ABSTRACT

Investment is one of the options in determining the proportion of the funds, but each investment will not be free of risk. Investors will always strive to minimize the impact of risks accepted, therefore, one way to reduce the impact of a reduction in the value is to use derivative products in particular option contracts.

This study aims to look how options contracts minimize the risk, it will be determined the yield obtained from the use of covered call writing strategy and a protective put buying strategy. In addition, this study will also compare which strategy is better between the two strategies.

This study uses a JCI (Joint Stock Price Index) in 2012, 2013 and 2014 as a research object, and using the Black-Scholes method to determine the option price on condition OTM, ATM and ITM with a 3-month period of both strategies.

The results showed that there are returns of both strategies on the condition of OTM, ATM and ITM in 2012, 2013 and 2014. Yields on the most maximum is 93.86% with OTM using Covered Call Writing Strategy in 2012, and 63.80% in 2013 on the condition OTM using Protective Put Buying Strategy, and 88.62% in 2014 on the condition using the OTM covered call writing strategy.

In conclusion, the use of options contracts can provide returns to users, but it also can provide protection against the risks that would happen. But overall a better strategy would be determined how investors choose what they wanted to get.

***Keyword**: Black-Scholes Method, Covered Call Writing Strategy,* JCI, *Protective Put Buying Strategy, Option Contract*