



## Margin II: Advanced Margin for Options - Online

Building on Margin I, this advanced course covers the more complex margin requirements and calculations for various types of option positions, such as covered and uncovered puts and calls, index options, spreads, straddles, and combinations. It also teaches margin rules for day trading equities and options. 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 \$399

Online

Instructor(s):[]

### Advance Preparation

No advance preparation required.

### Prerequisites

Margin I or equivalent knowledge.

### Learning Objectives

Students will be able to:

- Recognize the concept of margin, the two customer account types, and the basic terminology used in margin trading.
- Identify basic option terminology and related transactions.
- Differentiate between long and short options
- Explain the execution of long and short options in a cash account
- Describe covered options
- Discuss how an escrow agreement is used in option trading
- Recognize the leverage benefits of trading with margin and options
- Determine how Regulation T and maintenance requirements affect long option purchases and sales in margin accounts
- Identify how same day substitutions, offsetting purchase and sale of long options, and margin for long listed options each affect

- Identify basic characteristics, regulations, and requirements of covered calls in margin accounts and compare level of risk with that of uncovered calls
- Recognize basic characteristics, regulations, and requirements of uncovered calls in margin accounts
- Perform margin calculations for in the money, at the money, and out of the money uncovered call options
- Calculate margin requirements for new vs. established uncovered calls
- Compute Regulation T excess and identify how to apply the results.
- Recognize what is meant by a
- Identify margin regulations and requirements that apply to covered and uncovered puts
- Calculate margin requirements and margin calls for uncovered puts
- Recall details about margin release from covering naked puts and from naked put expiration and assignment.
- Recall day-trading margin rules for equities
- Identify day-trading margin rules for options
- Determine margin requirements for more than one option day-trade in a day
- Define spreads, straddles and combinations. Calculate initial and maintenance margin requirements on spread transactions. Calculate initial and maintenance margin requirements on straddles and combinations
- Describe how breaking straddle/composition positions impacts margin requirements
- Recognize factors determining the best way to match options and stocks for margin purposes. Compare and contrast different types of index options and transactions using index options
- Identify the rules and regulations that govern index options in cash accounts. Recognize the rules and regulations that govern index options in margin accounts.

**Level:** Intermediate

**CPE Credits:** 8

**Instructional Method:** Self-Study

## **Detailed Outline**

### **Margin overview**

- Review of margin definitions, terminology and requirements for equity securities
- Regulation T and maintenance calls
- Options background and terminology

### **Cash account option transactions**

- Long option purchases and sales
- Exercising long options
- Short options

### **Long options in margin accounts**

- Making option purchases in margin accounts
- Regulation T and maintenance requirements for long option purchases and sales
- Off-setting purchases and sales
- Buying power

### **Covered and uncovered calls in margin accounts**

- Covered calls
- Uncovered calls
- Covering and expiration of uncovered calls

### **Day-trading**

- Defining day-trades and day-traders
- Review of margin requirements and calculations for day-trading equities
- Margin requirements and calculations for day-trading options
- NYSE/NASD proposed changes to margin rules for day-traders

### **Spreads, straddles, and combinations**

- Spreads
- Straddles and combinations
- Matching options and securities for margin purposes

### **Index options**

- Definition and cash settlement vs. physical settlement
- Margin requirements, calculations and examples

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