

**QUIZ 3**

**Correct Answers are highlighted**

1.  what strategy has the most upside?

a.  long calls

b.  short calls

c.  long puts

d.  short puts

2.  What strategy has the most downside?

a.  long calls

b.  short calls

c.  long puts

d.  short puts

3.  Trader should never manage their trades before expiration

a.  true

b.  false

4.  Which strategy does AK trade the most

a.  buy puts

b.  buy in the money calls

c.  buy at the money calls

d.  buy out of the money calls

5.  When a trader buys calls the most they can lose

a.  their whole account

b.  their house

c.  what they pay for the option

d.  everything they have

6.  One way to protect a stock position to the downside is

a.  long calls

b.  short calls

c.  long puts

d.  short puts

7.  A covered call has limited amount of risk?

a.   true

b.  false