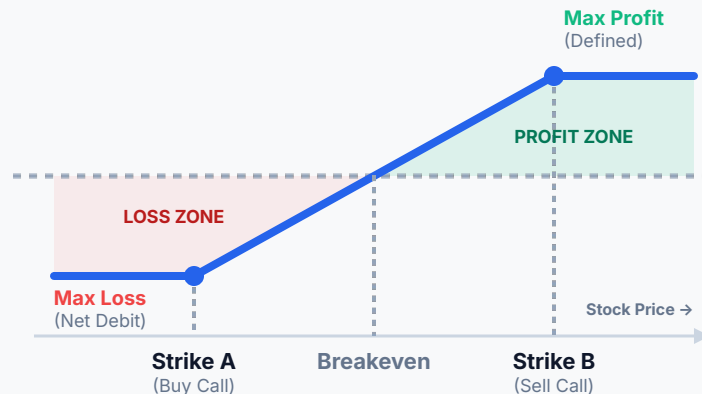
Use Cases: Directional upside, defined risk, lower cost.

Pre-Trade Checklist

Analysis: Check strikes, expiration, net debit/credit, and stock price relative to strikes.

Visualizing Risk & Reward

Call Spread Payoff Curve



Strategy Spotlight: Calendars & Diagonals

Key structural differences and educational use cases for multi-expiry spreads

Calendar Spreads



- **Structure:** Same strike, different expirations.
- **Analysis:** Compare near vs. longer-term expirations.
- **Use Cases:** Exploiting time decay differentials, volatility term structure changes, and precise event positioning.

Diagonal Spreads



- **Structure:** Different strikes, different expirations.
- **Analysis:** Compare near vs. longer-term expirations.
- **Use Cases:** Multi-dimensional time decay setup, capitalizing on volatility term structures, and strategic event positioning.



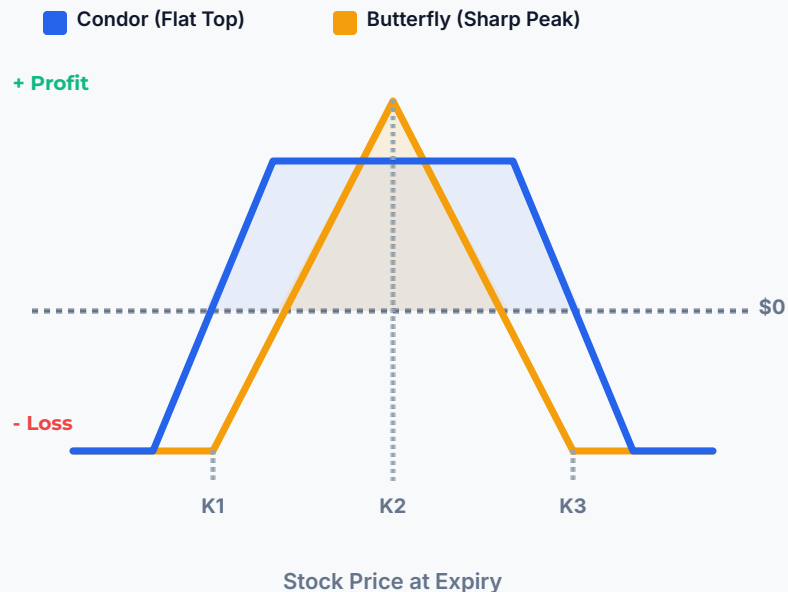
Strategy Spotlight: Butterflies & Condors

Core Properties & Use Cases

- **Range-Based Structures:** Specialize in capitalizing on price consolidation.
- **Volatility Compression:** Excellent setup for post-earnings premium decay.
- **Defined Risk-Reward:** Maximum risk exposure is capped at entry.

Key Analysis Parameters

- **Center Strike Range:** Target the optimal peak zone on the payoff curve.
- **Wing Width & Symmetry:** Determines capital requirements and tail-risk bounds.
- **Net Debit / Credit:** Establishes the precise operational breakeven threshold.
- **Volume Concentration:** Identify active strike cluster nodes.



Interpreting Repeated Spread Activity

Frequency and timing reveal broader trading interest.

? Did the same spread trade multiple times?

? Did the stock move during executions?

? Did volume build gradually or in blocks?

REPEATED PRINTS FEED (ACTIVE STRATEGY)

10:14:02 SPY 520/525 Call Vert 500 Vol \$2.15

10:14:15 SPY 520/525 Call Vert 500 Vol \$2.15

10:15:30 SPY 520/525 Call Vert 1,200 Vol \$2.16

10:17:05 SPY 520/525 Call Vert 800 Vol \$2.17



Trade frequency and execution timing distinguish isolated prints from active, institutional trading interest.

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Common Interpretation Mistakes

01 Assuming large trades are always new.

02 Assuming call spreads are always bullish.

03 Assuming volume > OI means opening.



Screener Rule of Thumb

Treat order flow screens as starting points for deeper research rather than direct final conclusions.



Step-by-Step Research Checklist

A sequential workflow to guide a thorough analysis of any spread before placing orders.

- 1  Identify strategy structure and strikes.
- 2  Check volume vs. open interest.
- 3  Note execution frequency and stock price.
- 4  Look for upcoming catalysts.
- 5  Verify pricing near bid/ask/midpoint.



Live Demo Section

Workflow Walkthrough

Follow this streamlined 4-step sequence to sort active option spreads, filter by strategy, inspect individual legs, and verify trade metrics.



01

Sort Activity

Sort today's activity by spread volume.

02

Filter & Ticker

Filter by strategy type and select a ticker.

03

Expand Spread

Expand spread to review legs.

04

Compare Metrics

Compare price, volume, and historical activity.

Practical Applications for Active Traders

- ✓ Trade idea generation
- ✓ Liquidity assessment
- ✓ Price discovery
- ✓ Historical pattern recognition



Value comes from understanding how options are structured, not just that they traded.



Risks, Disclosures & Closing Summary

Risks & Disclosures

- Multi-leg strategies are complex with rapid pricing changes. Options and markets are dynamic and always contain risk.
- Order flow does not prove intent.

Closing Insights

- Grouping legs can help detect hidden strategy-level activity.
- Always combine structure, volume, and context.



Summary: Grouping legs can help detect hidden strategy-level activity. Always combine structure, volume, and context.

