thinkMoney® / 39
Random musings for traders at TD Ameritrade—SPRING 2018

KUDOS, TRADER!

HOW TO KNOW WHEN YOU'VE MADE IT

PAGE 16

TD Ameritrade

TD Ameritrade

Friends don't let friends invest just anywhere.

Earn $50 or 10 commission-free trades for each friend you refer.*

Refer your friends to TD Ameritrade so they can enjoy the same benefits that you do, like free education, third-party research, knowledgeable support, and more. When they open and fund an account with a qualifying deposit, you'll get your choice of rewards—$50 or 10 commission-free trades for each qualifying referral.

Your friends get rewarded, too.

We'll reward your friends with up to $1,000 and 300 commission-free trades when they open an account with TD Ameritrade through your referral and make a qualifying deposit.**

Start referring at: tdameritrade.com/friends

You can refer up to 10 friends and family members per day (up to 50 per month). The person you are referring must not already have an account at TD Ameritrade.

* Referral reward offer valid for existing clients who successfully refer a new TD Ameritrade account that is funded with at least $3,000 within 90 days from the date of referral. Offer is not valid with internal transfers, TD Ameritrade Institutional accounts, accounts managed by TD Ameritrade Investment Management, LLC, or with other offers. Taxes related to TD Ameritrade offers are your responsibility. Promotional items and cash received during the calendar year will be included on your consolidated Form 1099. Limit one offer per qualified referral. The offer is available to U.S. residents only. TD Ameritrade reserves the right to restrict or revoke this offer at any time. This is not an offer or solicitation in any jurisdiction where we are not authorized to do business.

$50 cash: Please allow one to two business days from the time the referred individual has opened and funded their TD Ameritrade account with the required $3,000 minimum to receive your $50 credit to your account. Offer is not transferable. Offer not available to Individual Retirement Accounts (IRAs) or other tax-exempt accounts.

10 commission-free trades: Ten commission-free Internet equity or options trades will be credited to your account one to two business days after the referred individual has opened and funded a new TD Ameritrade account with the required $3,000 minimum. Offer limited to qualified Internet equity or option orders. Commission-free online trades are not transferable. Qualified commission-free Internet equity or options orders must execute within 90 days of account funding. You are still responsible for any contract, exercise, and assignment fees charged on option orders.

Options involve risks and are not suitable for all investors. Options trading subject to TD Ameritrade approval. Please read Characteristics and Risks of Standardized Options before investing in options. http://www.optionsclearing.com/about/publications/character-risks.jsp

** Offer valid for one new Individual, Joint or IRA TD Ameritrade account opened by 06/30/18 and funded within 60 calendar days of account opening with **$3,000** or more. **To receive $100 bonus, account must be funded with $25,000-$49,999. To receive $200 bonus, account must be funded with $50,000-$99,999. To receive $500 bonus, account must be opened with $100,000-$249,999. To receive $1,000 bonus, account must be funded with $250,000 or more.** Offer is not valid on tax-exempt trusts, 401k accounts, Keogh plans, Profit Sharing Plan, or Money Purchase Plan. Offer is not transferable and not valid with internal transfers, accounts managed by TD Ameritrade Investment Management, LLC, TD Ameritrade Institutional accounts, current TD Ameritrade accounts, or with other offers. Qualified commission-free internet equity, ETF or options orders will be limited to a maximum of **300** and must execute within 90 calendar days of account funding. **Contract, exercise, and assignment fees still apply.** Limit one offer per client. Account value of the qualifying account must remain equal to, or greater than, the value after the net deposit was made (minus any losses due to trading or market volatility or margin debt balances) for 12 months, or TD Ameritrade may charge the account for the cost of the offer at its sole discretion. (Offer Code 277)

TD Ameritrade reserves the right to restrict or revoke this offer at any time. This is not an offer or solicitation in any jurisdiction where we are not authorized to do business. Please allow 3-5 business days for any cash deposits to post to account. Taxes related to TD Ameritrade offers are your responsibility. Retail values totaling $600 or more during the calendar year will be included in your consolidated Form 1099. Please consult a legal or tax advisor for the most recent changes to the U.S. tax code and for rollover eligibility rules.

CONTENTS/SPRING 2018

Cover Photograph by
Dan Saelinger

"It's the speed and potential magnitude of a price change that creates risk."

Earnings: Volatility's Siren Song
Page 20

SKILLS BAROMETER: See a dot. Read or pass. If you've ever been frustrated spending your precious few minutes reading articles that aren't for you, these little color dots at the beginning of each article will help you skip to the stuff that matters most to you.

- EASY
- SEASONED
- PRO

TALK TO US!
Ask a question, tell us a joke, or just give us your feedback on thinkMoney. Write to us at **thinkmoney@tdameritrade.com**

I Dub Thee… "Trader"

• DURING THE 1990s tech boom/stock market melt-up, practically everyone with a pulse and a brokerage account called themselves "traders." And when the bubble burst, most fell off the radar. Those who survived the wreckage when it all came crashing down were the champs. But were they traders yet?

At what point can you call yourself a trader? It's difficult to come up with an answer when there are no criteria to meet, nor a clearly defined path to follow. It's a bit of a "to each their own" type of profession, which makes it more difficult to know if you've made the cut.

Like other professions, in trading you have to take baby steps to get from beginner to pro. But it may not be very clear cut. Initially things can be chaotic, trading short-term volatility. But at some point, you've gotta dip your toes in the water—being careful that you don't throw yourself in at the deep end.

So, what merits the "trader" title? Our feature article, "I Trade, Therefore I Am," on page 16 suggests three boxes to check off before you can call yourself a trader. But don't worry, if you can't check off all three, it's not a be-all, end-all. It simply gives you something to work toward.

Once there, you evolve, adapt, and expect change to happen—market caps might increase, robots could take over the market, and virtual currencies may even become trendy. And you might even try trading products you never considered. Learn about futures options; they act a lot like equity options, but they have unique characteristics, which you'll learn about in the article "Futures Options Unpacked" on page 24. Once you figure out how they work, it could open up a new world of possibilities.

And who wouldn't want that?

Happy trading,
Kevin Lund
Editor-in-Chief, *thinkMoney*

PHOTOGRAPH: DAN SAELINGER | ILLUSTRATION: RANDALL WATSON

DISCLAIMERS

IMPORTANT INFORMATION YOU NEED TO KNOW

thinkMoney®

EDITOR-IN-CHIEF
Kevin Lund
BOARD OF ADVISORS
JJ Kinahan
Megan Petersen
EDITORIAL DIRECTOR/ LEAD WRITER
Thomas Preston
EDITOR
Eileen Sutton
ART DIRECTOR
Mace Fleeger
DESIGNER
Jennifer Roberts

CONTRIBUTING WRITERS
John Hart
Jayanthi Gopalakrishnan
CHIEF PHOTOGRAPHER
Dan Saelinger
ILLUSTRATORS
Joe Morse
Randall Watson

PUBLISHER
T3 Custom
www.t3custom.com
info@t3custom.com

CUSTOM

TD Ameritrade Contact Info You Could Use
Client Services Rep:
800-669-3900
New Accounts:
800-454-9272

thinkorswim Support
800-672-2098
thinkorswim@tdameritrade.com
Platform Feedback
thinkorswimfeedback@tdameritrade.com
Tech Support
thinkorswimtechsupport@tdameritrade.com
paperMoney Support
thinkorswimpapermoney@tdameritrade.com
All Other Inquiries
tdameritrade.com/contact-us

General Mailing Address
200 S. 108th Ave
Omaha, NE 68154

Follow TD Ameritrade

Follow thinkorswim on Twitter: **@thinkorswim**

***thinkMoney* Back Issues:**
tickertape.tdameritrade.com

1

The information presented in this publication does not consider your personal investment objectives or financial situation; therefore, this publication does not make personalized recommendations. This information should not be construed as an offer to sell or a solicitation to buy any security. The investment strategies or the securities may not be suitable for you. Any and all opinions expressed in this publication are subject to change without notice.

• Options transactions involve complex tax considerations that should be carefully reviewed prior to entering into any transaction.

• The risk of loss in trading securities, options, futures, and forex can be substantial. Clients must consider all relevant risk factors, including their own personal financial situations, before trading. Options involve risk and are not suitable for all investors. See the Options Disclosure Document: Characteristics and Risks of Standardized Options. A copy accompanies this magazine if you have not previously received one. Additional copies can be obtained at tdameritrade.com or by contacting us.

• Trading foreign exchange on margin carries a high level of risk, as well as its own unique risk factors. Before considering trading this product, please read the Forex Risk Disclosure, available at http://www.nfa.futures.org/NFA-investor-information/publication-library/forex.pdf.

• Supporting documentation for any claims, comparisons, statistics, or other technical data will be supplied upon request.

• A forex dealer can be compensated via commission and/or spread on forex trades. TD Ameritrade is subsequently compensated by the forex dealer.

• Futures and forex accounts are not protected by the Securities Investor Protection Corporation (SIPC).

• Futures, futures options, and forex trading services provided by TD Ameritrade Futures & Forex LLC. Trading privileges subject to review and approval. Not all clients will qualify. Forex accounts are not available to residents of Ohio or Arizona.

TD Ameritrade, Inc. Member SIPC FINRA.

2

• Transaction costs (commissions and other fees) are important factors and should be considered when evaluating any options trade. For simplicity, the examples in these articles do not include transaction costs. At TD Ameritrade, the standard commission for online equity orders is $6.95; online option orders are $6.95 + $0.75 per contract. Orders placed by other means will have higher transaction costs. Options exercises and assignments will incur a $19.99 commission.

JOIN THE FUN
Send us your best and brightest quips for a chance to get a seat next to the monkey (well, to get your quote in print). **thinkmoney@tdameritrade.com**

Best in Show ... (To Our Inbox)

I would love to see a "catguard" feature in TOS—a button that locks the keyboard against accidental cat trading. **—Rob**

We have bear days and bull days. But some days are pelican days—they look ugly, land bad, and will steal your fish. **—Moby**

Every time I heard the word "crash," my ears perk up only to find out they're still talking about an app crashing. **—Ken**

The comments from Chat Room Pearls, right, are excerpts from chat rooms, emails, and tweets submitted by TD Ameritrade clients, and are their views and may not reflect those of TD Ameritrade. Testimonials may not be representative of the experience of other clients and are no guarantee of future performance or success. TD Ameritrade reserves the right to modify Love Notes for grammar, consistency, and similar purposes.

Chat Room Pearls...

I'm never right 100% of the time. Just ask the spouse.
—JANE

CHAT SWIMMER #1
I can go long, if that's what it takes.
CHAT SWIMMER #2
Go for it! Sacrifice for the team. We'll start an online fund for you.

I understand, Rich. Today, I'm not.
—BEN

The market looks a lot better through the bottom of a full whiskey glass.
—CLARISE

Can I expect a 1099 on my paper money account also? Isn't that a realistic experience?
—JIM

CHAT SWIMMER #1
I don't think a top is in sight, so oversold institutions will pill in tomorrow.
CHAT SWIMMER #2
Pill or pile?
CHAT SWIMMER #1
Well if we hit a top, I may need some pills.

Teach a man to "google" and he'll sit all day drinking beer.
—TRENT

Patience is a waste of time. Now, now, now, now, now! What's the nanosecond chart showing?
—JOHN

There's nothing like the first cup of a fresh pot of coffee. Wait, why is it called a pot of coffee when there're no pots involved?
—ANDY

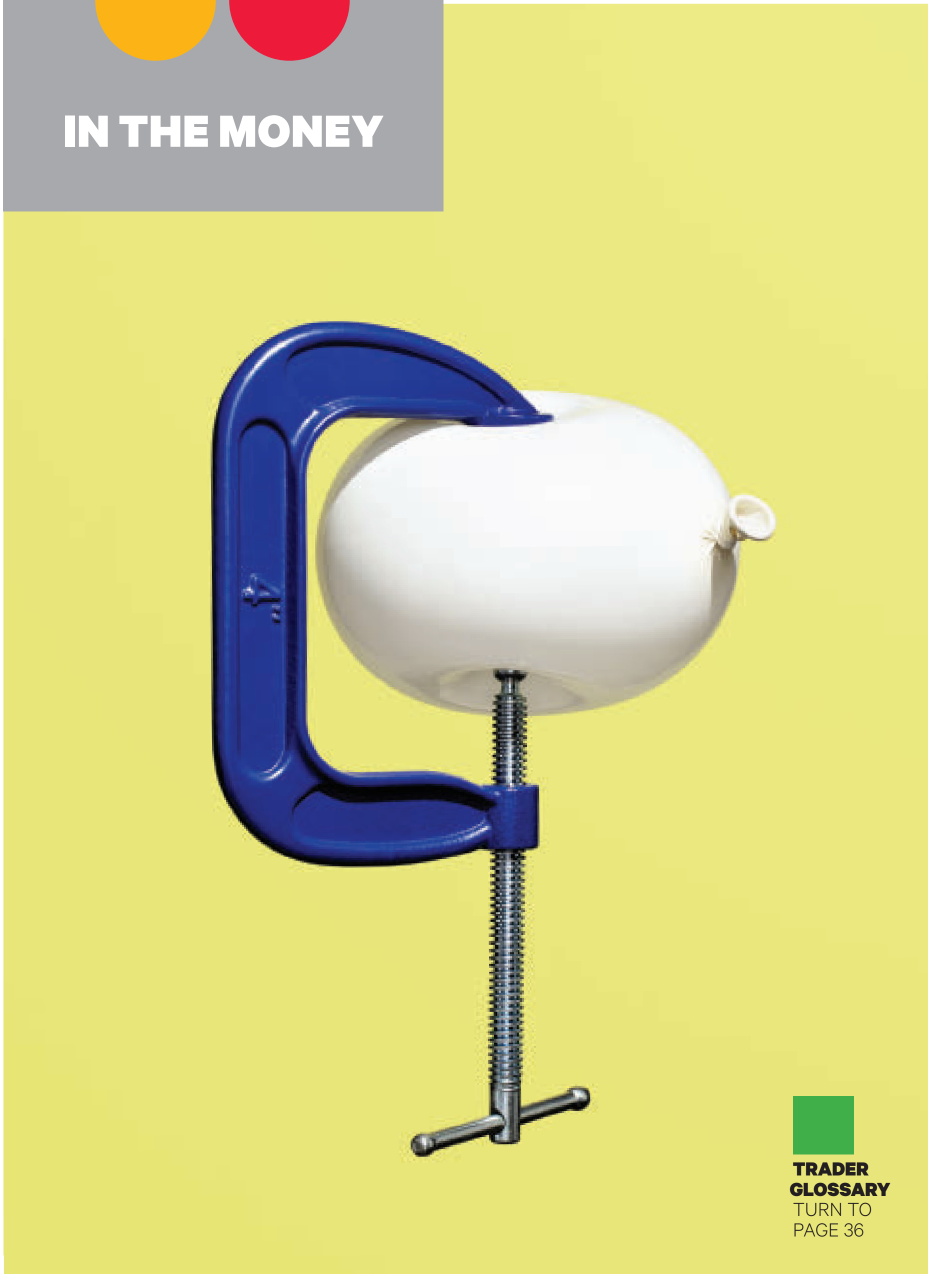
CHAT SWIMMER #1
I should do a seminar on the stubbornness of staying in a trade. Hope is not a strategy.
CHAT SWIMMER #2
I will bring the bourbon.

I'm sure you're smarter than me. No one has ever accused me of being smart ;)
—MIKE

I've seen things move through the fingers faster than a hot knife through butter.
—ERNIE

GET CHATTING
Head over to the thinkorswim® Chat Rooms for trading education or to cure boredom. In thinkorswim, at the top left, select Support/Chat > Chat Rooms. Then join the party.

PHOTOGRAPH: DAN SAELINGER



TRADER GLOSSARY
TURN TO PAGE 36

VOL WHISPERER ● SEASONED

Now, About Those /VX Moves

BIG IDEA: GET TO KNOW THE /VX BASIS—WHAT IT IS, HOW TO CALCULATE IT, AND WHY IT MOVES THE WAY IT DOES.

• FUTURES ON THE CBOE Volatility Index (VIX) are becoming more popular with futures traders because they're direct plays on the market's volatility, or "vol." And if you've traded /VX futures, you've likely run into the /VX basis. That's the difference between the /VX future's price in one expiration, say February, and the /VX future's price in another expiration, say, March. You have to be familiar with the /VX basis, especially if you want to roll a /VX position from one expiration to the next, or when you're deciding which /VX expiration to trade. To the untrained eye, the /VX basis can be confusing, so let's give your eyes a little training and kick the confusion to the curb.

It's a Little Unique

For other futures products, like /ES on the S&P 500, or /ZB on Treasury bonds, the basis is determined by the cost of carrying a position in the underlying. But the basis in /VX futures doesn't have a carry component. There isn't an underlying VIX to buy, which means there's no arbitrage relationship that keeps /VX futures in different expirations in line. They're free to move up and down. The confusion arises when one /VX is going up, while another's going down. Why can that happen?

Calculating the basis can be relatively simple. First, subtract the price of the front-month /VX future from the price of the back-month /VX future. For example, if the February /VX future is trading for $13, and the March /VX future is trading for $14.20, the Feb–Mar /VX basis is $14.20 – $13 = $1.20. In this case, the $1.20 basis is positive, and it's in contango.

If the Feb /VX future is $14, and the March /VX future is $13.50, the Feb–Mar /VX basis is $13.50 – $14 = $-0.50. The basis is negative (the back-month future is trading for less than the front month), and it's in backwardation. The /VX can go from positive to negative and back again. But what does it mean?

Gauging the Market's Expectations

Remember that the /VX future is the market's expectation of what the VIX might be at the future's expiration. And the VIX itself is the market's expectation of what the volatility of the SPX might be over the next 30 days. So, the /VX can be thought of as a "future on a future." As such, the /VX basis can indicate when in the future the market "fears" a

PHOTOGRAPH: DAN SAELINGER

potentially big price drop in the SPX. The market may be more fearful in the short term, narrowing the basis. Or in the long term, widening the basis. The /VX basis reflects the market's opinion of what volatility might be at different points in time, which is why it can have big swings in price.

If the market anticipates a crash in the S&P 500 in the short term, the front-month /VX will possibly rally, maybe more than the back-month /VX. So the /VX basis will narrow, or may even go negative. This can happen quickly, sometimes intraday. Alternatively, if the market anticipates more volatility in the longer term, then the back-month /VX will possibly be higher than the front-month /VX, causing the basis to widen. If you're bullish on the /VX and don't have a specific time frame, you might consider buying the front month if the basis is very wide, or the back month if the basis is narrow or negative.

The narrowing and widening of the basis can be exacerbated close to the /VX expiration, when it converges with the VIX. For example, if the VIX rallies sharply right before /VX expires, the front-month /VX can rally sharply, too, and in a day the basis can go from positive contango to negative backwardation. That's why it's very risky to be short the front-month /VX, even if you're long the back-month /VX in a calendar spread. It's also why if you want to speculate on a rally in /VX, it could be advantageous to buy the front-month /VX if you think the selloff will happen quickly. On the other hand, because the price of the front-month /VX is usually higher than the VIX index, the front-month /VX can lose a lot of value quickly close to expiration, if it converges to a falling VIX. So, the front-month /VX future tends to be more volatile than the back month, and is often what drives the price of the /VX basis.

—Words by THOMAS PRESTON

Thomas Preston is not a representative of TD Ameritrade, Inc. The material, views, and opinions expressed in this article are solely those of the author and may not be reflective of those held by TD Ameritrade, Inc.

Futures and futures options trading is speculative and is not suitable for all investors. Futures trading services provided by TD Ameritrade Futures & Forex LLC. Trading privileges subject to review and approval. Not all clients will qualify.

Ask the Geek

BIG IDEA: A LITTLE Q&A WITH JOHN HART, MANAGING DIRECTOR, TRADER PRODUCT DEVELOPMENT AT TD AMERITRADE

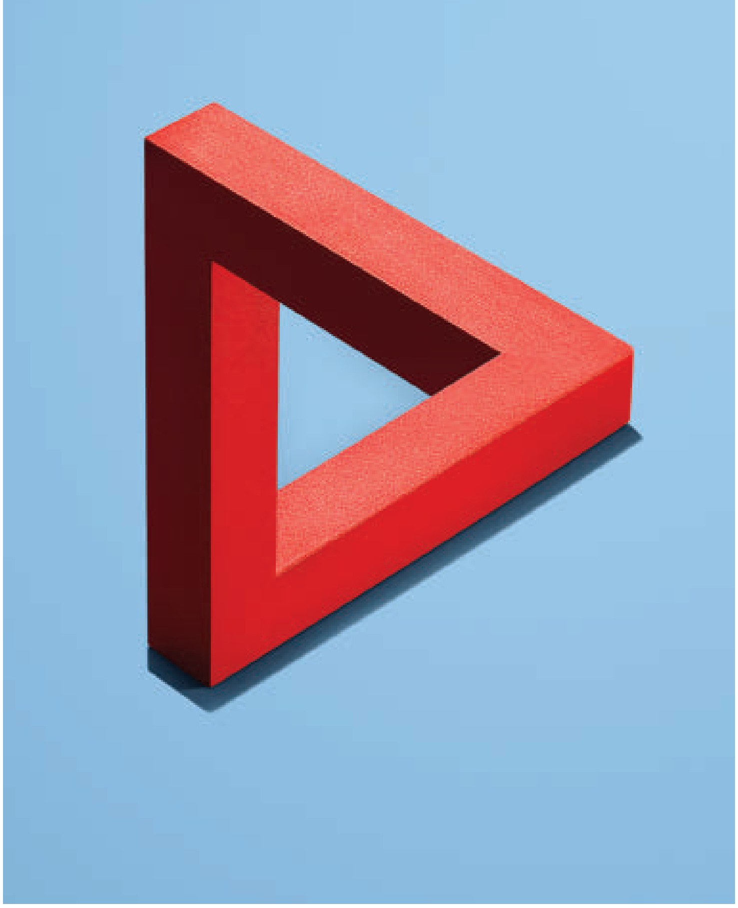
• There are education offerings sprinkled throughout TD Ameritrade properties. How do I make sense of them all?
Education is invaluable, essential, and useful, which makes it an ideal gift for anyone. TD Ameritrade has taken education to the next level by integrating our educational tools and offering them to all TD Ameritrade clients—free.

There are a lot of choices, and they can be accessed from all the products we offer: tdameritrade.com, the thinkorswim® trading platform, our mobile trading apps, YouTube ... we even have a TD Ameritrade chatbot on Facebook Messenger and Twitter.

Start by identifying your experience level, what you want to trade, and how you prefer to learn. Want to study ETFs? We've got that. Want to learn about option strategies or fixed income? We've got those, too. Are webcasts your thing? Perhaps you prefer a more traditional approach, like an online course. Maybe you'd like to attend a live event. We offer plenty of alternatives. Once you've seen them all, you can chart out your personalized course of action. The best way to get acquainted with these tools is to dive in.

You can learn at your own pace. There are short videos that last a few minutes and courses that take hours or days to complete. It all depends on how much binge watching you can handle.

What's the new Education tab on the thinkorswim platform all about?
The **Education** tab is one of the many ways you can access our educational content. Click on the tab and, bam! you'll see the offerings. There may even be a live event in your area that you could attend. It's a great way to meet likeminded people. But whether it's the weekend, after the close, or during trading day downtime, sit back and enjoy your educational journey. You've got the resources you need, right at your fingertips.



HUMAN BEHAVIOR AND INVESTING
How are the two linked? Read "Three Steps for Better Retirement Saving & Investing Habits" at **bit.ly/2C3xjsT**

CAPICHE • SEASONED

Don't Get Suckered Again

BIG IDEA: TO ERR IS HUMAN. YOUR BUILT-IN COGNITIVE BIASES CAN TRICK YOU INTO MAKING POOR TRADING DECISIONS. HERE'S HOW TO DAMPEN THEIR IMPACT.

• WE LOVE MIRRORS: They help us brush our teeth, perfect our dance moves, or remind us that our clothing choices are fantastic. But cognitive mirrors can go further. As reflections of past behavior and experience, they can help our brain decipher reality.

How often have you made what turned out to be a poor trading decision? Looking back, perhaps you can see that your actions were based on faulty or insufficient information, possibly previously held beliefs that led you astray. This phenomenon is called cognitive bias, and we're often unaware of its potential to impact our trading decisions. So how can we mitigate negative influences?

FAST VERSUS SLOW

Behavioral economist Daniel Kahneman detailed two systems of thought that shape general brain function. System 1 is fast, automatic, intuitive, and largely unconscious—it oversees things like pulling your hand out of a flame. System 2 is deliberate and analytic. Think balancing your checkbook or doing your taxes.

Both mental systems come into play when you trade. For example, if a trader sees a price anomaly like a flash crash, she may act on it because she sees an opportunity—or a significant risk. This is System 1. System 2 comes into play if the trader evaluates a complex option strategy with multiple legs, or takes a concentrated position with significant capital.

Hundreds of cognitive biases exist in both systems and can cause humans to act irrationally. They're neither good nor bad. They simply exist.

BE HERE NOW

Numbers can't begin to capture the range of behaviors, emotions, and life experiences that drive human decisions. Although many traders rely on quantitative and qualitative analyses to help make trading decisions, certain cognitive biases can impact those investment decisions, and they don't exist in isolation. They often interact.

- **Confirmation bias:** Traders may focus on information that confirms a preexisting belief even as they ignore objective data.
- **Anchoring:** Traders might jump to a conclusion based on the first piece of information received or their previously held beliefs.
- **Overconfidence:** Traders may have too much faith in their own analysis or ability, leading to higher-risk asset purchases or risky concentrated positions.
- **Loss aversion:** Traders may sell assets that have a gain, and retain assets with a loss (hoping the loss will reverse).
- **Representativeness:** Traders may assume that recent performance is an accurate indicator of future performance.
- **Herding:** Traders may follow the crowd.
- **Emotional attachment:** Traders may get emotionally tied to an investment.

FEAR NOT THE BRAIN

To mitigate negative cognitive bias influences when you trade, study how they function. Try looking at your data differently. Here are a few steps you can take to help dilute those cognitive biases:

- **Be aware.** Biases exist. Identify and understand them. Analyze carefully.
- **Be objective.** Every trader needs to establish investment goals. What instruments should you buy or sell, and why? What's your time horizon? Do you have the same or different goals for all security types or sectors?
- **Be fluid.** Research information from many sources and consider multiple perspectives.
- **Be open.** Talk to others with different opinions to help you challenge your own perceptions and conclusions. Engage in freewheeling discussions to generate new ideas.

MIRRORS AND MORE

Reflecting on your past trades and identifying what went wrong can be a powerful analytic tool for correcting future decisions. Yet being aware of cognitive biases can also help you stay in the present, keeping an eye on those subtle mental functions that could make or break your trades.

TRADING TOOLS • EASY

Hey, Traders! Streaming Content Is Here

BIG IDEA: THE MARKETS ARE FAST, VIGOROUS, AND UNPREDICTABLE. STAY ON TOP OF THEM BY TUNING IN TO TD AMERITRADE NETWORK EACH TRADING DAY TO GET YOUR DAILY DOSE OF WHAT MATTERS IN THE MARKETS.

• AS YOU'RE BRUSHING your teeth in the morning, you wonder what trading news you might have missed while you were asleep. At the first opportune moment, you turn on your mobile device and browse the news. Will any of it impact the day's market activity?

Each trading day is unique, bringing surprises and non-surprises. This is the challenge traders face. With so many choices for accessing information, it's easy to get distracted and chase different markets. In the age of streaming media, traders should be able to watch what they want, when they want.

So, TD Ameritrade Media Productions Company launched TD Ameritrade Network. It delivers live streaming content so traders can access insights, news, and trading strategies. Tune in to start forming your trading game plan.

You get seven hours of live content—crammed with news, market insights, trading ideas, and tips for using thinkorswim® tools—on days the markets are open, plus access to an archive of on-demand videos. It's a show for traders by traders.

You'll get to see and hear from the faces behind TD Ameritrade. You can think of TD Ameritrade Network as a companion to your trading platform.

HERE'S WHAT YOU GET:

8:00–9:00 a.m. ET
Futures show hosted by Ben Lichtenstein and Kevin Hincks, focusing on events that will impact the trading day. Get used to seeing charts.

9:00–11:00 a.m. ET
Morning Trade Live hosted by Oliver Renick, who takes you through the day's top stories, sectors, analyst upgrades/downgrades—anything that can help you get an idea of what's going on in different segments of the market.

11:00 a.m.–12:30 p.m. ET
SwimLessons, where you're entertained by Victor Jones, Kevin Hincks, and Scott Connor. In this segment you get a deep dive into the thinkorswim® tools. Charts Correspondent David Kier and other contributors make frequent appearances.

12:30–1:00 p.m. ET
Real Talk with JJ Kinahan. And who doesn't know JJ? In this show he chats with some of the greatest minds in the trading world to hear their insights on topics that are on traders' minds.

1:00–2:30 p.m. ET
Rebroadcast of SwimLessons

2:30–3:00 p.m. ET
Rebroadcast of Real Talk with JJ Kinahan

3:00–5:00 p.m. ET
Market On Close—a recap of the trading day and what you might expect in the next trading day.

HOW DO YOU ACCESS IT?

1— **https://tdameritradenetwork.com**
2—From your thinkorswim platform (available in live trading mode):
- **a. Add the Trader TV Gadget**
- **b. Select TD Ameritrade Network**

3—From TD Ameritrade Mobile Trader:
- **a. Scroll down to Trader TV**
- **b. Select TD Ameritrade Network**


EMPOWERING EVERY INVESTOR AND TRADER.
EVERY MARKET DAY.
The news is out. The TD Ameritrade Network is here. This interactive programming doesn't just bring you commentary on what's happening in the market, but shows you how it may apply to your strategies. From real-time insights to detailed platform demos, it's all available for you to watch live or anytime, anywhere with on-demand archived sessions.
Visit tdameritradenetwork.com to tune in.

BIG IDEA: BEFORE YOU QUIT YOUR DAY JOB TO TRADE FULL TIME, MAKE SURE YOU'RE NOT JUST A ONE-TRICK PONY. GET SMART ABOUT A FEW THINGS BEFORE YOU CALL YOURSELF A "PRO" TRADER. IT'S NOT AN EXHAUSTIVE LIST. BUT THREE ITEMS LEAD.

I TRADE, THEREFORE I AM

WORDS BY **MARK AMBROSE**
PHOTOGRAPHS BY DAN SAELINGER

EASY/ **TAKE AWAY:** *To know if you've arrived as a trader, here's a litmus test (of sorts).*


TRADER

Astronaut Professor Truck Driver Doctor Rock Star

Astronaut, professor, truck driver, doctor, rock star. Typical career aspirations for regular folk, right? But you're not regular folk. You're a trader. And maybe trading is still your "after-hours" gig, while you make most of your living with a title like "manager" or "analyst" or "technician." The question becomes: at what point do you stop being a worker and start being a trader?

Let's face it. The economy isn't what it once was. And most people aren't spending 50 years at the same company anymore. Yes, you may exchange your shorter-term job at some point. But you'll probably still trade. So, while you may have various jobs over the years, your trading life will likely be a constant.

FANTASY VERSUS REALITY

As a title, "full-time trader" may not be exactly what it sounds like. If you think you need to be glued to a trading screen to consider yourself legit, think again. By checking quotes a few times throughout the trading day on a TD Ameritrade mobile app, plus keeping an eye out for bigger news events like Fed announcements or earnings calls, you can stay on top of the market. Fully engaged.

TRADER GLOSSARY
TURN TO PAGE 36

Becoming a full-time trader doesn't mean you have to quit your job. In fact, many jobs are flexible enough that you may be able to turn break time into trading time. You may be getting insurance, experience, and decent income from some corporate gig. Why give that up if you don't have to?

Now, before you grab that "promotion" to full-time, you do need to earn it. And that involves checking three boxes before you may feel you've got the confidence.

1 Consider your trading history

A full-time trader (FTT) who uses options on a regular basis is probably comfortable with a wide variety of strategies—from covered calls, to verticals and iron condors, to calendar spreads—and knows that different market environments indicate different strategies: bullish, bearish, neutral, short-term, long-term, high-volatility, low-volatility, and so on. FTTs typically aren't one-trick ponies.

Your trading history (Figure 1) will show you the types of trades you've made.

1. Head to the **Monitor** page of the thinkorswim® platform by TD Ameritrade.
2. Click on the **Account Statement** tab. The "Spread" column in the Trade History section can be sorted by the type of spread.

Options FTTs have likely traded many order and spread types. Sure, a single strategy can potentially make money over time as long as stocks continue to move in the same direction. But if that's your only strategy, you may not have sufficient tools when a stock's price direction changes. A rounded FTT has many different arrows in the quiver no matter what the market presents.

Also, think about which trades made or lost money. Are the numbers consistent, or do one or two stick out as big winners or losers that dominate your account? For FTTs, performance is predictable to some degree. Naturally, you can't predict the market or your future profit/loss. But you can potentially gauge profits and losses relevant to different strategies. That's called "trade and risk management." And it's what full-time traders do—as a matter of course.

2 Consider the historical period you've traded

Since 2008, the S&P 500, NASDAQ 100, and Russell 2000 indices have all had major rallies, while volatility ("vol") has been relatively low. Certainly, there've been days or weeks when the market has dipped significantly (I'm looking at you, Brexit). But generally, it's been a bull market. If you've had on bullish positions and have been making money, bravo. But do you know what it's like to trade in a bear market? How about a market that doesn't move for a month, a quarter, or a year? How about choppy markets that scare you out of positions, only to reverse themselves?

People who call themselves FTTs have lived, and traded through, wildly different

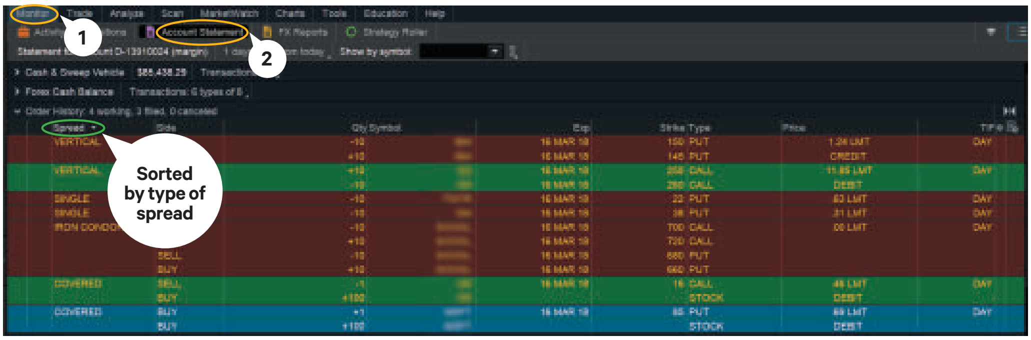


FIGURE 1: Which spreads did you trade? You can see your trading history by selecting Account Statement from the Monitor page of thinkorswim. *Source: thinkorswim® from TD Ameritrade. For illustrative purposes only.*

types of scenarios. They know how to adjust to what the market presents. They protect positions. They cut losses. In other words, FTTs adapt their strategies to high or low vol, or when they think directional strategies might work better than market neutral, or vice versa.

If you've never experienced a market with high vol that stays high, or you haven't seen big swings in your p/l that might be too much for your account or your psyche to handle, these types of market fluctuations can teach valuable lessons in risk management. They have the potential to train your instinct better than anything you'll read about in a book.

In fact, FTTs never brag about their risk. They know from experience that a lot of risk can spell doom if the market and vol move in ways they don't expect. And the market and vol frequently move in ways we don't expect!

Take a look at a chart of the SPX and the VIX, for example, for the period you've been trading. Have these indices been docile? Or have you survived their big moves? Rest assured, FTTs have their own unique war stories.

3 Look hard at your net liq

Your account's net liquidating value ("net liq" in trader lingo) is the value of your positions, plus any cash. It's the amount of money you'll use as a trader to generate profits. After all, trading is a business. And your net liq will be how you support that business.

Any net trading profits after commissions can be divided by that net liq to determine a rate of return. Imagine you've had a profitable year and made 20% trading returns after commissions. What's 20% of your net liq? If your net liq is $5,000, that's $1,000 profits, after commissions. If your net liq is $200,000, that 20% return would be $40,000 in profit. How does that $1,000 or $40,000 (or whatever the number is) fit in to your finances? Does it cover living expenses, or just a few bills?

Keep two primary trading rules in mind: One, just because you made money in one year doesn't mean you'll make it in the next. Two, a higher potential return generally comes with more risk.

So, your net liq has to be big enough to keep you trading after a losing year (yup, trade and risk management). And you have to be realistic about what your potential profits might be, if or when you make them.

If you need to get 100% returns every year to keep the lights on, you're going to have to take on significant risk. FTTs must have realistic trading goals, and a solid understanding that they may make or lose money in any given year, or even have a string of losers.

A smaller net liq, and smaller returns that might only cover designer coffee, does not mean you can't consider yourself a trader. In this case, while your day job may cover most living expenses, as a trader with serious intention, you're still building valuable market experience that lets you check boxes one and two. As long as you're engaged with the market, and have a solid reason for trading the way you do, you can still call yourself a trader—even a full-time trader—even though your profits might not be as large as the income from your "job." Hey, as long as your net liq is growing even a little, it counts.

Bottom line? The hallmark of devoted traders is attitude. When you're able to talk about a stock, or the market, and you know exactly what strategy you'd use; or when you have consistent profits across different markets over extended periods; or when you can honestly say that your net liq is more important than your ego, and you can make the right decision even when your heart disagrees, then you can proudly call yourself a full-time trader.

So get to work. The market never closes.

SPREAD FLAVOR: Learn more about spread trading techniques in the *thinkMoney* archives at **tickertape.tdameritrade.com** and search for the keywords "spread trading."

For more on the general risks of trading and trading options, see page 37, #1–2.

EARNINGS: VOLATILITY'S SIREN SONG

PRO/ TAKE AWAY:
It's earnings time. So how do you trade around those announcements?

BIG IDEA:
STARVED FOR ACTION DURING PERIODS OF LOW VOL, TRADERS CAN GET LURED INTO THE MARKETS AT THE WRONG TIME. WHEN VOL PICKS UP DURING EARNINGS SEASON, CONSIDER SOME STRATEGIES DESIGNED TO HELP SAVE YOU FROM YOURSELF.

WORDS BY
THOMAS PRESTON

PHOTOGRAPHS BY
DAN SAELINGER

Risky. Riskier. Riskiest. Nope, this isn't a lesson on adjectives. But those three words describe three ways you might approach one of the more aggressive trading strategies out there: trading around corporate earnings. You might ask: How will a company's numbers line up with expectations? Will they exceed or fall below those expectations, and by how much? How will the company frame future forecasts? A surprise in any of these areas can trigger a bullish or bearish price change that's bigger than anyone expected, sending a stock dramatically higher or lower.

TRADER GLOSSARY
TURN TO PAGE 36

Sure, just about any stock can move up or down 5% if you give it enough time (like a year). But an earnings surprise can pack a 5% move into a single day. In fact, it's the speed and potential magnitude of a price change that creates risk. So, if trading around earnings is risky, why do it?

IT'S ALL ABOUT THE VOL

Remember: implied volatility ("implied vol") is a theoretical measure of how much a stock's price might change in the future. Higher implied vol typically suggests future price changes could be large. It can also mean higher option prices. Thus, higher implied vol can mean certain trading opportunities for those willing to take on extra risk.

But what's been missing in the market overall for most of the past couple of years? High implied vol. The CBOE Volatility Index (VIX), for example, has spent most of its time below 15 and its average is about 19. Traders looking to accept the risk of higher volatility ("vol") for potential trading opportunities haven't had the chance. That's where the earnings play comes in.

When there's uncertainty around company earnings, the implied vol of the stock's options tends to be higher before the announcement, even if the broader market's vol is lower. To see this, take a look at the option chain on the **Trade** page of the thinkorswim® trading platform from TD Ameritrade. On the right-hand side you'll see the overall implied vol for each expiration.

In Figure 1, with an earnings announcement just four days away, the implied vol of the options that expire in four days is much higher than the vol of the later expirations. This suggests there's more potential risk in the near term—that is, of possibly larger stock price changes in the next two days—versus further out in the future. The tendency for implied vol to fluctuate, plus the potential for larger price movements, are what can make earnings trades interesting in an otherwise dull market. And earnings come up every three months.

The earnings strategies described here focus on the options in the expiration closest to the earnings announcement, where this increased implied vol is reflected. You can tweak these strategies to match your specific stock outlook and appetite for risk. It's also possible to trade around earnings announcements in longer-dated options to give your strategy more time. Which expiration you choose depends on your opinion of the stock.

Keep in mind that earnings trades come in two flavors: either you think the stock will make a big move, as suggested by the high implied vol, or you think the stock won't move as much as the high implied vol suggests.

Risky: Long at-the-money vertical when you think the stock will move big

This is a pure directional bet on what the stock's price might do when earnings are announced. If you think the stock might rally, you could buy a call vertical. If you think the stock might drop, you could buy a put vertical. An at-the-money (ATM) vertical could be long the strike that's the closest in-the-money (ITM) option, and short the strike that's the closest out-of-the-money (OTM) option. For example, if the stock price is $80, a long ATM call vertical could be long the 79 call, and short the 81 call.

The long vertical has defined risk, limited to the debit you pay for it. So it's one of the less risky ways to trade earnings. But which vertical you buy is important. If you're concerned about a change in the implied vol of the options after the announcement, you may want a vertical with relatively low vega. To get that, consider having the long and short options of the vertical at adjacent strikes, where the vega of the options could be roughly the same. In that case, the long vega from the option you're buying, and the short vega from the option you're selling, should offset each other. Maybe not completely, but enough to reduce the vega, or sensitivity to changes in implied vol from the long vertical.

Buying a vertical with only a few days to expiration means there's not much time to adjust it if the stock goes against you. But the theoretical value of a long ATM vertical that's close to expiration usually changes quickly when the stock's price changes, so we can expect this to make it very responsive. Even if the stock doesn't move as much

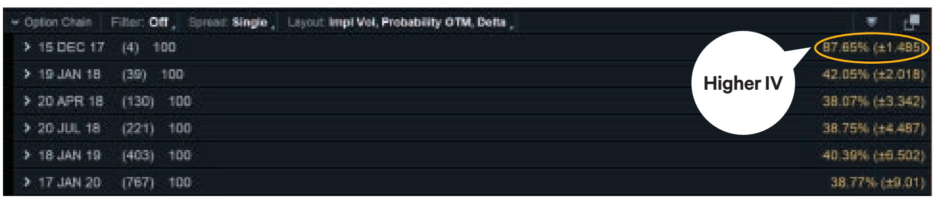


FIGURE 1: Implied vol and earnings. **From the Analyze page of thinkorswim, bring up the option chain of a stock that has an earnings announcement coming up. Options with less time to expiration are likely to have higher implied vol.** *Source: thinkorswim® from TD Ameritrade. For illustrative purposes only.*

as you expect, but still moves up or down in line with your speculation, the ATM vertical can still be profitable. So you may not want to buy a less expensive OTM vertical because if the stock doesn't move enough, it can still expire worthless, even if the stock moves as you predicted.

Riskier: Iron condor when you think the stock won't move big

When you use an iron condor for an earnings trade, you're betting the stock won't move up or down as much as the market expects. Ideally, the stock might stay in between the strike prices of the short options of the iron condor through expiration. But if the stock moves up or down, past the short strikes and even past the long strikes, the iron condor will lose money. For example, with the stock at $80, an iron condor might be long the 77 put, short the 79 put, short the 81 call, and long the 83 call.

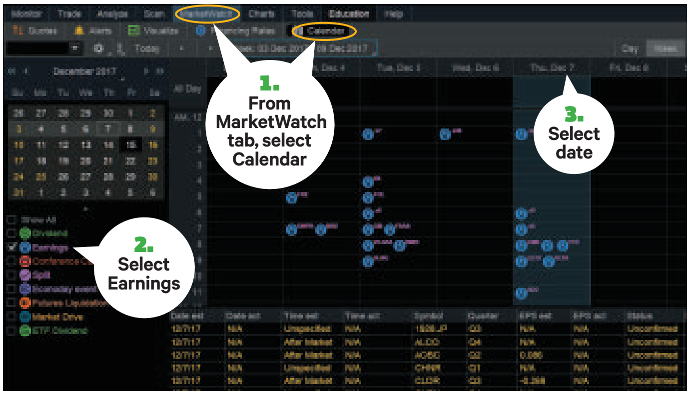
When implied vol is higher, the credit (which is also the max potential profit) for the iron condor is higher, all things being equal. That's what makes iron condors an interesting, if riskier, earnings trade. If the stock stays between $79 and $81 after the earnings announcement, the trade can be profitable. If the stock moves past the breakeven points, which are the short put minus the credit and the short call plus the credit, the iron condor will lose money.

Iron condors also have defined risk, with a max loss equal to the difference between the long and short strikes, minus the credit received. But if the difference between the long and short strikes is large, the loss is larger, too. The rationale for widening the iron condor is to increase the credit received. This depends on your risk appetite and how confident you are the stock won't have a big price change. The closer the short strikes are to the prevailing stock price, and the further OTM the long strikes are, all things being equal, the higher the iron condor's credit. But the risk is higher, too. That increased risk is why you're getting a higher credit.

FINDING EARNINGS TRADES

The thinkorswim platform offers a useful tool to see which stocks' earnings are coming up.

1—Go to the **MarketWatch** tab and select the Calendar page.
2—You can select to see only earnings on the left-hand side.
3—Click on a date in the Calendar to review stocks with earnings announcements on that date.



Riskiest: Short straddle when you're confident the stock won't move big

If you're sure the stock won't move as much on the earnings announcement as the rest of the market expects, and the higher implied vol of that stock's options have too much premium, then you might consider selling a straddle. For example, with the stock price at $80, the short straddle could be short the 80 put and short the 80 call. When implied vol is higher, the credit received for selling the straddle is higher, too, all things being equal. And that higher credit means the potential profit can be higher, too. If you're right.

On the other hand, a short straddle has undefined risk, so you can't measure the potential loss. And if the stock has a huge move up or down, the loss on a short straddle can be big, or even catastrophic. The breakeven points of the straddle are the strike price plus and minus the credit received. Even a moderate stock price change can blow through breakevens and cause a loss.

That's why the short straddle is one of the riskiest ways to trade earnings, but also has the highest potential profit. It reveals how profit and risk are linked. When the trade's potential profit is high, so is the risk.

IN OTHER WORDS, EARNINGS TRADES aren't for everyone, and their short-term quality means they can be either winners or losers over just a few days. Further, there aren't many ways to adjust or manage them. So regardless of your willingness to accept risk, you should keep your position small so that if the max loss does occur, you're not wiped out. Finally, remember that commissions can really add up if you actively trade earnings.

But if you need to spice up your trading with an extra dose of risk, earnings may be something to consider.

Thomas Preston is not a representative of TD Ameritrade Inc. The material, views, and opinions expressed in this article are solely those of the author and may not be reflective of those held by TD Ameritrade, Inc.

For more on the risks of trading and trading options, see page 37, #1–2

SEASONED / **TAKE AWAY:** *When trading futures options, consider point value, contract multipliers, and tick sizes to figure out premiums.*

FUTURES OPTIONS UNPACKED

WORDS BY
JAYANTHI GOPALAKRISHNAN
PHOTOGRAPHS BY DAN SAELINGER

BIG IDEA: DON'T LET PRICING STRUCTURES THROW YOU OFF. DO A LITTLE RESEARCH, HAVE YOUR CHEAT SHEETS READY, AND KNOW THE CONTRACT SPECS OF WHAT YOU'RE TRADING. TRADING FUTURES OPTIONS IS SIMILAR TO TRADING EQUITY OPTIONS. BUT THERE ARE REAL DIFFERENCES THAT YOU CAN MASTER WITH A LITTLE EXPERIENCE.

FOR many, futures options have a certain mystique thanks to their steeper learning curve and pricing structures. But futures options can be accessible, tradable, and not as confusing as they look.

If you trade equity options, you're likely already versed in the mechanics of various options strategies and the math involved. With a little effort, you can get outside your comfort zone and wrap your mind around the specifics. Unlike equity options, futures options are priced differently.

Futures options are priced off an underlying futures contract, while futures contracts (which are also derivatives) follow different pricing conventions depending on the underlying. For instance, crude oil trades in barrels, corn trades in bushels, gold trades in troy ounces, and indices have multipliers. Right off the bat, one thing is obvious—if you want to trade futures options, you need to know how the underlying works. So let's dive in.

EQUITIES VERSUS FUTURES

Futures are contracts—an agreement between two parties to complete a transaction on a commodity or other underlying asset or index at a certain price, at some time in the future. By contrast, equities are not contracts, they don't have expiration dates, and their options pricing is standard. In other words, all equity contracts follow a similar pricing structure. And because futures options are priced off their underlying futures contracts, there are some nuances to be aware of.

Standard monthly equity options expire on the third Friday of each month and weekly options expire every Friday, in most cases. But futures and their corresponding options don't expire at the same time. Some expire in the same month (i.e., December contracts expire in December). But it's not always the case, and this can lead to some confusion. To see the differences in futures options expirations, fire up your thinkorswim® platform from TD Ameritrade (see Figure 1).

1—Click on the **Trade** tab.

2—Type in the futures symbol. We'll use crude oil contracts, /CL, as an example. The active futures contract is first, in this case the December contract. But even though it's a December contract, futures expire at the end of November.

3—Scroll down to the option chain. The December options expire a few days before the futures contract.

For comparison, bring up the symbol for the E-mini S&P 500 futures (Figure 2). Here, the December futures contracts expire at the end of December, and December options (not the weeklys) expire at the same time as the futures contracts.

Dates vary because every commodity market is different. Grain contract expirations are based on planting and harvesting cycles. Grain options expire at the end of the month before the futures. Crude oil contracts expire every month, and the options expire three days before the futures. Bond options are the weirdest of all. They expire on the last Friday that precedes the last business day of the month preceding the option month, by at least two business days. To help you navigate this tricky path, on the **Trade** page of thinkorswim, the number of days to expiration is displayed next to the contract in parentheses.

Expirations mismatch for other reasons as well. Most people don't actually want to take delivery of barrels of oil or bushels of corn. (TD Ameritrade doesn't allow you to take delivery of the underlying.) Think of it as a grace period—a little time to decide what to do with the future if you exercise your option. And even the grace period is different for different contracts. For example, crude oil can get tricky, since the contracts expire every month. Yet you have a few days to decide what to do with your crude futures.

SCHEDULES AND PRICING

A futures option delivers one futures contract. So if you exercise a call option on the /ES, you'll be long one E-mini S&P futures contract. In other words, the price of the option is based off the price of the /ES futures and not the cash index. Same for commodities. If you exercise a corn call option, you're long one corn futures contract, not 5,000 bushels of corn. Also, futures prices on an index or commodity could have different prices in different expirations. For example, a March corn contract may be trading at $354.25, whereas a May corn contract may be trading at $362.50.

SIZE AND VALUE

Commodities have different characteristics. And their futures contracts don't all trade the same way. The pricing structure varies, with each traded future having different multipliers, tick values, and tick sizes (minimum price fluctuation). These differences can be confusing for an options trader who's calculating how much premium she might pay or collect. To get a closer look, review the table in Figure 3.

PERUSE THE FINE PRINT

Now that you know contract specs for some futures contracts, how can you trade

TUNE IN, LEARN, TRADE.

Hear what Ben Lichtenstein has to say in the Morning Trade Live show on the TD Ameritrade Network. Access it through the Trader TV gadget on your thinkorswim platform, Mobile Trader app, or from **https://tdameritrade network.com/**

DON'T IGNORE SKEW

Have you ever noticed that with equal OTM puts and calls, one may be priced significantly higher or lower? Skews aren't out of the ordinary in equity options, where markets drop faster than they rise. But with a big drop in, say, the S&P 500 Index, you'll likely see puts priced higher than equally distant calls. This is normal volatility skew. In the futures world, skews fluctuate often and do so in the opposite direction. Commodities generally go up faster than they go down because there's no limit to how high prices can go. The upside tends to have an explosive nature. In fact, traders may be more willing to buy call options because vol is higher. You'll often see this in the grain markets.

their options? As an options seller, you want to consider how much premium you'll collect, so get to know the point values.

Say you want to trade options on the June /ES. If the at-the-money (ATM) call options are trading at $96.50, the multiplier is $50 per point. So, the dollar amount of premium in this case would be $50 x 96.50 = $4,825.

For even more complexity, there are Treasury bonds. Bond futures trade in 32nds (1/32), and bond options trade in 64ths (1/64). How does that impact their pricing? Let's take a look.

Say the March /ZB contracts are trading at 152′23 or 152 points and 23/32 of a point. Now look at the option chain. Say the ATM call options are priced at 2′45 or two points and 45/64 of a point. Multiply 2 and 45/64 by the point value, or $1,000, and you get $2,703 (45/64 = 0.703125 +2 points = 2.703 x 1000 = $2,703).

In spite of contract specification differences, the mechanics of trading equity options and futures options are roughly the same. You still want to make profits and reduce risks. But you may need to modify the strategies.

When trading futures options, you're trading a derivative of a derivative, and that means higher leverage, or more risk exposure. It's a kind of double whammy. So as an options seller, if you sell out-of-the-money (OTM) calls, consider the contract multipliers to determine your premiums. Also consider how much or little potential profit or risk you take on when you trade futures options.

TRADER GLOSSARY
TURN TO PAGE 36

TAKING THE PLUNGE

Unlike equity options, futures options can introduce a few mysterious twists and turns. But don't let the differences put you off. With education and experience, you can get more comfortable over time, and you don't need to know the specs of all futures contracts—just the ones you want to trade. To smooth the way, consider keeping a cheat sheet with multipliers, tick values, and point values handy. Above all, get inside the markets you want to trade and before you know it, all those odd prices will be as familiar as a gallon of gas.

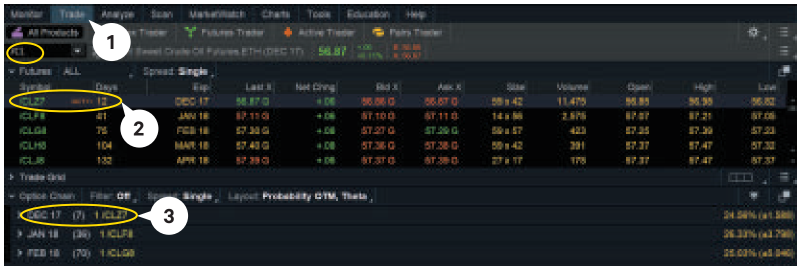


FIGURE 1: Futures options expirations. **December contracts could expire in November, and the futures contracts and their corresponding options most likely won't expire on the same day.** *Source: thinkorswim® from TD Ameritrade. For illustrative purposes only.*

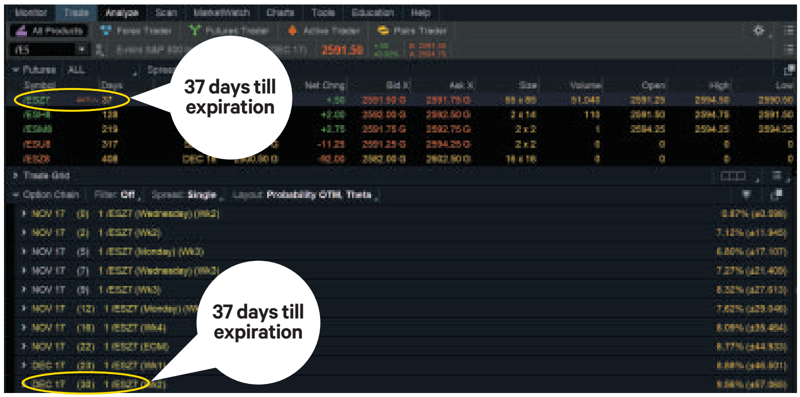


FIGURE 2: Futures and their options expiring on the same day. **In the case of indices, the futures contracts and their corresponding options expire on the same day.** *Source: thinkorswim® from TD Ameritrade. For illustrative purposes only.*

FUTURE TYPE	CONTRACT MULTIPLIER	SIZE OF A TICK	VALUE OF A TICK	POINT VALUE
E-mini S&P 500 (/ES)	$50 x index	$0.25	$12.50	$50
Crude Oil (/CL)	1,000 barrels	$0.01 per barrel	$10.00	$1,000
30-year Bonds (/ZB)	$100,000	1/32	$31.25	$1,000
Gold (/GC)	100 troy ounces	$0.10	$10.00	$100
Euro (/6E)	125,000 euros	$0.00005	$6.25	$1,250
Corn (/ZC)	5,000 bushels	$0.25	$12.50	$50

FIGURE 3: Contract specs of some futures contracts. **Notice how these futures all have different one-point values? You've gotta know these specs if you wanna trade their options.** *For illustrative purposes only.*

Jayanthi Gopalakrishnan is not a representative of TD Ameritrade, Inc. The material, views, and opinions expressed in this article are soley those of the author and may not be reflective of those held by TD Ameritrade, Inc.

Futures and futures option trading is speculative and is not suitable for all investors. Please read the Risk Disclosure for Futures and Options prior to trading futures products. Futures accounts are not protected by the Securities Investor Protection Corporation (SIPC). Futures and futures options trading services provided by TD Ameritrade Futures & Forex LLC. Trading privileges subject to review and approval. Not all clients will qualify.

For more information on the risks of trading and futures, please see page 37, #1 & 3.

BIG IDEA: READY. SET. GO! ... OUCH. NOTHING FEELS WORSE FOR A TRADER THAN WATCHING A TRADE GO THE WRONG WAY. INSTEAD OF LOSING YOUR COOL, IT'S TIME TO REEXAMINE THINGS. CAN A TRADE BE FIXED? LET'S FIND OUT.

FIXING A GOOD TRADE GONE BAD

WORDS BY **KEVIN LUND**
PHOTOGRAPHS BY DAN SAELINGER

SEASONED/ **TAKE AWAY:** *Need to save a losing trade? Strategies for selling premium could help.*

So you have a loser,

but don't want to close it out. Maybe it's a complex trade like an iron condor. Or maybe it's a single long option. Or maybe it's just stock. What can you do? First, don't panic. Cooler heads prevail. Second, if you're going to "fix" your trade, don't wait until there's nothing left to fix.

When is losing too much, well, too much? Many traders follow a quick rule of thumb: cut your losses if the trade loses half or more of its original risk. But that may not be a good fit for all strategies.

Before fixing a trade, you need to understand that you're not really "fixing" anything. The loss is real, and any sort of fix is really a new trade. So, the better question becomes, "Does my original analysis still hold, and would it be better to adjust my position or exit the trade and move on?"

Consider four common scenarios and potential ways to fix 'em.

1 LONG STOCK

The situation: If you bought stock at the wrong time, it might be the right time to introduce yourself to the short call option. By selling a call option, you're giving someone else the right to buy the stock at a fixed price, meaning the strike price. And that means you're obligated to sell the stock if the buyer decides to exercise their right. So choose your strike price carefully. In exchange for this obligation, you'll collect the premium from the trade, less transaction costs, and that reduces your breakeven point. Let's suppose you bought 100 shares of stock at $85, and it promptly moved lower to $80.

CALLS				Strikes: 10	
Delta	Prob.ITM	Bid	Ask	Exp	Strike
˅ 18 MAY 18 (77) 100					
.82	78.56%	9.55	9.70	18 MAY 18	70
.75	70.98%	7.55	7.75	18 MAY 18	72.5
.66	61.77%	5.85	6.00	18 MAY 18	75
.57	51.77%	4.35	4.55	18 MAY 18	77.5
.47	41.72%	3.20	3.30	18 MAY 18	80
.37	32.29%	2.25	2.32	18 MAY 18	82.5
.28	24.06%	1.3	1.61	18 MAY 18	85
.21	17.52%	1.05	1.11	18 MAY 18	87.5

FIGURE 1: Selling a short call option. *Source: thinkorswim® from TD Ameritrade. For illustrative purposes only.*

The fix: Using the options prices from Figure 1, you could, for example, sell the 85 strike call for $1.30. Subtracting $1.30 of premium from your stock purchase price of $85 leaves you with a breakeven price of $83.70. And, once you've sold the call against your long stock, you now hold a "covered call," which is a strategy some traders use from the start as a means of generating income when buying stock.

If the stock remains below $85 through expiration, then your option will expire worthless and you can go your merry way. Or, you can choose to sell another call to move your breakeven price even lower.

However, if the stock moves higher than $85 prior to or at expiration, two things could happen. One: nothing. Depending on the days left until expiration, and how high the stock goes, you might be able to buy back the option to close it at a lower price than where you sold it. That would be a win-win. Or you might decide to ride the position out until expiration and see where the chips fall.

Two: you might get "assigned"—trader-speak that, in this case, means you have to sell your stock. Don't sweat it. You simply sell the stock at $85, which is the price you bought it for anyway. And you get to keep the $1.35 premium you took in as profit (minus commissions and fees).

The result: You don't increase your risk by selling the call option. You're simply lowering a break-even point and giving up potential profit above your strike at the same time. But you may find it worthwhile to buy the call to close it out if it's in the money prior to expiration and you don't want to lose your shares.

2 LONG CALL or LONG PUT

The situation: Long calls and long puts can be successful when the underlying stock is moving in the right direction. But what if the stock takes a break, or even starts to move against you? Or what if these or some other factors cause the option's implied volatility to drop?

The fix: One way to save this trade could be selling another option that's further out of the money (OTM) than the option you own, but in the same expiration. This turns your long option into a long vertical spread. The premium from the sale of the further OTM option lowers the trade's overall debit by the premium you

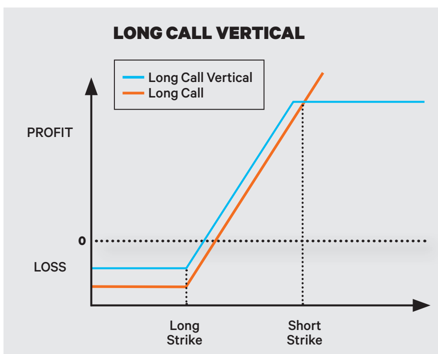


FIGURE 2: Long call vertical vs. long call.

collected, but it will also limit the potential profit on the position.

The result: A few good things can happen. First, your total dollar risk is reduced. Second, your trade should now be able to withstand a greater reversal in the stock's price, or a drop in implied volatility. Finally, your trade might still profit if the stock once again moves in the desired direction.

3 SHORT PUT

The situation: If it's a short put position that's moving against you, then either the stock is moving lower, the implied vol is ticking higher, or possibly some of both. It might be a good time to sell an at-the-money (ATM) or OTM call vertical to offset some of the short put's loss. The short put is a bullish trade. But selling a call spread is a bearish trade.

The fix: If you think selling the call spread is a good idea because you believe the stock is going to keep moving lower, you might want to close your original trade. But if you think the move lower is short term, then selling a short-term call vertical may be a good fix. The premium you collect from the call spread is added to the premium you collected from the put. At expiration, if the stock is above your short put, but below the strike of the short call, then all the options would be expected to expire worthless and you'd keep the net premium.

The result: Selling the call spread doesn't increase your overall dollar risk, but it could hurt you if the stock reverses course and moves higher like you originally thought. Remember, "fixing" a trade is essentially putting on a new trade. Understand the new trade's structure and plan for a new outcome.

4 SHORT VERTICAL

The situation: What if you sold an OTM call or put vertical and now it's turning into more of an ATM spread? There's usually more than one way of "fixing" trades that go against you, so here are two possible approaches for short verticals that are getting too close to the money.

The fix: First, consider turning your position into an iron condor. If it's a call vertical that's hurting you, you would sell an OTM put vertical. If a put vertical is to blame, you'd sell an OTM call vertical. The new position—the iron condor—wants the stock to settle in between the short strikes of both vertical spreads.

The result: Again, the premium you collect adds to your overall position credit. Although you haven't increased your overall dollar risk, you now have more places where the stock can hurt you. You've also added additional transaction costs.

DAYS TO EXPIRATION	STRIKE	CALL BID	CALL ASK
7	82	0.60	0.65
	84	0.25	0.29
50	82	2.20	2.35
	84	1.35	1.40
	86	0.65	0.75

FIGURE 3: Roll with it. You could open a call spread that has more days to expiration.
For illustrative purposes only.

The second fix: Second, you could consider rolling into a new vertical spread. If the stock is threatening to trend right through your short vertical, turning the trade into an iron condor might not alleviate losses from the side that's getting too close to the money. Instead, maybe pack up your trade and "roll" it to a new neighborhood.

For example, using an underlying stock price of $80, suppose you sold an 82-84 near-month call spread for $0.30 with a few weeks to expiration. Some time passes, but the stock has moved higher to $82, with a week until expiration. You could consider "rolling" the spread by buying it to close for a debit of $0.40, and then selling to open the 84-86 call spread further out in time for $0.80. Using the prices in the table in Figure 3, the roll plus the new vertical can be completed for a credit of $0.50, not including transaction costs.

TRADER GLOSSARY
TURN TO PAGE 36

The second result: Now your short strike is $2 further away from the money, giving you some breathing room. The trade, however, now has more time before it expires. So you'll need to monitor things in case you need to make another decision to roll again or exit. Finally, remember that commissions can really add up.

EVERY "FIX" HAS PROS AND CONS. BUT you can cut your losses by selling options premium elsewhere without necessarily cutting the trade. If you do, you can potentially amortize your loss, and hang around a little longer to see what happens next. This is what many pro traders do automatically—look a losing position in the eye and know what to do.

Kevin Lund is not a representative of TD Ameritrade, Inc. The material, views, and opinions expressed in this article are solely those of the author and may not be reflective of those held by TD Ameritrade, Inc.

For more on the risks of trading and trading options, see page 37, #1–2..

HOW TO LOOK INTO THE FUTURE

BIG IDEA: YOU CAN'T LOOK INTO THE FUTURE AND FIGURE OUT WHERE PRICE WILL GO. BUT PROBABILITY, EARNINGS, DIVIDENDS, AND OPTION PRICES CAN BE HELPFUL.

WORDS BY **THOMAS PRESTON**

SEASONED / **TAKE AWAY:** *Three tools on your platform can help you glean something about the future.*

What trader hasn't dreamed of having a copy of next year's newspaper today? Getting a peek at next year's market prices so you can buy below that price and sell above it, then raking in the money. That's a fantasy, but although we can't see the future, maybe we can get some hints about what the market is cooking up. How? There are some tools on the thinkorswim® platform from TD Ameritrade that might help inform your decisions about future trades. Let's try to unlock the mystery.

NOT A MAGIC TRICK

When you look at a stock's price chart, the current day's data is usually on the right-hand edge. Of course, there's no way to fill in future days with price data. But you can expand the chart to the right to see future dates. The chart can't predict the future, but it can show items such as earnings and dividends.

To do that, go to the **Charts** tab, click on the **Style** button in the upper right-hand corner, then scroll down and click on **Settings**. That opens up the Chart Settings box (Figure 1).

From the tabs on the top of the Chart Settings box, click on Time Axis. There you'll find the "Expansion Area: __ bars to the right" control. This is the key to unlock the tools.

The number of bars you enter will be the number of future days the chart will display. You won't see any price data, but it'll give you room to display other information like probability, earnings, dividends, and option prices. In Figure 1, we're setting the chart to show the next 60 days. Now that you know where the fun stuff is hidden, let's put it to work.

THE COOL CONE

One popular way to use the expanded chart is to review the possible theoretical range

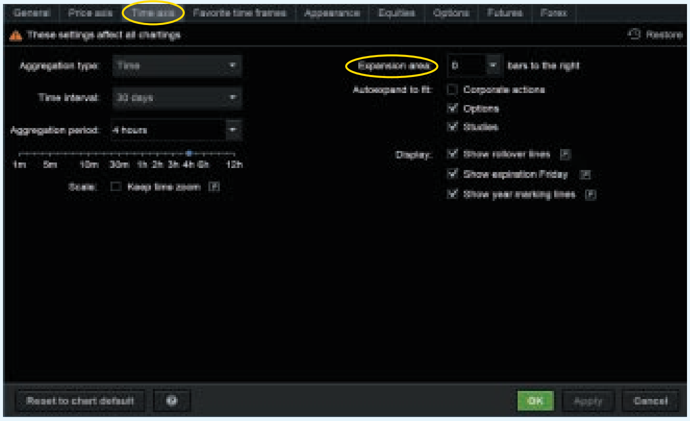


FIGURE 1: Setting parameters for the expansion area. You won't see any price info, but you can opt to display other information such as probability, earnings, dividends, and options prices. *Source: thinkorswim® from TD Ameritrade. For illustrative purposes only.*

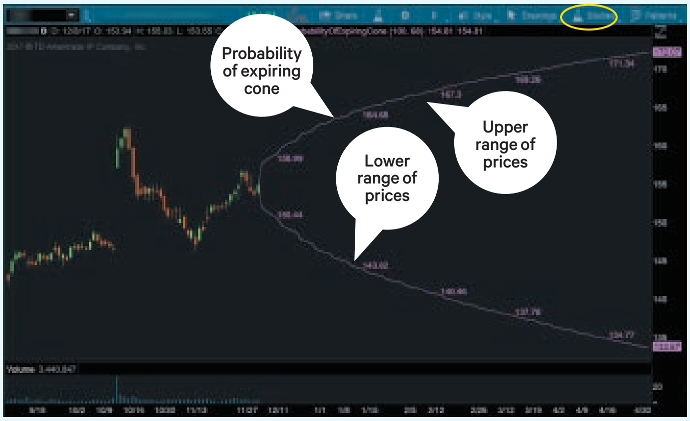


FIGURE 2: Where might prices go? The probability cone gives you an idea of the potential future upper and lower range of price. *Source: thinkorswim® from TD Ameritrade. For illustrative purposes only.*

of future stock prices. Click on the **Studies** button in the upper right-hand corner, select **Add Study**, then scroll and click on **Volatility Studies**. From that menu, click on **Probability of Expiring Cone** to display a cone on the right-hand side of the chart that gives you an idea of where the stock price might be in the future (Figure 2). The cone, which is a standard deviation bell curve, combines the current implied volatility of the stock's options with the number of future days displayed, then shows the upper and lower range of prices where the stock might theoretically land 68% (default value or one standard deviation) of the time for each expiration Friday. Price could be above or below the cone 32% of the time.

By default, you'll see upper and lower numbers corresponding to future option expirations. But you can also scroll over the probability cone line to highlight a specific date, and see the upper and lower prices for that date at the top of the chart.

The probability cone is for informational and educational purposes only, and is no guarantee the stock price will be inside that projected cone at a future date. But it provides some context for bullish, bearish, or neutral opinions.

For example, let's say you're looking at a stock that's $100, and you have a hunch it might rise to $120 in three months. First, set the number of bars to 90 days or more. Then, using the 68% probability cone, you might see that it has an upper value of $115 and a lower value of $85 in 90 days. Your $120 target is above the upper bound of the cone, which means it's outside the stock's 68% theoretical range. That's not to say the stock can't rise to $120 in 90 days. But the current volatility suggests the chances are low.

The probability cone is set to 68% by default. But you can edit the study to show any percentage up to 99%.

THINGS THAT MOVE PRICES

Next, let's display future corporate actions like earnings and dividends on the chart. Go back to the Chart Settings box, select the **Equities** tab, and check **Show Corporate Actions**. Now you see upcoming earnings announcements and dividends in the expanded chart area (Figure 3). Blue lightbulb icons indicate upcoming earnings announcements, red phone icons indicate conference calls, and green dollar icons indicate ex-dividend dates.

How can this be helpful? Some stocks can exhibit increased price volatility before and/or after earnings announcements. If a stock beats or misses expected numbers, its price could have a big move up or down, with a similarly big impact on a potential trade. If you hover your cursor over the blue question mark or red phone icons, you'll see the date and time (typically before the open or after the close of trading) of earnings releases. This'll help you adjust your strategy accordingly.

OPTIONS FOR YOUR EXPANDED FUTURE

Now for the third tool on the expanded chart. Go to the **Chart Settings** box, select the **Equities** tab, and check the **Show Options** box. While you're there, notice how you can change the number of strikes that are displayed on the chart's expanded area.

In Figure 4, the chart shows eight strike prices for all the expirations within the expanded chart area. You can hold the cursor over the "C" or "P" (call or put) to see the option's strike price and expiration as well as its current theoretical value.

One way to use this option information is when selecting a covered call strategy. If you're long stock and want to sell a call against it, you can compare your premium for available calls at different strikes above the current stock price, as well as for different expirations. This can even be combined with the probability cone to select a call that's outside the stock's theoretical price range, and so may have a high probability of expiring worthless.

Probability analysis results are theoretical in nature, not guaranteed, and do not reflect any degree of certainty of an event occurring.

SO YEAH, WE'RE TRADING NERDS AND we think this stuff is pretty fun. These handy tools aren't next year's newspaper, but they can provide context for potential trades. After all, trading is all about what might happen in the future. These chart tools on thinkorswim just might help you envision that future a bit more clearly.

Thomas Preston is not a representative of TD Ameritrade, Inc. The material, views, and opinions expressed in this article are solely those of the author and may not be reflective of those held by TD Ameritrade, Inc.

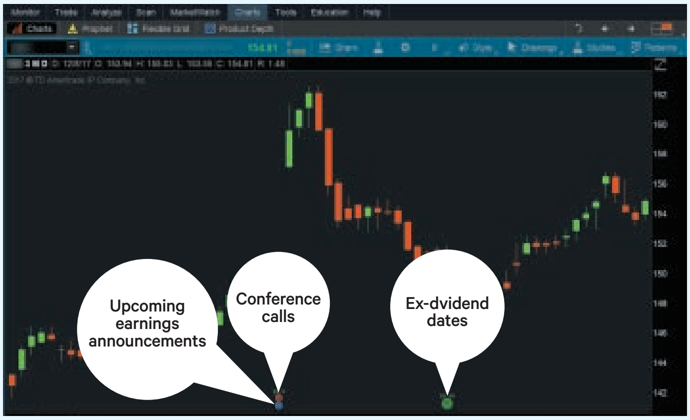


FIGURE 3: Future corporate actions. When will earnings be released? When will dividends be distributed? This information can be displayed on the expanded areas of your charts. *Source: thinkorswim® from TD Ameritrade. For illustrative purposes only. Past performance is not a guarantee of future performance.*

FIGURE 4: Comparing premiums for different strikes and expirations. A few mouse clicks and you could see the strike prices for all expirations in the expanded chart area. *Source: thinkorswim® from TD Ameritrade. For illustrative purposes only. Past performance is no guarantee of future results or investment success.*

Wide-ranging, free educational resources.

Every webcast, video, tutorial, and event you need to help boost your investing know-how.

With a TD Ameritrade account, you can access comprehensive and immersive resources on topics ranging from investing basics to advanced strategies, including:

- **A robust library of on-demand videos and tutorials**
- **An all-new immersive investing curriculum**
- **Multiple live webcasts on a variety of topics each trading day, along with access to education coaches**
- **In-person education events and networking opportunities**

What are you waiting for? Explore our expanded educational resources at **tdameritrade.com/geteducation** today.

All investing involves risks, including loss of principal.

Excludes TD Ameritrade accounts outside the United States and those designated as TD Ameritrade Institutional accounts, accounts managed by TD Ameritrade Investment Management, LLC, Stock Plan Services accounts, and paperMoney®-only users without a funded TD Ameritrade brokerage account. These accounts will not have access to the Education tab within thinkorswim®.

TDA 100580 D 04/18

Headmistress with a Singing Voice

TD AMERITRADE HAS TAKEN STRIDES TO BRING EDUCATIONAL CONTENT TO EACH CLIENT, REGARDLESS OF WHAT AND HOW THEY TRADE. LEE MCADOO, MANAGING DIRECTOR OF INVESTOR EDUCATION, IS LEADING THE CHARGE.

Illustration by Joe Morse

• WHETHER YOU'RE A BEGINNER or a pro trader, education never stops. You're constantly looking for the next great thing to give you an edge. Lee McAdoo has made TD Ameritrade's virtual classrooms accessible to traders across all platforms. And with the available tools, there's no need to waste time. It's time to start your educational journey.

1

Lee, what's new in the TD Ameritrade education arm?
These are exciting times. We're integrating our webcasts, online courses, and live events across the organization and across client offerings. Our online courses include everything from investing in stocks, to futures, and even forex. As of October 1, these educational offerings became accessible to all TD Ameritrade clients and they are free!

The courses start off with the basics and move on to more advanced topics. You can complete all the courses start to finish. But they're also designed to be explored in parts. For example, there are more than 200 two-minute videos that cover the basics of, say, ETFs or fixed income. Clients will also find courses that can take several hours or days to complete. It depends on the trader's level of engagement, desire, and how much time they have.

2

How can clients access these features?
There are lots of access points. We have a tab on thinkorswim®, a tab on the TD Ameritrade client log-in site, and content on mobile applications. You'll also find us on Facebook, YouTube, and Twitter. You name it, we're there. Over time, TD Ameritrade educational offerings will no longer be a separate entity.

3

Any new features in the pipeline?
We hope to provide a more custom personal experience by building a content algorithm engine that understands what clients do, what they've read, and the topics that grab their interest. Based on those data inputs, we'll be able to deliver a recommendation of the next best course, or the ideal video someone should pursue. This immediately customizes a user's education experience, with information presented in bite-size pieces tailored to the time available for study.

4

Can you share some investing wisdom?
In some sense, financial well-being and knowledge are critical to anyone's happiness and future success—almost as important as your health. We need both to navigate our lives. Also, investors should consider taking financial responsibility into their own hands, even if they work with an advisor.

5

You've got a lot on your plate. How do you keep your singing skills alive?
My secret superpower is karaoke. I'll sing at any opportunity.

"If I could have been anything I would have been a lead singer for a punk band."

At the money (ATM)

• An option whose strike is “at” the price of the underlying equity. Like out-of-the-money options, the premium of an at-the-money option is all “time” value.

Backwardation—When the price of the further-expiration futures contracts is lower than the price of the nearer-expiration futures contracts.

Calendar spread—A defined-risk spread strategy, constructed by selling a short-term option and buying a longer-term option of the same type (i.e., calls or puts). The goal: as time passes, the shorter-term option typically decays faster than the longer-term option, and profits when the spread can be sold for more than you paid for it. The risk is typically limited to the debit incurred.

Call vertical—The simultaneous purchase of one call option and sale of another call option at a different strike price, in the same underlying, in the same expiration month.

Contango—When the price of the further-expiration futures contracts is higher than the nearer-expiration futures contracts.

Covered call—A limited-reward strategy constructed of long stock and a short call. Ideally, you want the stock to finish at or above the call strike at expiration. If stock price settles above strike price, you'd have your stock “called away” at the short call strike. You would keep your original credit from the sale of the call as well as any gain in the stock up to the strike. Breakeven on the trade is the stock price you paid minus the credit from the call.

Implied volatility—The market's perception of the future volatility of the underlying security, directly reflected in an option's premium. Implied volatility is an annualized number expressed as a percentage (such as 25%), is forward-looking, and can change.

In the money (ITM)—An option whose premium contains “real” value, i.e., not just time value. For calls, it's any strike lower than the price of the underlying equity. For puts, it's any strike that's higher.

Iron condor—A defined-risk, short spread strategy, constructed of a short put vertical and a short call vertical. You assume the underlying will stay within a certain range (between the strikes of the short options). The goal: as time passes and/or volatility drops, the spreads can be bought back for less than the credit taken in or expire worthless, resulting in a profit. The risk is typically limited to the largest difference between the adjacent and long strikes minus the total credit received.

Long vertical spread—A defined-risk, directional spread strategy, composed of a long and a short option of the same type (i.e., calls or puts). Long verticals are purchased for a debit at the onset of the trade. Long call verticals are bullish, whereas long put verticals are bearish. The risk of a long vertical is typically limited to the debit of the trade.

Out of the money (OTM) —An option whose premium is not only all “time” value, but also, the strike is away from the underlying equity. For calls, it's any strike higher than the underlying. For puts, it's any strike that's lower.

Put Vertical—The simultaneous purchase of one put option and sale of another put option at a different strike price in the same underlying, in the same expiration month.

Short call—A bearish, directional strategy with unlimited risk in which an unhedged call option with a strike that is typically higher than the current stock price is sold for a credit. The strategy assumes that the stock will stay below the strike sold, in which case, as time passes and/or volatility drops, the call option can be bought back cheaper or expire worthless, resulting in a profit.

Straddle—A trading position involving puts and calls on a one-to-one basis in which the puts and calls have the same strike price, expiration, and underlying asset. When both options are owned, it's a long straddle. When both options are written, it's a short straddle.

Vega—A measure of an option's sensitivity to a one-percentage-point change in implied volatility. For example, if a long option has a vega of 0.04, a one-percentage-point increase in implied volatility will increase the option premium by $4 per contract.

Verticals—An option position composed of either all calls or all puts, with long options and short options at two different strikes. The options are all on the same stock and of the same expiration, with the quantity of long options and the quantity of short options netting to zero.

DISCLAIMERS

IMPORTANT INFORMATION YOU NEED TO KNOW

1

GENERAL DISCLAIMER

The information contained in this article is not intended to be investment advice and is for illustrative purposes only. Be sure to understand all risks involved with each strategy, including commission costs, before attempting to place any trade. Clients must consider all relevant risk factors, including their own personal financial situations, before trading. Past performance of a security or strategy does not guarantee future results or success.

Transaction costs (commissions and other fees) are important factors and should be considered when evaluating any options trade. Options are not suitable for all investors as the special risks inherent to options trading may expose investors to potentially rapid and substantial losses. Options trading subject to TD Ameritrade review and approval. Please read Characteristics and Risks of Standardized Options (http://www.optionsclearing.com/about/publications/character-risks.jsp) before investing in options.

It is not possible to invest directly in an index.

2

OPTION STRATEGIES

Trading options involves unique risks and is not suitable for all investors.

Spreads, condors, butterflies, straddles, and other complex, multiple-leg option strategies can entail substantial transaction costs, including multiple commissions, which may impact any potential return. These are advanced option strategies and often involve greater risk, and more complex risk, than basic options trades. Be aware that assignment on short option strategies discussed in this article could lead to unwanted long or short positions on the underlying security.

Maximum potential reward for a long put is limited by the amount that the underlying stock can fall. Should the long put position expire worthless, the entire cost of the put position would be lost.

When trading short option strategies, there is a risk in getting assigned early on the options sold, even if they go in the money by $0.01, obligating you to deliver shares you don't own (in the case of a short call) or purchase shares (in the case of a short put).

The risk of loss on an uncovered short call option position is potentially unlimited since there is no limit to the price increase of the underlying security. Option writing as an investment strategy is absolutely inappropriate for anyone who does not fully understand the nature and extent of the risks involved.

Short naked put and cash-secured put strategies include a high risk of purchasing the corresponding stock at the strike price when the market price of the stock will likely be lower.

Short naked option strategies involve the highest amount of risk and are only appropriate for traders with the highest risk tolerance.

A covered call strategy can limit the upside potential of the underlying stock position, as the stock would likely be called away in the event of a substantial stock price increase. Additionally, any downside protection provided to the related stock position is limited to the premium received. (Short options can be assigned at any time up to expiration regardless of the in-the-money amount.)

3

FUTURES

Futures trading is not suitable for all investors as the risk of loss in trading futures is substantial. Futures accounts are not protected by the Securities Investor Protection Corporation (SIPC). Futures and futures options trading services provided by TD Ameritrade Futures & Forex LLC. Trading privileges subject to review and approval. Not all clients will qualify.

Futures and futures options trading is speculative, and is not suitable for all investors. Please read the Risk Disclosure for Futures and Options prior to trading futures products (https://www.tdameritrade.com/retail-en_us/resources/pdf/TDA631.pdf).

Which Dog Is Your Best Trading Companion?

•Our ancestors hunted, gathered, and went to sleep early with trusted dogs who protected and served. Thousands of years later, dogs can still be a trader's best friend. But trading styles are so specialized and varied that we can't get just any dog. Let's match our trading style to the choice of breed and hunt for success.

Trading Style:
News and data addict
Dog Breed:
St. Bernard

• You're so tied to the endless stream of announcements, you've become a tad jittery and isolated. Enter the St. Bernard. Yes, it's got that little wooden barrel under its neck, but no brandy. Rather, it holds a list of trading tools available on the thinkorswim® platform from TD Ameritrade that can help you break the pattern of news addiction.

Trading Style:
Sells covered calls. Over and over and over …
Dog Breed:
Basset Hound

• OK: selling covered calls against a stock you own can be a good strategy. But if that's all you do, you may need help sniffing out new trades. Get yourself a Basset Hound. Bred to sniff out speedy rabbits, the Basset can also lock onto fast-moving stocks and indices. Just teach him how verticals, calendars, and iron condors smell, and he'll be off and running.

Trading Style:
Undisciplined, can't stick to strategy
Dog Breed:
Great Dane

• If you're a bit flighty and inconsistent, going from sensible, defined-risk strategies to betting it all on a hot tip from your Uber driver, you need a Great Dane. She can look you straight in the eye, literally, with a mien that just says "no." When you deviate from the plan, the Dane will stop you. And the Great Dane has a vested interest in your trading success: potential profits can be used to cover the whopping kibble bill.

Trading Style:
Ratioed intermarket volatility curve variance swap
Dog Breed:
Labradoodle

• When your trading buddies' eyes glaze over as you describe your wacky 27-legged trade, you need a dog that understands complex strategy. The Labradoodle's genetic makeup is convoluted enough for its patient brain to comprehend why the contraction in your volatility pair will happen only at expiration, and won't harass you for tick-by-tick p/l updates.

Trading Style:
Nervous Nellie
Dog Breed:
Xoloitzcuintli

• If your stomach churns on opening bell, and you're almost bald from pulling your hair over the markets, you need a twofer. Enter the Xoloitzcuintli. It's a hairless dog you can stroke relentlessly to calm your nerves. And since there's no fur to start with, your petting intensity can do no harm. Available in toy, miniature, and standard sizes. Choose the one that most closely matches the arc of your petting motion.

Passionate about investing?

This is the credit card for you.

Issued by TD Bank N.A.

You're invested in pursuing your financial goals. And we're invested in helping you get there. The TD Ameritrade Client Rewards Card is the only credit card that actually puts money into your eligible account with a 10% bonus.* It's truly designed with your needs in mind.

1.5% in rewards
on all purchases
no caps, no limits**

10% bonus
when you redeem your rewards for cash back into an eligible TD Ameritrade account*

$0 annual fee credit card†
and additional card member benefits

$100 bonus
when you open your card by **6/30/18** and spend $500 in the first 90 days*

Apply now. Call 855-489-5689 or visit tdameritrade.com/clientrewards to learn more about the card and rewards.

* If you open a new TD Ameritrade Client Rewards Card ("Credit Card") between 4/1/2018 and 6/30/2018, you are eligible to earn a one-time bonus of 10,000 Client Rewards bonus points which can be redeemed for $100 cash back if you spend $500 in total net purchases ("net purchases" defined as any purchase in any category subject to the limitations described in the terms and conditions) using your new Credit Card within 90 days of account opening date. This offer only applies to new Credit Card accounts opened between 4/1/2018 and 6/30/2018. This bonus offer is non-transferable.

** As long as your credit card account is open and in good standing.

† APRs for purchases will be a variable 17.24%, 19.24%, or 24.24%, based on creditworthiness. APRs for balance transfers will be a variable 14.24%, 19.24%, or 24.24%, based on your creditworthiness. APR cash advances is 26.49%. All APRs will vary with the market based on the Prime Rate. Balance Transfer fee: 3% of each balance transfer, minimum $5. No Foreign Transaction fee. Minimum Interest Charge—$1.00.

This information was printed as of 3/19/2018 and it is accurate as of this date. This information may change. Please contact TD Bank at 1-855-489-5680 for information that may have changed after this date.

This card is issued by TD Bank, N.A.

TD Bank, N.A. and TD Ameritrade are affiliated through their parent companies.

thinkMoney from TD Ameritrade
200 S. 108th Ave
Omaha, NE 68154

PRSRT STD
US Postage
Paid
TD Ameritrade

SFI Certified Chain of Custody
Promoting Sustainable Forestry
www.sfiprogram.org
SFI-00993