Attention Investors!!!! - Exercise caution while trading in derivatives

Points:

- The potential for losses can be unlimited in Options trading, if the movement gets adverse.
- Buying cheap out-of-the-money (OTM) options may result in loss of entire premium paid.
- Read and understand the Risk Disclosure Documents carefully before trading.
- Do not fall prey to emails / SMSs or Social media messages luring investors to trade in Options and promising huge returns.
- Do your research and take informed decisions. Trade only with SEBI registered intermediaries.

For educational purpose, please note:

- Call holders: If you buy a call, you are buying the right to purchase the Index/Stock at a specific price. The upside potential is unlimited, and the downside potential is the premium that you spent.
- Put holders: If you buy a put, you are buying the right to sell an Index/stock at a specific price. The upside potential is the difference between the share prices (suppose you buy the right to sell at Rs. 100 per share and it drops to Rs. 80 per share). The downside potential is the premium that you spent.
- Call writers*: The upside potential is the premium received for the option; the downside potential is unlimited.
- Put Writers*: The upside potential is the premium received for the option; the downside potential is the amount the stock is worth.

*Please note, that in case your position results into delivery, you may incur further loss.