

Option Chain

Product Guide

Options montage in real-time.

Option Chain is a real-time U.S. options market monitor for the Apple iPhone, iPod Touch, or iPad. With the subscriber's agreement subscription offered during installation, you will receive professional quality intra-day data delivered via a Web service from Quote Media Inc. with data referenced to the Options Price Reporting Authority.

Ticker Symbol Lookup

Enter the ticker symbol of the underlying to be monitored. It will automatically be added to your list of bookmarked underlyings for future reference, without requiring a manual ticker-entry again.

Expiration Dates

Option Chain wakes up to the next expiration date, unless there are fewer than 5 days to expiration, in which case it will wake to the second expiry date. Click on the input field, to select from the complete list of available exchange-traded expiries.

Settings

Option Chain provides the ability to enable automatic updating of market-data, or, turn-off automatic updating, for manual updating only. The refresh button next to the orange clock provides the user a manual request to update market-data and associated calculations. The orange clock is a time-stamp to remind you of the time of the market data on the screen. Within the Settings tabbed page are choices for the frequency of automatic updates (e.g., every 3-, 5-, 15-, 30-, or 45-seconds).

Bookmarks

The Bookmarks tabbed-page stores all the underlying tickers selected to be monitored. There is no need to manually enter a ticker already stored inside the Bookmarks tab. The Bookmarks page can be navigated by a flick of a finger, or, selecting the desired letter that is displayed in an indexed array within the bookmarks tabbed page. Bookmarked underlyings can be deleted by selecting the red button, which will expose a delete button that needs to be clicked to delete a bookmarked underlying.

iVerit

The tabbed page labeled iVerit displays helpful links to the www.iverit.net Web site.

Rate

The interest-rate displayed is the intraday U.S. dollar LIBOR rate interpolated to the expiration date. This is used for discounting purposes only, and is not used for the calculation of any "drift" for the underlying's implied forward price.

Strikes

Option Chain wakes to the nearest at-the-money available strikes. To navigate to other strikes, merely flick your finger up or down on the screen and scroll through the expiry's chain.



Forward pricing market-expectations

No need for dividend or stock-loan/stock-borrow spreads; we use the option-implied forwards for volatility and risk calculations. Almost all other systems require a dividend forecast and stock-loan spreads. The reason being is that the true measure of an option's "moneyness" is a function of its forward price. The underlying's forward price is a reflection of the current spot price, interest rates, dividends, and stock loan/borrow spreads, as they all are inputs into the theoretical cost-of-carry of the underlying.

Under market conditions whereby an underlying becomes "hard to borrow", investors are able to lend out their stock and earn a lending fee by paying a below-market rate on the cash collateral they hold while the stock is out on loan. This fee acts as an additional "dividend" to the owner of the stock, which contributes to the lowering of the implied forward-price. Unfortunately, lending/borrow spreads are not so readily observable in the market. This is why we compute the options' implied forward-price, as they reflect all available market information

We reflect "the market's" view of these factors by applying the at-the-money strike's implied-forward for the underlying. This approach will enable in future upgrades to compute implied lending/borrowing spreads, given a dividend assumption. The at-the-money strike's mid-market call and put prices are forward-valued using LIBOR to the option's expiration date on a discrete compounding basis, and added to the strike to compute the implied forward. Option Chain also provides each strike's respective implied forward price to enable the identification of (possibly) mispriced options.

Monitor both Calls and/or Puts

At the bottom of the screen are buttons for CALLS and PUTS. These are clickable, and enable you to choose to have CALLS on the left-hand side of the screen, or, the right-hand side of the screen, and the same for PUTS. Alternatively, you can also choose to monitor only CALLS or PUTS, by selecting, for example, CALLS to be monitored inside both windows. This way, you can select to monitor up to 8 data fields of the available sixteen, described below.

Personalized Column Displays

The column headings are clickable, to enable you to select which data you would like to monitor. There are two windows; each with four columns can be configured.

Available Columns	Definition
Last	Last traded price of option
Bid	Best bid price
Ask	Best ask price
Mid	Average of bid and ask
iVol	Implied Volatility
iFwd	Implied Forward
Volm	Volume (intra-day)
Oint	Open Interest (prior day)
Chng	Nominal intraday change
Chng%	Percentage intraday change
Delta	Option's delta (scaled by 100)
Gamma	Option's gamma
Vega	Option's vega
Theta	Option's theta
Rho	Option's rho

