

# MIAX OPTIONS REPORT ON SPY POSITION AND EXERCISE LIMITS

DATE  
July 10, 2015



## Executive Summary

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The Pilot Program eliminates the position and exercise limits for physically-settled options on the SPDR S&P 500 ETF Trust (“SPY Pilot Program”) traded on MIAX. In Reporting on the extended SPY Pilot Program, MIAX considered the factors brought forward by the Commission in its request which include: (1) the impact, if any, on the volumes of SPY options; (2) the impact, if any on the volatility of the price in the underlying SPY contract including the impact, if any, at expiration; (3) the size and different strategies employed with respect to positions established in SPY options; (4) any observed problems in the underlying security or that otherwise arose as a result of the Pilot Program, and (5) the Exchange collected industry data on open interest in SPY options.

In addition to the data elements previously mentioned, the MIAX makes available to Commission staff various data elements relating to the effectiveness of the SPY Pilot Program and used in the preparation of this report in the form of Appendix A.

## Methodology and Scope

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MIAX first listed SPY in April 2013 and previously filed a Report on SPY Position and Exercise Limits on January 15, 2015. The previously filed Report covered the period from the inception of SPY trading on MIAX to through December of 2014. The purpose of this Report is to update our previous submission to cover the dates from January 2, 2015 to May 29, 2015.

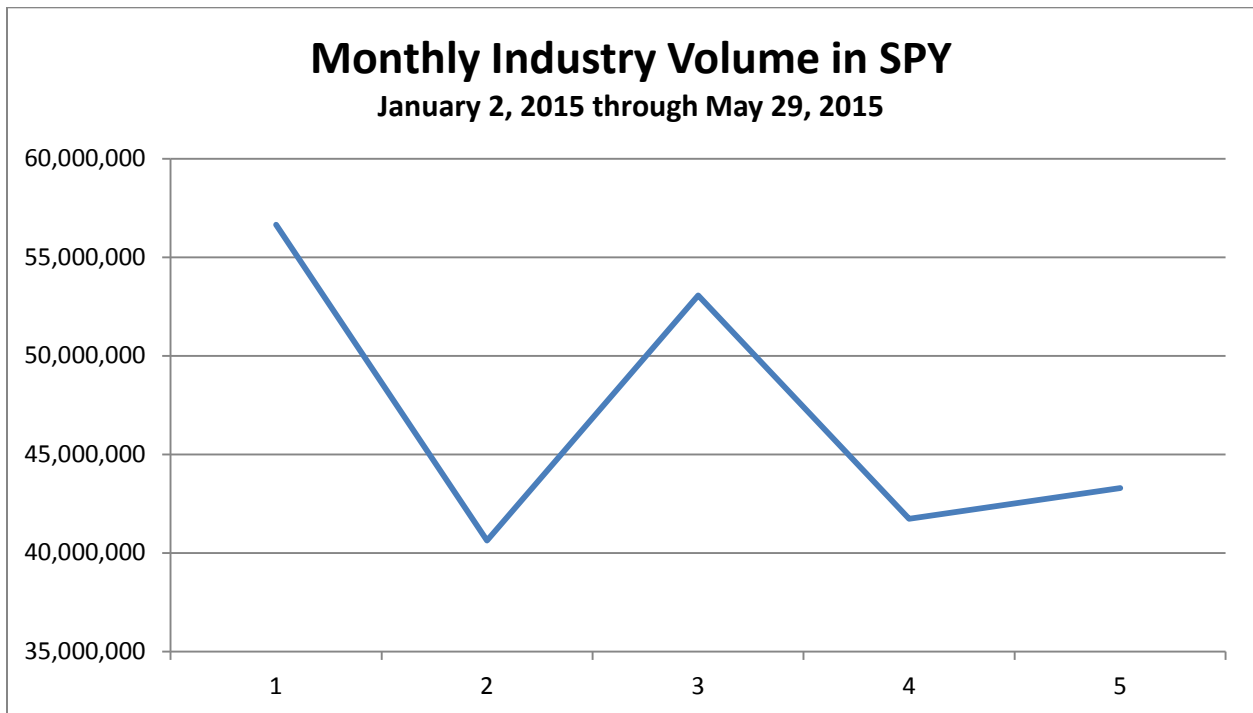
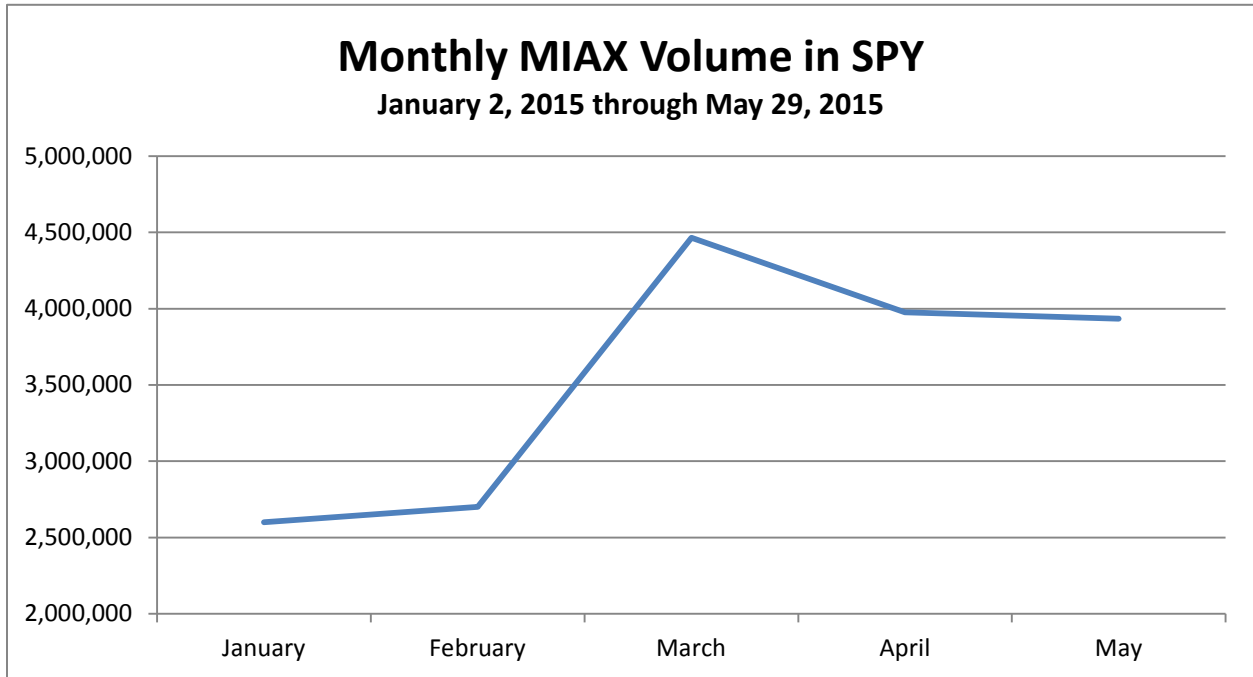
During the course of compiling this report, MIAX has collected the following data:

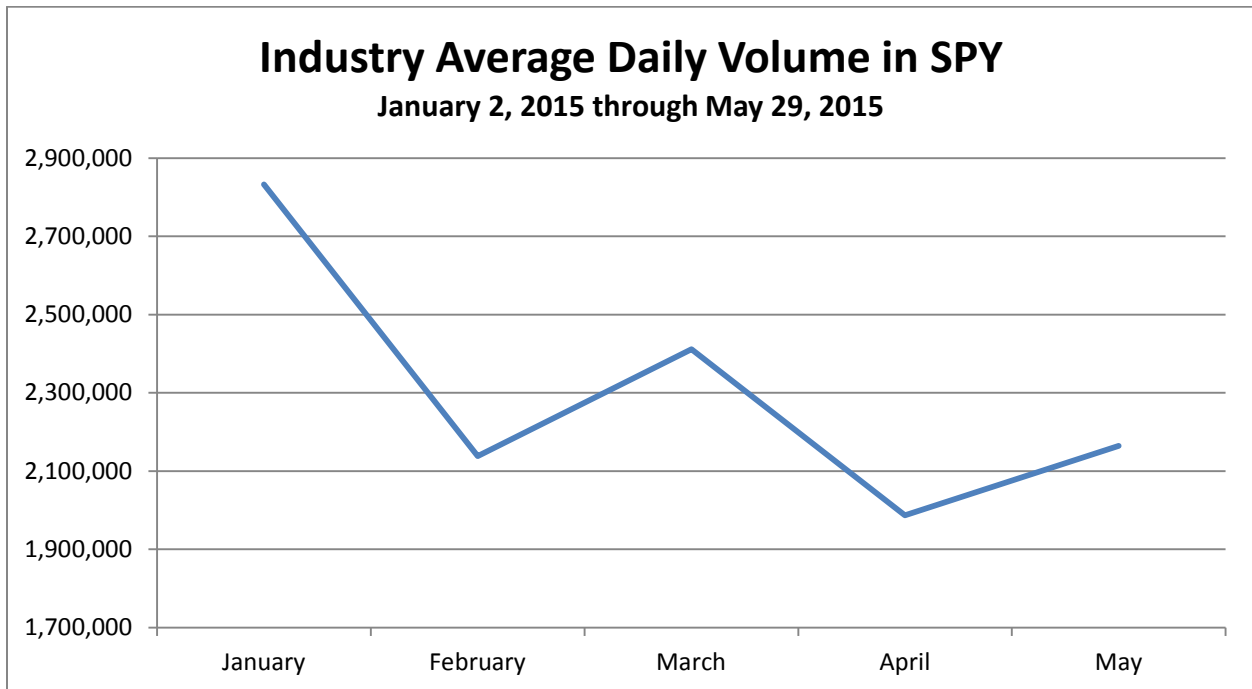
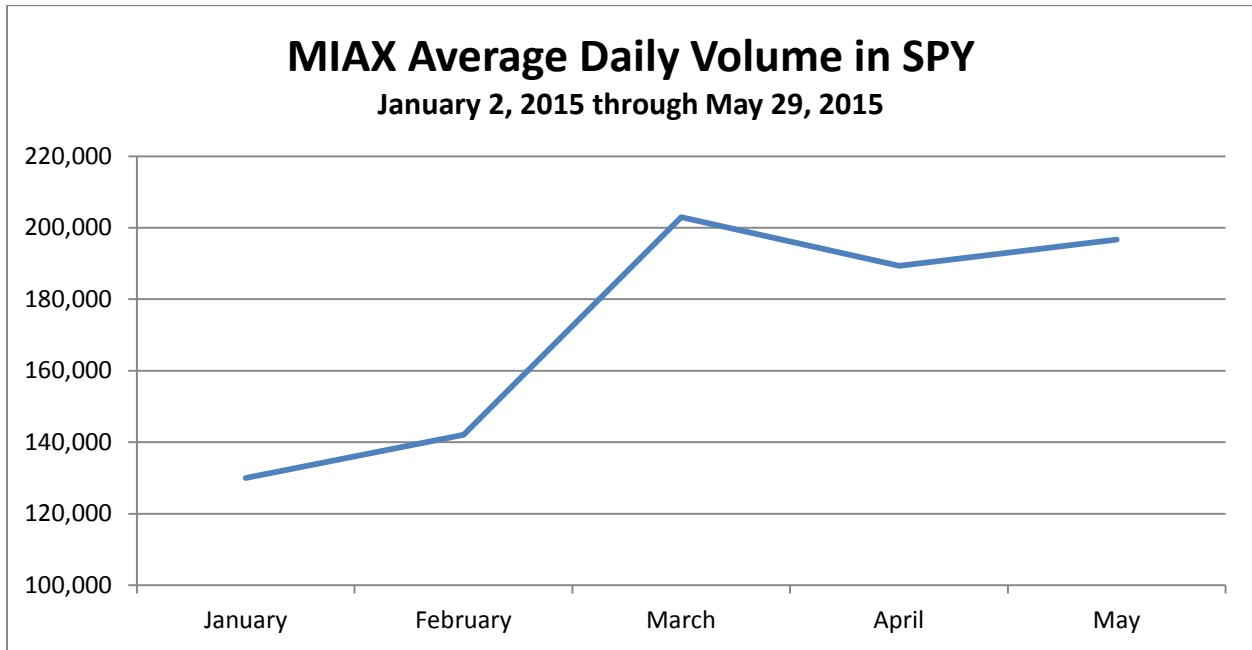
- Monthly MIAX Volume
- Total Monthly Industry Open Interest in SPY
- Average Daily Industry Open Interest in SPY
- Trading Days per Month
- Average Daily Volume in SPY on MIAX
- Average Monthly Volatility for SPY
- Average SPY Volatility on Monthly Expiration Day

## Analysis and Results

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### I. MIAX and Industry Volume in SPY for the Reporting Period

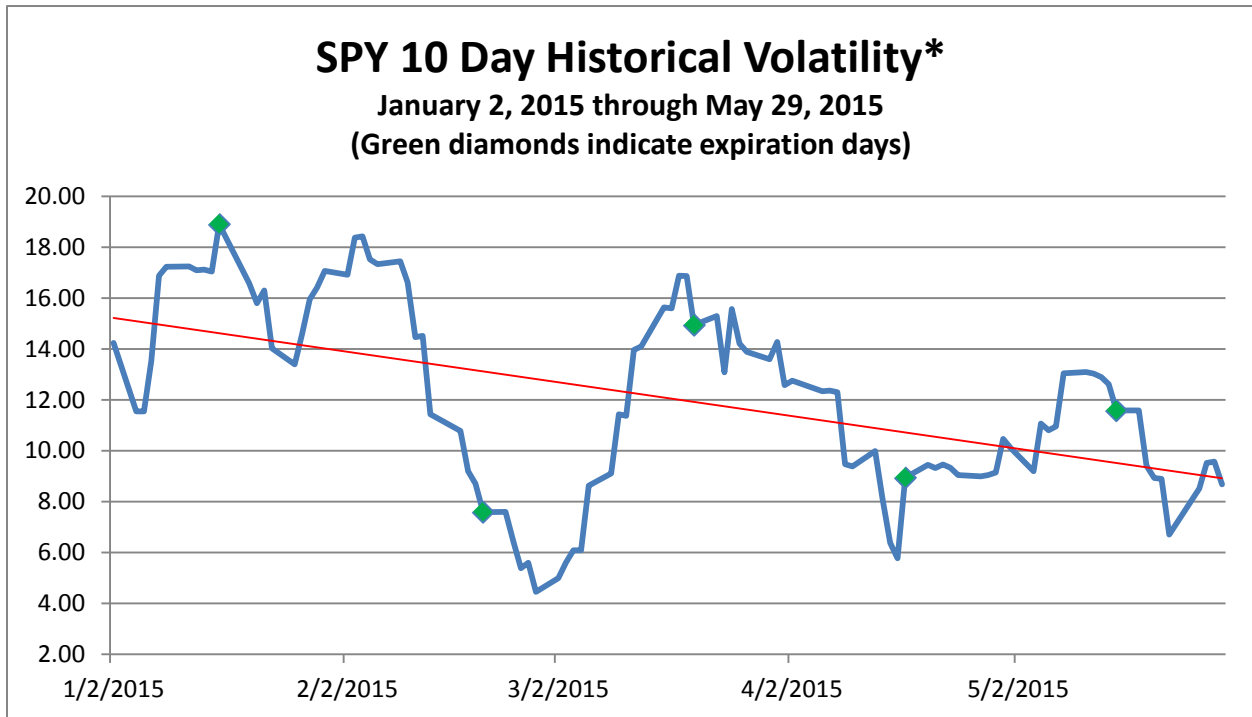




MIAX has observed no negative impact from the continuation of the Pilot Program in the Exchange’s monthly or average daily volume statistics for options based on the SPY. MIAX monthly and average daily volume is generally driven by external economic, political, financial, social and industrial factors. In summary, monthly and average daily volume in SPY Options on

MIAX during the reporting period appears to be driven by the same factors that influence general market activity and does not appear to have been influenced in any measurable way by the Pilot Program.

## 2. The Impact of Monthly and Expiration Day Volatility on the price of SPY



\* Historical volatility information provided by Livevol, Inc.

MIAX has observed no impact attributable to the continuation of the Pilot Program on the monthly or expiration day volatility of the underlying SPY instrument.

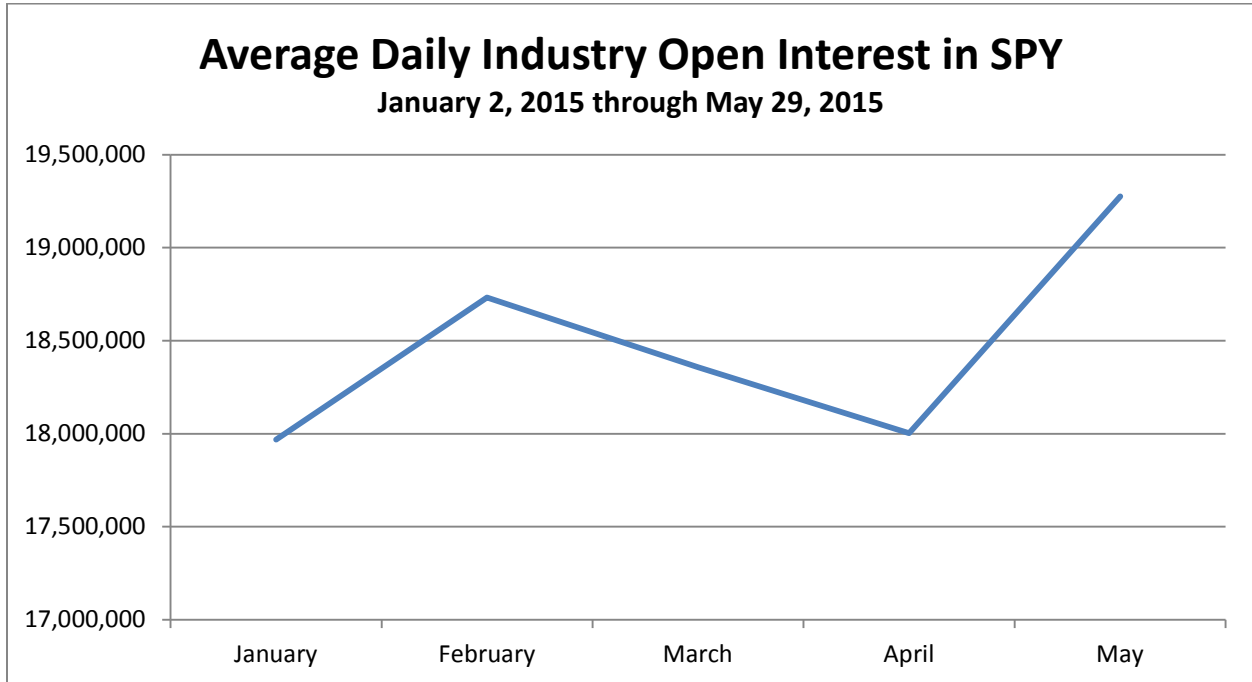
## 3. The Size and Different Strategies Employed with Respect to Positions Established in SPY Options

At this time, MIAX has not deployed the functionality to trade different types of strategies in SPY options on the Exchange; thus there exists no such data regarding special strategies in SPY trading on MIAX for which to analyze. Data regarding special strategies in SPY on other exchanges is not publically available; thus no analysis on special strategies employed on other exchanges is provided in this report.

**4. Observed Problems in the Underlying Security or that Otherwise Arose as a Result of the Pilot Program**

MIAX has observed no specific problems in SPY related to the SPY Pilot Program. MIAX has not received any complaints regarding the lack of position and exercise limits in SPY during the operation of the SPY Pilot Program.

**5. Industry Reported Open Interest in SPY Options**



MIAX has observed no negative impact from the continuation of the Pilot Program in open interest levels for options based on the SPY during the Reporting Period.

## Conclusions

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Since the Exchange has observed no negative impact to its operations or to the industry and received no negative feedback regarding the SPY Pilot Program from its participants, the Exchange is in favor of continuing the removal of position and exercise limits for SPY options on a permanent basis.

## Appendix A

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Submitted with this report as Appendix A, MIAX has provided a spreadsheet of data that had been collected and analyzed for purposes of this report. See attached spreadsheet data.