

Project Disney

Background: You own 300 shares of Disney that you bought September 28th 2011 at \$31.30 /share. Current price is around \$50 so you have a healthy gain! Your project is to decide when and what Out-of-The-Money strike price to sell a covered call on Disney.

Goal is to be the COOL kid to come back to the club with the largest APR!

(Option must be an out-of-the-money to be considered)

1. Register at Options Industry Councils website
https://www.optionseducation.org/login_or_register/register.html
2. After registering Log in at
https://www.optionseducation.org/login_or_register/login.html
3. Then to start your Virtual Trading Simulator go to
http://www.optionseducation.org/tools/virtual_trading_system.html
4. Click on the orange box that says "Access Your VTS Account"
5. When the account box pops up, click in the upper right side where it says "Adjust Virtual Funds/Trading Level"
6. Another box will pop up.
7. The first Line says Virtual Funds ...put in \$75,000 and then click Save. This will add \$75,000 play money to the \$25,000 they start you with.
8. Now click on the same "Adjust Virtual Funds/Trading Level" again.
9. This time go to the Trading Level line and click on the dropdown box and select "Equity Put Writing/Credit Spreads" and then Click Save. This will allow you to sell both Covered Calls and Cash-Secured Puts
10. Now Click on the Trade Button in the Green strip and then select "Stock"
11. Enter DIS for the stock symbol
12. Action is Buy
13. Quantity is 300 shares
14. If you are doing this while the market is open say Market order.
15. If you doing this when the market is closed, then say limit order and put in a price close to the last trade (you can see this on the right hand side of the screen).
16. Duration is "Good Until Cancelled"
17. Don't do anything with the "Routing" or "Advanced Orders"
18. Click "Preview Order" and then "Place Order" on the next screen.
19. If you are doing this while the market is open it will be filled immediately. If not you will have to wait until the market is open and by checking "Order Status" you will be able to tell if you got your Disney stock bought. The price does not matter as we are pretending you bought it last year at a much lower price.
20. When you get ready to look at option prices click on "Trade" in the Green Strip and "Options"
21. Click on "Find Chain" on the symbol line (the default option chain will be SPY regardless if you have entered some other ticker).
22. When the option chain comes up you can replace the SPY ticker with DIS for Disney and then click "View Chain".

23. Calls are on the left and Puts on the right. However up under “Type” you can change it to just “Calls” if you don’t want to look at the Puts. Click “View Chain” again after selecting “Calls”.
24. Your Out-Of-The-Money options will have a white background rather than yellow.
25. If you click on the Bid price of the option you want, then a trading screen comes up with a lot of information filled out. Like the Ticker, which Expiration Date, Which Strike and that it is a Call. The Action will also be set to “Sell To Open”.
26. The best bid price will come into the limit box but you can set that price higher if you want to sell at price higher than the current best bid. Use the COOL_TOOL to help you decide.
27. Under duration you can chose either “Day Order” or “Good Until Cancelled”. The latter will stay open until it is either filled or the option expires or you cancel the order. “Day Order” will stay open only for that day while the market is open (9:30am-4:00pm ET).
28. Click “Preview Order” and if happy “place Order”.
29. Submit to [COOL CLUB@bivio.com](mailto:COOL_CLUB@bivio.com)
 - a. What premium you sold for
 - b. What Expiration date
 - c. On what day you did your SELL
 - d. What DIS price was
 - e. your APR
30. Wait to see if you are the COOLest kid in the club.