Gold Course 12 Risk Management Homework

Describe, in terms of the Greeks Gamma and Theta, how a short contract position makes money.

How does Standard Deviation affect the P/L of a long gamma position? What is the “lucky” part?

What is the right size for an option trading account? What is the right size per trade?

How does risk affect the size of the position?

Describe the market effects of the Greek Delta to the aggregate of your positions. What is this “Greek” called?

What are some of the recommended percentage moves for examining risk? Why those numbers and how does that affect position contract counts?

What is the Golden Rule of risk management?

When is it time to consider exit strategy?

Name the problem with most option p/l graphs.

What is the problem with adding more capital (rolling) to a losing position?

What is the importance of knowing your option position Greeks?