

Trade Options with an Edge

by

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Acknowledgements

I have been investing all of my adult life. Probably like most of you, I focused initially on mutual funds and stocks. That was fine as long as the market was rising. However, multiple large market declines convinced me that I had to find a way to make money even when the market was not increasing. That led me to explore options trading. However, my initial forays into options trading were not successful. I was enticed by the leverage that options trading provided, and I fell into the trap of going for the "home run." It was not until 2012 when I somewhat accidentally discovered a new internet site, tastytrade, that was streaming live programs from 8:00 AM to 4:00 PM every trading day. Each program focused on options trading. I was immediately attracted to the site because the presenters all had good credibility -- each had been a successful floor trader. Furthermore, the approach that they prescribed aligned well with my own analytical background. But, most importantly, I made money when I used their approach. I owe tastytrade a big debt of gratitude. After reading this book, you will too. I strongly recommend that you become a tastytrade subscriber. They are now the largest live streaming financial network with over 100,000 viewers. They are amazingly customer oriented. I frequently send emails to the founder, Tom Sosnoff, or his sidekick, Tony Battista, and I always have received responses in 24 hours or less. Just go to tastytrade.com or download their Apple app or Android app. Or, view them on one of their other streaming video offerings. tastytrade is free. You will not get a better trading education for thousands of dollars.

The analytical approach to options trading that I recommend requires that the user consider several metrics before deciding to place a trade or to exit a trade. All of the metrics that I use are provided by TD Ameritrade's "thinkorswim" (TOS) trading platform. I believe TOS is the best and most powerful trading platform available to support trading, and it is available free to anyone with an account at TD Ameritrade. It was the main reason that I transferred all of my trading accounts to TD Ameritrade. If the trading platform provided by your broker does not provide the information described in this book, you should seriously consider switching to TD Ameritrade. Trading on an inferior platform is like working with one hand tied behind your back. tastytrade provides a very nice trading platform called "dough", but since it works in conjunction with TOS, you will still need an account at TD Ameritrade to take advantage of it.

I am not a professional trader. I have a Ph.D. in Mathematical Sciences. In my professional career, I have been a tenured professor of Operations Research, a consultant, a co-founder of two consulting businesses, an entrepreneur, an inventor, a manager of operations research and systems analysts, a systems engineer, and a research and technology

manager. I am now retired, but I spend most of every weekday trading options, futures and stocks. It is a labor of love.

When I seized upon the tastytrade approach, I realized that my background in probability, optimization, decision analysis, systems analysis, modeling and simulation was perfect for their approach to trading. Then, when I realized the parallel the approach had to the way gambling casinos grind out consistent profits day after day, I was sold. Give me a small edge, give me an opportunity to place lots of small trades, give me good mechanics, provide me with a good trading platform and I will produce consistent profits in any type of market. You can do this also. You do not have to have an analytical background, but you do need to have an appreciation of probabilities and be systematic in your approach. You need to be a grinder. And, believe me, it is a wonderful feeling to know that you can manage your own money better than almost anybody else.