



OPTION SMART ALGO STRATEGIES FRAMEWORK

A Systematic Multi-Strategy Engine for Intraday Index Options

Option Smart Algo Strategies represent a systematic trading architecture designed to capture intraday opportunities in Indian index options through a diversified portfolio of quantitative models.

The system trades **NIFTY and SENSEX weekly options**, combining **short volatility strategies with directional momentum models**.

- Rather than relying on a solitary trading approach, our framework deploys **multiple low-correlated strategies** that perform in different market regimes.
- This diversified architecture enhances **return consistency and reduces drawdown volatility**, enabling the system to maintain a smoother performance profile across market cycles.

All trades are executed intraday with strict rule-based execution and automated risk management.



1. MARKET REGIME ENGINE

Markets behave differently across time — sometimes **trending strongly**, sometimes **moving sideways**, and sometimes experiencing **high volatility expansions**.

Our Algo Strategies Framework continuously monitors:

- **Volatility levels**
- **Intraday momentum**
- **Market structure**
- **Option pricing dynamics**

Based on these signals, the system dynamically activates the most appropriate strategies.

Market Regime Behavior

Market Condition

Range Bound
Trending Market
Volatility Expansion
Low Volatility

Strategy Behavior

Higher intensity in **Non-Directional strategies**
Increased **Directional strategy deployment**
Adaptive strike selection and risk controls
Increased theta decay harvesting

This regime-based approach allows the system to **adapt instead of predict** market behavior.



2. STRATEGY STACK

The framework consists of multiple independent strategy engines operating simultaneously.

Each engine focuses on different sources of option edge.

SATURN — Volatility Harvesting Engine

A **non-directional strategy** designed to capture **intraday time decay (theta)** in weekly options.

Key Characteristics:

- **Delta-neutral structures**
- **Short volatility positioning**
- **Focus on ATM / OTM premium decay**

Best suited for **range-bound markets**.

VENUS — Directional Momentum Engine

A directional strategy that captures **strong intraday market moves** using long option for directional positioning.

Key Characteristics:

- **Momentum detection**
- **Trend-following structures**
- **Delta based strike selection**

Best suited for **trending markets**.

PLUTO — Adaptive Hybrid Engine

A hybrid strategy that balances **volatility harvesting and directional exposure**.

Key Characteristics:

- **Mixed delta exposure**
- **Adaptive strike positioning**
- **Dynamic risk balancing**

Best suited for **transitional market regimes**.

3. ADAPTIVE EXIT INTELLIGENCE

In addition to predefined risk management rules, Our Algo Strategy Framework incorporates an **AI/ML-driven exit intelligence layer** designed to continuously evaluate live market conditions during the trading session.

This system analyzes multiple real-time data streams including:

- **Price momentum**
- **Volatility behavior**
- **Option premium dynamics**
- **Intraday probability shifts**

Based on these signals, the system dynamically identifies **optimal exit opportunities** during the lifecycle of a trade.

Unlike conventional systems that rely only on fixed stop-loss or time-based exits, this adaptive framework allows the strategy to respond to **changing probability distributions throughout the day.**

Key Functions of the Exit Intelligence Layer

Dynamic Profit Protection :-

Positions may be exited early when the system detects that the **probability of further premium decay or directional continuation has reduced,** thereby protecting realized profits.

Adaptive Risk Reduction :-

When market conditions change unexpectedly, the system can reduce or exit positions **before predefined risk thresholds are reached.**

Intraday Probability Monitoring :-

The framework continuously reassesses trade conditions and adjusts exit decisions when **risk-reward dynamics shift during the trading session.**

Optimization of Trade Lifecycle :-

Rather than waiting for fixed time exits, the system seeks to **optimize the lifecycle of each trade,** improving efficiency of capital deployment.



4. CAPITAL SCALING LOGIC

Our Algo Strategies Framework is designed to scale efficiently with capital.

Higher capital allows deployment of **more strategy engines simultaneously,** improving diversification and opportunity coverage.

Key Functions of the Exit Intelligence Layer

Capital Tier	Strategy Depth	Diversification
9L	Core strategies	Limited
25L	Core + extended strike coverage	Moderate
50L	Multi-model deployment	High
1 Cr	Expanded strategy stack	Very High
5 Cr	Institutional-level diversification	Maximum

As capital increases:

- More different structures are traded simultaneously
- More strike combinations are deployed
- More independent models are activated

This reduces **single strategy dependency and smooths return volatility.**



5. RISK MANAGEMENT ARCHITECTURE

Risk control is the foundation of Our Algo Strategies Framework.

Core Risk Controls

Intraday Only Execution :- No overnight positions

Portfolio Risk Limits :- Daily MTM limits to control capital exposure.

Volatility Filters :- Strategies reduce activity during abnormal volatility spikes.

Kill Switch Mechanism :- Automatic shutdown in case of unexpected market conditions.



6. EXECUTION DISCIPLINE

All strategies operate with **strict rule-based execution.**

Execution Window :- **09:15 AM – 03:20 PM**

Trading Instruments :- **Weekly Index Options**

Underlying Indices :- **NIFTY, SENSEX**

Trade Management :- **Automated Entry / Exit**

Position Closure :- **All trades squared off before market close.**

Strategy Philosophy

Our Algo Strategies Framework is built on three core principles:

Diversification of Edge: Multiple independent strategies capture different option market inefficiencies.

Systematic Execution: All decisions are rule-based, eliminating emotional bias.

Intraday Risk Control: Strict capital protection through intraday-only trading and predefined risk parameters.

Summary

Our Algo Strategies Framework transforms intraday option trading into a **structured, systematic process**.

By combining **volatility harvesting, directional trading, and adaptive strategy allocation**, the system aims to deliver **consistent intraday alpha with controlled risk exposure**.



CORE (9L)

Strategy Overview

Core 9L is the **entry-level capital allocation model** within the OptionSmart ecosystem.

It focuses on capturing **intraday time decay and short-term directional opportunities** using a compact set of systematic trading models.

The strategy combines **short volatility structures and selective directional trades**, optimized for efficient margin utilization while maintaining controlled risk exposure.

Strategy Brief

Market :- **NIFTY / SENSEX**

Instruments :- **Weekly Options (CE & PE)**

Approach :- **Short Volatility + Directional**

Trading Style :- **Intraday Systematic**

Execution Window :- **09:15 AM – 03:20 PM**

Average Trades :- **10–15 per day**

Minimum Capital :- **9 Lakhs**

Max Strategy Drawdown :- **~10%**

Max Intraday Drawdown :- **2.5%**

Riskometer :- **Moderate**

Core Components

- **Intraday Theta Decay Capture**
- **Volatility Filter Based Entries**
- **Directional Momentum Model**
- **Dynamic Strike Optimization**

Strategy Edge

Efficient capital deployment designed to capture **intraday option premium decay while participating selectively in directional moves.**

ALPHA (25L)

Strategy Overview

Alpha 25L expands the framework by introducing **additional non-correlated strategy modules**, enabling broader participation across multiple indices and strike structures.

The system simultaneously deploys **theta-focused non-directional trades and regime-based directional strategies**, improving consistency across different market conditions.

Strategy Brief

Market :- **NIFTY / SENSEX**

Instruments :- **Weekly Options**

Approach :- **Directional + Non-Directional**

Trading Style :- **Intraday**

Execution Window :- **09:15 AM – 03:20 PM**

Average Trades :- **20–40 trades/day**

Minimum Capital :- **25 Lakhs**

Max Strategy Drawdown :- **~10%**

Max Intraday Drawdown :- **2.5%**

Riskometer :- **Moderate**

Strategy Architecture

- SATURN MODEL
- Non-directional strategy targeting **intraday time decay opportunities**.
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- .
- VENUS Model
- Hybrid model combining **momentum-based directional trades with volatility strategies**.

Strategy Edge

Diversification across indices and trading styles enables **consistent intraday premium capture with balanced risk exposure**.

PRO (50L)

Strategy Overview

Pro 50L introduces a **multi-model quantitative ecosystem**, integrating three distinct trading frameworks to adapt dynamically to different market regimes.

The strategy simultaneously deploys **range-bound volatility trades and momentum-driven directional positions**, improving adaptability and return consistency.

Strategy Brief

Market :- **NIFTY / SENSEX**

Instruments :- **Weekly Options**

Approach :- **Short Volatility + Directional**

Trading Style :- **Intraday**

Execution Window :- **09:15 AM – 03:20 PM**

Average Trades :- **40–80 trades/day**

Minimum Capital :- **50 Lakhs**

Max Strategy Drawdown :- **~10%**

Max Intraday Drawdown :- **2.5%**

Riskometer :- **Moderate**

Strategy Modules

SATURN

• Non-directional volatility strategy focusing on **theta decay capture**.

• PLUTO

• Adaptive model balancing **trend participation and volatility strategies**.

• VENUS

• Momentum-based directional framework.

Strategy Edge

Multi-model execution ensures **diversification across market regimes while maintaining strict intraday risk control**.

ELITE (1CR)

Strategy Overview

Elite 1Cr deploys a **high-diversification portfolio of systematic strategies** across multiple indices and strike combinations.

Higher capital allocation enables **simultaneous deployment of several independent trading engines**, improving stability and return smoothness.

Strategy Brief

Market :- **NIFTY / SENSEX**

Instruments :- **Weekly Options**

Approach :- **Directional + Non-Directional**

Trading Style :- **Intraday**

Execution Window :- **09:15 AM – 03:20 PM**

Average Trades :- **80–120 trades/day**

Minimum Capital :- **1 Crore**

Max Strategy Drawdown :- **~10%**

Max Intraday Drawdown :- **2.5%**

Riskometer :- **Moderate**

Strategy Edge

Greater capital enables **wider strike coverage, higher strategy diversification, and improved opportunity capture across market regimes.**

INSTITUTIONAL (5CR)

Strategy Overview

Institutional 5Cr represents the **institutional-grade deployment** of the OptionSmart strategy ecosystem.

This framework executes a **broad portfolio of uncorrelated trading strategies**, covering multiple indices, strike structures, and volatility regimes simultaneously.

The system is designed for **high-capital traders and institutions seeking systematic intraday exposure to index options.**

Strategy Brief

Market :- **NIFTY / SENSEX**

Instruments :- **Weekly Options**

Approach :- **Short Volatility + Directional**

Trading Style :- **Intraday**

Execution Window :- **09:15 AM – 03:20 PM**

Average Trades :- **120+ trades/day**

Minimum Capital :- **5 Crore**

Max Strategy Drawdown :- **~10%**

Max Intraday Drawdown :- **2.5%**

Riskometer :- **Moderate**

Strategy Edge

Maximum diversification across strategy engines, indices, and strike structures enables **institutional-level consistency and scalability.**

