# CHOOSING STRIKES & EXPIRY: THREE FILTERS

Vajgrt Labs - Education - Lesson 48 of 72 - 8 min read - Updated Oct 21, 2026

## TL;DR

- Strikes are not picked from the chain's prices; they are filtered, in a fixed order. FILTER 1 - LEVELS (Stage 3): what must SPY do, and where does the idea break? Long legs anchor to the view; short legs park beyond the nearest shelf or ceiling, never on it. FILTER 2 - GREEKS (Stage 6): the long leg in the 0.50-0.65 delta hunt zone, rent and IV checked, every leg's bid/ask tight enough to cross twice. FILTER 3 - BRAKES (Stage 4): the division, at the ticket's worst case, per structure and across everything open.

- The same map, two trades: a mild 'stays-up' view builds the 773/775 call vertical - debit 1.48, max loss $148, breakeven 774.48, already below spot at entry. A 'goes-up' view builds Lesson 3's 780/785 - debit 2.96, max loss $296, breakeven 782.96. Same chain, same day, different structures - because the view and the levels chose them, not the premiums.

- Expiry is the view's calendar, not a price hunt: the date must cover the plan's horizon with room to spare, and the plan exits before the final week, where theta steepens, gamma concentrates at the strikes and a one-cent close can flip an expiry (Lesson 7). On the Oct 9 chain that means the Nov 30 pill (52 DTE) or Dec 18 (70) - and it excludes 0DTE outright: same-day expiries are a Layer ? elective's mechanics, not this course's method.

## THE TAKEAWAYS

- Filter 1 in action, on the course's own map (Oct 15, 2026 close 770.49; Stage 3): support shelf 766-767, resistance zone 779-782, the 773 area in between. This is why Lesson 4's credit spread sold the 765 put - just under the shelf, so the market must break a mapped level, not merely drift, to hurt it - and why a bullish debit structure aims its short leg at or through the 779-782 ceiling rather than parking it at 800 'for room': the cap should sit where the view's job gets hard, because that is where the premium for selling it is honest.

- Filter 2 is a checklist read off real rows, not a vibe: long-leg delta 0.50-0.65 (Stage 6's hunt zone - the 773C at 0.61 and the 780C at 0.54 both pass; the 785C at 0.48 does not get to be a long leg here); on credit structures, the short strike at roughly 0.30 delta or less - a course convention, stated as one, meaning the market's own rough odds (Stage 6) price expiry beyond it at under ~30%; net theta read and affordable either way; IV compared with its range (13% on this chain is calm - Stage 6); and every leg's bid/ask measured: this chain's are $0.04-$0.15 wide, crossable twice without donating the edge (Stage 5's rule).

- Filter 3 ends arguments: the division runs on the structure's max loss at the entry method you will actually use, and on the SUM of worst cases across all open structures (Lesson 4's correlation warning). The $10,000 course account's $100 budget passes the 773/775 ($148)? No - $148 > $100: it passes nothing in Stage 7 so far except smaller or nearer structures, and the correct output of the filter on a small account is often 'not yet, on paper yes'. A filter that never says no is a decoration.

- Two structures, one map - the comparison this lesson exists for: STAYS-UP (mild view: SPY holds above the shelf and leans up): buy the 773 call at 20.68, sell the 775 call at 19.20 - debit 1.48, max loss $148, max gain $52, breakeven 774.48 - below the 778.12 spot, so the trade

profits at expiry even if SPY merely stands still; its breakeven win rate is 74.0% (148 ÷200), the debit family wearing credit-family geometry. GOES-UP (stronger view): Lesson 3's 780/785 - $296 at risk, $204 on the table, breakeven 782.96, hurdle 59.2%. Neither is 'safer' in the abstract: the first risks less to make less with a lower bar; the second risks more with a higher bar and more headroom. The view picks. The filters judge. The budget vetoes.

**RULE: Levels choose the neighbourhood, Greeks check the mechanics, brakes check the account - in that order, every time. A strike that skips a filter is a guess wearing a structure.**

## COMMON MISTAKES

- Picking strikes from the premium column - cheapest first. Price is the output of the filters, never the input.

- Parking a short strike exactly on a mapped level. Levels get visited and tested; short legs belong beyond them, where the market must do real work to reach you.

- Treating width as a detail: $2-wide and $5-wide structures on the same view are different trades - different debits, different caps, different hurdles (74.0% vs 59.2% on this page).

- Choosing expiry to make the ticket affordable. A nearer expiry is a different trade (faster theta, nearer gamma), not a discount on the same one - and the final week is excluded by plan.

## DO IT - RUN ONE VIEW THROUGH ALL THREE FILTERS

Write one SPY view in a single sentence (direction, invalidation level, horizon). Then run it through the filters on a current chain, in writing: two candidate structures that pass Filter 1, their Filter 2 numbers read off real rows (deltas, thetas, IV, each leg's bid/ask width), both fully priced (three numbers + hurdle each), and Filter 3's verdict at your real budget - including the word 'none' if that's the honest output. Add one line on expiry: which pill covers the horizon, and the date you'd exit by. Paper only; this worksheet is a gate artefact, and it is the last piece of homework before Lesson 6 builds a trade end to end.

Education only - not financial advice. Call-side quotes: real SPY chain data, Oct 9, 2026 (773 call bid 20.53 / ask 20.68, Nov 30 expiry). Second-leg and put-side quotes are the lessons' labeled example numbers; spread figures are arithmetic on those quotes. SPY distribution: State Street's declared September 2026 distribution, $1.8888 per share, ex-date Sep 18, 2026. Exercise-by-exception threshold: OCC Rule 805 ($0.01 in-the-money). Vajgrt Labs - Education.