

# CBOE® S&P 500® DIVIDEND OPTIONS

CBOE listed options on the S&P 500® Dividend Index (options ticker symbol: DVS) on Friday, March 5, 2010. The first contract of its kind in the U.S., S&P 500 Dividend Index Options are listed exclusively at CBOE.

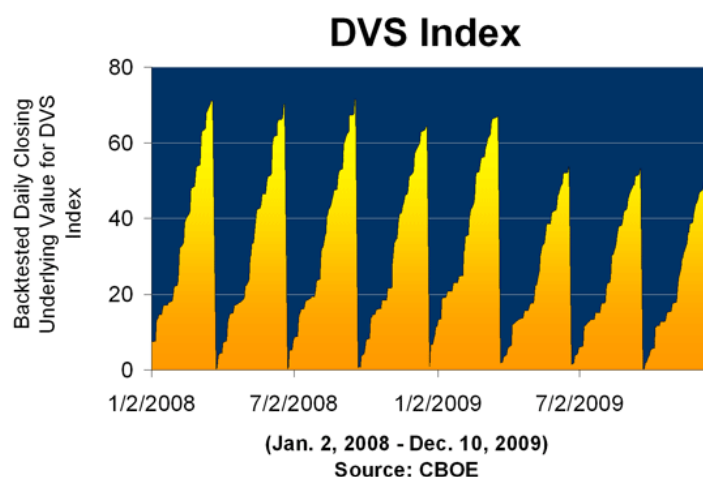
The S&P 500 Dividend Index, calculated by Standard & Poor's, represents the ordinary cash dividends for corporations comprising the S&P 500 Index, accumulated over a quarterly "accrual period." CBOE's S&P 500 Dividend Index Options are based on ten times the value of the S&P 500 Dividend Index.

Because the S&P 500 Dividend Index is calculated using the same set of component securities, same shares outstanding, same capitalization-weighting methodology and same index divisor as are used to calculate the S&P 500 Index, DVS options can dovetail with trading of S&P 500 Index (SPX) options.

## OVERVIEW OF THE S&P 500 DIVIDEND INDEX

Key features of the S&P 500 Dividend Index include:

- 1. Ordinary Cash Dividends.** The index tracks only ordinary cash dividends (the index does not track stock dividends or special cash dividends). Standard & Poor's announces these dividends on a daily basis via S&P Index Alert.
- 2. Quarterly Rebalancing.** The index resets to zero after the close on the third Friday of the last month of the calendar quarter to coincide with futures and options expiration. The index measures the total ordinary dividends paid in the underlying index since the previous rebalancing date. The quarterly nature of the index is designed to reflect the payment pattern of U.S corporate dividends, which typically have a set quarterly payment. Quarterly rebalancing also coincides with the quarterly expirations of S&P 500 options and futures.
- 3. Data History.** Daily index values are available from December 1989.
- 4. Ticker Symbols.** Ticker symbols for the S&P 500 Dividend Index include "SPXDIV <Index>" on Bloomberg; ".SPXDIV" on Reuters. The ticker symbol for the CBOE S&P 500 Dividend Index Options is **DVS**.



ACCEPT NO SUBSTITUTE.

**CBOE®**

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## CONTRACT SPECIFICATIONS (Launch Date: March 5, 2010)

**Description:** The S&P 500 Dividend Index represents the ordinary cash dividends for all corporations comprising the S&P 500 Index, accumulated over a quarterly “accrual period.” Each accrual period runs from the business day after the third Friday of a quarterly expiration month (i.e.; March, June, September or December) through the third Friday of the next quarterly expiration month. The S&P 500 Dividend Index is expressed in S&P 500 Index points and is reset to zero following the end of each quarterly accrual period.

**Underlying:** S&P 500 Dividend Index Options are based on ten (10) times the S&P 500 Dividend Index

**Symbols:** Ticker symbols for the S&P 500 Dividend Index include “**SPXDIV <Index>**” **“on Bloomberg;** “**.SPXDIV” on Reuters.** The ticker symbol for the CBOE S&P 500 Dividend Index Options and for the settlement value is DVS. DVS is 10-times the underlying S&P Dividend Index.

**Indicative Values:** S&P 500 Dividend Index Options reflect the total dividends expected over an entire quarterly accrual period. CBOE disseminates a series of “Indicative Values” derived from S&P 500 Index Option prices that provide estimates of forward expected dividends. These values are intended for informational purposes only.

- Implied Forward DVS Indicator - March - **DVMR**
- Implied Forward DVS Indicator - June - **DVJN**
- Implied Forward DVS Indicator - September - **DVST**
- Implied Forward DVS Indicator - December - **DVDE**

**Multiplier and Premium Quotation:** The multiplier is \$100. Premiums are stated in decimals. One point equals \$100. Minimum tick for options trading below 3.00 is 0.05 (\$5.00) and for all other series, 0.10 (\$10.00).

**Strike (Exercise) Prices:** In-, at- and out-of-the-money strike prices are initially listed, based on the expected forward value of the underlying index at expiration. New strikes may be added as the expected forward value of the underlying index moves and upon request. Strike prices may be listed with a minimum interval of 1 point, if the strike price is equal to or less than 200. When the strike price exceeds 200, strike price intervals will be no less than 2.5 points.

**Expiration and Last Trading Dates:** Options expire Saturday following the third Friday of the expiration month. Up to four (4) contract months from the March quarterly cycle (March, June, September and December) will be listed. LEAPS may also be listed. Also, S&P 500 Dividend Index options are eligible for FLEX trading as provided for in Chapters XXIVA (Flexible Exchange Options) and XXIVB (FLEX Hybrid Trading System). The last trading day is ordinarily the Thursday prior to the Expiration Date of each month.

**Exercise Style:** European - S&P 500 Dividend Index Options may be exercised only on the Expiration Date. Writers are subject to assignment only at expiration.

**Settlement of Option Exercise:** The exercise-settlement value is ten (10) times the level of the S&P 500 Dividend Index as reported by Standard & Poor's on the last business day (usually a Friday) before the Expiration Date. The exercise-settlement amount is equal to the difference between the exercise settlement value and the exercise price of the option, multiplied by \$100. Exercise will result in delivery of cash on the business day following expiration.

**Position Limits:** No position and exercise limits are in effect. Each member (other than a market-maker) or member organization that maintains an end of day position in excess of 100,000 contracts in S&P 500 Dividend Index Options for its proprietary account or for the account of a customer, shall report certain information to the Department of Market Regulation. The member must report information as to whether such position is hedged and, if so, a description of the hedge employed. A report must be filed when an account initially meets the aforementioned applicable threshold. Thereafter, a report must be filed for each incremental increase of 25,000 contracts. Reductions in an options position do not need to be reported. However, any significant change to the hedge must be reported.

**Margin:** Purchases of puts or calls with 9 months or less until expiration must be paid for in full. Writers of uncovered puts or calls must deposit / maintain 100% of the option proceeds\* plus 15% of the aggregate contract value (current index level x \$100) minus the amount by which the option is out-of-the-money, if any, subject to a minimum for calls of option proceeds\* plus 10% of the aggregate contract value and a minimum for puts of option proceeds\* plus 10% of the aggregate exercise price amount. (\*For calculating maintenance margin, use option current market value instead of option proceeds.) Additional margin may be required pursuant to Exchange Rule 12.10.

**Trading Hours:** 8:30 a.m. to 3:15 p.m. Central Time (Chicago time).

Options involve risk and are not suitable for all investors. Prior to buying or selling an option, a person must receive a copy of Characteristics and Risks of Standardized Options. Copies are available from your broker, by calling 1-888-OPTIONS, or at [www.theocc.com](http://www.theocc.com). Supporting documentation for any claims, comparisons, statistics or other technical data in this presentation is available by calling 1-888-OPTIONS, or contacting CBOE at [www.cboe.com/Contact](http://www.cboe.com/Contact). For additional information on S&P 500 Dividend Index options see [www.cboe.com/DVS](http://www.cboe.com/DVS). CBOE® and Chicago Board Options Exchange® are registered trademarks of CBOE. S&P® and S&P 500® are registered trademarks of the McGraw-Hill Companies, Inc. and are licensed for use by CBOE. Standard & Poor's does not promote, market, sell or endorse any product based upon its indices.