

# Jade Lizard

Premium with no upside risk as long as it covers the call spread.

also: jade lizard strategy

## PAYOFF PROFILE

Profit / loss per contract unit

Profit

Loss

Schematic, not to scale.

Price at expiration →

put

call 1 call 2

## KEY FIGURES

|                 |                            |
|-----------------|----------------------------|
| Maxprofit       | premium received           |
| Maxloss         | put strike - premium       |
| Break-even      | put strike - premium       |
| Profitzone      | price above the break-even |
| Capitalrequired | an uncovered short put     |
| Opening         | premium is collected       |

## WHAT HELPS THE POSITION

|            |                         |
|------------|-------------------------|
| Direction  | Rising prices help      |
| Movement   | Large moves hurt        |
| Time       | Time works for you      |
| Volatility | Rising volatility hurts |

## WHAT PAYS YOU

Time decay

Size of the move against you

You get paid on time decay. The upside risk is engineered away; the downside risk is not.

## TYPICAL USE

|                 |                                    |
|-----------------|------------------------------------|
| Market phase    | sideways range, quiet upward drift |
| Volatility      | high (IV rank > 50)                |
| Goal            | Income                             |
| Expiration      | 30-45 days                         |
| Strike choice   | short Put 0.20-0.30 Delta          |
| Assignment risk | high on the short put              |

## EXIT & MANAGEMENT

|             |                                        |
|-------------|----------------------------------------|
| Take profit | 50% of the credit                      |
| Loss limit  | roll the put side or accept assignment |
| Time rule   | 21 days to expiration                  |

## CONSTRUCTION

- -1 Put at the put strike
- -1 Call at the lower call strike
- +1 Call at the upper call strike

## THE ONE QUESTION BEFORE ENTRY

Is the credit genuinely larger than the width of the call spread?

## COMMON MISTAKES

- Never checked that the credit exceeds the call spread width - if it does not, the upside risk is still there



Related: Short Strangle · Bear Call Spread · Cash-Secured Put — Opposite: Collar  
Figures are per contract unit at expiration, before fees and tax. This is not investment advice — options can lose their entire value.