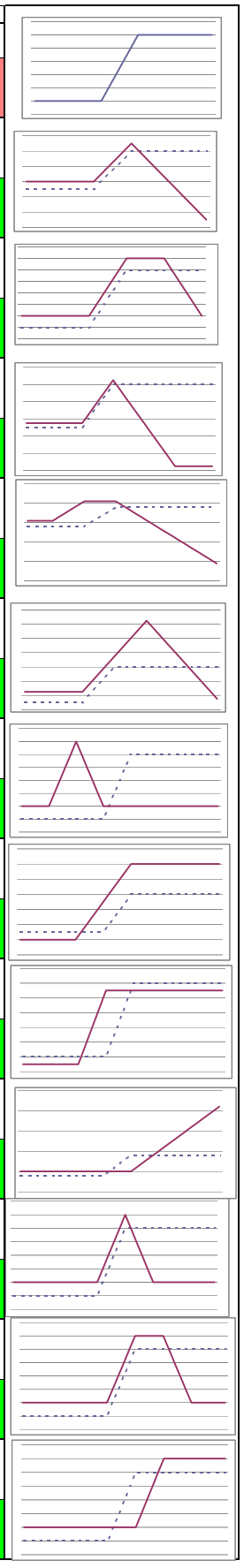
Adjustment to a long vertical spread

Trade	Added leg(s)	Resulting position	Adjustment reason	Cost	When to use	Strike										
						-5	-4	-3	-2	-1	0	1	2	3	4	5
Vertical base trade				Debit							1	-1				
Vertical to ratio 1	Short call at existing short strike	Ratio	Defensive	Credit	Underlying price declines. Credit = initial debit or better.							-1				
					Resulting position	-	-	-	-	-	1	(2)	-	-	-	-
Vertical to ladder 1	Short call at secondary OTM strike	Ladder	Defensive	Credit	Underlying price declines. Credit = initial debit or better.								-1			
					Resulting position	-	-	-	-	-	1	(1)	(1)	-	-	-
Vertical to butterfly 1	Short two(+) strike vertical	Butterfly (BWB)	Defensive	Credit	Underlying price declines. Credit = initial debit or net postion debit less than $1.							-1		1		
					Resulting position	-	-	-	-	-	1	(2)	-	1	-	-
Vertical to ladder 2	Add ratio with short strike at current long strike	Ladder	Defensive	Credit	Underlying price declines. Credit greater than initial debit.					1	-2					
					Resulting position	-	-	-	-	1	(1)	(1)	-	-	-	-
Vertical to ratio 2	Add ratio with long strike at current short strike	Ratio	Defensive	Credit	Underlying price declines. Credit greater than initial debit.							1	-2			
					Resulting position	-	-	-	-	-	1	-	(2)	-	-	-
Vertical to butterfly 2	Add BWB with weakside long wing strike at current short strike	Butterfly	Defensive	Credit	Underlying price declines. Credit = initial debit or better.				1	-2		1				
					Resulting position	-	-	-	1	(2)	1	-	-	-	-	-
Vertical to vertical 1 (rolldown)	Add vertical with new short strike at current long strike	Vertical	Defensive	Debit	Underlying price declines. Debit results in acceptable risk/reward.					1	-1					
					Resulting position	-	-	-	-	1	-	(1)	-	-	-	-
Vertical to vertical 2 (rolldown)	Add butterfly with short strike at current long strike	Vertical	Defensive	Debit	Underlying price declines. Debit results in acceptable risk/reward.					1	-2	1				
					Resulting position	-	-	-	-	1	(1)	-	-	-	-	-
Vertical to long call	Add backspread with short strike at current long strike	Call	Offensive	Credit	Underlying price declines. Credit = initial debit or better.						-1	2				
					Resulting position	-	-	-	-	-	-	1	-	-	-	-
Vertical to butterfly 3	Short vertical at current short strike	Butterfly	Offensive	Credit	Underlying price declines. Credit = initial debit or better.							-1	1			
					Resulting position	-	-	-	-	-	1	(2)	1	-	-	-
Vertical to condor	Short vertical one(+) strikes OTM of current short strike	Condor	Offensive	Credit	Underlying price declines. Credit = initial debit or better.								-1	1		
					Resulting position	-	-	-	-	-	1	(1)	(1)	1	-	-
Vertical to vertical 3 (rollup)	Short butterfly with long body at current short strike	Vertical	Offensive	Credit	Underlying price declines. Credit = initial debit or better.						-1	2	-1			
					Resulting position	-	-	-	-	-	-	1	(1)	-	-	-



C - M Catalico 2008