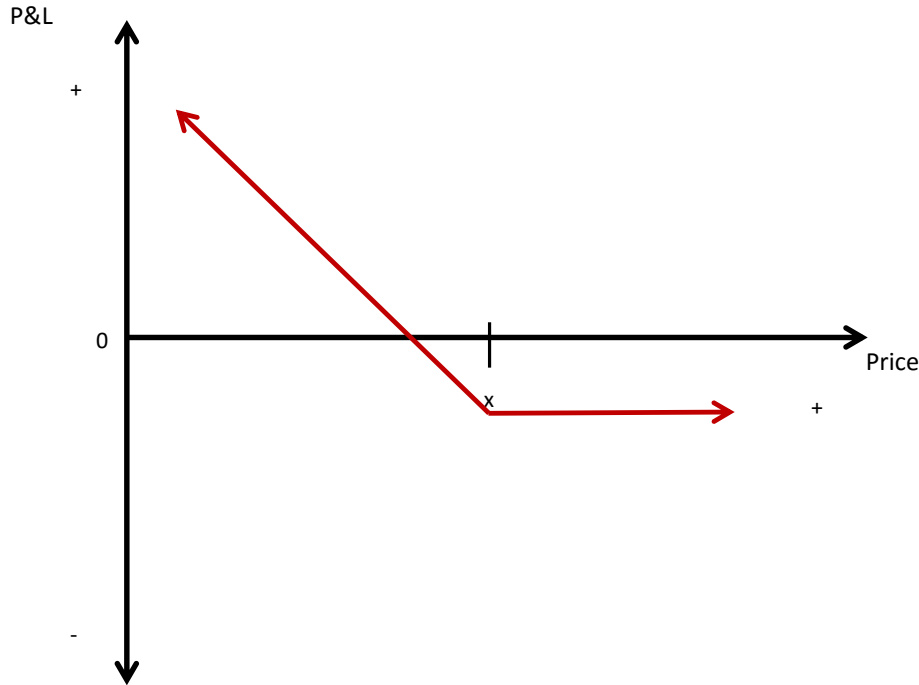


Options Basics Put

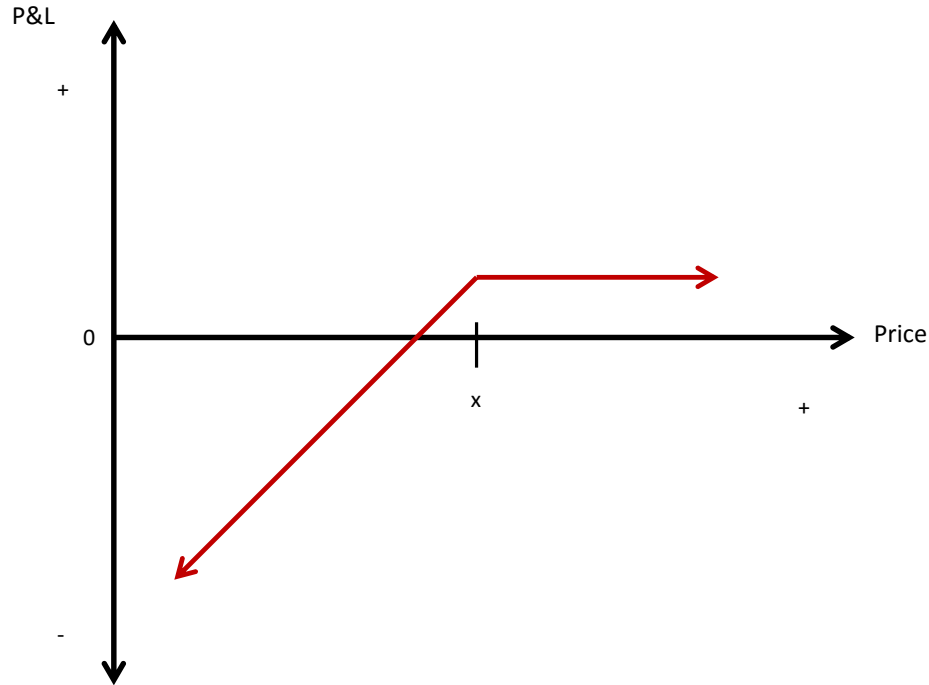
P&L Diagram

P&L Diagram Put Buyer



- Long a Put Option
- Participate in downward movement of underlying within a certain time frame
- Premium paid is max risk (no further margin is required)
- Base price decrease (ITM), the price of the put option increases.
- Base price stays neutral or increases - (OTM) option loses value.
- If the price of the underlying changes, you don't participate in a 1:1
- „Theoretically,, you participate in the downmove of the stock. „Realistically,“ as a general rule no stock having liquid options market goes to zero or so far off as to half its value in a short period of time

P&L Diagram Put Seller (Writer)



- Short a Put Option
- Bullish-neutral outlook
- Premium received for guaranteeing the buyer a salesprice (strike) should the price go down
- Liability to purchase stock at strike if ITM
- Keep your premium at maturity date if OTM at maturity date (base price above strike)
- „Theoretically,“ you participate in the downmove of the stock. „Realistically,“ as a general rule no stock having liquid options market goes to zero or so far off as to half its value in a short period of time