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## Buying and Selling Volatility (Frontiers in Finance Series)

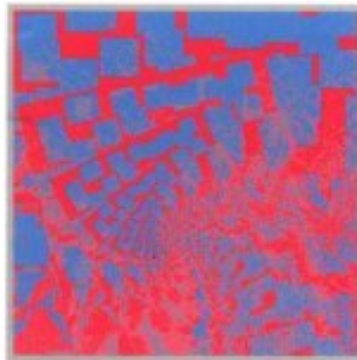
*Kevin B. Connolly*

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# BUYING and SELLING VOLATILITY



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**Kevin B. Connolly : Buying and Selling Volatility (Frontiers in Finance Series)** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Buying and Selling Volatility (Frontiers in Finance Series):

7 of 12 people found the following review helpful. Not worth the moneyBy EFYVery basic book not worth the \$1.... I have been in the derivative market for 5 years. For a beginner, there are much better books out there that cover all the material of this book in one chapter.0 of 0 people found the following review helpful. Very good if you are into delta-

neutral trading  
By Erik-der-Wickinger  
This book describes mainly two strategies today known as "Gamma scalping" (Long Volatility, Option BUYING) and "Reverse Gamma scalping" (Short Volatility, Option SELLING). Although I was aware of those strategies the author does an incredible job to clarify them, explaining them in the volatility context and so giving a complete picture of how and when to use them. This does not mean that there is not more to learn about them after reading this book but it gives a very solid starting point if you are interested in this kind of delta-neutral (neutral to market direction) trading. If you master the subject and apply (!) your knowledge to the market then (and only then) the \$150 pricepoint for this book is a BARGAIN!!! 12 of 15 people found the following review helpful.  
Update needed but okay for beginners  
By Bachelier  
Kevin B. Connolly's "Buying and Selling Volatility" is a useful work for beginning option traders and market makers, especially those coming from other fields. However, one should be strongly cautious on two fronts: 1) the book is now outdated by some years, both in strategies and more sophisticated technological advances (faster and better random number generators, automatic execution, VBA C++ code, utilities, Excel advances, distributed networks, etc.); and 2) this book only addresses some simple strategies, and senior desks and hedge funds will be light years beyond those described here. Both of these caveats are as one should expect from a book. Think about it, if Connolly had the holy grail of volatility trading, he would not write a book about it, he would be trading options. This book, followed by Baird's superior work "Option Market Making" should give beginning junior traders and trainees a good foundation in basics, vocabulary, model techniques, etc. However, one should not look at this book as the only answer or a prime reference or authoritative. The chief advantage of BaSV is that it isolates option trading and techniques as a topic. In most other finance books, or even option pricing books, strategy and market making are left to the reader to figure out for themselves. Connolly joins Baird in writing from the perspective of a trader, not an academic. For this perspective alone it may be useful. However, for those with limited budgets, I suggest buying only Baird, and skipping this work.

The concept of profiting from trading volatility is not new, but is known to only a few players in the derivatives industry. Buying and Selling Volatility is the first book to explain this trading strategy in detail without using complex mathematics. Offering a new approach to the subject of options, seen purely from a volatility viewpoint, the author uses illustrations to clearly explain the connection between volatility and options. He explains how investors can profit from the volatility, or lack of volatility, of an option price regardless of whether the market rises or falls. Useful to both novice investors and professional traders, Buying and Selling Volatility also supplies the reader with a risk management software system that is comparable to those used commercially.