NASDAQ OMX | PHLX

WORLD CURRENCY OPTIONS: TAKE YOUR TRADING TO THE NEXT LEVEL

Foreign exchange trading is a smart way to diversify any portfolio. NASDAQ OMX PHLX℠ (PHLX®) offers U.S. dollar-settled options on eleven currencies, covering both major world currencies and emerging markets. Everyone from retail investors and currency traders to asset managers and corporations can find value in incorporating PHLX World Currency Options® into their trading strategies.

EASY TO TRADE

In order to provide an easy-to-use foreign exchange trading vehicle, PHLX has standardized underlying contracts. In addition, the underlying contract sizes are designed for retail investors in that they aren't overwhelmingly large.

10,000 UNITS	100,000 UNITS	1,000,000 UNITS
• Australian dollar (XDA) • British pound (XDB) • Canadian dollar (XDC) • Euro (XDE) • New Zealand dollar (XDZ) • Swiss franc (XDS)	• Mexican peso (XDM) • Norwegian Krone (XDV) • South African rand (XEV) • Swedish krona (XEH)	• Japanese yen (XDN)

PHLX World Currency Options are European-style exercise — they may only be exercised on the last trading day prior to expiration. However, they can always be bought or sold prior to expiration.

EASY TO UNDERSTAND

Options are quoted in terms of U.S. dollars per unit of the underlying foreign currency and premiums are paid and received in U.S. dollars. Because options premiums and settlements are in U.S. dollars rather than the underlying foreign currency, PHLX World Currency Options settle in your securities account (once it has been approved by your broker for foreign currency options).

The manageable size of the options contracts, coupled with U.S. dollar settlement, allows for simple and straightforward calculation of premiums, profits and losses. For those investors familiar with trading options on indexes, currency options strategies follow similar principles.

Why You Should Trade World Currencies

- Offset traditional stock losses
- Gain exposure to currencies
- Manage/neutralize risk
- Paid in another currency but living in or moving to the U.S.
- Neutralize risk of an asset purchased overseas
- Limit your risk to the amount of premium invested
- Choose your time period, strike price, etc.
- Trade in bullish, bearish and neutral market conditions

EASY TO MANAGE

PHLX offers a fully electronic trading platform that provides continuous price dissemination and instant execution of market orders.

A WORLD CURRENCY OPTION IN ACTION

This example assumes that the Euro spot rate is at 1.2806 at the time of the trade.

Strike Price: A Euro call is expressed as 128.0 (similar to index options, we move the decimal point two places to the right).

Premium: An investor buys one October 128.0 Euro call for 1.15 – premium (bids and offers) is made in terms of U.S. dollars per unit of foreign currency. Because the contract size is 10,000 Euros, the premium is calculated with a $100 multiplier, so the premium of 1.15 costs $115.00.

Let's say the Euro advances vs. the U.S. dollar to 1.3300 at the time of the option expiration. Therefore, the call option value at expiration would be 5.00 or $500 (intrinsic value) (1.3300 minus 1.2800).

The call could be sold to close the position or be exercised.

The proceeds would be:

Proceeds from sale: $500
Cost of the Option: $115
Profit: $385

START TRADING TODAY

Complete your portfolio with World Currency Options today! PHLX World Currency Options have been structured to be available for trading through any approved options account at a securities broker-dealer. To learn more, consult with your broker.

And visit our website at: **www.NASDAQOMXTrader.com/wco**.

DEFINITIONS

- *Put* – An option contract giving the owner the right, but not the obligation, to sell a specified amount of an underlying security at a specified price within a specified time.
- *Call* - An option contract which gives the holder the right, but not the obligation, to buy a specified amount of an underlying security at a specified price within a specified time in exchange for a paying a premium.
- *Expiration Date* - The date after which an option may no longer be exercised.
- *Strike Price* - The price at which the owner of an option can purchase (call) or sell (put) the underlying stock or commodity. Used interchangeably with striking price, strike, or exercise price.
- *Premium*- The total price of an option. This is represented in decimals, i.e. 0.05 is $5.00.
- *Intrinsic Value* - The "in-the-money" portion of an option's price. A call option is in the money if the stock price is above the strike price. A put option is in the money if the stock price is below the strike.