

# Terminology used at tastytrade®



**A Real Financial Network for the Individual Investor**

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# tastytrade® terminology

“On The Dance Floor”	When an option position hasn’t yet reached its target profitability level, or if it is at a loss, and if the time to expiration is short, one needs to decide whether to close it or roll it out in time. If the underlying has a decent chance of becoming more profitable, we say that we are “on the dance floor”, and we may choose to extend duration hoping that our P&L will improve.
“Pot Odds”	This term means that the price is at such an extreme that the risk in one direction much outweighs the risk in the other direction. Therefore, if we believe in reversion to the mean, we would say that “pot odds” favor a normalization in price.
“Bid”	If the price of an underlying or a contract seems to be strong, we say that the underlying is “bid”.
“Johnny” or “Johnny One Lot”	Tom and Tony use this term when one makes a trade smaller than their normal trade size due to high perceived risk.
“Sell ‘em till your hands bleed”	Tom says this when he feels that volatility is pumped up and is likely to contract, so option premium should be sold here.
“Stick a fork in it”	This is saying that you will hear from Tom when he feels like the price of an underlying has peaked.
“Lay em out”	This expression is usually used in conjunction with futures scalp trades, where an offer to sell the underlying is placed.
“Vol has come in”	This refers to situations when volatility in an underlying has contracted, making short volatility plays more profitable.
“Fade the move”	This refers to taking a contrarian direction. When a market has moved up sharply, fading the move would be to get short, and if a market has moved down sharply, fading the move would be to get long.
“Market Awareness”	This refers to a trader’s ability to look at correlated assets like stock indices, bonds, VIX, currencies, metals, and other commodities in order to have an overall picture of what is moving across all financial products.
“Market engagement”	This refers to the need to always have some open positions. When a number of positions are closed, it is important to try to find new opening positions, even if they are small. Being mostly in cash is not a desirable tastytrade position.
“Tasty Bite Size”	A Tasty Bite size account is a smaller account, typically under \$25,000, subject to Pattern Day Trading rules.
“Product Agnostic”	There are many financial products we can use to place high probability trades. We learn how to use various products.