

Overview of Weekly options



Weekly options in AAPL stock began to be listed in June 2010

This coincides roughly with the development of the Friday / Monday trading pattern

History

- The CBOE launched Weekly options in October 2005. These were originally only on the S&P500
- The CBOE expanded the product in June 2010 to include more underlyings

Listing

- Since June 2010, Weekly options are listed before the open on Thursdays
- Currently, the AAPL Weeklys are part of the “expanded” program and have 6 expirations. A new expiration is added every week

Purpose

- When the CBOE introduced Weeklys, it stated that they would provide an “efficient way to trade options specifically around certain news or events – such as economic data or earnings announcements”
- Trading options instead of stock is a convenient way to lever positions around events
- Unlike the broader market, trading in AAPL options is much more skewed towards calls than puts

Trading

- We have found little evidence of institutional trading in these options
- This means the majority of trading is done by:
 - High frequency traders
 - Retail investors