

DIRECTIONAL OPTIONS TRADING STRATEGY

(SuperTrend Based)

Currency: USD

Platform: Delta Exchange

Instrument: Bitcoin Perpetual (BTCUSD)

Trade Type: Options (Directional Options Selling only)

Expiry: 0 DTE OR 1 DTE

SUMMARY

This strategy is a **directional options selling strategy** based on momentum validation using **Supertrend across two timeframes**:

- **90M timeframe** → determines entry
- **30M / 45M timeframe** → SL Trigger and exit
- Trade exits at **70% Premium decay OR 30/45-min Supertrend reversal**, whichever comes first or if the trade duration exceeds 13 hours.

ENTRY RULES

Indicator: SuperTrend (16, 1.5)

Time-frame: 90 mins

In this strategy, we will only enter a trade when the SuperTrend changes from Bullish to Bearish OR Bearish to Bullish. We will **NOT** trade in continuation of an existing trend. Entry should be triggered only at the **CLOSE** of the SuperTrend change.

Entry Conditions (90-Min Timeframe)

A valid entry occurs when **Supertrend (16,1.5)** gives a directional signal:

If Supertrend flips Bullish → SELL PUT

- Action: Sell PE (Put Option)
- Only one position at a time.

If Supertrend flips Bearish → SELL CALL

- Action: Sell CE (Call Option)
- Only one position at a time.

STRIKE PRICE SELECTION

When SuperTrend closes, the system should SELL the OTM CE or PE, depending on the type of trade (bullish or bearish).

Strike Price will be the nearest to the SuperTrend Value at the close of the candle

When **Supertrend flips green (bullish)** → you **sell a PUT** OTM closest to supertrend value.
When **Supertrend flips red (bearish)** → you **sell a CALL** OTM closest to supertrend value.

Supertrend Direction After Flip	Action	Strike Type
Bullish flip	Sell PUT	Strike closest to supertrend value (OTM relative to price)
Bearish flip	Sell CALL	Strike closest to supertrend value (OTM relative to price)

Eg 1 - If SuperTrend Value at the time of close is **93491**

Then the nearest strike will be **93400**.

Eg - 2 If the SuperTrend Value at the time of close is **98978**

Then the nearest Strike will be **99000**

Edge Case Handling

If there are **multiple strikes equidistant**:

Example: SuperTrend = 96300

Strikes: 96,200 and 96,400 (both 100 away)

Then: Choose the strike further **OTM relative to trend direction**:

Trend	Pick this strike
Bullish (PUT selling)	Lower strike (more OTM PUT)
Bearish (CALL selling)	Higher strike (more OTM CALL)

So in that example:

- Bullish flip → choose **96,200 PUT**
- Bearish flip → choose **96,600 CALL**

Expiry Selection Framework

Available Expiry - 0DTE / 1DTE 2 DTE

- **Current Daily Expiry** (Today's expiry)
- **Next Day Expiries** (Tomorrow and next day)

Expiry Logic should be implemented as follows-

1. The strategy will **first attempt** to trade the **current day's expiry**.
2. After identifying the required strike based on Supertrend rules, check the premium.
 - **If premium $\geq$ 300 USD $\rightarrow$ execute trade.**
 - **If premium $<$ 300 USD $\rightarrow$ proceed to next expiry.**
3. The algo will check the expiries **in order**, for example on **21 Nov**:

PRIORITY	EXPIRY CHECKED	CONDITION
1	21 Nov (today)	If premium $\geq$ 300 $\rightarrow$ trade
2	22 Nov (next daily expiry)	If premium $\geq$ 300 $\rightarrow$ trade

4. If the premium is still below 300 USD even after checking all available expiries, then:

✗ Skip the trade completely — no entry for this signal.

EXIT RULES

Take-Profit Rule (Primary Exit Condition)

The trade will exit when the option premium decreases by 70% from the entry price.

Example:

Entry price = 500 USD

Required premium for exit = $500 \times (1 - 0.70) = 150$ USD

Once the premium reaches the 70% decay target (or lower), the trade is closed instantly — even if the Supertrend direction remains unchanged.

Exit immediately the moment premium hits the 70% profit target, even if it touches only once (even for 1 tick) (no candle close confirmation).

STOP LOSS / EXIT RULE

If the **70% profit target is NOT yet reached**, then:

- Switch to a **45-minute timeframe OR 30-minute timeframe**.
- Apply **SuperTrend (10, 3)**
- When the **45m or 30m candle CLOSES in the opposite direction (SuperTrend 10,3 OR 16,1.5)**, you **exit the trade**, regardless of P/L.
- If the trade duration exceeds 13 hours, exit the trade.

PRIORITY ORDER WHEN IN A TRADE

Condition during Active Trade	ACTION
Premium hits 70% target	Exit Immediately
No 70% target hit, but 45 Min OR SuperTrend flips and closes.	Exit Immediately
Neither happens	Continue Holding

No Re-Entry Condition

After exit (profit or stop-loss), the next trade will be taken **only when the primary entry condition (90m SuperTrend signal) appears again.**

Behavior Summary

- 45 Min SuperTrend is **ONLY** used for **EXITS**.
- 90 Min SuperTrend is **ONLY** used for **NEW ENTRIES**.
- The algo will only take **1** trade at a time.
- There are no pyramiding trades, no partial exits, no hedging adjustments — it is a single position at a time strategy.

Position Rules

- Only **one active trade at a time**.
- If a new signal appears **while in a trade**, it is ignored.
- New trades are only allowed if:
 - Previous position is closed, **and**
 - A new Supertrend (16,1.5) flip occurs on the **90-minute chart**.