



Option Selling Checklists

Covered Calls Checklist

Why sell covered calls?

- You can get paid a premium for committing to sell shares of a stock you own at whatever price you choose within a set period of time.
- Would you sell 100 shares of AAPL if it hit \$200 per share in the next 3 months? Someone will pay you to take on that obligation.

Remember:

- Selling a covered call obligates you to sell 100 shares of the stock at the

Cash-Secured Puts Checklist

Why sell cash-secured puts?

- You can get paid a premium for committing to buy shares of a stock at whatever price you choose within a set period of time.
- Would you buy 100 shares of AAPL if it hit \$100 per share in the next 3 months? Someone will pay you to take on that obligation.

Remember:

designated strike price on or before the expiration date.

- For taking on this obligation, you will be paid a premium.
- Your max gain = $([\text{Strike Price} - \text{Cost Basis}] + \text{Contract Price}) * 100$

Getting Started:

- ☐ What's the stock?
- ☐ Do I own 100 shares or more?
- ☐ Is there a certain price I'd be happy to sell these shares at?
- ☐ Is there a timeframe within which I'd sell those shares at that price?

If yes, continue...

- ☐ What's my timeframe? (I like 30 days, but regularly sell between 14 days and 3 months or longer)

This is my expiration date

- ☐ What's the price I'd be willing to sell at? (I usually target a delta near 0.10, but it varies)

This is my strike price

- ☐ Look up the stock in your broker's option chain, navigate to the expiration date and strike price you've decided on
- ☐ Make sure you're looking under **Calls**
- ☐ Is there liquidity?
 - ☐ What's the Bid/Ask spread?

- Selling a cash-secured put obligates you to buy 100 shares of the stock at the designated strike price on or before the expiration date.
- For taking on this obligation, you will be paid a premium.
- Your max gain = $\text{Contract Price} * 100$

Getting Started:

- ☐ What's the stock?
- ☐ Is there a certain price I'd be happy to buy its shares at?
- ☐ Can I afford 100 shares at that price?
- ☐ Is there a timeframe within which I'd buy those shares at that price?

If yes, continue...

- ☐ What's my timeframe? (I like 30 days, but regularly sell between 14 days and 3 months or longer)

This is my expiration date

- ☐ What's the price I'd be willing to buy at?

This is my strike price

- ☐ Look up the stock in your broker's option chain, navigate to the expiration date and strike price you've decided on
- ☐ Make sure you're looking under **Puts**
- ☐ Is there liquidity?
 - ☐ What's the Bid/Ask spread?

- ☐ I'm looking for open interest of at least 50, preferably 100+
- ☐ I'm looking for volume > 1, preferably 20+
- ☐ Is the current option price acceptable?

If yes, you're ready to place an order...

The Order:

- Use a Limit Order so you can define the exact contract price
- 'Sell to Open' [quantity] Call [expiration date] [ticker] [strike price] @ [contract price]
- Example (Fidelity):

- When I place this order, I'm obligating myself to sell 100 shares of AAPL at \$165 per share on or before August 12th, and I'm being paid \$112 (\$1.12 per share) to take on that obligation.

- ☐ I'm looking for open interest of at least 50, preferably 100+
- ☐ I'm looking for volume > 1, preferably 20+
- ☐ Is the current option price acceptable?

If yes, you're ready to place an order...

The Order:

- Use a Limit Order so you can define the exact contract price
- 'Sell to Open' [quantity] Put [expiration date] [ticker] [strike price] @ [contract price]
- Example (Fidelity):

- When I place this order, I'm obligating myself to buy 100 shares of AAPL at \$150 per share on or before August 12th, and I'm being paid \$45 (\$0.45 per share) to take on that obligation.

To Close/Exit your covered call position:

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- You can close your position at any time (if it hasn't been exercised) by reversing your original sell order ('Buy to Close'):

Trade

TRADE Options ACCOUNT Tier 2 Buying Power Cash Available to Trade \$0.00

SYMBOL AAPL APPLE INC \$157.35 \$0.56 (0.36%) C Bid ARCK 162.29 x 2 Ask ARCK 162.38 x 1 Volume 81,006,109

Calls & Puts Spread More Strategies

ACTION Buy To Close QUANTITY 1 Call Put EXPIRATION Aug 12, 2022 STRIKE 165.00

Last Trade \$1.16 Net Chg \$ -\$0.05 Prev Close \$1.21
 Bid 1.06 x 5 Vol 4,259
 Ask 1.12 x 10 Open Int 8,449 Day Range 0.87 1.33

+ Add Leg

ORDER TYPE Limit LIMIT PRICE \$ 1.06 TIME IN FORCE Day TRADE TYPE Margin ROUTE Auto

Estimated Order Value \$106.65
 Included fees \$0.65

Preview Order

Additional Important Information

- If I placed the above order and a seller filled my order, I would have made a \$6 profit on the contract (originally sold for \$1.12, bought back for \$1.06)

- You can close your position at any time (if it hasn't been exercised) by reversing your original sell order ('Buy to Close'):

Trade

TRADE Options ACCOUNT Tier 2 Buying Power Cash Available to Trade \$0.00

SYMBOL AAPL APPLE INC \$162.51 \$5.16 (3.28%) C Bid ARCK 162.12 x 13 Ask ARCK 162.14 x 8 Volume 101,786,860

Calls & Puts Spread More Strategies

ACTION Buy To Close QUANTITY 1 Call Put EXPIRATION Aug 12, 2022 STRIKE 150.00

Last Trade \$0.45 Net Chg \$ \$0.00 Prev Close \$0.45
 Bid 0.42 x 0 Vol 0
 Ask 0.47 x 0 Open Int 6,649 Day Range 0.00 - 0.00

+ Add Leg

ORDER TYPE Limit LIMIT PRICE \$ 0.42 TIME IN FORCE Day TRADE TYPE Margin ROUTE Auto

Estimated Order Value \$42.00
 Included fees \$0.42

Preview Order

- If I placed the above order and a seller filled my order, I would have made a \$3 profit on the contract (originally sold for \$0.45, bought back for \$0.42)

Selling Options for Income (eCourse)

Become the casino and start generating consistent, low stress income, in 60 minutes:

Selling Options for Income

Become the casino and start generating consistent, low-stress income, in 60 minutes. The minute you walk into a casino, you lose. Every game is designed to take your money. Sure, you might

 <https://lincolnolson.gumroad.com//selling-options-for-income>



