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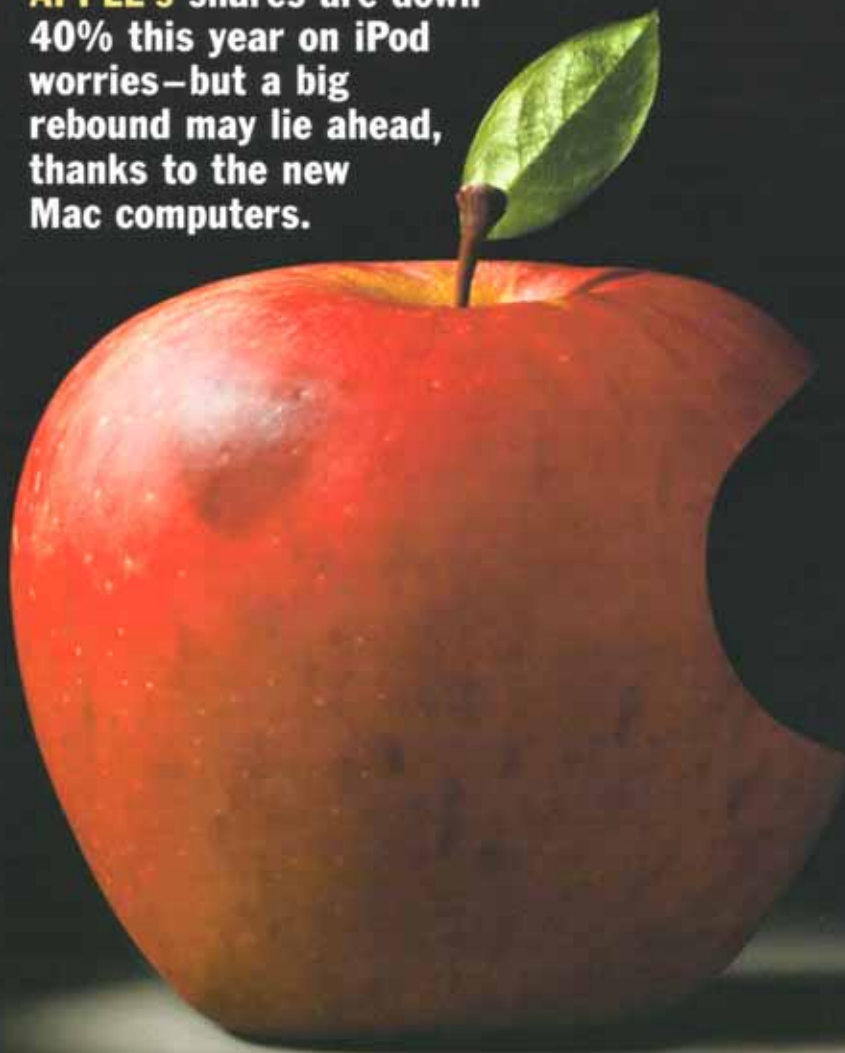
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Hard-Working Money

While vacationing, you can use an automatic-trading system or an advisory whose buy signals are converted into orders at an online broker. It's getting easier to trade options while you sun.

WHEN YOU TAKE A VACATION, DO YOU GIVE YOUR PORTFOLIO a little time off, too? Or do you prefer to keep your money sweating away while you sip piña colodas miles from the nearest Internet connection? If you're inclined toward the latter, then automatic trading may be for you.

To set up an auto-trading system—which means authorizing trades of specific dollar or share amounts to be entered on your behalf—you need to check with your online brokers to make sure they can enable it. You can devise your own trading framework, or subscribe to an advisory service that generates trading signals that are automatically converted into orders at your online broker. You should also do a gut check to decide whether this exercise will ruin your relaxing time away.

Some brokers that let you sign up for auto-trading include thikorswim's Autotrade (www.thinkorswim.com), optionsXpress' Xecute (www.optionsxpress.com), TradeStation's EasyLanguage (www.tradestation.com), ManSecurities Auto-trade (www.mansecurities.com) and Terra Nova Online's Auto-Trading (www.terranovaline.com).

This week, we looked at automatic options trading.

Brokers will usually require you to specify the size of each order you want executed when a signal is received. The size can be based on a dollar amount or on a set number of shares or contracts. Or you can key it on a percentage of your current buying power or portfolio. When a trade is executed, the broker will charge its typical commission.

It's easy to find a trading strategy that you can sign up for: Check the contents of your e-mail spam folder—just kidding. For real, though, there are dozens of advisory newsletters that online brokers partner up with. You can then authorize your broker to trade for your account on triggers generated by those specific newsletters.

One that came to our attention recently was the Naked Options Trading System (<http://www.options-trading-system.com>), published by MarketVolume (www.marketvolume.com). Using this system requires that the user go through the Securities and Exchange Commission-mandated qualification process for trading naked options, which can be highly risky; the process is meant to verify that the investor has some experience trading options and understand the risks.

Vlad Korzinin, MarketVolume's Vancouver, B.C.-based CEO says, "We believe that our product is successful because it's based on market-volume technology and trend prediction." His system depends on an accumulation of volume surges, which he says can predict institutional trading activities like, say, a big buying program from a mutual fund. MarketVolume's patent-

pending technology analyzes volume surges that don't result from general market shifts.

These calculations, based on moving averages, are compared with historical performance going back to 1999, and then are used to project what a particular volume surge might mean. This lets a user discern a momentary reaction to market news from a fundamental jump in institutional interest. Korzinin says, "A newly calculated surge has to reach or exceed an earlier surge to mean anything."

These surges generate trade triggers for written puts (puts sold short) or written calls (call sold short) for QQQQ (the exchange-traded fund that tracks the Nasdaq 100 Index) options. The signals are for options with up to six months to expiration. The system generated nine entries and nine exits in 2005, and so far has generated four entries and four exits in 2006. To mitigate risk, Korzinin recommends that traders put less than 15% of their investment assets into naked options and trade only options on indexes rather than taking far-riskier positions in individual stocks.

The system's trade triggers are audited by Ernst & Young, which verifies the signals in a quarterly report.

Through the end of July, a subscription to MarketVolume's Naked Options Trading System is \$95.95 a month, \$243.95 a quarter, or \$779.95 a year. However, these are promotional prices that are slated to increase at the beginning of August. Subscribers to the Naked Options Trading System can auto-trade on ManSecurities, optionsXpress (as of last week), Investrade (www.investrade.com), Terra Nova and Synergy Investment Group (www.synergyinvestments.com). More brokers are expected to offer it shortly. If you don't have an account at a broker that can auto-trade this system, you can receive an e-mail alert that will prompt you to place the trade manually.

Naked Options' publisher MarketVolume also offers its own charts detailing volume-based trading signals for U.S. indexes. The user can specify a time period for the chart, and the underlying calculations generating the triggers are automatically adjusted.

MarketVolume membership comes in three flavors: Silver, Gold and Platinum. Silver members (\$44.95/month, \$389.95/year) receive real-time volume indicators, daily commentary and volume charts for many U.S. exchanges and indexes. At the Gold level (\$87.95/month, \$764.95/year), you also get signals for exchange-traded funds 45 minutes before the market's close. Platinum members (\$157.95/month, \$1,369.95/year) receive real-time indicators for advances and declines for all major U.S. indexes and exchanges, aimed at highlighting crucially negative or positive sentiments before price-trend reversals. It's info our money can use even when you're not around. ■