DOCUMENT 1 OF 6 · THE STRATEGY

Selling Cash-Secured Puts

How to get paid to buy good companies cheaper than they trade today — starting with about $200

WHAT THIS IS	The mechanics: what a cash-secured put is, how to get permission to sell one, how to choose a strike, how to place the order, and how to decide *when*.
WHO IT'S FOR	Someone who has never sold an option. No prior experience assumed. Still useful to an experienced seller for §6, the timing framework.
TO START YOU NEED	A brokerage account with cash-secured put permission (§3) and roughly **$150–$300** of money you could afford to lose outright.
COMPANION REPORTS	**2 — Quantum eMotion (QNC)** · $2.16 · ~$200 a contract **3 — Valens Semiconductor (VLN)** · $1.72 · ~$150 **4 — Sidus Space (SIDU)** · $1.97 · ~$150 **5 — Infleqtion (INFQ)** · $9.69 · ~$750 **6 — Archer Aviation (ACHR)** · $5.11 · ~$400 Read this one first. The other five apply everything here to a real company.
START HERE	**“Stormtroopers and Jedi”** — the idea behind all of this, on the next page, in the author's own words.
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THE IDEA IN THREE SENTENCES

You pick a stock you would be happy to own, and a price below where it trades today. You promise to buy 100 shares at that price if it falls there, and someone pays you cash right now for that promise. If the stock never falls that far you keep the cash and own nothing; if it does, you buy a company you wanted at a discount — and you keep the cash anyway.

IN THE AUTHOR'S OWN WORDS

Stormtroopers and Jedi

Everything after this page is data, tables and arithmetic. This page is the idea behind it. If you read nothing else, read this.

The market is big, dumb and slow. You are not.

The institutions moving these small companies around are **stormtroopers**. There are a lot of them, they are heavily armed, and they cannot hit anything. They move in formation. They have mandates, committees, quarter-end deadlines and risk limits. They must sell a stock when it drops below a certain price because a rule says so, not because they think it is cheap. They cannot touch a $190 million company without moving it 20%, so mostly they do not bother.

You are a **Jedi**. You are small, quick, and you answer to nobody. You can buy 100 shares of anything without moving the price a cent. You can wait six months. You can do nothing for weeks and then act in a single afternoon. Nobody is going to fire you for a bad quarter.

That is the whole edge, and it is a real one — but only if you use it like a Jedi rather than charging in like a stormtrooper.

The rule that matters more than any chart

Trade what you know. Not what you think.

You do not know where the price is going next week. Nobody does. Not the analysts, not the fund managers, not the loud people on the internet with rented cars.

You do know two things, for free, every single day: **the share price** and **the daily volume**. They are printed on the front page of any finance website. They are facts, not forecasts.

So build the whole strategy on those two facts, and stop guessing.

The two situations

Once you accept that you only really know price and volume, there are only two setups worth acting on.

THE ENTIRE STRATEGY ON ONE LINE EACH

WHEN YOU SEE	AND YOU ARE HOLDING	YOU DO THIS
Price LOW **Volume LOW** as low as you have seen it	**Cash**	**Sell a cash-secured put.** You get paid immediately for promising to buy shares cheaper than they trade now.
Price HIGH **Volume HIGH** everyone suddenly excited	**Shares**	**Sell a covered call.** You get paid immediately for promising to sell shares higher than they trade now.
Anything else	Either	**Nothing. Sit still. This is the hard one.**

Low price plus low volume plus a stronger company

Here is the setup this whole publication is built around. **When the price and the volume are as low as you have ever seen them, and the company is in better shape than it has ever been** — more cash, more contracts, more product actually shipping — that gap is the opportunity. The stormtroopers stopped paying attention. The company kept working.

And when you find it, **do not just YOLO your whole account into shares.** That is the average Joe move. Sell a cash-secured put instead and get paid to wait. Think like the person selling the insurance, not the person buying the lottery ticket. **Think like a market maker, not like a mark.**

WHY SELLING THE PUT BEATS BUYING THE SHARES HERE

You put up your cash as collateral and somebody pays you for the privilege. Then one of exactly two things happens, and *you win in both*:

1. The stock never falls to your strike. The contract expires, your cash is released, and you keep the premium. **That is free money for doing nothing.** Then you do it again next month.

2. The stock falls and your order fills. You just bought 100 shares of a good company dirt cheap — at a price you chose in advance — and you keep the premium on top, which makes your real cost lower still. You wanted to own it anyway. That is not a loss. That is the plan working.

The only way this goes badly is if you sold a put on a company you never actually wanted to own. So don't.

Then you flip to the other side

Once you own the shares, you switch weapons. Now you are the one selling **covered calls**, and you already know the one number that matters: **what you paid.**

Sell a call **30 to 45 days out**, at a strike above your cost. Most of the time it expires worthless and you keep the money. Then you do it again. And again. Each round lowers what you effectively paid for the shares. That is income, generated by shares you were going to hold anyway.

ONE EXCEPTION, AND IT IS NOT OPTIONAL: EARNINGS

Do not sell contracts across an earnings report. Not because earnings are always bad — because **we cannot predict the future, and selling into earnings is guessing, which is the one thing this whole approach refuses to do.**

Know the date. Write it down. Then either pick an expiry that lands after it, or step aside and simply *watch how the market reacts*. Watching is free, and it teaches you more about a company than any forecast will. Every dated earnings announcement for the three companies in this series is in §10.

The price ladder

Where you are on the ladder tells you which side to sell

WHILE THE STOCK IS…	YOUR JOB	WHY
Under $2	**Keep selling cash-secured puts**	Collateral is only about **$200 per contract**. If they don't fill, you keep collecting. If they fill, you're accumulating cheap. Either outcome is fine, so keep going.
$2 to $3	Finish accumulating	Puts still work, but you want to be building the share position now rather than only renting out your cash.
Over $3–$4	**Own the shares. Sell covered calls.**	By the time it gets here you should *already* own your shares and already be working the other side of the trade. This is the harvest, not the planting.

Why $200 and not $20,000

Roughly **$200 secures one contract** on a stock trading around $2. That is the entire barrier to entry.

Two hundred dollars is less than a weekend course from a guru with a rented Lamborghini and a whiteboard. **This information is free.** And what you will learn from actually having skin in the game — one real contract, your own money, your own decision, watching it every day until it expires — is worth more than any course, because it is the only kind of knowledge that sticks.

You will learn what it feels like when a position moves against you. You will learn whether you actually have the patience you think you have. You will learn why the "do nothing" row in the table above is the hardest one. None of that can be taught. It has to be lived, and it can be lived for two hundred dollars.

Remember this above everything else

Small gains add up over time. Losses happen instantly.

THE ONE-PARAGRAPH VERSION

Pick good companies you would be happy to own. Watch two numbers every day: price and volume. When both are unusually low and the business is getting stronger, sell a cash-secured put and get paid whether it fills or not. When you end up with shares, sell covered calls 30–45 days out, above your cost, never across earnings. Repeat. Be patient like a Jedi, not loud like a stormtrooper. Trade what you know — the price and the volume — and never what you think.

The philosophy on this page is the author's own conviction and is written in the author's voice. The research that follows is deliberately even-handed: each company report sets out the bear case as fully as the bull case, including the parts that argue against the thesis above. That is on purpose. A view worth holding should survive reading the other side — and you should form your own.

1 · Why this strategy, and why a small account can run it

Most people who own stocks do one of two things: buy and hold, or trade in and out. Selling cash-secured puts is a third option that sits between them, and it is the most beginner-appropriate strategy in all of options — which is why brokers approve it at the lowest permission tier.

1.1 The problem it solves

You find a company you like. The price seems a bit high. So you wait — and while you wait, you earn nothing. Maybe it drops and you buy. Maybe it never drops and you miss it entirely. Maybe it drops and you hesitate because falling stocks are frightening, and you miss it anyway.

Selling a cash-secured put changes that waiting from unpaid to paid, and it removes the hesitation by making the purchase automatic. You name your price in advance and get compensated for committing to it.

1.2 Why it usually takes a big account — and why it doesn't have to

Every contract covers 100 shares, and you must set aside 100 × the strike price in cash. On a $200 stock that is $20,000 per trade. On a $50 stock, $5,000. That is why this strategy has a reputation as something for larger accounts.

The exception is stocks that are both **cheap** and **have listed options**. That combination is rarer than it sounds — thousands of stocks trade under $3, but exchanges only list options on companies meeting size and liquidity requirements, so very few cheap stocks have an options market at all. Where you find one, a $150–$300 commitment buys you a complete, real, professional options position.

THE HONEST REASON TO START SMALL

The purpose of a first position this size is not the money. Twenty dollars of premium will not change your life. The purpose is that **you will learn more from one real expiry cycle than from a year of reading** — because you will actually feel what it is like to watch a position move against you, to decide whether to close or hold, and to be assigned. Those lessons are cheap at $150 and expensive at $15,000.

1.3 What it is not

- **It is not free money.** You are paid because you accepted a real obligation.
- **It is not a way to get rich quickly.** Your upside on each trade is capped at the premium. If the stock triples, you still just get the premium.
- **It is not safe merely because it is "cash-secured."** Cash-secured means your losses are *bounded and funded* — not that they are small. You can still lose most of the money you set aside.
- **It is not a substitute for picking good companies.** Selling puts on a bad company just means you end up owning a bad company. The strike price is your risk control; the company choice is everything else.

2 · How a cash-secured put actually works

2.1 The deal

You sell someone the **right to sell you 100 shares** at a price you choose (the **strike**), any time before a date you choose (the **expiry**). In exchange they pay you cash immediately — the **premium** — and you keep it permanently, no matter what happens next. To guarantee you can honour the obligation, your broker freezes strike × 100 in cash. That freeze is what makes it "cash-secured," and it is why this strategy cannot produce a loss larger than the money you committed.

In plain terms: *you are being paid to promise to buy a stock at a price you already liked.*

2.2 The five words you need

TABLE 1 — THE VOCABULARY, AND NOTHING MORE THAN THIS

TERM	WHAT IT MEANS	EXAMPLE
Contract	One option. Always covers 100 shares.	1 contract = 100 shares
Strike	The price you are promising to buy at.	$1.50
Expiry	The date the promise ends.	21 August 2026
Premium	What you are paid, quoted per share. Multiply by 100.	$0.20 → you receive $20
Assignment	When the buyer exercises and you must buy the 100 shares.	You pay $150, get 100 shares

2.3 A worked example

A stock trades at **$1.72**. You sell one **21 August $1.50 put** and collect **$0.20 per share**.

- Cash frozen by your broker: 1.50 × 100 = **$150**
- Cash paid to you immediately: 0.20 × 100 = **$20**, permanently yours
- Your true cost per share if assigned: 1.50 − 0.20 = **$1.30**, which is 24% below the current price
- Days until expiry: **29**

You have committed $150 for 29 days and been paid $20 for it. Note carefully what your real breakeven is: the stock has to fall **below $1.30**, not below $1.50, before you have lost a cent.

2.4 Every possible outcome — there are only four

TABLE 2 — COMPLETE OUTCOME MAP FOR THE TRADE ABOVE

STOCK AT EXPIRY	WHAT HAPPENS	YOUR RESULT
Above $1.50 the most common outcome	Put expires worthless. Your $150 is released. You own no shares.	**+$20 kept on $150 committed**
Between $1.30 and $1.50	Assigned. You buy 100 shares at $1.50 using the frozen cash, and keep the $20.	**Still profitable e.g. at $1.38: +$8**
Below $1.30	Assigned, and now underwater. At $1.00 you hold $100 of stock having spent a net $130.	**−$30 unrealised**
Zero the true worst case	You buy 100 worthless shares at $1.50, keeping the $20.	**−$130 maximum loss**

THE TWO THINGS TO TAKE FROM THAT TABLE

There is no scenario where you lose more than the cash you set aside. Your maximum loss is strike × 100 minus the premium — identical to buying 100 shares outright, except you bought them cheaper. This is why brokers approve it at the entry tier.

You are profitable in three of the four zones. The stock can go up, sideways, or modestly down and you still make money. That high win rate is the appeal — and it is also the trap, because the losses, when they come, are bigger than the individual wins.

2.5 Selling a put versus simply buying the stock

TABLE 3 — 100 SHARES AT $1.72 VS. ONE $1.50 PUT SOLD FOR $0.20

SCENARIO	BUY 100 SHARES	SELL THE PUT	WINNER
Cash required	$172	$150	Put
Paid up front	$0	**+$20**	Put
Stock rises 30% to $2.24	**+$52**	+$20	**Shares**
Stock flat at $1.72	$0	**+$20**	Put
Stock falls 12% to $1.51	**−$21**	**+$20**	Put
Stock falls 20% to $1.38	**−$34**	**+$8**	Put
Stock falls 50% to $0.86	**−$86**	**−$44**	Put

The put wins in every case except a strong rally, and loses by roughly half in every decline. That is the entire trade-off in one table: **you are paid to be patient, and you give up the home run.** If you are confident a stock is about to run, buy the stock. If you would be happy owning it cheaper and are content being paid while you wait, sell the put.

3 · Getting permission from your broker

You cannot sell options in a normal account by default. You apply, and it is usually approved the same day. Most beginners who get tripped up are not rejected for lack of experience — they simply applied for the wrong thing.

3.1 The exact permission to ask for

The capability is called **"cash-secured put writing"** (sometimes "selling cash-secured puts" or "equity puts secured by cash"). That is the phrase to search for on your broker's site. Do not just pick a level number from a guide on the internet — including this one — because brokers number their tiers differently and change them.

TABLE 4 — ROUGHLY WHERE CASH-SECURED PUTS SIT AT COMMON U.S. BROKERS

BROKER	TYPICAL TIER	NOTES
Charles Schwab	**Level 1**	Covered calls and cash-secured puts at the entry tier.
Fidelity	**Level 1 (cash account)**	Entry tier covers covered calls and cash-secured puts.
tastytrade	**Tier 1**	Built around premium selling; entry tier covers it.
E*TRADE	Level 1–2	Four-tier model; generally accommodating.
Robinhood	**Higher — verify in-app**	Has restructured tiers more than once and published sources conflict. Check before assuming.
Interactive Brokers	Varies	Driven by the questionnaire more than the tier label.

Tiers change and vary by account type and country. Treat this as a starting point, not as fact about your account.

3.2 What the application asks

1. **Your investment objective.** Selling cash-secured puts to acquire shares is usually best described as *income* or *growth*. Choosing *capital preservation* will often get option selling declined, because the two are inconsistent.
2. **Your options experience.** Answer honestly. Cash-secured puts are the lowest-risk option strategy brokers approve and beginners are routinely approved for them — there is no need to overstate.
3. **Income, net worth, liquid assets.** Standard suitability questions.
4. **Which strategies you want.** Tick covered calls and cash-secured puts. You do not need spreads, naked options or margin for anything in these documents.

THREE PRACTICAL POINTS

A cash account is fine, and arguably better. This strategy does not need margin, and not having margin removes the temptation to do something riskier. One trade-off: in a cash account, proceeds from closing a position may take a day to settle before you can reuse them.

If declined, you can reapply. Rejections at the entry tier usually trace to one inconsistent answer. Adjust and try again.

Read the risk disclosure they make you acknowledge — the OCC's *Characteristics and Risks of Standardized Options*. It is dry, and it is the best free options education available.

3.3 What it costs to run one contract

TABLE 5 — REAL COSTS AT THIS SIZE

ITEM	AMOUNT	COMMENT
Collateral on a $1.50 strike	$150	Frozen until expiry or you close
Collateral on a $2.00 strike	$200	Strike × 100, always
Commission per contract	$0.00–$0.65	Many brokers charge $0.65; some charge nothing
Regulatory fees	a few cents	Charged on the sell side
Assignment fee	$0–$5	Several major brokers charge nothing

A $0.65 commission against $20 of premium is **3.3%** of your credit before you start. That is not nothing at this size. Two consequences: prefer a zero-commission broker if you have the choice, and do not over-trade a tiny position — every round trip pays the toll twice.

4 · Choosing the strike and the expiry

This is where beginners build either a good habit or an expensive one. Three rules, in order of importance.

4.1 Rule one — only choose a strike you would be happy to own at

This is not a slogan. It is the entire risk control of the strategy, and it is the only rule that cannot be bent. If you would not willingly buy 100 shares at $1.50 with your own money and hold them for a year, do not sell the $1.50 put. Every other consideration in this section is secondary.

The failure mode is always the same: someone sees a fat premium on a strike they do not actually want, sells it for the income, gets assigned, panics, and sells the shares at a loss. The premium was never the problem — the unwanted strike was.

4.2 Rule two — how far below the price to go

Closer to the current price pays more and gets assigned more often. Further below pays less and is safer. Professionals measure this with **delta**, a number on the option chain between 0 and −1 that approximates the probability of assignment.

TABLE 6 — CHOOSING YOUR DISTANCE FROM THE CURRENT PRICE

DELTA	ROUGHLY	CHARACTER	SUITS
−0.10 to −0.15	10–15% chance of assignment	Very safe, very small premium	Pure income, no desire to own
−0.20 to −0.30	20–30% chance	**The conventional sweet spot**	**Beginners — start here**
−0.30 to −0.40	30–40% chance	Meaningful premium, real assignment risk	Happy to own, want income first
−0.50 and higher	Coin flip or better	Assignment is the base case	You actively want the shares

If your platform does not show delta, a serviceable substitute is simply how far below the price the strike sits: 10–15% below is roughly the beginner zone on a normal stock, and further on a volatile one.

4.3 Rule three — 21 to 45 days to expiry

Options lose value fastest in their final weeks, and as a seller that decay is your income. But the last few days are violent and unpredictable — small moves in the stock cause large swings in the option. The conventional window balances the two:

- **Under 7 days:** avoid. This is a coin flip with a fee attached.
- **Weekly options:** avoid. They look like more income because you can sell them 52 times a year. In practice they generate more commissions, more decisions and more assignment surprises.
- **21–45 days:** the sweet spot. Around 30 days is the default.
- **Over 60 days:** decay is slow and your money is committed a long time. Occasionally justified when you want to skip an event, such as an earnings report.

CHECK FOR EARNINGS BEFORE YOU SELL ANYTHING

Every company reports results roughly every three months, and the stock can move 10–30% in a single morning on that news. If an earnings date falls before your expiry, you are being paid extra premium *because* of that risk — it is not free money.

You have two legitimate choices: deliberately sell into it and accept the risk in exchange for the fatter premium, or choose a later expiry that lands after the report so the event resolves before your obligation ends. What you should never do is sell into earnings *without noticing*. Look up the date first, every time **— §10 has the dates for all three companies in this series.**

5 · Placing the order without making a mistake

5.1 Step by step

1. Search the ticker and open the **option chain**.
2. Select the **expiry date** first, then switch to the **puts** side. Chains usually show calls and puts together; make sure you are looking at puts.

3. Find your strike. You will see a **bid** (what buyers will pay right now) and an **ask** (what sellers are asking). You are selling, so the bid is what you would receive if you sold instantly.
4. Choose **Sell to Open**. This is the one that confuses everyone: "sell to open" starts a new short position, "sell to close" exits something you already own. You want **Sell to Open**.
5. Quantity: **1**. That is 100 shares of obligation.
6. **Use a limit order.** See §5.2 — this matters more than anything else on the page.
7. Set the order to **Good-Til-Cancelled (GTC)** so it rests for days instead of expiring at the close. You are asking the market to come to you.
8. Check that the collateral shown equals strike × 100, then submit.

5.2 Why a market order can cost more than you collect

On large stocks the bid and ask are a penny apart and it hardly matters. On small cheap stocks — exactly the kind that make this strategy affordable — the gap can be enormous. A real example from one of the companies in these documents: a put quoted **bid $0.15, ask $0.90**. That is a six-fold spread.

Sell that at market and you receive $15. Sell it at a patient limit near the middle and you might receive $50. **The difference is 230% of your income, on the same trade.** This single habit — always limit, never market — is worth more to a small account than any stock-picking insight in the other two documents.

5.3 Where to set the limit

1. Find the **midpoint** between bid and ask. With bid $0.10 and ask $0.40, the mid is $0.25.
2. **Start at or slightly above the mid** and let the order rest. You are not in a hurry.
3. If it has not filled after two or three sessions, step down a cent or two at a time.
4. Decide your **floor** in advance — the price below which the trade is not worth doing — and do not go below it. Writing the floor down before you start is what stops you chasing.

A CHECK ALMOST NOBODY DOES: HAS THE CONTRACT ACTUALLY TRADED?

Most platforms show a "last price" and a "volume" or "open interest" figure for each contract. If volume is zero and the last trade was weeks ago, that bid/ask is a market-maker placeholder rather than evidence of a real price — nobody has transacted there in a long time.

Prefer contracts with **open interest in the hundreds or thousands** and a recent trade. High open interest is what lets you get *out* of a position later, and beginners consistently underrate how much that matters. A wonderful-looking premium on a contract with 6 contracts of open interest is a trap.

5.4 After you sell — the three things that can happen

- **It expires worthless.** Do nothing. The collateral is released automatically, usually the Monday after expiry. Congratulations, that is the strategy working.
- **You want out early.** Buy it back with a **Buy to Close** order. A common professional habit is to close once you have captured 50–70% of the premium rather than squeezing the last few cents, because the remaining reward is small and the remaining risk is not.
- **You are assigned.** The shares appear and the cash disappears. Usually at expiry, but it can happen earlier. Nothing has gone wrong — see §7.

6 · When to sell: a three-input timing framework

Knowing *how* to sell a put is mechanics, and you now have it. Knowing *when* is the actual skill. This section gives you a scoring system you can apply to any stock in about sixty seconds a day, and it is the part of this guide worth re-reading.

6.1 The principle

The rule in one sentence

Sell puts when price, momentum and volume are all LOW. Sell covered calls when all three are HIGH.

You want to promise to buy when everyone else is uninterested — that is when the stock is cheap and the premium is generous. You want to promise to sell when everyone is excited. Most people instinctively do the opposite, because low prices feel dangerous and high prices feel safe.

6.2 The three inputs, scored −1 / 0 / +1

TABLE 7 — SCORING DEFINITIONS

INPUT	WHAT YOU LOOK AT	LOW = −1	HIGH = +1
Price where it sits in its range	Price vs its 20-day moving average	Below	Above
	Bollinger %B	Under 0.30	Over 0.70
Momentum which way it is leaning	RSI (14-day)	Under 45	Over 60
	MACD vs its signal line	Below	Above
	DI− vs DI+	DI− higher	DI+ higher
Volume how much conviction	Relative volume = today's volume ÷ average volume	Under 0.8	Over 1.3

Score each of the three categories once, not each row, using the majority of its rows; if the rows are evenly split, score it 0. Every one of these numbers is free on Yahoo Finance, TradingView, Barchart or your broker's own charting.

6.3 Acting on the total

TABLE 8 — WHAT EACH SCORE MEANS

SCORE	CONDITION	ACTION
−3	All three low — maximum pessimism, no participation	**Best time to sell puts. Strikes can sit closer to the price.**
−2	Two of three low	**Sell puts. Keep strikes further out.**
−1 to +1	Mixed or neutral	**Do nothing. Let existing positions work.**
+2	Two of three high	**Sell covered calls** against shares you own.
+3	All three high — maximum enthusiasm	**Best time to sell calls.** Strikes can sit closer.

THE HARDEST RULE IN THIS DOCUMENT: −1 TO +1 MEANS DO NOTHING

This is the rule everyone breaks. There is a powerful urge to place a trade because you sat down intending to trade. Resist it. The neutral zone is where premium is thin and direction is unclear — the worst combination. Doing nothing is a position, and over a year it will save you more money than any single good trade will make you.

6.4 Why volume is the tiebreaker

Of the three inputs, volume is the one people ignore and the one that most often contradicts what the chart appears to say. The logic:

- **A big price drop on LOW volume** means few people were involved. It is a lack of buyers rather than a wave of sellers, and it tends to reverse. This is the condition you *want* when selling puts.
- **A big price drop on HIGH volume** means real participation — institutions repositioning, news being priced in. Respect it. Wait.

Relative volume is trivial to compute: **today's volume ÷ the average daily volume**. Yahoo Finance shows both numbers on the main quote page, right next to each other. Under 0.8 is quiet. Over 1.3 is busy. That is the whole calculation, and it takes ten seconds.

6.5 Your sixty-second daily routine

Do this once a day, after the close

1. **Volume.** Today's volume ÷ average volume. Under 0.8 → −1. Over 1.3 → +1. Else 0.
2. **Price.** Is it above or below the 20-day moving average? Below → −1. Above → +1.
3. **Momentum.** Is RSI under 45 or over 60? Under 45 → −1. Over 60 → +1. Between → 0.
4. **Add them up** and read Table 8.
5. **Write the number down.** A month of daily scores teaches you more about a stock's rhythm than any indicator ever will.

Documents 2, 3 and 4 each contain a filled-in version of this table covering the last twelve sessions of a real stock, so you can see exactly how the score moves day to day — and, more instructively, which input does the moving.

7 · Assignment, and what comes next

7.1 Assignment is not a failure

If you followed rule one in §4.1, assignment means you just bought a company you wanted at a price below where it was trading, with a discount funded by the premium. That was the plan. The emotional difficulty is that assignment happens precisely when the stock is falling, so it always *feels* like a mistake at the moment it occurs.

7.2 The wheel — what experienced sellers do next

Once you own 100 shares there is a natural continuation, commonly called **the wheel**:

1. Sell a cash-secured put. Collect premium.
2. If assigned, you now own 100 shares.
3. **Sell a covered call** against those shares — the mirror image, where you are paid to promise to *sell* at a higher price. Collect more premium.
4. If the stock rises through that strike, your shares are sold at a profit and you are back to cash.
5. Repeat.

Each lap collects premium, and the premium steadily lowers your effective cost in the shares.

> **ONE RULE THAT PROTECTS YOU ON STEP 3**
>
> **Never sell a covered call at a strike below what you paid.** If your shares cost $1.30 and you sell a $1.20 call, you have locked in a loss for a few cents of premium. Your strike must be above your real cost basis — the assignment price minus every premium you have collected.
>
> And apply §6: a covered call wants a score of **+2 or better**. Selling calls into a beaten-down stock caps your recovery at exactly the wrong moment. If the score is negative, hold the shares and wait.

7.3 If the position moves against you before expiry

TABLE 9 — YOUR THREE OPTIONS ON A CHALLENGED PUT

CHOICE	WHAT IT MEANS	WHEN IT MAKES SENSE
Do nothing	Accept assignment and own the shares.	**The default, if you still want the company. Usually correct.**
Roll	Buy back your put and sell another one further out in time, and usually at a lower strike.	You want to delay and can do it for a net credit. Not a rescue — just more time.
Close for a loss	Buy it back and walk away.	**The company's story genuinely broke. Not merely because the price fell.**

Notice what is absent: adding more contracts to "average down." Doubling a losing position in a small speculative company is how small accounts become smaller ones.

8 · The mistakes that actually cost people money

1 · SELLING A STRIKE YOU DON'T WANT

Chasing a fat premium on a company or price you would never choose deliberately. This is the origin of almost every real loss in this strategy.

2 · USING MARKET ORDERS

On wide spreads you can hand over more in slippage than you collect in premium. Always limit.

3 · ANNUALISING AND BELIEVING IT

"13% in a month" is not 160% a year. It is 13% in the months nothing goes wrong. One assignment in a falling stock erases many of those months. Judge the strategy over a year, not a cycle.

4 · IGNORING EARNINGS DATES

Selling into an earnings report without noticing is not a strategy, it is a coin flip you did not know you had entered. Check every time.

5 · PANICKING AT ASSIGNMENT

Selling the assigned shares immediately at a loss converts a planned purchase into a realised loss, and abandons the wheel exactly when it starts working.

6 · SCALING UP AFTER THREE WINS

Three winners in a row is the normal early pattern of a high-probability strategy, not evidence of skill. The losses arrive later and are larger.

7 · SELLING PUTS ON A COMPANY YOU CAN'T EXPLAIN

If you cannot say what a company does and how it makes money in two sentences, you cannot judge whether the strike is a price worth owning at.

8 · FORGETTING THE CASH IS COMMITTED

The collateral is frozen until expiry. Never commit money you might need in the next two months.

9 · Risk, in plain language

READ THIS BEFORE YOU PLACE A SINGLE TRADE

You can lose most of the money you commit. Selling a $1.50 put commits $150. If the stock goes to zero you lose $130 of it. That is the real worst case, it does happen, and it happens more often in small speculative companies than in large established ones.

Only use money you could lose entirely without it affecting your life. Not rent, not emergency savings, not money needed within the next few months. The collateral is frozen for the life of the contract.

Never borrow to do this. This strategy does not require margin. If you find yourself wanting margin to run it, the position is too big.

Start with one contract. Then do it again. Then again. Consider increasing size only after you have been assigned at least once and know how you actually react to it — not how you imagine you will.

9.1 What is different about cheap stocks specifically

The affordability that makes small companies attractive here comes with genuine trade-offs, and you should know them before starting:

- **They move much more.** A 20% day is routine. A strike 12% below the price is far less safe on one of these than on a large company.
- **Their options are thinly traded.** Wide spreads, sometimes no buyer at all. Getting out early can be difficult or impossible — assume you may have to hold to expiry.
- **Many lose money and depend on raising more.** Issuing new shares dilutes existing holders. Read the balance sheet, not just the chart.
- **They can go to zero.** Large companies rarely do. Small speculative ones do, regularly.

None of this makes the strategy wrong. It makes **position size** the thing you get right.

9.2 Full disclaimer

This document is educational and general in nature. It is **not investment advice**, not a recommendation or solicitation to buy or sell any security, and not tailored to any reader's financial situation, objectives, risk tolerance or tax position. Options involve substantial risk and are not suitable for every investor. Selling cash-secured puts carries risk of loss up to the full collateral committed. Tax treatment of option premium and assignment varies by jurisdiction and account type and is not addressed here — consult a qualified tax professional. Broker permission tiers, fees and features described in §3 change frequently and vary by account type and country; verify current terms with your own broker. Read the Options Clearing Corporation's *Characteristics and Risks of Standardized Options* before trading options, and consult a licensed professional about your circumstances. Past performance does not predict future results.

NEXT

Document 2 — Quantum eMotion (QNC), **Document 3 — Valens Semiconductor (VLN)** and **Document 4 — Sidus Space (SIDU)** each apply everything in this guide to one real company: what it does, whether its story holds up, twelve sessions of daily price and volume with the timing score computed for each day, a quantitative regime rating, and the specific strikes and limit prices to consider. All three trade under $2.50, so 100 shares costs roughly $200. Read whichever company interests you — they are independent of each other and can be read in any order.

10 · Mark your calendar

You cannot predict earnings. You can absolutely predict *when* earnings are. That is the difference between trading what you know and trading what you think, and it takes thirty seconds to look up.

10.1 The dates that matter right now

TABLE 10 — KNOWN AND EXPECTED REPORTING DATES

COMPANY	NEXT REPORT	CONFIDENCE	WHAT IT MEANS FOR YOUR EXPIRY CHOICE
ACHR Archer Aviation	**~10 August 2026**	**Expected**	Inside the 21 August expiry.
VLN Valens Semiconductor	**Wed 12 August 2026** 8:30 a.m. ET	**Confirmed** **company announcement**	Inside the 21 August expiry. Either choose a later expiry (November), or accept the risk deliberately.
INFQ Infleqtion	**~13 August 2026**	**Expected**	Inside the 21 August expiry.
SIDU Sidus Space	**~13 August 2026**	**Expected** **some sources say 19 Aug**	Inside the 21 August expiry.
QNC Quantum eMotion	**~27 August 2026**	**Conflicting**	Some providers list 13 August instead — which would be *inside* the expiry rather than after it. The two dates give opposite answers. **Confirm before trading.**

NOTE WHAT JUST HAPPENED IN THAT TABLE

Five companies: one date confirmed by the company, three merely expected, and one where providers actively disagree by two weeks. That is normal. Data providers guess, companies reschedule, and small companies announce late.

The lesson is not "trust this table." The lesson is **go and check the company's own investor-relations page yourself before every trade**. It takes half a minute and it is the single highest-value habit in this entire guide.

10.2 Option expiry dates for the rest of 2026

Monthly options expire on the **third Friday** of each month. These are the dates worth building a routine around — they are far more liquid than weekly expiries, which you should ignore.

TABLE 11 — THIRD-FRIDAY EXPIRIES

EXPIRY	DAYS FROM 23 JUL 2026	NOTES
21 August 2026	29	**Contains earnings for ACHR, VLN, INFQ and SIDU — and possibly QNC**
18 September 2026	57	Clean of earnings. Often thin open interest on small caps — check first.
20 November 2026	120	**Clean of August earnings; the deepest open interest on these three names**
18 December 2026	148	Contains Q3 earnings for all five
19 February 2027	211	Long-dated. Slow decay; your cash is tied up a while.

10.3 Your routine, on a page

What to actually do, and when

WHEN	DO THIS
Every day after the close	The sixty-second check from §6.5. Price versus its 20-day average, RSI, and today's volume against average volume. Write the score down. That is it.
When the score hits −2 or lower	Check the earnings date. Then pick a strike below the current price and post a good-till-cancelled limit order. Roughly $200 per contract. Then leave it alone.
Third Friday of the month	Expiry. Either your contract expired worthless (keep the cash and repeat) or you were assigned (you now own 100 shares — go to the next row).
Once you own shares	Wait for the score to reach **+2 or higher**. Then sell a covered call 30–45 days out, at a strike above what you paid, avoiding earnings. Never below your cost.
Quarterly	Read the earnings release for the companies you hold. Not to predict anything — to check that the reason you owned it is still true.
Never	**Sell across an earnings date by accident. Use a market order. Or size up because the last three worked.**

Dates above were compiled on 23 July 2026 from company announcements and third-party calendars, and companies change them. Confirm before trading.

A CLOSING NOTE FROM THE AUTHOR

Why this is free

I wrote this so you can become a *seller* of options instead of a buyer of them — and so you can start doing it with $200, or even less.

That is cheaper than any course you could buy. Considerably cheaper than most of them, and I would argue considerably more useful, because a course gives you somebody else's confidence and a real position gives you your own.

The whole thing in one line

Small gains add up over time.
Losses happen instantly.

Read that again, because it is the most important sentence in this document and it explains every rule in it. Premium comes in slowly — twenty dollars here, fifty dollars there, month after month. It compounds quietly and it feels like nothing is happening. A blown-up position does not work that way. It arrives in a single morning and takes the last six months with it.

That asymmetry is *why* we sell instead of buy, why we size small, why we only sell strikes on companies we would genuinely own, why we stay out of earnings, and why we do nothing at all when the score is neutral. Every one of those rules exists to protect the slow accumulation from the instant loss.

Get skin in the game sooner rather than later

The information you pick up from one real contract — your own money, your own decision, watched every day until it expires — is worth more than anything you can read, including this. You cannot learn what it feels like to hold a losing position by reading about it. You have to hold one.

So start smaller than feels interesting. One contract. Around $200. Boring on purpose.

The only rule that really matters

Do not lose all your money while you are learning. That is it. That is the whole game early on. You do not need to be right often, and you do not need to be clever. You need to still be here in three years, having learned to manage risk — selling covered calls against shares you own, taking the small, steady, unglamorous income, and refusing the trade that could take it all back.

Survive the learning phase and let small gains compound, and I believe time does the rest of the work for you. Blow up the account in month two and you never find out.

Trade what you know. Not what you think.
Be the Jedi, not the stormtrooper.
And go and check the earnings date before you place that order.

AND THE NECESSARY CAVEAT, WHICH I MEAN SINCERELY

Nothing here is a promise. Options can and do lose money, small speculative companies can and do go to zero, and no strategy — including this one — changes that. "You will be rich some day" is my honest conviction about patience and compounding; it is not a forecast, and nobody can make you one. What I can tell you with confidence is the part within your control: **manage the risk, keep the positions small, and do not let a single trade end the experiment.**

This document is education, not investment advice. Please read §9 in full.