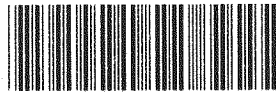


SEC



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MISSION

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OMB APPROVAL	
OMB Number:	3235-0123
Expires:	April 30, 2013
Estimated average burden hours per response.....	12.00

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

SEC FILE NUMBER
8- 52750

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 01/01/11 AND ENDING 12/31/11
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
(No. and Street)
New York NY 10006
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Venu Palaparthi (212) 401 8730
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

ERNST & Young LLP
(Name - if individual, state last, first, middle name)
5 TIMES SQUARE NEW YORK NY 10036
(Address) (City) (State) (Zip Code)

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)

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OATH OR AFFIRMATION

I, Eric Noll, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of NASDAQ OPTIONS SERVICES, LLC, as of December 31, 2011, 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]
Signature
EVP Transaction Services
Title

[Signature]
Notary Public

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (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.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

JEFFREY M MOY
NOTARY PUBLIC STATE OF NEW YORK
KINGS COUNTY
LIC. #01MO6067860
COMM. EXP. MARCH 8, 2014



STATEMENT OF FINANCIAL CONDITION

NASDAQ Options Services, LLC

December 31, 2011

With Report of Independent Registered Public Accounting
Firm

Ernst & Young LLP

 **ERNST & YOUNG**

NASDAQ Options Services, LLC

Statement of Financial Condition

December 31, 2011

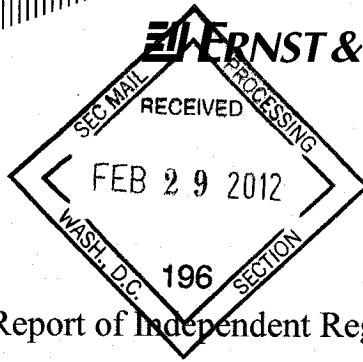
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Facing Page and Oath or Affirmation

Report of Independent Registered Public Accounting Firm.....1

Statement of Financial Condition2

Notes to Statement of Financial Condition.....3



Report of Independent Registered Public Accounting Firm

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, 2011. 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, 2011 in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

February 27, 2012

NASDAQ Options Services, LLC

Statement of Financial Condition

December 31, 2011

Assets

Cash	\$ 2,626,612
Deposits with clearing organizations	<u>1,081,963</u>
Total assets	<u>\$ 3,708,575</u>

Liabilities and member's equity

Liabilities:

Payables to affiliates, net	\$ 264,776
Accrued liabilities	142,142
Accrued compensation and benefits	<u>18,210</u>
Total liabilities	425,128

Member's equity	<u>3,283,447</u>
Total liabilities and member's equity	<u>\$ 3,708,575</u>

See accompanying notes to the statement of financial condition.

NASDAQ Options Services, LLC

Notes to Statement of Financial Condition

December 31, 2011

1. Organization and Description of the Business

NASDAQ Options Services, LLC (the Company) is a wholly owned subsidiary of Norway Acquisition, LLC (Norway Acquisition), 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 (the Exchange). The Company operates as the routing broker for the Exchange and for NASDAQ OMX PHLX, Inc. (PHLX), an affiliated entity. The NASDAQ OMX Group, Inc. (NASDAQ OMX) is a holding company that operates The NASDAQ Stock Market LLC and 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 on the Exchange, PHLX and other national options exchanges. The Company is self-clearing and maintains an account at the Options Clearing Corporation (OCC) and at the National Securities Clearing Corporation (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 Exchange and 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.

The Company is registered as a broker-dealer with the Securities and Exchange Commission (SEC), and in all 50 states, the District of Columbia and Puerto Rico. It is also a member of The NASDAQ Stock Market (NOM), PHLX, Financial Industry Regulatory Authority (FINRA), NYSE Amex, Boston Options Exchange (BOX), International Securities Exchange, CBOE, C2 Options Exchange, the BATS Z-Exchange, Inc., NYSE ARCA and the National Futures Association. 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 (SRO). The Company is registered as an introducing broker with the CFTC and the NFA but did not conduct any futures related activity during 2011.

The Company is subject to regulation by the SEC, FINRA, NFA, the SROs and the various state securities regulators.

NASDAQ Options Services, LLC

Notes to Statement of Financial Condition (continued)

2. Summary of Significant Accounting Policies

Use of 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 and assumptions.

Cash

The Company's cash is held by Bank of New York Mellon ("BONY"). Bankruptcy or insolvency may cause the Company's rights with respect to the cash held by BONY to be delayed or limited. The Company monitors its risk by monitoring the credit quality of BONY and its subsidiaries. The BONY account is a non-interest bearing account. At December 31, 2011, there were no cash equivalents.

Deposits with Clearing Organizations

The deposits with clearing organizations represent funds held at OCC for settlement of trades and funds also held at NSCC and Depository Trust Company (DTC).

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 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, respectively, in the statement of financial condition. There were no positions related to securities owned and securities sold, not yet purchased at December 31, 2011.

NASDAQ Options Services, LLC

Notes to Statement of Financial Condition (continued)

2. Summary of Significant Accounting Policies (continued)

Income Taxes

The Company's operating results are included in the federal, state and local 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 our 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 financial statements. Interest and/or penalties related to income tax matters are recognized in income tax expense.

At December 31, 2011, the Company has accrued no interest and/or penalties related to income tax matters.

3. Related-Party Transactions

Certain expenses of the Company are settled on the Company's behalf by NASDAQ OMX and its 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 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 Exchange and PHLX also each pay the Company an additional monthly fee for support related to the Company's routing transactions and this fee is then allocated to the Company through an intercompany receivable.

NASDAQ Options Services, LLC

Notes to Statement of Financial Condition (continued)

3. Related-Party Transactions (continued)

The Exchange agreed to provide the Company with support services, including but not limited to, finance administration, human resources, technology and management support.

At December 31, 2011, the Company's net receivable with Norway Acquisition was settled, in part, through a non-cash capital distribution of \$4,295,062.

At December 31, 2011, \$264,776 was a net payable to affiliates primarily related to clearing, execution, and exchange fees. Intercompany balances are settled on a periodic basis.

4. Income Taxes

The Company's operating results are included in the federal, state and local income tax returns filed by NASDAQ OMX. For income 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 separate tax payer.

The Company's operating results are included in the federal, state and local income tax returns filed by NASDAQ OMX. Federal income tax returns for the years 2008 and 2009 are currently under audit by the Internal Revenue Service. The review of federal income tax returns for the years 2007 and 2010 is expected to commence in 2012. Several state tax returns are currently under examination by the respective tax authorities for the years 2006 through 2009 and the Company is subject to examination for 2010.

5. Regulatory Requirements

The Company is a registered broker-dealer and, accordingly, is subject to the SEC's Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital. The Company computes its net capital requirements under the alternative method provided by SEC Rule 15c3-1. Consequently, the Company also meets the net capital requirement for securities brokers and dealers as specified under CFTC § 1.17 subparagraph (a)(1)(iii)(C). Advances to affiliates, dividend payments and other equity withdrawals are subject to certain notification and other requirements of SEC Rule 15c3-1 and other regulatory bodies.

NASDAQ Options Services, LLC

Notes to Statement of Financial Condition (continued)

5. Regulatory Requirements (continued)

At December 31, 2011, the Company had net capital of \$3,263,447, which was \$3,013,447 in excess of its required minimum 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, 2011, the Company was in compliance with all such requirements.

The Company claims exemption from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 (Rule 15c3-3) pursuant to paragraph (k)(2)(ii). The Company self clears all transactions and does not hold customer funds or safekeep customer securities.

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 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 is recorded in the statement of financial condition for these arrangements.

General Litigation and Regulatory Matters

The Company may be subject to claims as well as reviews by self-regulatory agencies arising out of the conduct of its business.

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

NASDAQ Options Services, LLC

Notes to Statement of Financial Condition (continued)

6. Commitments and Contingent Liabilities (continued)

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 clearance and settlement risks, as well as limited market risk.

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, deposits with clearing organizations, payables to affiliates net, accrued liabilities and accrued compensation and benefits. The carrying amounts reported in the statement of financial condition for the Company's financial instruments closely approximate their fair values due to the short-term nature of these assets and liabilities.

8. Subsequent Events

We have evaluated our subsequent events and there are no known events that require disclosure.

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