

# How to Use the Strategy Ideas Tool



# What is the Strategy Ideas Tool?

The screenshot displays the 'Options' section of a trading platform, specifically the 'Trading Ideas' tab. At the top, there are navigation links for 'Overview', 'Quotes & Tools', and 'Trading Ideas'. Below this, there are sections for 'Scans & Screens' (Market Scanner, Strategy Ideas, Strategy Evaluator) and 'Reports & Ideas' (Option Reports & Trade Ideas, Expert Options Analysis). The main area is titled 'STRATEGY IDEAS' and includes a 'Reset All' button. It is divided into two columns: 'Select Filters' and 'Available Strategies'. The 'Select Filters' column has three sections: 'OUTLOOK' with 'Bullish', 'Neutral', and 'Bearish' buttons; 'PROFIT POTENTIAL' with 'Limited', 'Substantial', and 'Unlimited' buttons; and 'RISK POTENTIAL' with 'Limited', 'Substantial', and 'Unlimited' buttons. The 'Available Strategies' column lists 14 strategies in a grid, with 'Call Time Spread', 'Covered Call', 'Long Call Butterfly', 'Cash Covered Puts', 'Long Vertical Call Spread', and 'Short Vertical Put Spread' highlighted in blue.

**Options** [Print](#) | [Help/Glossary](#)

[Overview](#) | [Quotes & Tools](#) | **Trading Ideas** [Fidelity Learning Center](#)

**Scans & Screens** [Market Scanner](#) | **Strategy Ideas** | [Strategy Evaluator](#)

**Reports & Ideas** [Option Reports & Trade Ideas](#) | [Expert Options Analysis](#)

**STRATEGY IDEAS** [How to use Strategy Screener \(PDF\)](#) [View Demo](#)

PROVIDED BY LIVEVOL

**Select Filters** [Reset All](#)

**OUTLOOK**

Bullish  Neutral  Bearish

**PROFIT POTENTIAL**

Limited  Substantial  Unlimited

**RISK POTENTIAL**

Limited  Substantial  Unlimited

**Available Strategies**

Click on a strategy to see its definition and run a market scan.

Bearish OTM Put	Bullish OTM Call	Call Time Spread
Put Time Spread	Collar	Covered Call
Double Diagonal	Iron Condor	Long Call Butterfly
Cash Covered Puts	Long Put Butterfly	Long Straddle
Short Straddle	Long Vertical Call Spread	Long Vertical Put Spread
Short Vertical Put Spread	Short Vertical Call Spread	

The Strategy Ideas Tool is designed to help you find specific options trading ideas based on key considerations you select, including sentiment, risk/reward potential, or a specific options strategy.

# How do I search for strategy ideas?

The screenshot shows the 'Options' section of a Fidelity Learning Center. It features a navigation bar with 'Overview', 'Quotes & Tools', and 'Trading Ideas'. Below this are sections for 'Scans & Screens' and 'Reports & Ideas'. The main area is titled 'STRATEGY IDEAS' and includes a 'Select Filters' panel on the left and an 'Available Strategies' grid on the right. The 'Select Filters' panel is highlighted with a red border and contains three sections: 'OUTLOOK' with 'Bullish', 'Neutral', and 'Bearish' buttons; 'PROFIT POTENTIAL' with 'Limited', 'Substantial', and 'Unlimited' buttons; and 'RISK POTENTIAL' with 'Limited', 'Substantial', and 'Unlimited' buttons. The 'Available Strategies' grid contains 15 strategy buttons, with 'Call Time Spread' highlighted by a red border. Other strategies include Bearish OTM Put, Bullish OTM Call, Put Time Spread, Collar, Covered Call, Double Diagonal, Iron Condor, Long Call Butterfly, Cash Covered Puts, Long Put Butterfly, Long Straddle, Short Straddle, Long Vertical Call Spread, Long Vertical Put Spread, Short Vertical Put Spread, and Short Vertical Call Spread.

To search for ideas using a risk/reward potential filter, use the buttons on the left side of the page.

You can filter by Outlook, Profit Potential, and Risk Potential. Once you apply a filter, the tool will highlight the applicable options strategies on the right side of the page.

# How do I filter for a particular strategy?

**STRATEGY IDEAS** [How to use Strategy Screener \(PDF\)](#) [View Demo](#)  
PROVIDED BY LIVEVOL

**Select Filters** [Reset All](#)

**OUTLOOK**  
Bullish Neutral Bearish

**PROFIT POTENTIAL**  
Limited Substantial Unlimited

**RISK POTENTIAL**  
Limited Substantial Unlimited

**Available Strategies**  
Click on a strategy to see its definition and run a market scan.

Bearish OTM Put	Bullish OTM Call	Call Time Spread
Put Time Spread	Collar	Covered Call
Double Diagonal	Iron Condor	Long Call Butterfly
Cash Covered Puts	Long Put Butterfly	Long Straddle
Short Straddle	Long Vertical Call Spread	Long Vertical Put Spread
Short Vertical Put Spread	Short Vertical Call Spread	

**Covered Call**


**DESCRIPTION**  
A call is written against a long position in a security on a one-to-one basis. Maximum gain is limited to the premium received, plus the increase in the security price up to the strike price of the call. Maximum loss is substantial (premium received less the strike price).

**Option Approval level 1**

**WHY USE THIS STRATEGY**  
Traders may typically use this strategy as a way to generate income beyond any dividend received when outlook on the underlying security is neutral to moderately bullish. Some traders also use it as a way to sell or target an exit price for a position.

**EXAMPLE**  
Long 100 XYZ      Short 1 XYZ 50 Call

**P/L CHART**  
PROFIT  
LOSS  
Stock Price @ EXP



If you prefer to filter for specific types of single- or multi-leg options strategies, you can select any of the 17 strategies on the right side of the page.

Once you have selected a strategy, educational content is available to help you learn more about how that strategy works. For instance, Covered Call is selected in the screenshot on the left side of this page. There is a description of the strategy, information on why a trader might use a covered call, the option approval level required, and an example of a covered call strategy with a P/L chart.

If you are already familiar with the strategy or have finished reading about it, you can click the dropdown box in the top left corner of the section to hide this content.

# How do I use the results table? (1 of 3)

**TOP 50 RESULTS**

ADJUST SCAN PARAMETERS

Enter Underlying  Days to Expiration

[Find a Symbol](#)

Call spreads with favorable risk/reward characteristics.

AS OF 9:34:58AM ET 09/20/2012 [Refresh Data](#)

	Stock Symbol	Stock Price	Expiration	Long Strike	Short Strike	Net Credit/(Debit)	Payout Ratio	IV30	
<input type="checkbox"/>	GOOG	722.63	11/17/2012	785.00	800.00	-2.70	5.56 to 1	28.48	<a href="#">Action</a>
<input type="checkbox"/>	GLD	170.94	11/17/2012	177.00	182.00	-1.06	4.72 to 1	16.47	<a href="#">Action</a>
<input type="checkbox"/>	PCLN	633.69	10/20/2012	665.00	680.00	-3.40	4.41 to 1	26.87	<a href="#">Action</a>
<input type="checkbox"/>	AAPL	698.48	10/20/2012	730.00	740.00	-2.30	4.35 to 1	23.09	<a href="#">Action</a>
<input type="checkbox"/>	MA	450.50	10/20/2012	470.00	475.00	-1.21	4.13 to 1	19.41	<a href="#">Action</a>
<input type="checkbox"/>	CF	219.90	11/17/2012	240.00	245.00	-1.22	4.10 to 1	30.34	<a href="#">Action</a>
<input type="checkbox"/>	CLF	41.10	11/17/2012	45.00	50.00	-1.23	4.07 to 1	55.55	<a href="#">Action</a>

Once you've selected the appropriate filters, the Strategy Ideas Tool will generate real-time results that meet your criteria in a table format. Above the results set, there is a short description of the filtering criteria used to generate the results.

The results will show both the underlying stock and the specific option trades that you can use to implement your strategy. Prices, volatility, potential return information, and upcoming dividends are also displayed to aid your decision-making process. The columns displayed in the result set will vary based upon the strategy selected.

# How do I use the results table? (2 of 3)

**TOP 50 RESULTS**

ADJUST SCAN PARAMETERS

Enter Underlying  Days to Expiration

[Find a Symbol](#)

High implied volatility relative to recent historical volatility. AS OF 10:03:00AM ET 09/20/2012 [Refresh Data](#)

Stock Symbol	Stock Price	Expiration	Strike Price	Call Bid	Ex-Date	Dividend	Stand Still Return	Call Delta	If-Called Return	Call Bid IV	HV Index	IV Index	Average Stock Volume	Action
MAKO	19.04	11/17/2012	22.50	1.25		0.00	6.57%	0.37	24.77%	79.88	53.76	84.17	1,877,096	Action
FXEN	7.67	10/20/2012	10.00	0.50		0.00	6.52%	0.34	36.90%	136.02	55.98	120.56	343,328	Action
JCP	26.80	11/17/2012	29.00	1.42	10/05/2012	0.20	6.05%	0.39	14.27%	53.02	32.14	55.49	9,188,288	Action
NPSP	8.63	10/20/2012	11.00	0.50		0.00	5.79%	0.32	33.26%	124.58	38.67	118.21	888,548	Action
BSFT	39.66	11/17/2012	45.00	2.00		0.00	5.04%	0.36	18.51%	61.87	45.76	69.21	774,098	Action
MWW	8.06	10/20/2012	10.00	0.40		0.00	4.97%	0.31	29.11%	108.00	57.04	99.83	3,456,948	Action
ISIS	14.92	10/20/2012	16.00	0.70		0.00	4.69%	0.39	11.89%	67.70	37.03	66.13	1,136,249	Action
CLSN	5.57	10/20/2012	6.00	0.25		0.00	4.49%	0.35	12.21%	79.83	59.34	99.74	906,013	Action
RVBD	21.88	10/20/2012	24.00	0.92		0.00	4.20%	0.36	13.89%	68.50	31.26	64.63	3,779,457	Action
CRUS	43.04	10/20/2012	46.00	1.75		0.00	4.07%	0.38	10.94%	59.38	36.05	59.85	2,783,026	Action
LF	8.79	10/20/2012	10.00	0.35		0.00	3.98%	0.33	17.75%	76.63	55.64	83.81	1,217,692	Action
EGHT	6.46	11/17/2012	7.50	0.25		0.00	3.87%	0.31	20.06%	56.10	25.20	58.65	836,063	Action
USG	22.73	10/20/2012	24.00	0.85		0.00	3.74%	0.39	9.33%	53.69	36.65	54.24	3,089,868	Action
BKS	12.04	10/20/2012	13.00	0.45		0.00	3.74%	0.38	11.76%	58.59	40.49	66.68	884,996	Action
DDD	34.92	11/17/2012	40.00	1.30		0.00	3.72%	0.30	18.27%	57.27	38.14	61.59	1,136,492	Action
NKTR	9.68	11/17/2012	11.00	0.35		0.00	3.62%	0.34	17.31%	52.42	31.74	65.22	939,772	Action

You are able to further filter the results by entering an underlying symbol or choosing the Days to Expiration. Refresh the results by clicking Refresh Data in the top right corner of the results section.

If you already know that you want to trade using a specific strategy for a specific underlying security, you can select a strategy, then enter the underlying symbol in the Enter Underlying box.

# How do I use the results table? (3 of 3)

**TOP 50 RESULTS**

ADJUST SCAN PARAMETERS

Enter Underlying  Days to Expiration

[Find a Symbol](#)

Low at-the-money implied volatility relative to various historical volatility measures. AS OF 10:11:59AM ET 09/20/2012 [Refresh Data](#)

Stock Symbol	Stock Price	Expiration	Strike Price	Straddle Ask	Breakeven Low	Breakeven High	Vol Differential	Ask IV	HV90	
<input type="checkbox"/> SWHC	10.98	10/20/2012	11.00	1.20	9.80	12.20	15.84	47.78	63.62	<a href="#">Action</a>
<input checked="" type="checkbox"/> NFLX	57.39 <span style="color: green;">▲ 0.3492 (0.61%)</span>	10/20/2012	57.50	6.90	50.60	64.40	15.26	52.85	68.12	<a href="#">Action</a>
<p><b>57.39 ▲ 0.3492 (0.61%)</b> <b>Bid</b> 57.35 X 2 <b>IV30</b> 51.93 <b>P/E</b> 31</p> <p>AS OF 9:58:00AM ET 09/20/2012 <b>Ask</b> 57.39 X 6 <b>IV60</b> 55.14 <b>Sector</b> Consumer Discretionary</p> <p><b>Vol</b> 1,031,574 <b>IV90</b> 58.36 <b>Industry</b> Internet &amp; Catalog Retail</p>										
<input type="checkbox"/> FIO	30.11	10/20/2012	30.00	3.60	26.40	33.60	13.50	52.98	66.48	<a href="#">Action</a>
<input type="checkbox"/> ANF	38.15	10/20/2012	38.00	3.68	34.32	41.68	12.75	42.59	55.34	<a href="#">Action</a>
<input type="checkbox"/> BBBY	63.13	10/20/2012	62.50	3.90	58.60	66.40	12.09	27.05	39.14	<a href="#">Action</a>
<input type="checkbox"/> ERF	16.85	10/20/2012	17.00	1.15	15.85	18.15	11.95	29.81	41.76	<a href="#">Action</a>
<input type="checkbox"/> FB	22.84	10/20/2012	23.00	2.80	20.20	25.80	11.95	54.10	66.05	<a href="#">Action</a>

There are dropdown menus to the left of each result, allowing you to view additional information on the underlying security, including a quote, volatility figures, and the industry and sector. Clicking on the Action menu to the right for a specific strategy result gives you the ability to conduct additional research or place a trade. Many investors use the Strategy Ideas Tool as a preliminary way to generate a trading idea. Once you've honed in on potential trades, you can evaluate their likelihood of success using the Probability Calculator or the P/L Calculator. You might also view the Key Statistics page to gain more context on market sentiment for the options series before submitting the trade.

# Strategy Table

	MARKET OUTLOOK			RISK			PROFIT		
	Bullish	Neutral	Bearish	Unlimited	Limited	Substantial	Unlimited	Limited	Substantial
Covered Calls	x	x				x		x	
Iron Condor		x			x			x	
Long Vertical Calls	x				x			x	
Short Vertical Calls		x	x		x			x	
Long Vertical Puts			x		x			x	
Short Vertical Puts	x	x			x			x	
Long Straddles	x		x		x		x		
Short Straddles		x		x				x	
Cash Covered Puts	x	x				x		x	
Time Spread Calls		x			x			x	
Time Spread Puts		x			x			x	
Time Spread Earnings									
Collars		x	x		x			x	
Butterfly	x	x			x			x	
Double Diagonal		x			x			x	

**Criteria and inputs are at the sole discretion of the user and are provided solely for the user's convenience. Fidelity does not endorse or adopt any particular investment strategy and does not provide any warranties regarding results obtained from its use.**

All examples are for illustrative and educational purposes and are not meant to be construed as recommendations.

Options trading entails significant risk and is not appropriate for all investors. Prior to trading options, you must receive a copy of [Characteristics and Risks of Standardized Options](#), which is available from Fidelity Investments, and be approved for options trading. Supporting documentation for any claims, if applicable, will be furnished upon request.