

👉 10.6 FIND AND CORRECT MISTAKES IN THE FOLLOWING SENTENCES

Spreads and Straddles

A spread is made up of two or more options in the same stock where either the strike price, the expiration day or the both are different. Spreads can limit or alter risk while return a profit when the gains from one or more option offsets the losses from the rest.

A straddle provides the opportunity to a profit from a prediction about the future volatility at the market. Long straddles are used to profit of high volatility. Such a straddle can be effective when an investor confident that a stock price will change dramatically, but cannot predict the direction of the moving. Short straddles represent the opposite prediction that a stock price does not change.

Warrants

A warrant is certificate, usually issued along with a bond or preferred stock, entitled the holder to buy a specific amount of securities by a specific price, usually above the current market price at the time of issuance. Expirations ranging anywhere from a few years to for ever. The warrant may be selling separately from the underlied security. It increases in value as the prise of the underlying stock raises.

👉 10.7 STUDY THE MATERIAL AND FILL IN THE BLANKS with either the present participle or the past participle of the verb shown in brackets.

Present and past participles of verbs can be used as adjectives.

a. Present participles

Present participles used as adjectives refer to actions being performed **by** the things being described. In the following examples the present participles used as adjectives are underlined.

the falling star

the barking dog

b. Past participles

Past participles used as adjectives refer to actions which have been performed **on** the things being described. In the following examples, the past participles used as adjectives are underlined.

the scattered leaves

the broken drum

1. Yesterday she heard _____ news. (to surprise)
2. The _____ tools must be returned by five o'clock. (to rent)
3. The _____ rabbit stayed perfectly still. (to frighten)
4. We had a _____ experience. (to frighten)
5. The play is _____. (to entertain)
6. The _____ picture hung on the wall. (to complete)
7. That is an _____ story. (to interest)
8. The president sat on a _____ chair. (to raise)
9. The situation is _____. (to alarm)
10. An _____ bowl covered the cake. (to invert)