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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2009 AND ENDING 12/31/2009
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **NASDAQ Options Services, LLC**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
165 Broadway 51st Floor

New York (City) **NY** (State) **10006** (Zip Code)
(No. and Street)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Manny Alicandro **212-401-8982**
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Ernst & Young LLP

5 Times Square (Address) **New York** (City) **NY** (State) **10036** (Zip Code)
(Name - of individual, state last, first, middle name)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

BB 3/22

OATH OR AFFIRMATION

I, Manny Alicandro and I, Eric Noll, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of NASDAQ Options Services, LLC (the "Company"), as of December 31, 2009, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

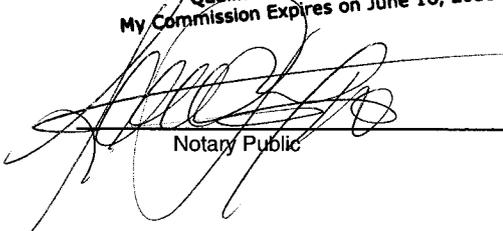

Signature

Chief Compliance Officer
Title


Signature

EVP Transaction Services
Title

KELLI J. BUFORD
Notary Public, State of New York
No. 01-BU6094380
Qualified in Bronx County
My Commission Expires on June 16, 2011


Notary Public

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Member's Equity
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent auditor's report on internal control.
- (p) Schedule of segregation requirements and funds in segregation – customers' regulated commodity futures account pursuant to Rule 171-5.

NASDAQ Options Services, LLC

Statement of Financial Condition

December 31, 2009

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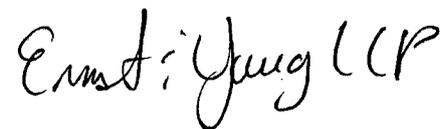
Report of Independent Registered Public Accounting Firm

To the Member of
NASDAQ Options Services, LLC

We have audited the accompanying statement of financial condition of NASDAQ Options Services, LLC (the "Company") as of December 31, 2009. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of NASDAQ Options Services, LLC at December 31, 2009, in conformity with U.S. generally accepted accounting principles.



February 24, 2010

NASDAQ Options Services, LLC

Statement of Financial Condition

December 31, 2009

Assets

Cash and cash equivalents	\$ 3,523,046
Deposits with clearing organizations	1,439,420
Receivables from affiliates, net	304,801
Other assets	34,573
Total assets	<u>\$ 5,301,840</u>

Liabilities and member's equity

Liabilities:

Accrued liabilities	\$ 386,340
Accrued compensation and benefits	18,523
Total liabilities	<u>404,863</u>

Member's equity	<u>4,896,977</u>
Total liabilities and member's equity	<u>\$ 5,301,840</u>

See accompanying notes to the Statement of Financial Condition.

NASDAQ Options Services, LLC

Notes to Statement of Financial Condition

December 31, 2009

1. Nature of Business

NASDAQ Options Services, LLC, or the Company, is a wholly-owned subsidiary of Norway Acquisition, LLC, which is a wholly-owned subsidiary of The NASDAQ Stock Market LLC. The NASDAQ Stock Market LLC is the parent company of The NASDAQ Options Market, or the Exchange. The Company operates as the routing broker for the Exchange and for NASDAQ OMX PHLX, Inc., or PHLX, an affiliated entity. The NASDAQ OMX Group, Inc., or NASDAQ OMX, is a holding company that operates The NASDAQ Stock Market LLC and NASDAQ OMX PHLX as its wholly-owned subsidiaries. The Exchange provides NASDAQ OMX's market participants with the ability to access, process, display and integrate orders and quotes in the Exchange and other national options exchanges. The Company has no customers and accepts orders from the Exchange and PHLX, as part of its core routing brokerage business. Since March 31, 2008, the Company was solely acting as the routing broker-dealer for the Exchange and beginning August 1, 2009 also the routing broker-dealer for PHLX. The Company is self-clearing and maintains an account at the Options Clearing Corporation, or OCC, and at the National Securities Clearing Corporation, or NSCC.

Activity and Regulation of NASDAQ Options Services, LLC

The Company currently operates as the Exchange's and PHLX's routing broker-dealer for sending orders in exchange-listed options from The NASDAQ Options Market and NASDAQ OMX PHLX to other venues for execution in accordance with member order instructions and requirements. The Company also clears all routed trading activity in options listed on the Exchange and PHLX directly with the OCC. All routed and executed trades are sent to the OCC by the exchange on which the trade was executed or by the Exchange. However, any trades that are executed on the Chicago Board Options Exchange, or CBOE, are sent through Penson Financial Services, Inc., or Penson, since the Company is not a member of the CBOE. The Company has a Clearing Member Trading Agreement, or CMTA, with Penson, which allows Penson to transfer the executions resulting from these trades to the Company's clearing account at the OCC. In the event the order is for a security not listed on the Exchange, the position is transferred to the firm that entered the order via a CMTA, with Penson, if the order is sent to the CBOE or if the order is routed to any other exchange, it is transferred by the Company itself.

NASDAQ Options Services, LLC

Notes to Statement of Financial Condition (continued)

1. Nature of Business (continued)

The Company is registered as a broker-dealer with the Securities and Exchange Commission, or SEC, and in all 50 states, the District of Columbia and Puerto Rico. It is also a member of The Nasdaq Options Market, The NASDAQ Stock Market, NASDAQ OMX PHLX, Financial Industry Regulatory Authority, or FINRA, NYSE Amex, Boston Options Exchange, International Securities Exchange and NYSE ARCA. The Company is distinguished from most broker-dealers in that it is a facility of the Exchange, which functions as both an exchange and a Self Regulatory Organization, or SRO.

The Company is subject to regulation by the SEC, FINRA, the SROs and the various state securities regulators. Prior to March 31, 2008, the Company did not process any trades.

2. Summary of Significant Accounting Policies

Accounting Estimates

The preparation of the Company's statement of financial condition, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts and the disclosures of contingent amounts in the statement of financial condition and accompanying notes. Management believes that the estimates utilized in preparing its statement of financial condition are reasonable and prudent. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at acquisition to be cash equivalents. At December 31, 2009, there were no cash equivalents. In January 2009, the Company had investments primarily in money market mutual funds held at a major U.S. financial institution which were subsequently sold. All cash is held at one major U.S. bank.

Deposits with Clearing Organizations

The deposits with clearing organizations primarily represent funds held at OCC for settlement of trades and funds also held at the Penson, NSCC and Depository Trust Company, or DTC.

NASDAQ Options Services, LLC

Notes to Statement of Financial Condition (continued)

2. Summary of Significant Accounting Policies (continued)

Securities Owned and Securities Sold, Not Yet Purchased, At Market Value

The Company may temporarily have positions in securities due to system interruptions. The Company provides brokers and dealers with the option to cancel the difference resulting from position breaks due to an interruption. When the market value fluctuations related to these position breaks are unfavorable to the customer, the Company will assume the positions and liquidate the positions the following trade day resulting in limited market risk to the Company. Securities owned and securities sold, not yet purchased are carried at market value in other assets and accrued liabilities in the statement of financial condition and there were no positions related to securities owned and securities sold, not yet purchased at December 31, 2009.

Income Taxes

The Company's operating results are included in the federal income tax return and state income tax returns filed by NASDAQ OMX. The Company uses the asset and liability method to provide income taxes on all transactions recorded in the consolidated NASDAQ OMX financial statements. Deferred tax assets and liabilities are determined based on differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities (i.e., temporary differences) and are measured at the enacted rates that will be in effect when these differences are realized. If necessary, a valuation allowance is established to reduce deferred tax assets to the amount that is more likely than not to be realized.

In order to recognize and measure the Company's unrecognized tax benefits, management determines whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Once it is determined that a position meets the recognition thresholds, the position is measured to determine the amount of benefit to be recognized in the statement of financial condition.

Recently Adopted Pronouncements

In 2009, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Codification, or ASC, Topic 105, "Generally Accepted Accounting Principles," as the single source of authoritative nongovernmental U.S. GAAP. The provisions in this guidance do not change current U.S. GAAP, but are intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. All

NASDAQ Options Services, LLC

Notes to Statement of Financial Condition (continued)

2. Summary of Significant Accounting Policies (continued)

existing accounting standard documents were superseded and all other accounting literature that is not included in the FASB Codification is considered non-authoritative. This guidance is effective for interim and annual periods ending after September 15, 2009 and, accordingly, was effective for our annual period ended December 31, 2009. The adoption of this guidance did not have an impact on our financial condition, but did impact our financial reporting process by eliminating all references to pre-codification standards.

Also, in 2009, we adopted ASC Topic 855, "Subsequent Events," which provides guidance to establish general standards of accounting for, and disclosures of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This guidance requires entities to disclose the date through which subsequent events were evaluated as well as the basis for why that date was selected. The guidance did not have a material impact on our financial condition and disclosures.

3. Related Party Transactions

Certain expenses of the Company are settled on the Company's behalf by NASDAQ OMX and its other subsidiaries. These expenses are then allocated to the Company through intercompany charges, resulting in amounts due to affiliates.

The Company operates as the routing broker for the Exchange and PHLX. Under service agreements entered into between the Company, the Exchange and PHLX, or the Service Agreements, the Exchange and PHLX agree to pay the Company pass through costs incurred in routing orders to external destinations for the Exchange and PHLX. The Exchange also agrees to pay for expenses including OCC fees, clearing costs, exchange fees, annual membership fees and certain technology related costs. The Company agrees to pay for all routing services provided to the Exchange and PHLX. Revenue is recognized as earned, and is allocated to the Company through an intercompany receivable, resulting in amounts due from affiliates.

The Exchange agreed to provide the Company with support services, including but not limited to, finance administration, human resources, technology and management support. Certain other expenses of the Company are settled on the Company's behalf by NASDAQ OMX and the Exchange and are allocated through an intercompany charge, resulting in amounts due to affiliates.

NASDAQ Options Services, LLC

Notes to Statement of Financial Condition (continued)

4. Income Taxes

The Company's operating results are included in the federal income tax return and state income tax returns filed by NASDAQ OMX. For tax purposes, the Company is disregarded as an entity separate from its owner, NASDAQ OMX, pursuant to U.S. Income Tax Regulations Sec. 301.7701-3(b)(1)(ii). As a single-member LLC, the Company records taxes on a separate company basis as if it were a division of NASDAQ OMX.

The Company's operating results are included in the federal income tax return and state income tax returns filed by NASDAQ OMX. NASDAQ OMX and its eligible subsidiaries file a consolidated U.S. federal income tax return and applicable state and local income tax returns. Federal income tax returns for years 2006-2008 are subject to examination by the Internal Revenue Service. Several state tax returns are currently under examination by the respective tax authorities for years 2005-2006 and the Company is subject to examination for 2007 and 2008.

5. Net Capital Requirements and Member's Equity

The Company is a registered broker-dealer and, accordingly, is subject to the SEC's Uniform Net Capital Rule, or Rule 15c3-1, which requires the maintenance of minimum net capital. The Company computes its net capital requirements under the alternative method provided by Rule 15c3-1. Advances to affiliates, repayment of subordinated borrowings, dividend payments, and other equity withdrawals are subject to certain notification and other provisions of the SEC Uniform Net Capital Rule or other regulatory bodies.

At December 31, 2009, the Company had net capital of \$4,538,884, which was \$4,288,884 in excess of its required net capital of \$250,000. Under the agreements made with the OCC, the Company is required to maintain a minimum level of net capital of \$2,000,000 and comply with other financial ratio requirements. At December 31, 2009, the Company was in compliance with all such requirements.

The Company claims exemption from the provision of Rule 15c3-3 under subparagraph (k)(2)(ii).

6. Commitments and Contingent Liabilities

Brokerage Activities – The Company provides guarantees to securities clearinghouses and exchanges under their standard membership agreements, which require members to guarantee the performance of other members. If a member becomes unable to satisfy its obligations to the

NASDAQ Options Services, LLC

Notes to Statement of Financial Condition (continued)

6. Commitments and Contingent Liabilities (continued)

clearinghouses, other members would be required to meet its shortfalls. To mitigate these performance risks, the exchanges and clearinghouses often require members to post collateral as well as meet certain minimum financial standards.

The Company's maximum potential liability under these arrangements cannot be quantified. However, management believes that the potential for the Company to be required to make payments under these arrangements will be unlikely. Accordingly, no contingent liability will be recorded in the statement of financial condition for these arrangements.

General Litigation and Regulatory Matters – The Company is subject to periodic regulatory audits, inspections and investigations.

Management is not aware of any unasserted claims or assessments that would have a material adverse effect on the financial position of the Company.

The SEC and FINRA adopt rules and examine broker-dealers and require strict compliance with their rules and regulations. The SEC, SROs, and state securities commissions may conduct administrative proceedings which can result in censures, fines, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer, its officers or employees. The SEC and state regulators may also institute proceedings against broker-dealers seeking an injunction or other sanction. The SEC and SRO rules cover many aspects of a broker-dealer's business, including capital structure and withdrawals, sales methods, trade practices among broker-dealers, use and safekeeping of customers' funds and securities, record-keeping, the financing of customers' purchases, broker-dealer and employee registration and the conduct of directors, officers and employees. All broker-dealers have an SRO that is assigned by the SEC as the broker-dealer's designated examining authority, or DEA. The DEA is responsible for examining a broker-dealer for compliance with the SEC's financial responsibility rules. FINRA is the Company's current DEA. A failure to comply with the SEC's request in a satisfactory manner may have adverse consequences, and changing the Company's DEA may entail additional regulatory costs.

Risks and Uncertainties – As discussed above, the Company, as a routing broker-dealer, is exposed to the Company to clearance and settlement risks.

NASDAQ Options Services, LLC

Notes to Statement of Financial Condition (continued)

7. Fair Value of Financial Instruments

The Company's assets and liabilities are recorded at fair value or at amounts that approximate fair value. These assets and liabilities include cash and cash equivalents, deposits with clearing organizations, receivables from affiliates, other assets, accrued liabilities and accrued compensation and benefits. The carrying amounts reported in the statement of financial condition for the above financial instruments closely approximate their fair values due to the short-term nature of these assets and liabilities.

8. Subsequent Events

The Company has evaluated its subsequent events through February 24, 2010, the issuance date of this statement of financial condition as of December 31, 2009 and there are no known events that require disclosure.

Ernst & Young LLP

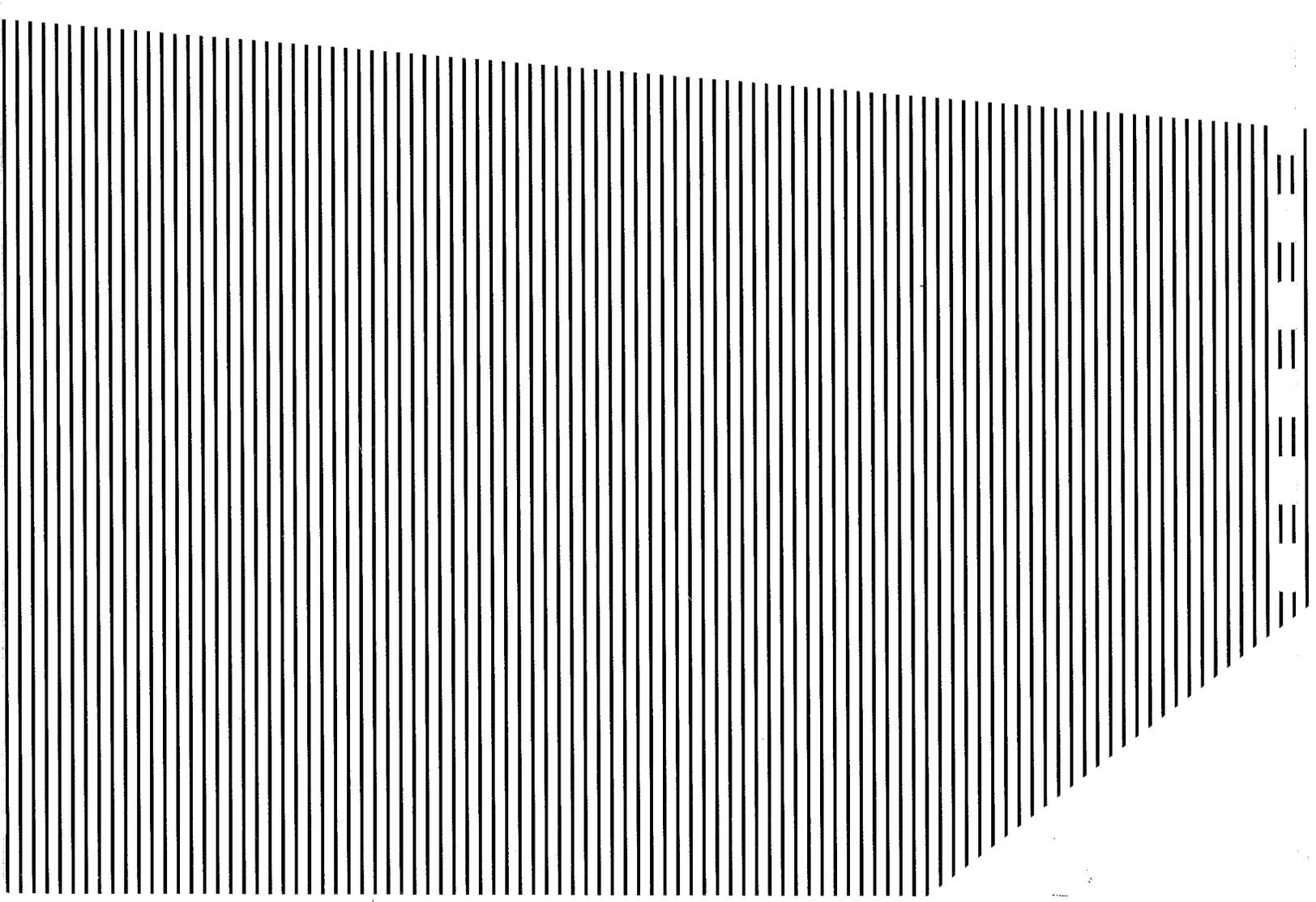
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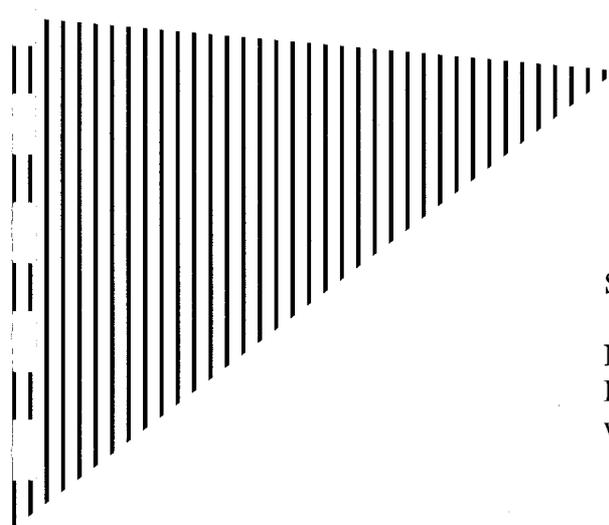
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STATEMENT OF FINANCIAL CONDITION

NASDAQ Options Services, LLC

December 31, 2009

with Report of Independent Registered Public Accounting Firm

Ernst & Young LLP

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