TnT Spreads Trading Plan

Account Details

- Custodian: Schwab
- Account structure: Level 3 Margin
- Account Number:
- Initial Account Balance:
- Date Plan last adjusted:
- Account Balance at adjustment:
- Infinity Bucket: Income

Universe

- **Using ThinkOrSwim (or Barchart) for scans**
- **Base criteria for underlying positions**
    - Closing price >=$5.00 per share
    - >=50% IV Percentile reading
    - No earnings in the next 15 days
    - Weekly options available (no monthly only options)

Position Size

- **Using liquidity calculator trade size**
    - Trade size for credit spreads is between $1 wide and no more than $10 wide for a spread.

Position Entries

- **Base criteria for option selection**
    - Technical analysis described in position entries below
    - Typically +/- .20 to .30 delta for the short contract(s)
        - Can also use pivot point as strike price if it lines up with preferred delta
    - 30 - 60 DTE for starting days until expiration
- **Bullish (vertical put credit spread) criteria**
    - Uptrending 2W Hull Cloud (34/50)

- **Bearish (vertical call credit spread) criteria**
  - Downtrending 2W Hull Cloud (34/50)

Loss Management

- **At or around (approx +/- .50 delta) the short strike I will analyze and do one of the following:**
  - Cut losses
  - Roll the spread to a later date (for a credit)
  - Turn the spread into an Iron Condor
  - Turn the spread into an Iron Butterfly
  - In order to potentially get "tricked" into an unnecessary trade, I will wait until the end of the trading week in which the signal occurs to see if the price actually closes at the short strike.

Profit Taking

- **I can let the trade go until expiration.**
  - Unless there is an earnings event before the option expires.
  - If there is an earnings event before the option expires, and I can close for a profit, I will take the profit (regardless of size of profit)
- **I will take profits at a range between 25% to 75% of the initial credit(s)**
  - The percentage will be based on how quickly the spread accelerates to the percentage

Tracking & Goals

- Document our trades in ledgers and snapshots of charts.
  - Also note reasoning for trade (journal).
- Purpose of account is to generate additional income for the income bucket