1) Beta-Weight Your Entire Portfolio (TOS Exact Steps)

Goal: Convert your whole book into "SPY-equivalent" or "QQQ-equivalent" shares so you hedge correctly.

Step-by-step in TOS:

1. Go to **Analyze** → **Risk Profile**
2. In the top right:
    - Set **Beta Weighting** to:
        - `SPY` (broader market), or
        - `QQQ` (tech-heavy portfolios)
3. Make sure **All Positions** is selected
4. Look at the **Delta** shown

How to interpret it:

- Delta of **+1500** (beta-weighted to QQQ)
  → Your portfolio behaves like **1500 shares of QQQ**

Rule:

- 100 shares = 1 options contract
- 1500 shares = **15 puts** for a basic hedge

Write this number down. Everything flows from it.

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2) Basic Portfolio Hedge (Index Puts)

When: Market rallies into resistance, VIX curve looks "worried," tape feels heavy.

In TOS:

1. Go to **Trade → All Products**
2. Enter `QQQ` (or `SPY`)
3. Choose expiration:
   - Preference: **6–12 months out**
   - Avoid 1-month hedges unless trading actively
4. Select strike:
   - Slightly OTM or moderately OTM
   - ~10–15 delta if you want reactivity
5. Contracts:
   - **Portfolio shares ÷ 100**
   - Example: 1500 shares → **15 puts**

This structure:

- Caps downside below strike
- Is *insurance*, not a profit engine

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3) Convex "Crash Hedge" (What He Was Emphasizing)

Purpose: Not just protection - **payout if panic hits**

TOS setup:

- Same expiry as above
- Same underlying (SPY / QQQ)

- Go **further OTM**
- Delta range:
    - Standard: ~10–13 delta
    - Extreme tail: ~2–5 delta

Sizing options:

- Instead of 15 puts:
    - Buy **25–30 puts**, OR
    - Buy very cheap far-OTM puts in larger quantity

Key idea:
You are not betting price goes there -
you are betting **implied volatility explodes**.

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4) Volatility Shock Modeling (Critical TOS Step)

Most people get this wrong.

In TOS Risk Profile:

1. Right-click the chart
2. Select **Set slices**
3. Change:
    - **Price slice**: move index lower (ex: QQQ → 500)
    - **Vol Adj**: manually add **+5 to +10**

What you'll see:

- Without vol shock: hedge looks weak
- With vol shock: puts **inflate dramatically**

Rule:
Always evaluate hedges with:

- Price down
- Volatility up

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5) Single-Name Protection Using Collars (HOOD example)

Structure:

- Long stock or LEAPS
- Short upside call OR call spread
- Long downside put spread

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6) Classic Financed Collar (TOS Build)

Example:

- Long HOOD
- Sell March 140 Call
- Buy March 105 / 85 Put Spread

TOS steps:

1. Trade tab → HOOD

2. Right-click **140 Call** → Sell
3. Right-click **105 Put** → Buy
4. Right-click **85 Put** → Sell
5. Confirm:
    - Net debit/credit close to zero (or acceptable)

This:

- Limits upside
- Protects downside
- Uses upside to finance protection

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7) Call-Spread Collar (When You Don't Want to Cap Upside)

Instead of selling a naked call:

Example:

- Sell 125 Call
- Buy 140 Call
- Buy 105 / 85 Put Spread

Why:

- Limits upside damage
- Allows participation again after call spread is passed
- Much safer in violent rebounds

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8) Strike Placement Using the 9 EMA (Chart Rule)

In TOS:

1. Open **Charts**
2. Add study:
   - Studies → Edit Studies → Moving Averages → EMA
   - Set length = **9**

Rule:

- Place short call or call spread:
  - **At or slightly above the 9 EMA**
- In downtrends, rallies often fail here

This improves:

- Probability calls decay
- Probability you don't get steamrolled

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9) Managing the Short Call (Alerts, Not Guessing)

Delta-based alert (TOS):

1. Go to **Monitor** → **Position Statement**
2. Expand the short call
3. Right-click delta → **Create Alert**

4. Set alert at:
    - **0.65 delta**

When alert triggers:

- Decide:
    - Roll
    - Buy back
    - Convert to call spread

No emotions. Just rules.

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10) If the Put Spread Gets Threatened (Adjustment Rules)

Option A: Do nothing

- Protection is doing its job
- This is a common advisor approach (the sophisticated ones)

Option B: Roll down long leg (monetize)

- Example:
    - 105 / 85 spread
    - Roll 105 → 95
- Locks in gains
- Reduces max protection

Option C: Roll entire spread

- 105 / 85 → 85 / 65
- Maintains convexity if selloff continues

Important constraint:

- Narrow spreads (ex: 85 / 80)
  → You must roll the **entire structure**

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11) Actively Trading Covered Calls (Advanced)

In chaotic markets:

- Covered calls are **not** set-and-forget

Playbook:

- Sell call on bounce
- Buy it back after sharp selloff
- Re-sell near 9 EMA
- Repeat if conditions allow

⚠️ Buying back calls removes financing - this is intentional.

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12) LEAPS-Specific Rules (TOS Context)

Rule 1: LEAPS are exposure-reduction tools

- Use LEAPS to spend **less capital**
- Do **not** use savings to double position size

Rule 2: Roll early

- Any LEAPS expiring **Feb–Mar or earlier**
  → Flag for roll planning

Rule 3: LEAPS outperform stock in drawdowns

- Limited risk
- No margin calls
- Better sleep in liquidity events

Action Checklist (TOS-Only)

- Beta-weight portfolio to SPY and QQQ
- Write down equivalent share exposure
- Decide:
  - Basic hedge or convex crash hedge
- Stress test with **vol shock**
- Place collar strikes around **9 EMA**
- Set delta alerts on short calls
- Review LEAPS expiries (Feb–Mar risk)
- Confirm cash reserves are intact