The 4 Layers of Market Structure with GEX

Gamma Classification Engine — Visual Reference Guide

1 Regime → 2 Structure → 3 Positioning → 4 Flow

LAYER 1 Volatility Regime

cT	**Call Transition** — upper transition boundary (call side)	★★
HVL	**Highest Volatility Level** — epicenter of transition zone	★★★★
pT	**Put Transition** — lower transition boundary (put side)	★★★

Where price sits vs **HVL**, **cT**, and **pT** defines the **gamma profile** — full map in the next panel.

REGIME · PRICE LOCATION

Gamma profile

Horizontal map of spot vs dealer gamma posture. Anchors **P1** / **C1** tie to Layer 2 walls; **HVL** and transitions frame how vol behaves.

PUT SIDE · LOWER STRIKES — PRICE → — HIGHER STRIKES · CALL SIDE

Neg. Extension	Negative Gamma	Lower Trans.	Upper Trans.	Positive Gamma	Pos. Extension
Below P1	P1 → pT	pT → HVL	HVL → cT	cT → C1	Above C1

Above HVL
DEALERS LONG GAMMA

- ↓ Volatility **suppressed**
- ↔ Price moves **dampened**, mean-reverting
- Dealer hedging **absorbs** momentum

Below HVL
DEALERS SHORT GAMMA

- ↑ Volatility **expanded**
- ⇕ Price moves **amplified**, directional
- ⚡ Dealer hedging **accelerates** momentum

pT → HVL Lower Transition — weakly negative gamma, may still compress

HVL → cT Upper Transition — weakly positive gamma, compressed behavior

⚠ **EXTENSION ZONES** — In the **Neg. Extension** (below P1) and **Pos. Extension** (above C1) zones, potential positive or negative **gamma squeeze** conditions exist. If price stays in these zones, **structural repositioning** may occur as dealers aggressively hedge directional exposure.

LAYER 2 GEX Structure — Net Gamma Exposure Walls + Absolute GEX

CALL GAMMA CLUSTER C6 → C1 · outer to primary · higher strikes toward the top

C6	Call Wall #6 — outer call-side gamma	★
C5	Call Wall #5 — peripheral call-side	★
C4	Call Wall #4 — smaller call-side cluster	★
C3	Call Wall #3 — 3rd strongest call-side	★★
C2	Call Wall #2 — 2nd strongest call-side	★★
C1	**Call Wall #1** — largest call-side gamma wall	★★★★

cT
HVL
pT

TRANSITION ZONE ← see Layer 1 for details

PUT GAMMA CLUSTER P1 → P6 · primary to outer · lower strikes toward the bottom

P1	**Put Wall #1** — largest put-side gamma wall	★★★★
P2	Put Wall #2 — 2nd strongest put-side	★★
P3	Put Wall #3 — 3rd strongest put-side	★★
P4	Put Wall #4 — smaller put-side cluster	★
P5	Put Wall #5 — peripheral put-side	★
P6	Put Wall #6 — outer put-side gamma	★

Absolute GEX Levels — highest combined gamma (call GEX + put GEX)

Ab1	**Absolute GEX #1** — highest total gamma concentration	★★★★
Ab2	Absolute GEX #2 — 2nd highest total gamma	★★
Ab3	Absolute GEX #3 — 3rd highest total gamma	★

LAYER 3 Positioning — Open Interest + DEX

nCOI	**Net Call OI** — strike where call OI most exceeds put OI	★★
COI	**Call OI Peak** — highest absolute call open interest	★★
AbOI	**Total OI Peak** — highest combined OI (call + put)	★★
POI	**Put OI Peak** — highest absolute put open interest	★★
nPOI	**Net Put OI** — strike where put OI most exceeds call OI	★★

- Shows where **real exposure and positioning** is built — actual commitments from market participants
- **AbOI** = total positioning peak regardless of call/put side — highest market engagement at a single strike
- Validates or challenges GEX structure — a gamma wall backed by heavy OI is **structurally reinforced**
- **Net OI** (nCOI/nPOI) reveals call vs. put dominance — directional positioning bias at a strike

DELTA EXPOSURE DEX

D+	**Highest Positive Net DEX** — largest positive delta concentration	★★★★
D−	**Highest Negative Net DEX** — largest negative delta concentration	★★★★

NOTE — Structural repositioning may occur when price crosses the **D+ / D−** boundary. **Gamma** is the *first-order derivative of delta* with respect to underlying price; **GEX** maps that gamma structure across strikes. A D+/D− flip signals a fundamental shift in dealer hedging-flow direction.

LAYER 4 Flow — Volume

Level	Description	Rating
nCV	**Net Call Volume** — strongest net call-side volume strike	★
CV	**Call Volume Peak** — most actively traded call strike	★
PV	**Put Volume Peak** — most actively traded put strike	★
nPV	**Net Put Volume** — strongest net put-side volume strike	★

- Shows what is happening **right now** — today's session activity (pre-market shows previous day's values)
- **Positioning + fresh flow** at the same strike = active reinforcement of structure
- Adds **timing context** to structure — a level with fresh flow is more actively engaged
- **No flow** at a positioned level = structure may be aging or less relevant in current session

✦ Confluence — When Layers Align

- A level becomes more relevant when **multiple independent metrics** converge on the same strike. That is confluence.
- **cT and pT are excluded** from confluence count — they are computed logical boundaries, not mass-based levels.

2×	3×	4+×
Moderate	**Strong**	**Exceptional**
2 levels converge — this strike may function as a reaction zone	3 levels converge — notable structural engagement at this strike	4+ levels converge — heavy exposure concentration, highest-attention zone

EXAMPLE — EXCEPTIONAL CONFLUENCE AT A SINGLE STRIKE

C1 + Ab1 + COI + nCV = 4× Exceptional Confluence

At this strike: dealers care (gamma), positioning is concentrated (OI), the market is actively trading (volume), and absolute gamma is highest. This is a level where the market is **structurally engaged** across all layers.