

## Basic Rules for Buying Puts

1. Extremely Bearish
2. Build the Strategy

### Construction Rules

Buy as much time as Needed + 30 days

Delta close to .70

Spread between the bid and ask is less than 10% of asking price

### Exit Rules

50% loss, Take Profit at 75%

This rule along with all other Rules are subject to modification based on your results.

#### Example:

Exit Trade for a win when you hit Support or when the Stock has completed a typical movement.

Exit Trade for a loss when the Stock Breaks Resistance or breaks the pattern you expected to see.

Make Sure you will gain more if you're right than you should lose by the time you recognize you are wrong.

#### Example:

Modify Trade to take profit and continue "rolling"

3. Max Loss = Option Cost
4. Max Profit = Unlimited for Calls

