

# CBOE Volatility Index<sup>®</sup> (VIX<sup>®</sup>) Options Specifications

## SYMBOL

- ▶ VIX

## LISTING EXCHANGE

- ▶ Chicago Board Options Exchange (CBOE), a wholly-owned subsidiary of CBOE Holdings, Inc.

## UNDERLYING

- ▶ The CBOE Volatility Index – more commonly referred to as “VIX” – is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500<sup>®</sup> Index (SPX) option bid/ask quotes. VIX uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index.

## MULTIPLIER

- ▶ \$100

## PREMIUM QUOTE

- ▶ Stated in points and fractions, one point equals \$100. Minimum tick for series trading below \$3 is 0.05 (\$5.00) and for all other series, 0.10 (\$10.00).

## STRIKE PRICES

- ▶ Generally, minimum strike price intervals are as follows: (1) \$0.50 where the strike price is less than \$15, (2) \$1 where the strike price is less than \$200, and (3) \$5 where the strike price is greater than \$200.

## SETTLEMENT OF OPTIONS EXERCISE

- ▶ The exercise-settlement value for VIX options (Ticker: VRO) shall be a Special Opening Quotation (SOQ) of VIX calculated from the sequence of opening prices of the options used to calculate the index on the settlement date. The opening price for any series in which there is no trade shall be the average of that option's bid price and ask price as determined at the opening of trading. Exercise will result in delivery of cash on the business day following expiration. The exercise-settlement amount is equal to the difference between the exercise-settlement value and the exercise price of the option, multiplied by \$100.

## POSITION AND EXERCISE LIMITS

- ▶ No position and exercise limits are in effect. Each Trading Permit Holder (other than a market-maker) or TPH organization that maintains an end of day position in excess of 100,000 contracts in VIX for its proprietary account or for the account of a customer, shall report certain information to the Department of Market Regulation. The TPH must report information as to whether such position is hedged and, if so, a description of the hedge employed, e.g., stock portfolio current market value, other stock index option positions, stock index futures positions, options on stock index futures; and for customer accounts, provide the account name, account number and tax ID or social security number. Thereafter, if the position is maintained at or above the reporting threshold, a subsequent report is required on Monday following expiration and when any change to the hedge results in the position being either unhedged or only partially hedged. Reductions below these thresholds do not need to be reported.

## EXPIRATION DATE

- ▶ The Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the expiring month.

## EXPIRATION MONTHS

- ▶ Up to six contract months may be listed, provided that the time to expiration is no greater than 12 months.

## EXERCISE STYLE

- ▶ European – CBOE Volatility Index options generally may be exercised only on the Expiration Date.

## LAST TRADING DAY

- ▶ The Tuesday prior to the Expiration Date of each month.

## CUSIP NUMBER

- ▶ 12497K

## CUSTOMER STRATEGY-BASED 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 20% of the aggregate contract value (current (spot or cash) index value 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 Rules 12.3(h) and 12.10.

## CUSTOMER PORTFOLIO MARGIN

- ▶ VIX options are eligible for a portfolio margin account. VIX options are accommodated in the Broad-Based Index Volatility Indexes Product Group (500), with a 75% offset with the other classes contained in that Product Group. The magnitude of the valuation point range under CBOE Rule 12.4 (Portfolio Margin) for VIX options held in a portfolio margin account is +/- 20%. The price of the VIX futures contract with a corresponding expiration will be used to calculate theoretical gains and losses for VIX options. 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 by calling 1-888-678-4667 or at [www.theocc.com](http://www.theocc.com). You should be aware that trading futures involves the risk of loss, including the possibility of loss greater than your initial investment. Futures and options on CBOE's volatility indexes have several unique features that distinguish them from most equity and index options, and investors are strongly encouraged to closely read and understand the ODD and the VIX options FAQ at <http://www.cboe.com/micro/vix/vixoptionsfaq.aspx> and other informational material before investing. CBOE®, Chicago Board Options Exchange®, CBOE Volatility Index®, VIX®, and Execute Success® are registered trademarks of Chicago Board Options Exchange, Incorporated (CBOE). S&P 500® is a trademark of Standard & Poor's Financial Services, LLC and has been licensed for use by CBOE and CBOE Futures Exchange, LLC. Copyright© 2014 CBOE. All rights reserved.

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