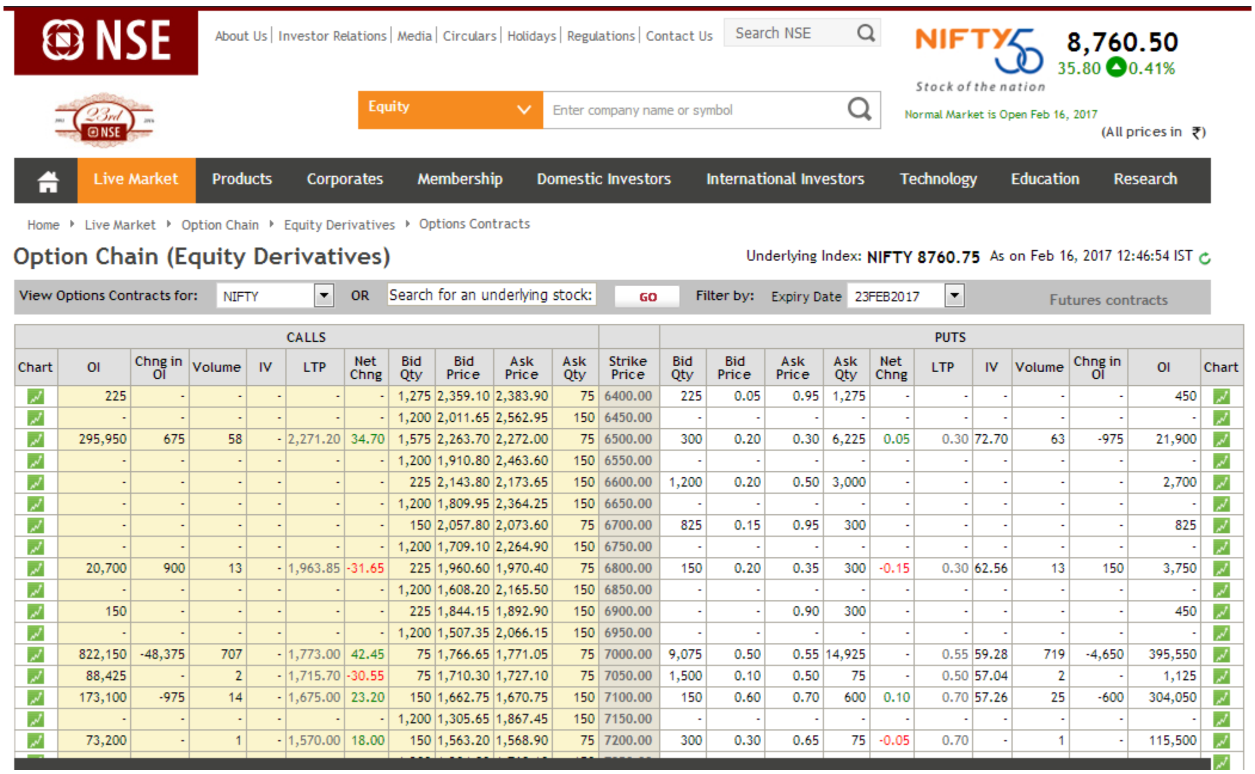
6. Option Chain.

The options chain shows the available call and put strike prices for a specific underlying security and expiration month. The layout and available information should be very similar. Not all stocks have options listed for trading. There are some criteria's that the public company will need to meet before their stock options can be listed for trading. To find out whether options are available for trading, the simplest way is to enter the stock ticker symbol to retrieve the stock quote information and find out if there is a corresponding options chain available. The availability of an options chain will mean that there are options being traded for that stock.

Below is the options chain interface from NSE India. The most important information is shown right at the top and they are usually the underlying security, along with its latest market price, and the expiration month. This is common sense as you don't want to purchase an option only to realize that its for the wrong underlie or the wrong expiration month!



CALLS												PUTS										
Chart	OI	Chng in OI	Volume	IV	LTP	Net Chng	Bid Qty	Bid Price	Ask Price	Ask Qty	Strike Price	Bid Qty	Bid Price	Ask Price	Ask Qty	Net Chng	LTP	IV	Volume	Chng in OI	OI	Chart
	225	-	-	-	-	-	1,275	2,359.10	2,383.90	75	6400.00	225	0.05	0.95	1,275	-	-	-	-	-	450	
	-	-	-	-	-	-	1,200	2,011.65	2,562.95	150	6450.00	-	-	-	-	-	-	-	-	-	-	
	295,950	675	58	-	2,271.20	34.70	1,575	2,263.70	2,272.00	75	6500.00	300	0.20	0.30	6,225	0.05	0.30	72.70	63	-975	21,900	
	-	-	-	-	-	-	1,200	1,910.80	2,463.60	150	6550.00	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	225	2,143.80	2,173.65	150	6600.00	1,200	0.20	0.50	3,000	-	-	-	-	-	2,700	
	-	-	-	-	-	-	1,200	1,809.95	2,364.25	150	6650.00	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	150	2,057.80	2,073.60	75	6700.00	825	0.15	0.95	300	-	-	-	-	-	825	
	-	-	-	-	-	-	1,200	1,709.10	2,264.90	150	6750.00	-	-	-	-	-	-	-	-	-	-	
	20,700	900	13	-	1,963.85	-31.65	225	1,960.60	1,970.40	75	6800.00	150	0.20	0.35	300	-0.15	0.30	62.56	13	150	3,750	
	-	-	-	-	-	-	1,200	1,608.20	2,165.50	150	6850.00	-	-	-	-	-	-	-	-	-	-	
	150	-	-	-	-	-	225	1,844.15	1,892.90	150	6900.00	-	-	0.90	300	-	-	-	-	-	450	
	-	-	-	-	-	-	1,200	1,507.35	2,066.15	150	6950.00	-	-	-	-	-	-	-	-	-	-	
	822,150	-48,375	707	-	1,773.00	42.45	75	1,766.65	1,771.05	75	7000.00	9,075	0.50	0.55	14,925	-	0.55	59.28	719	-4,650	395,550	
	88,425	-	2	-	1,715.70	-30.55	75	1,710.30	1,727.10	75	7050.00	1,500	0.10	0.50	75	-	0.50	57.04	2	-	1,125	
	173,100	-975	14	-	1,675.00	23.20	150	1,662.75	1,670.75	150	7100.00	150	0.60	0.70	600	0.10	0.70	57.26	25	-600	304,050	
	-	-	-	-	-	-	1,200	1,305.65	1,867.45	150	7150.00	-	-	-	-	-	-	-	-	-	-	
	73,200	-	1	-	1,570.00	18.00	150	1,563.20	1,568.90	75	7200.00	300	0.30	0.65	75	-0.05	0.70	-	1	-	115,500	

Calls and Puts: Calls are usually listed on the left hand side while puts are typically displayed on the right hand side. In-the-money options are usually highlighted to differentiate them from out-of-the-money options. If you wish to trade at-the-money, they are positioned on either side of the horizontal 'border' created by the highlighting.

The Strike Price: Down the middle is the range of strike prices available for trading for the selected expiration month. The strike price intervals vary and depend on the price of the underlying. For lower priced stocks, intervals are at 5 to 10 points. Higher priced stocks have strike price intervals of 10 point to 30 points (and its more for very expensive stocks).

Options Symbol: Option symbols are unique to every option contract and they denote the type of option, the underlying asset and the expiration month. However, they are seldom used nowadays since with modern computer technology, this information is often presented to the trader in a user friendly interface - the options chain! While you can enter the symbol directly when placing an order, it is advisable to select the desired options using the options chain interface to minimize human error.

OI (Open Interest) and change in OI: Open interest is the total number of open or outstanding (not closed or delivered) options that exist on a given day, delivered on a particular day. Open interest is commonly associated with the futures and options markets, where the number of existing contracts changes from day to day – unlike the stock market, where the outstanding shares of a company's stock remain constant once a stock issue is completed. Change in OI represents number of contracts have changed over previous day.

Volume: Volume is another important indicator in Option chain. It represents how much buy and sell has taken place on particular day.

Volatility: It represents volatility of the scrip at that particular strike price.

Net change: This value represents how much change has taken place in underlying price and strike price.

Last Traded Price: The last traded price reflects the latest transacted price for the specific option. As the most recent transaction may be hours or days ago, especially for thinly traded contracts, you should check the bid-ask price rather than the last done price to get a better picture of the current market value of the option you wish to trade.

Bid-Ask Spread: The bid and ask shows the price at which buyers are willing to pay and sellers are looking to receive for the particular option. The bid-ask spread is the difference between the bid and the ask and the size of the spread depends on the liquidity of the option. As a general rule, the lower the open interest, the wider the bid-ask spread. Furthermore, near the money options usually have higher open interest and hence better liquidity and narrower bid-ask spreads.