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A PRACTICAL GUIDE
BY FLOW THE INVESTOR

DISCIPLINE
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REAL PROGRESS

THE ODTE OPTIONS COMPLETE GUIDE

A Practical, No-Hype Guide to
Same-Day Options Trading

ANALYZE.
EXECUTE.
PROFIT.



HOW IT WORKS

Key concepts in plain English



PROVEN FRAMEWORK

Rules, risk controls, and examples



REAL-WORLD APPLICATION

Step-by-step trade process



RISKS & REALITIES

What to know before you trade

A PRACTICAL GUIDE

THE ODTE OPTIONS COMPLETE GUIDE

A practical, no-hype guide to same-day options trading – what ODTE actually is, how expiration-day tape moves, and the sizing rules that keep you in the game.

WHAT ODTE ACTUALLY MEANS

Quick answer: ODTE options are contracts that expire the same trading day. They compress weeks of gamma and theta exposure into hours. The disciplined approach is to size 0.5–1% per trade, define a hard stop before entry, never average down, and cap at two trades per day – the Heavy Returns maximum.

A ODTE option is any options contract expiring at the close of the current trading session. On SPY, SPX, and QQQ, ODTEs are available every weekday. On most single-name stocks they exist only on Fridays, and on a handful of large-caps (TSLA, NVDA, AAPL) they are now available three days a week.

Mechanically they are the same as any other option. Mathematically they are not. Two things change dramatically when expiration is measured in hours instead of weeks:

- **Gamma goes vertical.** Delta – the rate at which the option price changes per dollar move in the underlying – accelerates violently near the strike. A ODTE call 0.50 strikes out of the money can move from a 25 delta to an 85 delta in twenty minutes of price action.
- **Theta compresses into minutes.** A 30-day option bleeds time value slowly. A ODTE option bleeds it in real time. If you are wrong about direction and the underlying goes nowhere, the premium evaporates before you finish your coffee.

That is the instrument. It is neither evil nor magic. It is compressed. Everything you do wrong on a 30-day trade still happens on a ODTE – it just happens five hundred times faster.

WHY ODTE VOLUME EXPLODED

The CBOE expanded daily SPX expirations through 2022 and 2023. Retail adoption followed, and by 2024 zero-DTE volume was the majority of total SPX options volume on most trading days. What started as a market-maker hedging instrument became a retail speculation vehicle.

The part nobody warns you about: the people on the other side of your ODTE trade are almost always market makers who are delta-hedging in real time. You are not trading against another retail trader. You are renting convexity from a dealer who is dynamically adjusting their inventory around your position. That is a very different game than swing trading a biotech.

The mindset: don't trade ODTEs to make money. Trade them to find out whether you can follow a rule.

THE FIVE SETUPS THAT STILL WORK IN 2026

1. Opening Range Breakout Continuation

After the first 15 minutes of the session, mark the high and low. If the index breaks the high on rising volume with cash VIX down on the day, a ODTE call one strike out of the money with a 15–20 minute time horizon and a 30% stop loss is a defined, repeatable setup. A setup only earns a place in your rotation once your own journal proves its win rate and average winner-to-loser ratio – track it before you trust it.

2. Late-Day Trend Resumption

If SPX is pinned within 0.3% of its intraday VWAP going into the last hour, and options dealers are net short gamma, the close typically extends the prevailing trend of the day. This is the only ODTE setup taken in the final 60 minutes.

3. Failed Breakdown Reversal

A classic tape pattern: the index breaks a key intraday level, fails to hold, and reverses hard through VWAP. On expiration day, the gamma flip amplifies the reversal. A ODTE call purchased on the reclaim of VWAP with a stop below the failed low is a surprisingly clean trade – one of the more reliable expiration-day patterns, though only your own logged results can tell you how it performs for you.

4. Economic Data Release (CPI, FOMC, NFP Days Only)

Structure a straddle the morning of a data release, exit one leg within 20 minutes of the release print, and let the winning leg run into the close with a trailing stop. This is the most dangerous trade on the list if you do not pre-define every rule. Skip it if you do not have the discipline.

5. Pin Risk Fade

If the index is sitting on a large gamma strike with one hour left and realized volatility has collapsed, selling premium (a credit spread, not naked) above and below the pin is a time-decay play. This is the only short-premium trade run here, and it is structured to target about 1% on risk per trade.

SIZING RULES THAT KEEP YOU ALIVE

The most common mistake losing ODTE traders make is sizing the position based on the premium of the contract rather than the risk of the trade. The contract is cheap, so they buy ten. Then the underlying moves 0.2% the wrong way and they are down \$600 in eleven minutes. They widen the stop. The trade gets worse. They average down. By 3 p.m. they are underwater \$2,000 on what was supposed to be a "small flier."

The rules that matter:

1

Risk 0.5–1% of account equity per trade.

Not 0.5% of the premium – 0.5% of the account. This is disciplined position sizing, and it is the difference between surviving a bad day and blowing up.

2

Define the stop before you enter.

Write it down. Say it out loud if you have to.

3

Never add to a loser.

Ever. If the trade is wrong, it is wrong – don't feed it.

4

Maximum two ODTE trades per day.

If you are up, stop for the day. If you are down, stop. The third trade is always revenge.

The boring truth. Most people who trade ODTEs with any consistency take the same three or four setups over and over, size them the same way, and never revenge-trade. They look bored. That is the tell.

When to trade – and when to stand down

WINDOW (ET)	WHAT IT IS
First 60 minutes • 9:30–10:30 a.m.	Most liquid and directionally tradable window of the day.
Midday chop • 11:30 a.m.–1:30 p.m.	Volume collapses, spreads widen, signals are noise. Stand down.
Final 90 minutes • 2:30–4:00 p.m.	Directional again – the late-day trend and pin setups live here.

THE MENTAL GAME

The single biggest edge in ODTE trading is not a pattern or an indicator. It is the ability to close a winner at your planned target instead of "letting it run." Gamma is a double-edged blade. The same force that turns a 25-delta into an 85-delta can reverse in under a minute on a single block print. If you planned to exit at 1.8R and you are there at 1.9R, exit.

Log every ODTE trade in a spreadsheet with five columns: setup, size, stop, target, exit. On Fridays, read back the week. The trades that violated the setup or the stop or the target – even winners – get circled in red. Red circles are the real scoreboard.

COMMON MISTAKES (AND HOW TO AVOID THEM)

1. **Trading midday chop (11:30 a.m.–1:30 p.m. ET).** Volume collapses, spreads widen, and signals are noise. Walk away.
2. **Buying ODTEs on low-volume names.** If the bid-ask spread is 15% of premium, the slippage eats your edge. Stick to SPY, SPX, QQQ, and the five most-liquid single names.
3. **Chasing a late entry because "it's already moving."** If you were not in at the trigger, you don't get the risk-to-reward. Skip it.
4. **Averaging down.** Already listed. Still the number-one killer.
5. **Not journaling.** If you don't know your hit rate, you don't have a system – you have a feeling.

HOW ODTE FITS INTO THE LARGER PLAYBOOK

ODTE is one of four lanes on the Heavy Returns trading playbook: **day, swing, LEAPS, long-term**. It should never be more than 20% of your book. The job of ODTEs is not to build wealth. The job is to generate rapid feedback on your discipline. Everything else – the swing trades, the LEAPS, the long-term holds – does the compounding.

Think of the ODTE account as your practice range: you go in, you take a few clean reps, and you walk away before it gets sloppy. The real scoreboard is the balance in the other accounts.

RISKS AND REALITIES

What ODTE options are: contracts that expire at the end of the same trading session they are traded in. They carry very high gamma and theta exposure – small moves create outsized P&L, and time decay is compressed into a single day.

How risky they are: a typical long ODTE call can lose 100% of its premium in under an hour. The disciplined way to manage that is to size each position at 0.5–1% of account equity, define a hard stop before entry, and refuse to average down.

How much capital it takes: realistic risk management points to a \$10,000+ account so you can size at 0.5–1% per trade. Smaller accounts should paper trade or use defined-risk spreads.

Risk reality. Options trading involves substantial risk of loss, including the full premium paid. A single ODTE position can go to zero within the session. Size every position so a full loss is survivable, and never trade money you cannot afford to lose. Discipline reduces mistakes – it does not remove risk.

NEXT STEP

Get the basics right first

START: Your First 5 Moves gets the fundamentals down before you ever touch a ODTE – free, no card. Grab it at heavyreturns.com/start.

Heavy Returns – markets made understandable. Created by **Flow the Investor**, a Houston attorney and entrepreneur who trades and teaches in plain English.

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