



Options Volatility Trading

This "real time" options trading course focuses on volatility trading. The class deals primarily with functioning as a Market Maker/Specialist, but also covers options as a means of expressing market opinions. The course begins with a notional amount of capital that the class trades. One portfolio is a volatility trading account, where participants act as options market makers. The other portfolio trades in a more speculative nature, using technical and fundamental analysis to make their trading decisions.

Targeted Audience

Traders, assistant traders, sales professionals, financial analysts, cash/money managers, auditors and compliance professionals.

Special Offer

Clients who register for this course will receive a complimentary 4-month subscription to FT.com. The Financial Times is the world's most respected financial newspaper, providing a broad assessment on finance, business and the industrial sector. The move to the electronic version follows an ongoing review of our environmental responsibilities as a global business and as part of the Pearson group. FT.com also has features that are not available in hard copy, such as: Special Reports, Alphaville, editor blogs, education sections and much more! Subscriptions will start within 6-8 weeks of the start of class and are limited to one subscription per client. (Please note: as of May 1, 2011, the electronic subscription replaces the hard-copy 3-month Financial Times subscription.)

Advance Preparation

No advance preparation required.

Prerequisites

Basic understanding of technical analysis and fundamental analysis or equivalent knowledge.

Learning Objectives

Students will be able to:

- . Describe the differences between option models
- . Estimate the probability statements made by a volatility figure
- . Compare the risk profiles of option trades with the synthetic equivalent position
- . Discuss how changes in different variables will affect the value of calls and puts (delta, gamma, theta, vega, & rho)
- . Discuss the principles of volatility trading and how this type of trading can be profitable (Identify ways to make money trading both a long and a short gamma position)
- . Differentiate the various risk profiles created in choosing one hedge over another
- . Calculate historical volatility and evaluate the resulting data
- . Describe skew and kurtosis
- . Outline how skew and kurtosis affect the prices of OTM options
- . Define implied volatility curves over time and price: the term structure of implied volatility & the implied volatility

Alumni Comments

"Instructor's knowledge was a definite strength."

"This material is not taught anywhere else!"

"There was real-world immediate application of the course materials."

"The class is very interactive and applicable to the market."

"Instructor is extremely knowledgeable and easy to follow."

Follow-Up Courses

Technical Analysis - Day

Fusion Analysis Suite

Fusion Analysis - Workshop

Fusion Analysis

Level: Advanced

CPE Credits: 21.5

Instructional Method: Group-Live

Detailed Outline

Overview of Volatility Trading & Review of Risk Parameters

- . Overview of Volatility Trading
- . The market participants and how they interact with price
- . Review of Risk Parameters
- . Delta, Gamma, Theta, Vega & Rho

Put-Call Parity, Hedging & Overview of Volatility Trading

- . Put-Call Parity
- . Understanding the relationship between put and call prices
- . Hedging
- . Maintaining a neutral position: delta, vega, theta and rho

Volatility Skew & Assigning Value

- . Volatility Skew
- . Understanding the difference between ATM volatility and OTM volatility
- . Evaluating rich/cheap in skews
- . Historical Volatility
- . Comparing Historical and Implied Volatility

Dispersion Books

- . How a dispersion book operates
- . Comparing volatilities around the world
- . The types of trades a dispersion book looks for

Taking on a Trade

- . Walking through an actual trade
- . Looking for real time opportunities
- . Hedging the position (for Delta, Vega, Theta & Rho)

Trading in the Real World

- . Unwinding the trade and taking profits
- . Unwinding the trade and limiting losses
- . Expiration day decisions
- . Dealing with the fluid nature of options

Schedule Note

The session being offered on August 3, 2012 is a special one-day version of this course that is being offered as part of the Global Markets Sales & Trading Program. Please be advised

that all content listed in the Detailed Outline below may not be covered in the single-day offering and the number of CPE credits awarded for this special session is 7.0.

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