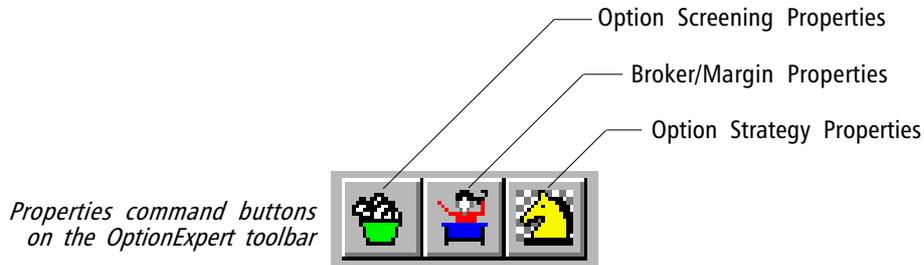


# Customizing Properties

The Properties function is used for the entry and modification of the data that, along with the price information retrieved through the internet, is the basis for the selection and analysis of option positions. You can modify any of the default values.

The Properties function consists of three windows which divide the information into logical categories.



□ *To open the Properties windows, do the following:*

1. Click the appropriate command button on the OptionExpert toolbar:
  - Option Screening Properties
  - Broker/Margin Properties
  - Strategy Properties
2. To select a specific page, click the corresponding tab at the top of the window.
3. Information entered on each of the pages is described below.

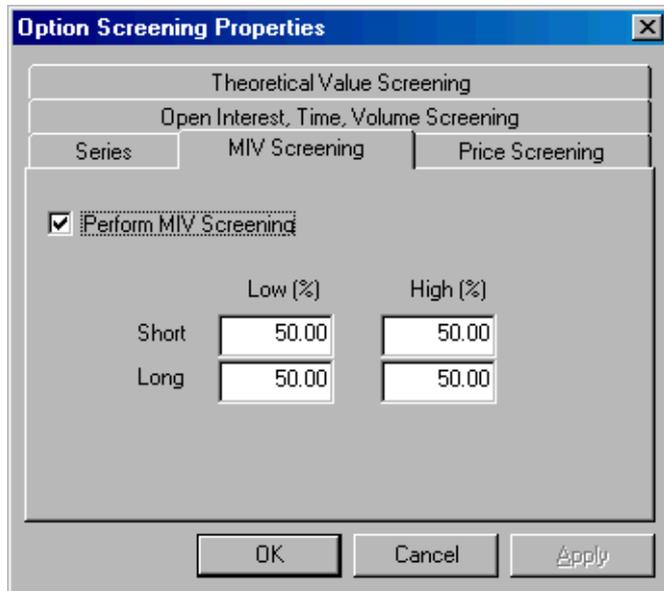
# Option Screening Properties

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## MIV Screening

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You may screen options based on the market implied volatility computed for each individual option. By specifying low and high cutoff values, you can impose a range outside of which options will be excluded.



The image shows a dialog box titled "Option Screening Properties" with a close button (X) in the top right corner. The dialog is divided into several sections: "Theoretical Value Screening", "Open Interest, Time, Volume Screening", and "Series". Under "Series", there are three tabs: "Series", "MIV Screening", and "Price Screening". The "MIV Screening" tab is active. Inside this tab, there is a checked checkbox labeled "Perform MIV Screening". Below this, there are two rows of input fields. The first row is labeled "Short" and the second row is labeled "Long". Each row has two columns: "Low (%)" and "High (%)". Both the "Short" and "Long" rows have "50.00" entered in both the "Low (%)" and "High (%)" fields. At the bottom of the dialog, there are three buttons: "OK", "Cancel", and "Apply".

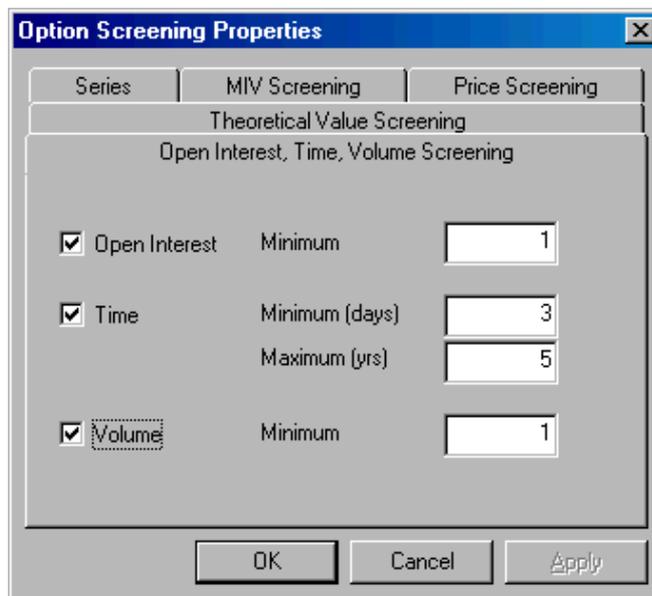
*MIV Screening page*

□ *To impose MIV screening:*

1. Click on the option box labeled **Perform MIV Screening**.
2. In the row labeled *Short*, enter the low and high cutoff values you wish to apply to put options.
3. In the row labeled *Long*, enter the low and high cutoff values you wish to apply to call options.
4. When you complete your entries, click **Apply** to confirm, or **OK** to confirm and also exit Properties

## Open Interest, Time, Volume Screening

This page may be used to impose screening of options based on open interest, time, or volume.



The image shows a dialog box titled "Option Screening Properties" with a close button (X) in the top right corner. The dialog is divided into three tabs: "Series", "MIV Screening", and "Price Screening". The "MIV Screening" tab is selected and contains a section for "Theoretical Value Screening" and a sub-section for "Open Interest, Time, Volume Screening". Under this sub-section, there are three rows of settings, each with a checked checkbox, a label, and a text input field:

| Option                              | Label                 | Value |
|-------------------------------------|-----------------------|-------|
| <input checked="" type="checkbox"/> | Open Interest Minimum | 1     |
| <input checked="" type="checkbox"/> | Time Minimum (days)   | 3     |
|                                     | Maximum (yrs)         | 5     |
| <input checked="" type="checkbox"/> | Volume Minimum        | 1     |

At the bottom of the dialog are three buttons: "OK", "Cancel", and "Apply".

*Open Interest, Time, Volume Screening page*

*To impose Open Interest screening:*

- Click on the option box labeled **Open Interest**.
- In the text box labeled *Minimum*, enter the minimum number of option contracts that you require.

*To impose Time screening:*

- Click on the option box labeled **Time**.
- In the text box labeled *Minimum (days)*, enter the minimum number of days to expiration that you require.
- In the text box labeled *Maximum (yrs)*, enter the maximum number of years from expiration that you require.

*To impose Volume screening:*

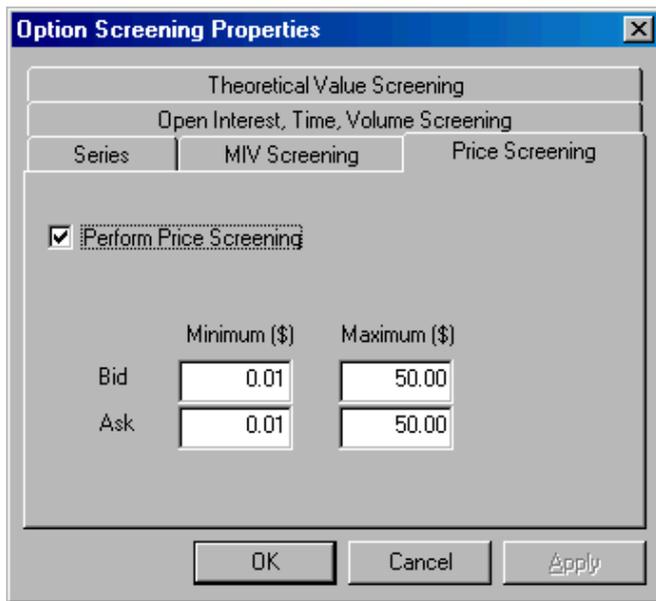
- Click on the option box labeled **Volume**.
- In the text box labeled *Minimum*, enter the minimum number of option contracts that you require.

When you complete your entries, click **Apply** to confirm, or **OK** to confirm and also exit Properties.

## Price Screening

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Use this page to exclude options based strictly on price. The entries allow you to screen options by specifying acceptable minimum and maximum bid and ask prices.



The image shows a dialog box titled "Option Screening Properties" with a close button (X) in the top right corner. The dialog is divided into three sections: "Theoretical Value Screening", "Open Interest, Time, Volume Screening", and "Price Screening". The "Price Screening" section is active and contains a checked checkbox labeled "Perform Price Screening". Below this checkbox are two rows of input fields. The first row is labeled "Bid" and has two fields: "Minimum (\$)" with the value "0.01" and "Maximum (\$)" with the value "50.00". The second row is labeled "Ask" and has two fields: "Minimum (\$)" with the value "0.01" and "Maximum (\$)" with the value "50.00". At the bottom of the dialog are three buttons: "OK", "Cancel", and "Apply".

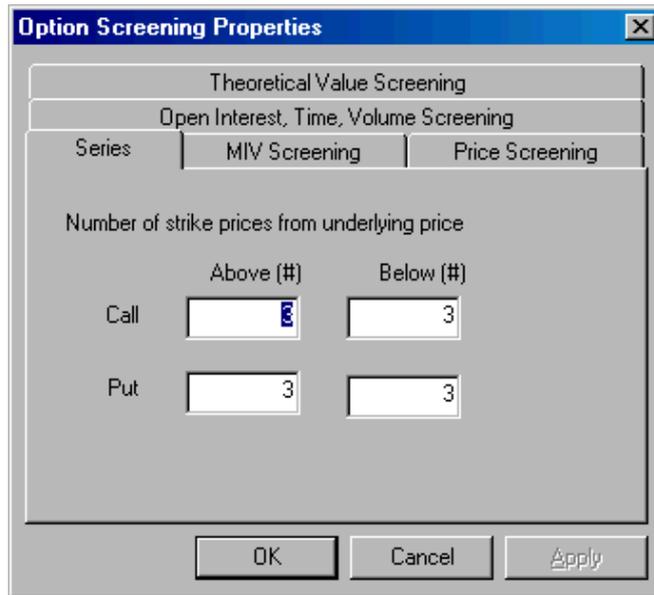
*Price Screening page*

□ *To impose screening of options:*

1. Click on the option box labeled **Perform Price Screening**.
2. In the row labeled *Bid*, enter the minimum and maximum acceptable option bid prices.
3. In the row labeled *Ask*, enter the minimum and maximum acceptable option ask prices.
4. When you complete your entries, click **Apply** to confirm, or **OK** to confirm and also exit Properties.

## Series

The entries in this page are used to eliminate options that are too far in or out-of-the-money. By specifying the number of strike prices above and below the underlying price, any options falling outside of this range are excluded (i.e., are not be included in the list of options evaluated for selection of option positions).



The image shows a dialog box titled "Option Screening Properties" with a close button (X) in the top right corner. The dialog is divided into several sections: "Theoretical Value Screening", "Open Interest, Time, Volume Screening", and "Series". The "Series" section is further divided into "MIV Screening" and "Price Screening". Under "Price Screening", there is a section titled "Number of strike prices from underlying price" with two columns: "Above (#)" and "Below (#)". There are two rows: "Call" and "Put". For "Call", the "Above (#)" field contains the number 5 and the "Below (#)" field contains the number 3. For "Put", both the "Above (#)" and "Below (#)" fields contain the number 3. At the bottom of the dialog are three buttons: "OK", "Cancel", and "Apply".

| Series  | MIV Screening | Price Screening |
|---|---------------|-----------------|
| Number of strike prices from underlying price |               |                 |
|   | Above (#)     | Below (#)       |
| Call  | 5             | 3               |
| Put   | 3             | 3               |

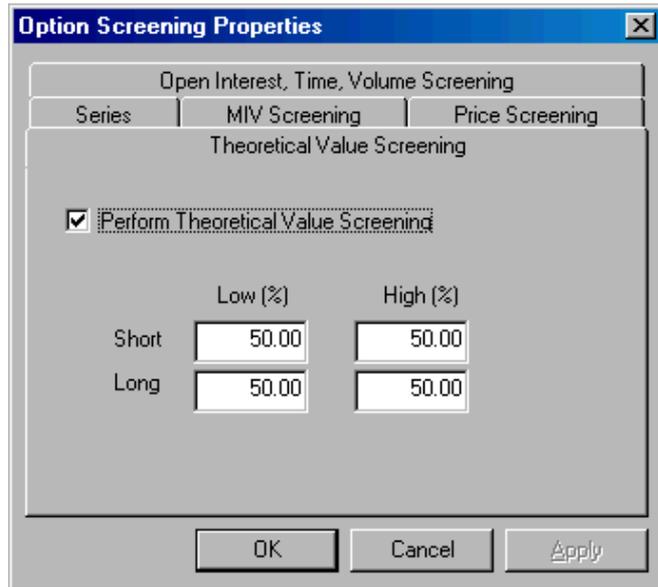
*Series page*

□ *To specify a range of strike prices for calls and puts:*

1. In the *Call* row, enter an *Above* number and a *Below* number. These numbers are the number of strike prices from the current price of the underlying stock or index.
2. In the *Put* row, enter an *Above* number and a *Below* number.
3. Click **Apply** to confirm, or click **OK** to confirm and also exit Properties.

## Theoretical Value Screening

You may screen options using a relationship between current price and theoretical value by specifying a range of values, outside of which options will be excluded. Separate entries are allowed for short and long positions.



The image shows a dialog box titled "Option Screening Properties" with a close button (X) in the top right corner. The dialog is divided into several sections. At the top, there is a section for "Open Interest, Time, Volume Screening". Below that, there are three tabs: "Series", "MIV Screening", and "Price Screening". The "Price Screening" tab is selected, and within it, the "Theoretical Value Screening" section is active. This section contains a checked checkbox labeled "Perform Theoretical Value Screening". Below the checkbox, there are two columns of input fields: "Low (%)" and "High (%)". The "Short" row has both fields set to "50.00". The "Long" row also has both fields set to "50.00". At the bottom of the dialog, there are three buttons: "OK", "Cancel", and "Apply".

*Theoretical Value Screening page*

□ *To impose theoretical value screening:*

1. Click on the option box labeled **Perform Theoretical Value Screening**.
2. In the row labeled *Short*, enter the low and high percentage cutoff values you wish to apply to short positions.
3. In the row labeled *Long*, enter the low and high percentage cutoff values you wish to apply to long positions.
4. When you complete your entries, click **Apply** to confirm, or **OK** to confirm and also exit Properties.

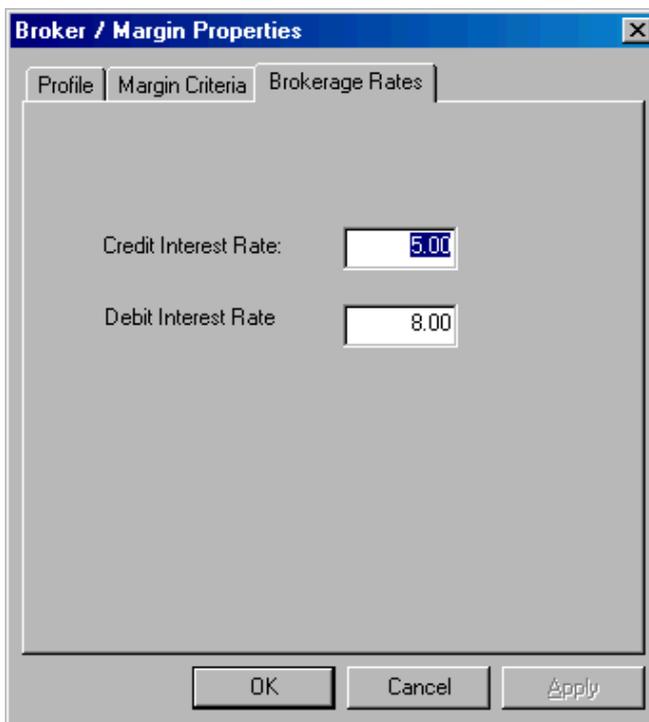
## Broker / Margin Properties

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### Brokerage Rates

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Use this page to specify credit and debit interest rates for margin purposes.



The screenshot shows a dialog box titled "Broker / Margin Properties" with three tabs: "Profile", "Margin Criteria", and "Brokerage Rates". The "Brokerage Rates" tab is active. It contains two text input fields: "Credit Interest Rate" with the value "5.00" and "Debit Interest Rate" with the value "8.00". At the bottom of the dialog are three buttons: "OK", "Cancel", and "Apply".

*Brokerage Rates page*

□ *To change either brokerage interest rate:*

1. To change the credit rate, type a new rate in the *Credit Interest Rate* text box.
2. To change the debit rate, type a new rate in the *Debit Interest Rate* text box.
3. Click **Apply** to confirm, or click **OK** to confirm and also exit Properties.

## Margin Criteria

This page is devoted entirely to Margin information. Use it to specify margin requirements (initial and maintenance) for both stocks and options and the minimum dollar requirement for options. You can also elect to use margin for stocks and to exclude maintenance margin.

The screenshot shows the 'Broker / Margin Properties' dialog box with the 'Margin Criteria' tab selected. The 'Exclude Maintenance Margin' checkbox is unchecked. The 'Options' section has three rows: 'Initial Margin (%)' with values 20 for Stock and 15 for Index; 'Maintenance Margin (%)' with values 10 for Stock and 10 for Index; and 'Minimum Amount (\$)' with values 0 for Stock and 0 for Index. The 'Stocks' section has a checked 'Use Margin' checkbox and two columns: 'Long' and 'Short'. The 'Initial Margin (%)' row has values 50 for Long and 50 for Short. The 'Maintenance Margin (%)' row has values 25 for Long and 30 for Short. At the bottom are 'OK', 'Cancel', and 'Apply' buttons.

|                        | Stock | Index |
|------------------------|-------|-------|
| Initial Margin (%)     | 20    | 15    |
| Maintenance Margin (%) | 10    | 10    |
| Minimum Amount (\$)    | 0     | 0     |

|                        | Long | Short |
|------------------------|------|-------|
| Initial Margin (%)     | 50   | 50    |
| Maintenance Margin (%) | 25   | 30    |

*Margin Criteria page*

□ *To change margin criteria:*

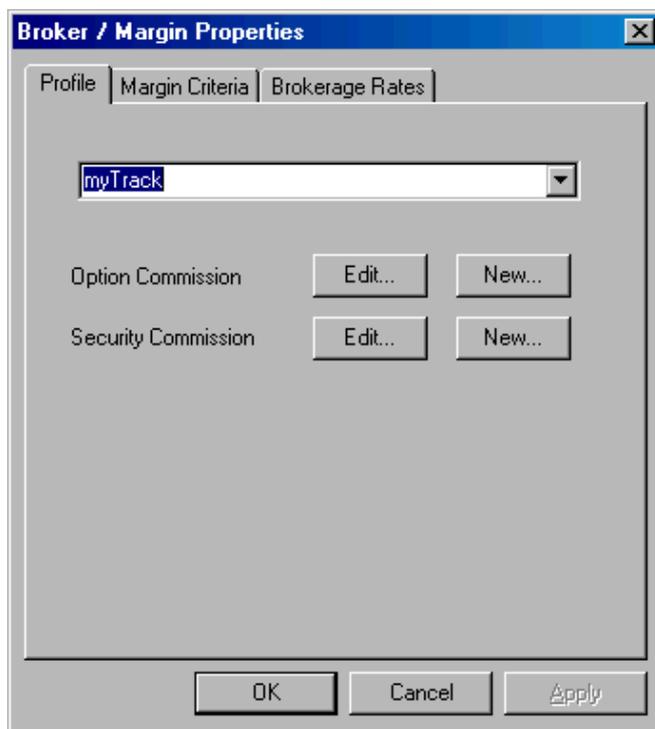
1. To include maintenance margin (additional capital required if position moves adversely) in the analysis of debit positions, click (uncheck) the option box labeled **Exclude Maintenance Margin**.
2. Use the text boxes in the *Options* section to change margin requirements for options:
  - In the line labeled *Initial Margin (%)* change values for *Stock* and/or *Index*.
  - In the line labeled *Maintenance Margin (%)* change values for *Stock* and/or *Index*.
  - In the line labeled *Minimum Amount (\$)* change value for *Stock* and/or *Index*.

3. For the analysis of covered positions, you can specify that stock will be bought on margin. To use margin for stock purchases, click (check) the option box labeled **Use Margin** in the *Stocks* section
4. Use the text boxes in the *Stocks* section to change the margin requirements for stocks :
  - In line labeled *Initial Margin (%)* change values for *Long* and/or *Short*.
  - In line labeled *Maintenance Margin (%)* change values for *Long* and/or *Short*.
5. Click **Apply** to confirm your changes, or click **OK** to confirm and also exit Properties.

## Profile

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OptionExpert uses a brokerage schedule to compute the brokerage fees required for the analysis of positions. The *Profile* page is used to specify a brokerage commission schedule. You can simply select from a list of widely used brokerage firms or you can create your own detailed option and securities schedules. You can also use this page to modify any schedule that has been previously entered.



*Profile page*

### □ To select a schedule:

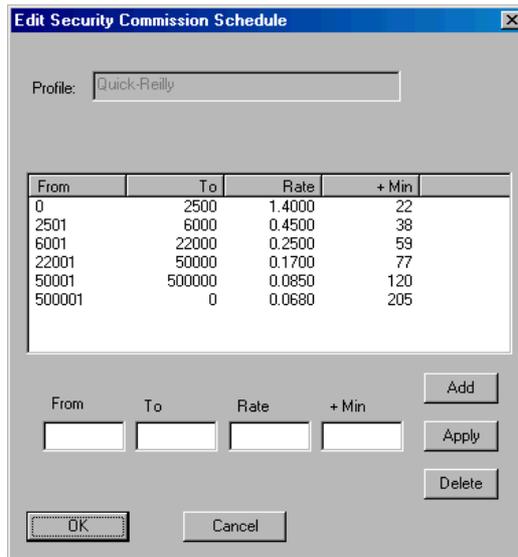
1. Click the arrow on the list box at the top to display a list of available brokerage firms. Select the firm you want to use by clicking on it with your mouse.
2. Click **Apply** to confirm your choice.

□ To create a new schedule:

1. Click the **New...** button for the type of schedule you are creating (Option or Security).
2. The first dialog box that appears is used for entering a name for the new schedule, for entering overriding maximum and minimum amounts, and for entering a percentage discount. After entering a name, choose the options you want to employ by selecting the appropriate option boxes (check marks will appear to indicate the active options). Then enter values in all of the text boxes for the options you have chosen.

| From   | To     | Rate   | # Shares |
|--------|--------|--------|----------|
| 0      | 2500   | 1.4000 | 22       |
| 2501   | 4000   | 0.4500 | 30       |
| 4001   | 22000  | 0.2500 | 50       |
| 22001  | 50000  | 0.1700 | 77       |
| 50001  | 500000 | 0.0650 | 120      |
| 500001 | 0      | 0.0600 | 205      |

3. To enter a graduated schedule in table form, select the *Table* option box and then click the button labeled *Edit Table Values...* The *Edit Option Commission Table* dialog box will be displayed. Tables are comprised of one or more dollar range with a rate and a minimum value for each range.



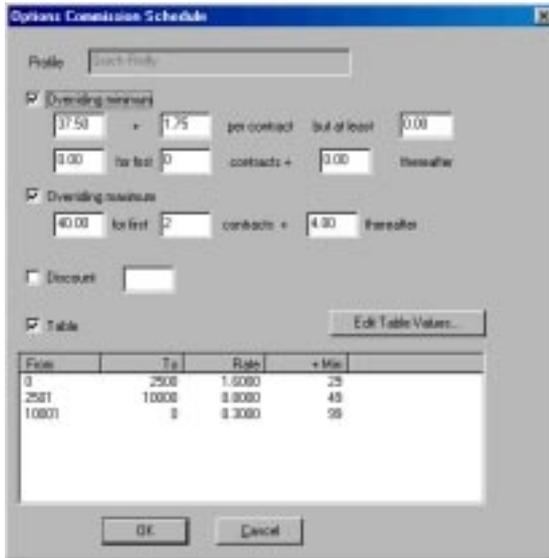
4. To create a table of commission rates, do the following:

- In the separate text boxes (labeled *From*, *To*, *Rate*, and *+Min*), enter values for the first range.
- Press **Add** to move the values to the window above.
- Repeat for each range in your schedule.
- When you have completed the table, click **OK** to return to the previous dialog box. The newly created table will now appear in the window located in the lower section of the dialog box.

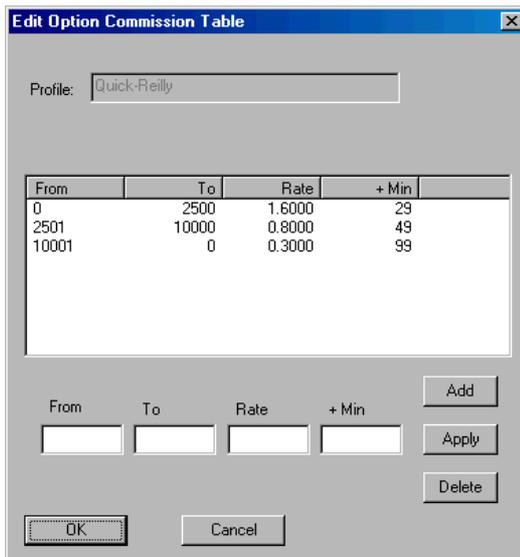
5. Click **OK** to return to the *Profile* page. To use the new schedule, you must select it from the list box and then click **Apply** to confirm.

□ *To edit an existing schedule:*

1. Click the **Edit...** button for the type of schedule you want to modify (*Option* or *Security*).
2. The first dialog box that appears is used for modifying the overriding maximum and minimum amounts, and the percentage discount. For the options you want to edit (only the options shown with check marks are active), you may change the values shown in any of the text boxes.



3. To modify the table representing the graduated commission schedule (the *Table* option box should be selected), click the button labeled **Edit Table Values...** The *Edit Option Commission Table* dialog box will be displayed. Tables are comprised of one or more dollar range with a rate and a minimum value for each range.



4. To edit the table of commission rates, do the following:

- Select a line from the table you want to modify. The data for that line will be transferred to the separate text boxes below (labeled *From*, *To*, *Rate*, and *+Min*).
- Use these boxes to make changes to the data in the selected line.
- Press **Apply** to move the modified values to the window above.
- Repeat for each line you need to change.
- When you have completed all your changes to the table, click **OK** to return to the previous dialog box. The table located in the lower section of the dialog box will now reflect the changes you made.

5. Click **OK** to return to the *Profile* page.

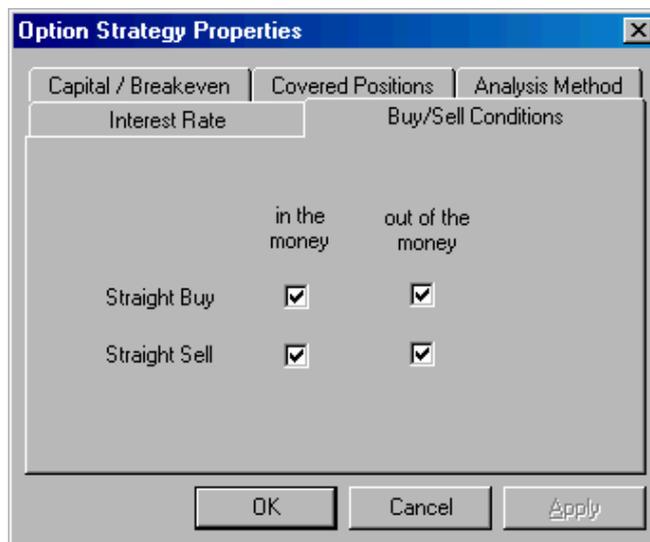
# Option Strategy Properties

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## Buy/Sell Conditions

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The entries on this page apply to straight buy or straight sell positions only. You may use the entries on this page to exclude in-the-money or out-of-the-money options for these positions.



*Buy/Sell Conditions page*

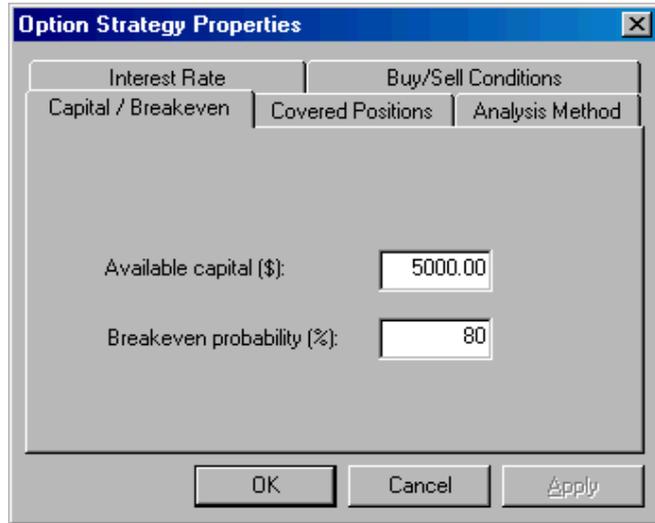
□ *To exclude any of the four categories of options:*

1. To exclude a category, remove the check mark from the category of options you want to exclude by clicking on the corresponding option box.
2. To include an already excluded category, add a check mark to the category by clicking on the corresponding option box.
3. When you complete your changes, click **Apply** to confirm, or **OK** to confirm and also exit Properties.

## Capital/Breakeven

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This page is used to specify two mandatory data values: (1) available capital and (2) minimum acceptable breakeven probability(%).



The image shows a dialog box titled "Option Strategy Properties" with a close button (X) in the top right corner. The dialog has several tabs: "Interest Rate", "Buy/Sell Conditions", "Capital / Breakeven", "Covered Positions", and "Analysis Method". The "Capital / Breakeven" tab is selected. Inside the dialog, there are two text input fields. The first is labeled "Available capital (\$):" and contains the value "5000.00". The second is labeled "Breakeven probability (%):" and contains the value "80". At the bottom of the dialog, there are three buttons: "OK", "Cancel", and "Apply".

*Capital/ Breakeven page*

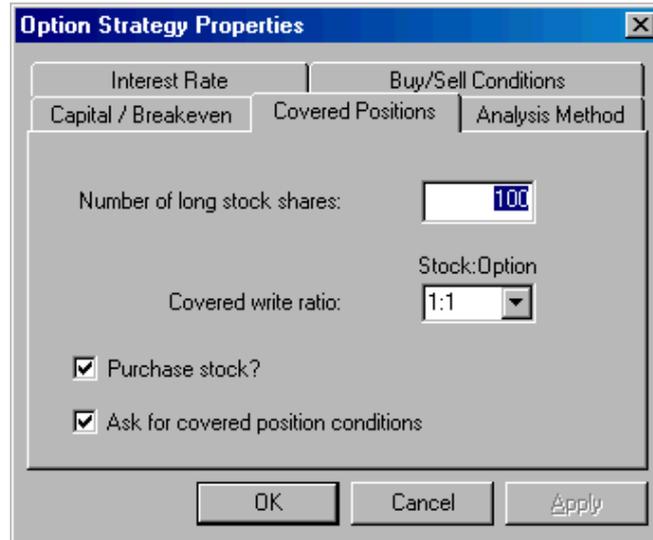
□ *To change either value:*

1. To change the capital available for option trading, type a new dollar value in the *Available capital (\$)* text box.
2. To change the minimum breakeven probability, type a new percentage value in the *Breakeven probability(%)* text box.
3. Click **Apply** to confirm, or click **OK** to confirm and also exit Properties.

## Covered Positions

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The two entries on this page apply to covered positions. You may change the number of stock shares that you own and the number of calls you are selling for each 100 shares that you own.



The image shows a screenshot of the "Option Strategy Properties" dialog box, specifically the "Covered Positions" tab. The dialog has a blue title bar with the text "Option Strategy Properties" and a close button (X). Below the title bar are four tabs: "Interest Rate", "Buy/Sell Conditions", "Capital / Breakeven", and "Covered Positions". The "Covered Positions" tab is selected. Inside the dialog, there are two main input areas. The first is labeled "Number of long stock shares:" and has a text box containing the value "100". The second is labeled "Covered write ratio:" and has a dropdown menu showing "1:1". Below these are two checked checkboxes: "Purchase stock?" and "Ask for covered position conditions". At the bottom of the dialog are three buttons: "OK", "Cancel", and "Apply".

*Covered Positions* page

□ *To change either value:*

1. In the *Number of long stock shares* text box, enter the number of shares in the underlying stock that you already own.
2. In the *Covered write ratio* text box, use the arrow in the box to select a ratio (1:1, 1:2, 1:3, 2:1, 3:1). For example, a 2 to 1 ratio means you are selling 2 calls for each 100 shares of stock that you own.
3. Click **Apply** to confirm, or click **OK** to confirm and also exit Properties.

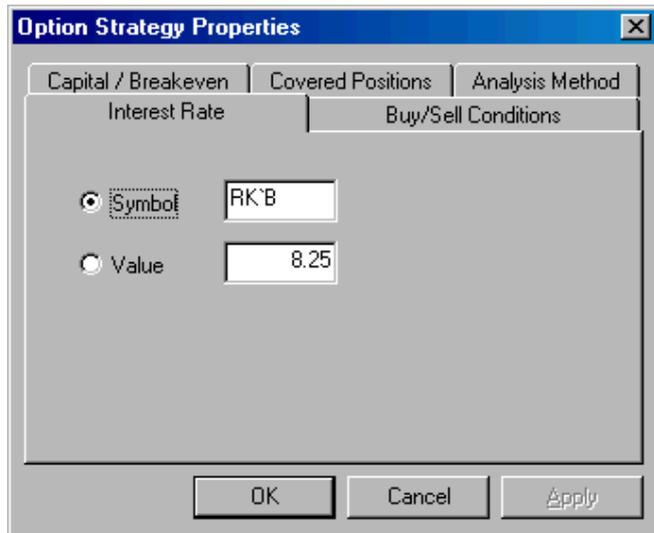
## Interest Rate

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This is the risk-free interest rate used in the Black-Scholes analytical model to determine the theoretical fair value for options. The dialog box provides two choices:

**Symbol** - For this entry, you specify the ticker symbol of an interest bearing instrument, such as the 90-day Treasury Bill. When OptionExpert computes fair value, it retrieves the current yield for the instrument and uses this value for the interest rate.

**Value** - For this option, you simply specify a fixed interest rate value.



*Interest Rate page*

□ *To change the interest rate:*

1. Select one of the options (*Symbol* or *Value*) by clicking the corresponding option button.
2. Type the required information (see above) in the adjacent text box.
3. Click **Apply** to confirm, or click **OK** to confirm and also exit Properties.

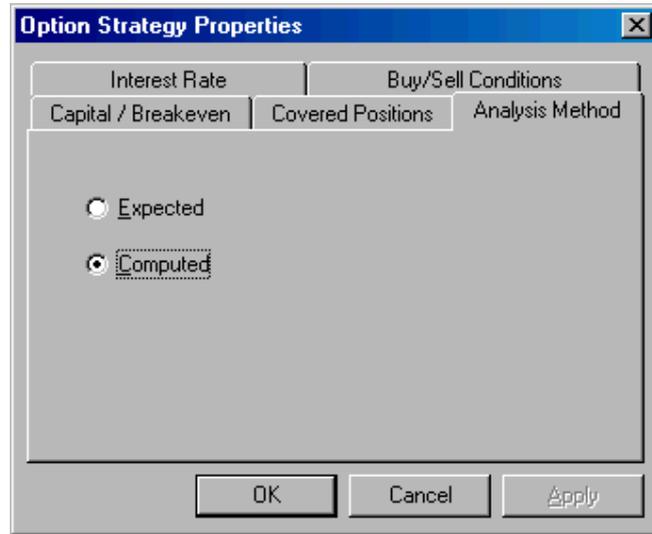
## Analysis Method

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This page is used to specify the analysis method used to compute the Profit values shown in the *Economic Analysis* section of the *Position Analysis* window. Two choices are provided: (1) Expected and (2) Computed. For an explanation of these methods, see *Position Profit* in *Finding Positions*, Section 5 of Chapter III.

□ *To change the Analysis Method:*

1. Display the Analysis Method page and click the option button for the method of your choice.
2. Click **Apply** to confirm your change, or click **OK** to confirm and also exit Option Strategy Properties.



*Analysis Method page*