

Options trading in PCRA



- PCRA Trading Menu must be updated to permit options trading
- Participant must submit Options Application for approval to trade options
- Only lowest option approval level permitted – risk is fixed (not unlimited)
- Strategies involve income generation or protection
- Three general strategies:
 - **Sell covered call** (income generation) – You sell someone the option to buy your stock at a specified price for a specified period of time. You receive a premium.
 - **Buy protective put** (protection) – You buy the option to sell your stock at a specified price for a specified period of time. You pay a premium.
 - **Sell cash secured-equity put** (income generation) – You sell someone the option to sell a particular stock to you at a specified price for a specified period of time. You secure sufficient cash in your PCRA to buy the stock. You receive a premium.