

Frequently Asked Questions – Mini Options

Q: When will Mini Options become available for trading?

A: NASDAQ Options Market LLC (“NOM”) will commence trading Mini Options on Monday, March 18, 2013. NASDAQ OMX PHLX LLC (“PHLX”) will commence trading Mini Options on Thursday, March 28, 2013. NASDAQ OMX BX, Inc. (“BX Options”) will begin trading Mini Options on a date to be announced.

Q: What are “Mini Options”?

A: Mini Options are new options classes that will carry a deliverable of 10 shares of an underlying security, versus 100 shares with a standard option deliverable. The strike prices, as well as the bids and offers, will be at the same levels as standard options. Mini Options are separate options classes and will not be eligible for the Penny Pilot Program the first day of trading. Therefore, Mini Options will not be quoted in penny increments.

Mini Options will be included in certain strike (e.g., \$1 strike program) and listing programs (e.g. Weeklies), where applicable, because strike prices for Mini Options will match those of standard options. For example, weekly and quarterly strikes will be available for Mini Options, but they may not begin in these programs on the first day of trading. Their inclusion in these programs will be announced closer to the start date.

Q: Will Mini Options be available on all options symbols?

A: Initially, Mini Options will overlay the following symbols: AAPL, AMZN, GLD, GOOG and SPY (“Mini Options Symbols”). As stated above, Mini Options will be separate and distinct options classes from standard options and, therefore, the exchanges will appoint specialists specifically for Mini Options pursuant to its rules.

Q: How do Mini Options differ from standard options on the same underlying?

A: As stated above, Mini Options will carry a deliverable of 10 shares per contract, as compared to 100 shares per contract for standard options contracts. Trading symbols for Mini Options will differ from standard options. Mini Options will be differentiated with a suffix of “7”, for example Mini Options will be designated as “AAPL7” or “SPY7.”

Q: How will the exchange determine strike prices and expiration dates?

A: Strike prices for Mini Options will mimic those of standard options on the same underlying and, therefore, will have the same strike price intervals as standard options. Also, Mini Options will have the same expiration dates as standard options. However, their inclusion in the weekly options and quarterly options program will be announced closer to the launch date.

Pursuant to exchange rules, additional option series will be added for each Mini Options, provided, the underlying security trades above \$90. If the underlying security trades at or below \$90, no additional options series may be added at that time.

While bids and offers for Mini Options will be at the same levels as standard options, premiums will be 1/10th the value of a standard option contract. For example, an AAPL April 525 strike which has a bid/offer price of \$10.15 x \$10.45 would cost \$1,045.00 (\$10.45 x 100) to purchase a standard contract and \$104.50 (\$10.45 x 10), or 1/10th the value, to purchase a Mini Option.

By way of further example, the below table compares a standard option versus a Mini Option in AAPL:

	Standard	Mini
Trading Symbol	AAPL	AAPL7
Shares per contract	100	10
Strike Price	April 525	April 525
Bid-Offer spread	\$10.20 x \$10.40	\$10.20 x \$10.40
Premium Multiplier	100	10
Total Value per Contract	\$1,040	\$104
Total Value of Deliverable	\$52,500	\$5,250

Q: How will corporate actions impact Mini Options?

A: Corporate actions will impact Mini Options similar to standard options. For example, a cash dividend would reduce the strike price for Mini Options as with standard options. In the case of a 2 for 1 stock split, the strike prices will be adjusted in half as they would be with a standard option. In the case of a 1 for 2 reverse split, the Mini Option would require the delivery of 5 shares and the symbol would also change, i.e. AMZN7 would become AMZN8.

Q: What are my quoting obligations as a market maker for Mini Options?

A: The prevailing quoting obligations for standard options will apply to Mini Options, but the obligations shall be mutually exclusive and would not be aggregated. Please refer to the following applicable exchange rules: PHLX Rule 1014, NOM Chapter VI, Section 5 and BX Options Chapter VI, Section 5.

Similar to standard options, an approved Market Maker on PHLX, NOM or BX Options who desires to submit quotations in a Mini Options should notify NASDAQ OMX Market Operations by sending an email to the following:

BX Options: bxoptions@nasdaqomx.com

NOM: nomoptions@nasdaqomx.com

PHLX: system.support@nasdaqomx.com