



Options - Online

Building on the Derivative Instruments course, this intensive intermediate level course explores the different types of option products, including options on equities, indexes, futures, foreign exchange and interest rates. It illustrates option combination trading strategies, including horizontal and vertical spreads and volatility plays. Participants explore the various factors that have an impact on option pricing, and learn how to apply the Binomial and Black Scholes option pricing models. The course also demonstrates trading strategies and portfolio management techniques utilizing the Greeks.

This is an asynchronous eLearning course that can be accessed 24/7 from any internet enabled computer. Subscription period for this course is 90 days.

Available Session(s):

Available Today

Online

USD \$349

Online

Instructor(s):[]

Targeted Audience

Floor and compliance personnel, trade support staff seeking advancement and marketing staff.

Advance Preparation

No advance preparation required.

Prerequisites

Derivative Instruments or equivalent level of knowledge

Learning Objectives

Students will be able to:

- Identify the types of options and the risks associated with them
- Describe the value of an option at expiration
- Recognize the concept of
- Calculate the time value of an option

- Recognize applications for stock options.
- Identify index options and how they are used.
- Discuss interest rate options and their role in investment strategies.
- Recognize the uses of caps, floors, and collars in managing investment risk.
- Recognize ways that spreads can be used as combination strategies.
- Identify traits of specific portfolio management strategies.
- Identify how different kinds of volatility plays make money.
- Identify the concept of put-call parity.
- Describe the expected value pricing model and its uses.
- Recognize the use of the binomial lattice model for option pricing.
- Identify factors that impact option price. Define volatility as it relates to the price of the underlying security.
 - Identify the role of standard deviation in calculating annual volatility. Describe the impact of the volatility of the underlying on the option premium.
 - Identify the key factors affecting how options are priced. Recognize volatility indicators for using the Black-Scholes options pricing model.
 - Recognize each of the Greeks. Identify the role of Delta and Gamma in defining an option's sensitivity to change. Identify the role of Theta, Vega, Rho and Psi in defining an option's sensitivity to change.

Follow-Up Courses

Derivative Instruments - Online

Forwards & Futures - Online

Risk Management Using Derivatives - Online

Swaps - Online

Level: Basic

CPE Credits: 7

Instructional Method: Self-Study

Detailed Outline

Option Review Module

- Call and put options
- Exchange-traded vs. over-the-counter (OTC) options
- Call option valuation at expiration
- Payoff and value profiles
- Option valuation before expiration

Fundamentals of Option Products

- Stock (or equity) options
- Index options
- Futures options

- Options on interest bearing securities
- Currency options
- Interest rate options: caps, floors and collars

Option Combination Strategies

- Horizontal and vertical spreads: bull and bear spreads
- Portfolio strategies: protective puts and writing covered calls
- Volatility plays: straddles and strangles

Factors That Impact an Option's Value

- Put call parity
- Expected value model
- Single- and multi-period binomial lattice models
- Factors that determine the value of options

Pricing

- Mean and standard deviation
- Historical vs. implied volatility
- Probability distribution functions
- Convergence of the Binomial Model with Black-Scholes
- Black-Scholes model
- American option pricing models

The Greeks: Sensitivities

- Introducing the Greeks
- Delta
- Impact of moneyness on Delta
- Delta hedging
- Gamma
- impact of moneyness on Gamma
- Theta
- Vega
- Rho and Psi

Options Simulation

For more information regarding administrative policies such as complaints and refunds, please contact our offices at 212-641-6616.