An option is a right, not an obligation

> **AN OPTION**
>
> A contract giving its buyer the right, but not the obligation, to buy or sell an underlying at a fixed price by a fixed date - paid for with a premium. The right belongs to the buyer; the obligation belongs to the seller who took the premium. This track assumes the equities track: options reference an underlying you must already understand, and every lesson here builds on shares, their risk, their analysis and their strategy. Education only - this track evaluates how options work and behave, and never recommends an option trade.

This is the platform's last and hardest track, and it assumes the one before it: an option references an underlying, usually shares, and everything the equities track taught about that underlying is prerequisite here. What options add is a new object - a right with an asymmetry no instrument before it had.

The asymmetry that defines it

A share is symmetric - own it, and you gain and lose with its price. A future is symmetric - both sides are obliged. An option is not: the buyer holds a right and can walk away, losing only the premium paid; the seller holds an obligation and took the premium to carry it. That asymmetry - limited one way, open the other, split between two parties - is the entire subject of this track, and it makes options behave unlike anything the platform has taught, in ways that break some of the tools the earlier tracks built.

The four things an option fixes

The right: to buy (a call) or to sell (a put) - the two kinds, lesson 2.The strike: the fixed price at which the right may be exercised - the reference the payoff is measured from.The expiry: the fixed date by which the right must be used or it lapses - time is a dimension here as it never was for shares, and it decays.The premium: the price paid for the right - the buyer's maximum loss, the seller's maximum gain, and the number lesson 3 examines.

The compliance stance, stated first

Options are the most misused retail instrument, and this track's stance is stated at the outset: it is education, never advice; it evaluates how options work and how they behave, and it never recommends buying or selling any option, never suggests a strategy for a reader's situation, and never implies options are suitable for anyone. The asymmetry that makes options powerful makes them dangerous, and the track teaches the mechanics and the risks with the platform's standing honesty - so a reader understands options, which is different from being told to trade them. Every lesson holds that line, because in options the line matters most.

Check your understanding

1. What defines an option's asymmetry?

a. It is riskier than a share

b. The buyer holds a right and can walk away losing only the premium; the seller holds an obligation and took the premium to carry it - limited one way, open the other, split between two parties

c. It always expires worthless

Answer: b. A share and a future are symmetric; an option is not. The split, asymmetric payoff is the entire subject of the track - and it breaks some tools the earlier tracks built.

2. What does this track assume and refuse?

a. It assumes nothing and recommends freely

b. It assumes the equities track (options reference an underlying you must know) and refuses to recommend any option trade - education on how options work, never advice to trade them

c. It assumes only the futures track

Answer: b. Options build on shares, and the track evaluates mechanics and behaviour without ever recommending a trade - the compliance line stated first, because in options it matters most.