

Overview

Nanos by CboeSM are a new, simpler way to trade options. Cash-settled and at a fraction of the size of a standard contract, NanosSM make options more accessible and affordable, empowering the retail trader to start small, learn and grow their trading confidence. Cboe[®] expects to launch its first Nanos on the Mini-S&P 500[®] Index in the first quarter of 2022, providing the growing retail options trading base with a simpler, more cost-effective way to gain broad U.S. equity market exposure.

General Questions

1. What are Nanos?

Nanos are smaller-sized options designed with simplicity and lower price to make it easier for retail traders to participate in the options market.

2. How do Nanos work?

Nanos provide a lower premium options product by changing the multiplier from 100 to 1. Their simplicity compared to standard contracts makes identifying and sizing trades easier, providing greater precision when hedging or taking a directional position.

3. Why is Cboe introducing Nanos now?

Increased retail participation has fueled record trading in equity options, and retail traders now comprise a sizable share of all stock market participants. Our goal is to serve this growing customer base through product innovation, product awareness and best-in-class investor education.

4. Are Nanos used as a tradable product?

Yes, Nanos are an exchange-listed tradable product.

5. What Nanos products will be available for trading?

Beginning in first-quarter 2022, Nanos by Cboe will be listed on the Mini-S&P 500 Index (which is 1/10th the value of the S&P 500 Index). Cboe may list Nanos on additional indices in the future.

Nanos S&P 500 Questions

6. What are Nanos S&P 500?

- Nanos S&P 500SM are smaller-sized, cash-settled options on the Mini-S&P 500 Index. Nanos S&P 500 expand the suite of options products Cboe offers on the S&P 500 Index, including the standard SPX options contract, generally traded by institutional customers, and the mid-sized XSP contract, generally traded by sophisticated retail and institutional customers.
- Nanos S&P 500 are a retail-sized options listing with a smaller multiplier, expected to result in an average trade price of approximately \$5. The smaller contract also allows for simplified analytics for identifying and sizing trades.
- At 1/100th the size of the Mini-S&P 500 Index options contract, Nanos S&P 500 expand the universe of potential options traders, creating greater access for those looking to build options into their portfolios.

7. Why is Cboe starting with Nanos S&P 500?

- The S&P 500 Index is widely regarded as the benchmark for tracking the U.S. equity market. Cboe’s goal is to provide the growing retail options trading base with a simpler, more cost-effective way to gain broad U.S. equity market exposure through Nanos S&P 500.
- At 1/100th the size of the Mini-S&P 500 Index (which is 1/10th the value of the S&P 500 Index), Nanos S&P 500 are a natural expansion of Cboe’s suite of options products tied to the S&P 500 Index. There is no existing options product on the S&P 500 Index designed to address the differing trading habits of today’s retail traders.

8. Why are Nanos on the Mini-S&P 500 Index important?

Nanos S&P 500 create easier access to options tied to the S&P 500 Index for retail traders. Current trends show retail traders are targeting lower price option trades. The higher price of standard index options contracts can be a financial barrier to entry for the everyday retail trader. The smaller size of the Nanos S&P 500 addresses this by making options trading more affordable with significantly lower capital requirement* compared to standard contracts.

9. How do Nanos on the Mini-S&P 500 Index compare to other index options products tied to the S&P 500 Index?

Cboe's index options products tied to the S&P 500 Index provide market participants with the tools to gain efficient exposure to the U.S. equity market and execute risk management, hedging, asset allocation and income generation strategies.

The differences between these products include the following:

Description	SPX Options (includes Weeklys)	Mini-SPX Options (XSP)	Nanos S&P 500 Options (NANOS)
Approximate Notional Size (If value of S&P 500 Index is 4,400)	\$440,000	\$44,000	\$440
2 day at-the-money option premium, vol ~20%	\$3,000	\$300	\$3
Settlement Type	Cash	Cash	Cash
Exercise Style	European	European	European
Global Trading Hours Available	Yes	No	TBD

Trading Nanos by Cboe

10. Which investors may trade Nanos? And how can market participants use these products and services?

Nanos are designed with the everyday retail trader in mind, but Nanos are available to all types of traders. Cboe intends to work with retail brokers to develop and distribute a customized target outcome-style analytics API, empowering retail traders or those new to options with tools intended to help them understand the potential risks** and rewards of their trades.

11. What assumptions do market participants need to be mindful of when using Nanos?

Market participants need to be mindful of the risks and characteristics of options. In addition to the standard risks, participants should also be aware of the brokerage and other applicable fees paid on the smaller notional contract.**

12. How can market participants make money with Nanos?

Nanos generally provide traders with the same risk/reward benefits as any other listed options products.**

13. Why are Nanos less expensive than other S&P 500 Index options products?

- Nanos allow traders of all types to express their opinions on market movements at a lower cost than options with larger contract sizes.
- SPX options are among the most highly traded and liquid options across the globe. They have served investors, particularly institutional investors, well for years; however, the notional value of each SPX contract can be approximately \$450,000.
- This high notional value has traditionally created a financial barrier to entry for retail traders. Nanos are a way to address that by reducing the notional value of the options contract to 1/100th the value of the Mini-SPX Index (which is 1/10th the value of the S&P 500 Index) and simplifying how options information is presented to retail traders.

Other Questions

14. What are Cboe's plans for Nanos?

Cboe is excited to pilot Nano-S&P 500 in first-quarter 2022, then work toward offering this first-of-its-kind one-multiplier, cash-settled options product on other indices, such as the Dow Jones Industrial Average and Russell 2000 Index. Cboe may also launch more products, like popular single stock names,* and expand the terms/strikes listed depending on customer demand.

15. How do I get started?

Ask your broker about trading Nanos by Cboe or contact us to learn more.

Contact Us

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Please visit cboe.com/us/options/trading for more details.



*Subject to regulatory review

** While capital risk for a contract holder is limited to the price of the premium and is thus reduced relative to the same number of standard contracts, the capital risk associated with writing Nano by Cboe contracts remains open-ended. In addition to the premium price, a contract holder may also need to pay applicable fees and commissions.

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