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10 mistakes in my 14 years of trading as an option seller ■

1. Staying neutral all the time. Majority of the years i have been a neutral option seller. I now realise that having a little sense of direction would have given me an added advantage with better utilisation of capital & also leverage (till the time it was available).

2. Too much importance on adjustments. Initially like most of the new option sellers, i had this notion that i can perfect my adjustment skills for any market conditions. Ofcourse i was wrong. Market is supreme & we need to respect it at times.

3. Not giving importance to greeks. For initial 6 years i didn't even know the existence of greeks. Since i started using them, option selling has become rather less complicated on the contrary of what most people believe.

4. Having too much confidence on the certainty of theta decay. Enough is said about it already. Theta decay is not an edge.

5. Giving equal importance to each day. Nearer to expiry has always been my most profitable days. Have given good share of losses in trading other days & trying to perfect them.

6. Having fomo of theta decay. Have finally reached a stage where i don't have much fomo of premium decay when i don't have any position. If it's not in my system, I'm not going to trade be it whatever opportunity missed.

7. Trying to avoid IV spike & not using them. I have obsessed countless number of hours in finding ways to avoid IV spikes & finding perfect option selling conditions. Even 20% of that time used to actually using the spikes to my advantage would have given crazy results.

8. Not trading in Banknifty for 1 year. When banknifty option price started freezing, i stopped trading it altogether for more than a year. Realised banknifty gives some of the best option selling opportunities now.

9. Backtesting to find similar conditions. Have done a lot of backtesting (not anymore) to find similar conditions which could tell me in advance of how the day would pan out. But new market regimes can throw this all out the window. Important to stay sharp in the present moment.

10. Trying to protect a losing side by selling more of the opposite side. This is more of an adjustment technique, but i have given many painful losses on reversals so it makes the cut. Always use inside hedges to protect the losing side, otherwise gamma hits you bad.

We learn from our own mistakes by giving real losses. This quick read might give you some perspective & many points you might not resonate with. It's at the end our own journey & we are all evolving with new mistakes each passing day. No one can become perfect in the markets.