

The S&P 500 index is widely regarded as the single best gauge of the U.S. large-cap equities market. Cboe offers a mini S&P index options product, a counterpart to its widely-regarded SPX options, but with a smaller contract size. At 1/10th the size of the larger SPX options contract, XSP provides a smaller notional contract size to retail traders who may be trading an individual portfolio of equities or who may be new to index options trading. For example, if the S&P 500 is priced at 2500, the underlying notional value of a contract would be \$250,000, (2,500 x 100), whereas the value of an XSP option would be approximately \$25,000. (250 x 100).

XSP options have the same beneficial underlying characteristics as SPX options, including cash settlement and European-style exercise. Additionally, XSP options are PM-settled which allows traders to continue to trade their positions throughout a settlement day.

Description	Cboe S&P 500 Index Options	Mini-SPX Index Options	SPDR ETF Options
Options Chain	SPX	XSP	SPY
Weeklys Ticker	SPXW	XSP	SPY
Notional Size (approx.) with SPX at 2500	\$250,000	\$25,000	\$25,000
Exercise-Style	European		American
Settlement Type	Cash		Physical Shares of ETF
AM- or PM-Settlement	SPX Standard: AM-Settled SPX Weeklys: PM-Settled SPX Third Friday: PM-Settled SPX End-of-Month: PM-Settled	PM-Settled	
Micro Website	www.cboe.com/SPX	www.cboe.com/XSP	www.cboe.com/SPY

Features of XSP Options

Smaller Contract Size – With a contract size 1/10th the size of SPX options (the same size as SPY options) XSP options provide more flexibility to fit a variety of portfolios and strategies.

Cash Settlement – XSP contracts settle in cash, so there is never a possibility of making or taking delivery of unwanted shares and disrupting your portfolio, which can disrupt a portfolio. (Note that SPY options are physical settlement into shares.)

Potentially Favorable Tax Treatment* – Under section 1256 of the Tax Code, profit and loss on transactions in certain exchange-traded options, including SPX and XSP, are entitled to be taxed at a rate equal to 60% long-term and 40% short-term capital gain or loss, provided that the investor involved and the strategy employed satisfy the criteria of the Tax Code.

European-Style Exercise – Like SPX and other Index options, XSP options can only be exercised at expiration, so there is no risk of early assignment. This protects option sellers against assignment prior to expiration. (Also known as “early assignment”)

Simplicity and Efficiency – Achieve broad-market exposure in one trade, with a manageable contract size. S&P 500 Index options give traders exposure to the broader equity market, with diversification at a fraction of the cost of buying all the underlying individual stocks.

Electronic Access to S&P 500 Index Options – XSP provides fast and simple point-and-click access to markets with the potential for immediate execution of orders with Cboe’s electronic system

Risk Mitigation – S&P 500 Index options, including XSP, may offer a convenient and easy way to help reduce the risk of a broad market equity portfolio.

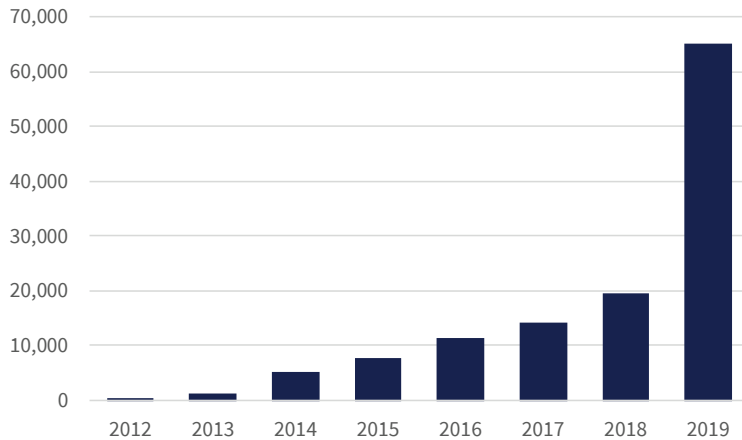
Predetermined Risk – XSP options purchasers risk only the premium they pay for the option.

PM-Settlement – XSP options are PM-settled at expiration, allowing traders to manage their positions throughout a settlement day’s trading, the same as single-stock options and ETF options.

WeeklysSM – XSP options offer Weeklys, with expirations every week, up to five weeks out.

**Investors should consult with their tax advisors to determine how the profit and loss on any particular option strategy will be taxed. Tax laws and regulations change from time to time and may be subject to varying interpretations.*

XSP Annual ADV



Source: Cboe. 2019 data through September.

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❖ Please visit Cboe.com/XSP for more details.

Options involve risk and are not suitable for all investors. Prior to buying or selling an option.

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