01. Options Trading Fundamentals

Option Trading Basics in 60 Minutes
Key terms and the basic structure of call and put options.

1. What Is an Option?

- An option is a contract giving the buyer a right, but not an obligation, under specified terms.
- The underlying asset, expiry date, strike price and premium.
- Difference between options and buying shares directly.

2. Calls and Puts

- Call option: right to buy the underlying at the strike price.
- Put option: right to sell the underlying at the strike price.
- Long option positions versus short option positions.

3. Contract Basics

- Lot size and contract specifications.
- Expiry styles and settlement basics.
- Reading an option contract quote.

Educational overview only. Options are complex, leveraged instruments and can result in substantial or total loss of the premium paid; some option strategies can carry much larger losses. This material is not investment advice or a recommendation to trade.