

Crypto Options Trading Explained

August 05, 2026 · Document #347 · bip39-phrase.com



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Options are derivatives that give the buyer the right, but not the obligation, to buy or sell an asset at a specified price before a set expiration date. In crypto markets, the underlying asset is typically Bitcoin or Ethereum, though major exchanges increasingly offer options on altcoins. The price paid for this right is called the premium.

Calls, Puts, and How They Work

A call option profits when the underlying asset rises above the strike price. If Bitcoin trades at \$60,000 and you hold a call with a \$65,000 strike, the option gains intrinsic value once BTC crosses that threshold. A put option works in reverse — it increases in value as the price falls below the strike. Traders use puts to hedge spot holdings or speculate on price drops without shorting the asset directly.

Options are either American-style, exercisable at any time before expiry, or European-style, exercisable only at expiry. Most crypto options, including those on Deribit — the dominant crypto options exchange by volume — are European-style and settled in cash or the underlying coin.

Key Pricing Factors

Four variables drive an option's premium. The underlying asset's current price relative to the strike determines intrinsic value. Time to expiration adds extrinsic value because more time means more opportunity for the price to move favorably. Implied volatility (IV) is the market's expectation of future price swings; higher IV inflates premiums significantly in crypto because assets like BTC and ETH can move 10–20% in days. Finally, interest rates have a minor effect on pricing through the cost-of-carry model.

The Greeks summarize how these factors shift an option's price. Delta measures sensitivity to the underlying price. Gamma tracks how delta changes. Theta quantifies daily time decay. Vega shows exposure to implied volatility changes. A trader long an at-the-money call accumulates theta losses each day the market stays flat.

Common Strategies and Risks

Buying a single call or put is the simplest approach but the riskiest in percentage terms — the entire premium can expire worthless. Covered calls involve holding spot BTC while selling a call above the current price, generating income from the premium at the cost of capping upside. A straddle combines a call and a put at the same strike, profiting from a large move in either direction; this suits traders who expect high volatility but are unsure of direction.

Crypto options carry risks beyond standard equity options. Liquidity is thinner outside major expiry dates, which widens bid-ask spreads. Implied volatility in crypto is structurally higher than in traditional markets, making premium purchases expensive. Liquidation risk exists on exchanges that allow margined options positions. Regulatory status varies by jurisdiction, and several major platforms restrict access to retail users in certain countries.

Understanding options mechanics before trading with real capital is essential. Paper trading or using small position sizes while learning the Greeks reduces the chance of large, unexpected losses.

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BIP39 WORD SEQUENCES

Below is a set of 52 randomly generated 12-word mnemonic sequences built from the official BIP39 wordlist.

- expand sleep guitar february match grunt cabin kangaroo impose antenna illegal season
- index clown puppy imitate present problem occur spice photo obey robot actor
- cable decrease theory ordinary keep endless media special detect bench settle dentist
- hidden system resemble people clock monkey tiger humble distance tenant expect split
- congress sausage junior stuff canoe hurry initial fall spread acoustic helmet use
- inject dress leisure unlock plug when adjust page future enter stage harvest
- soccer cannon caution sense reward permit prevent evolve inch mixture album tackle
- glad soon possible raven birth rebel pull stick cross state series home
- voyage grit trouble road toward million glare attract kitchen unit muscle crater
- eager warrior civil matrix cup basket spare action cook turkey wave stove
- august pledge spot luxury beach couple improve armed across bid field unknown
- exist unaware wage item parrot true oxygen yellow sniff steak broken arrow
- juice wreck lyrics muscle wheel knock sausage already cheap axis isolate anxiety
- fit seek remain annual earth weapon love luggage foster ocean three upon
- awesome general basic void valley wrestle follow company ecology slow athlete inflict
- bag job truck armed mesh sketch famous jealous lucky suspect toward pitch
- turkey say boss loud mind cloud close strong tackle legend core negative
- home bag hybrid giant taxi forest combine clown opinion vault daring embark
- panda record wing thrive elite metal expect evidence grass link average artist
- bulk half trumpet tourist visa lake solar april biology possible noise entire
- divert develop van hurry vote check excuse tomato version lab panther season
- convince idea february velvet warfare belt refuse bonus travel bridge sense ripple
- health drop moon base federal panther cancel slice long prefer second blade
- issue book silver output home achieve unlock disorder senior safe panic arch
- base south artwork husband pledge summer kitten upon march rifle latin category
- code olive trick laundry auto goose welcome iron list cherry cushion tape

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BIP39 WORD SEQUENCES

- episode rubber select quick vicious people entire check tree voice over face
- fence stick crack share buzz pulse lumber stone supply run table key
- emotion snack baby novel home gain blur spell cliff mail bounce riot
- furnace path inject tip north spot pill erase state acquire basic enhance
- blood room fitness gauge pen island material taxi banana bubble fold market
- short gallery race decrease club aware volcano waste wheat return enact virus
- ladder advice early allow distance govern nasty soup under man mom cactus
- vacant eyebrow express nature farm snack south where furnace impose galaxy scene
- bachelor island another move funny flame auction inherit sand key rice nation
- movie diesel gallery visit oblige auto drift honey venue afford parrot attend
- enter misery awake science august mobile hero broken nest embark ask gossip
- enlist bus air claim below sibling gasp velvet olympic child blush destroy
- torch void gas diesel brain flash pull law execute camp cousin rubber
- order odor blue sniff near earn during lock cushion busy sphere tattoo
- prison worth manage dust click budget gloom crisp undo rigid cabbage giant
- blind spread message attitude midnight myth sunny index float boil salt diet
- approve soft foil mechanic enhance rice sign artefact tonight survey later exact
- safe antique cart pond exist poverty narrow empty category category transfer second
- smoke perfect coral public shiver nice fall pave aunt dutch tower develop
- magic correct figure divorce voice panel toward fall diesel common claim long
- bone token able shrug speed puzzle layer exotic year cherry trial sport
- expect alpha trial dance toast escape aim whisper interest dust keep random
- test link noble purity crazy bean void fox company gadget pelican tortoise
- cradle weasel try kiwi wagon panther demise dry firm radio tray enlist
- satoshi fortune effort because soft resist farm sail country scan aim enemy
- clog reason certain water humble forum verb science blue brief shoot horror

SEE ALSO

- [How Whale Movements Affect Crypto Prices — BIP39 Seed Phrases \(June 24, 2026\) \(2026-06-24\)](#)
- [The Rise of Play-to-Earn Crypto Games: Revolutionizing Digital Entertainment — BIP39 Seed Phrases \(April 13, 2026\) \(2026-04-13\)](#)
- [what-is-infura-bip39-phrase_2025-11-12.pdf \(bip39-phrase_2025-11\)](#)

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– seed-phrases-2025-05-14-en.pdf (2025-05-14)

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