

## Contract Specifications for Single Stock Dividend Options

**Symbols:**

To be determined

**Description:**

Single Stock Dividend Options ("SSDO") reflect ten (10) times the ordinary cash dividends paid by the issuer accumulated over an annual "accrual period." SSDOs are cash-settled, have European-style exercise and are P.M.-settled. For purposes of SSDOs, dividends are deemed to be "paid" on the ex-dividend date. The 1-year accrual period runs from the business day after the third Friday of December through the third Friday of the following December. The Exchange may list an SSDO with an accrual period of less than a year (*e.g.*, six months or one quarter), but in no event will an SSDO have an accrual period of less than one quarter of a year. For an SSDO with an accrual period of less than a year, the accrual period runs from the business day after the third Friday of the month beginning the accrual period through the third Friday of the month ending the accrual period.

**Underlying:**

Ten (10) times the ex-dividend amounts of an issuer accumulated over the specific accrual period for any individual stock designated by CBOE. The selected stocks must be eligible for options trading.

**Multiplier:**

\$100

**Strike price Intervals:**

Minimum strike price intervals of not less than one point (\$1.00) are permissible 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

**Strike (Exercise) Prices:** In-, at- and out-of-the-money strike prices are initially listed, based on the expected forward value of the accrued dividends at expiration. New strikes may be added as the expected forward value of the accrued dividends moves and upon request.

**Premium Quotation:**

Stated in decimals and one point equals \$100. The minimum tick for options trading shall be established on a class-by-class basis by the Exchange and shall not be less than \$0.01 (\$1.00).

**Expiration Date:**

The Saturday following the third Friday of expiring month of the applicable SSDO.

**Expiration Months:**

CBOE may list up five (5) annual contract months that expire in December in different years and up to ten (10) contract months for accrual periods of less than a year. Near-term options reflect dividends accumulating in the then-current annual accrual period. All other SSDO

options (*i.e.*, contracts listed for trading that are not in the then-current accrual period) reflect dividends expected in comparable accrual periods beyond the current accrual period.

**Exercise Style:**

*European* – Single Stock Dividend Options may be exercised only on the Expiration Date. Writers are subject to assignment only at expiration.

**Last Trading Day:**

The day prior to the Expiration Date of each month (ordinarily the Friday before expiration Saturday, unless there is an intervening holiday).

**Settlement of Option Exercise:**

The exercise-settlement value is ten (10) times the ordinary cash dividends paid by the issuer accumulated over an annual "accrual period" ending 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 and Exercise Limits:**

Position and exercise limits for Single Security Dividend Options shall be the same as those for standard options overlying the same underlying stock. Limits for standard options vary according to the number of outstanding shares and past six-month trading volume of the underlying stock. The largest in capitalization and most frequently traded stocks have an option position limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; smaller capitalization stocks have position limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market. The number of contracts on the same side of the market that may be exercised within any five consecutive business days is equal to the position limit. Equity option positions must be aggregated with longer-dated equity positions on the same underlying for position and exercise limit purposes. Exemptions may be available for certain qualified hedging strategies.

**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 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. - 3:00 p.m. Central Time (Chicago time).