

Launched in 1993, **FL**exible **EX**change<sup>®</sup> Options (FLEX Options) are powerful, customizable portfolio management tools that allow users to specify key contract terms, including exercise prices, exercise styles, and expiration dates, on major stock indexes (SPX<sup>®</sup>, XSP<sup>SM</sup>, RUT<sup>SM</sup>, DJX<sup>SM</sup>, MXEA<sup>SM</sup>, and MXEF<sup>SM</sup>) as well as individual equities.



### Customize Contract Terms

Set key terms, including exercise price and style as well as expiration dates



### Reduce Counter-Party Risk

Trades cleared by Options Clearing Corporation significantly reduces counter-party risk



### Transparency and Operational Ease

Price discovery in competitive auction markets; execute orders via FIX/API interfaces or Cboe Silexx<sup>SM</sup>



### Capital Efficiency

Availability of cross-margining allows for greater capital efficiency

## New—FLEX Delta Adjusted at Close Order Type

Delta Adjusted at Close (DAC) is an innovative order type for options users, like issuers of defined outcome and buffer-protect ETFs, who seek to exactly align the execution price of their option strategies with the closing price of the underlying. With the DAC order type, the Exchange automatically adjusts the initial execution price upon receipt of the official closing price of the underlying security or index from the primary listing exchange or index provider, respectively. The price adjustment is based on delta and the change between the underlying reference price and closing price. DAC is available for FLEX ETF/ETP/ETN and index option products any time during Cboe's regular trading hours session.

The DAC order type eliminates at least two execution risks associated with brokers manually executing and printing the adjusted trade price. First, the adjustments to the execution prices of the options have to occur prior to the close of trading in the options. For options that close at 3:00CT, this can be problematic as the underlying closing price is often disseminated after 3:00CT. Second, even for options that trade until 3:15, there is risk that there may not be enough time between receipt of the underlying closing price and the close of trading in the options to manually print the strategy.

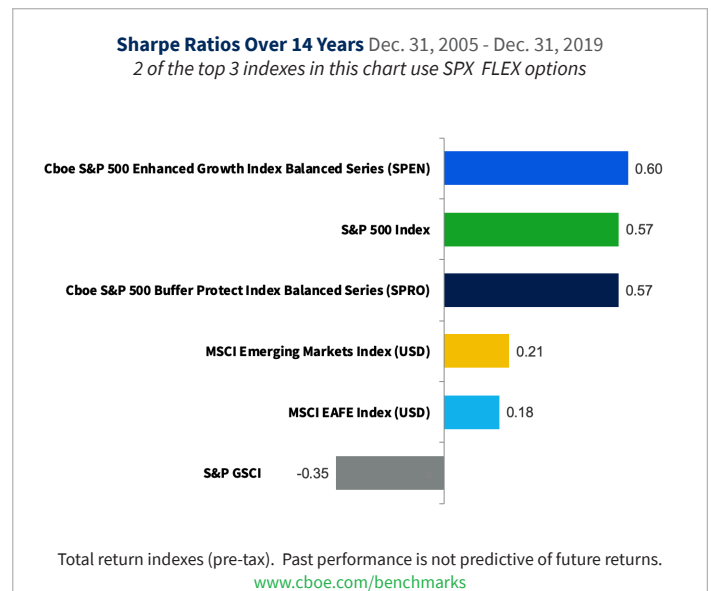
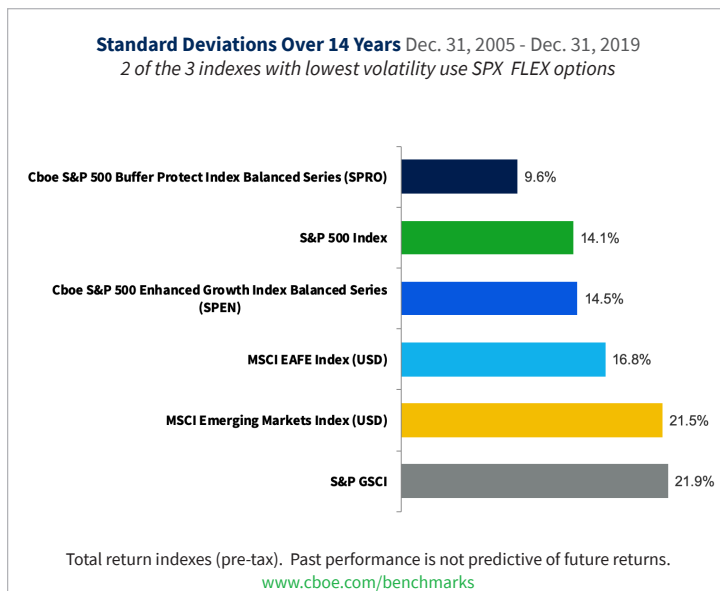
For more information about DAC, including calculation and execution methods, see [Cboe Trade Desk Notice](#).

## FLEX Options Use Cases

Cboe offers dozens of benchmark indexes designed to show the hypothetical performance of strategies that use FLEX options. Following are two examples from our Target Outcome Index Series that use S&P 500 Index FLEX options.

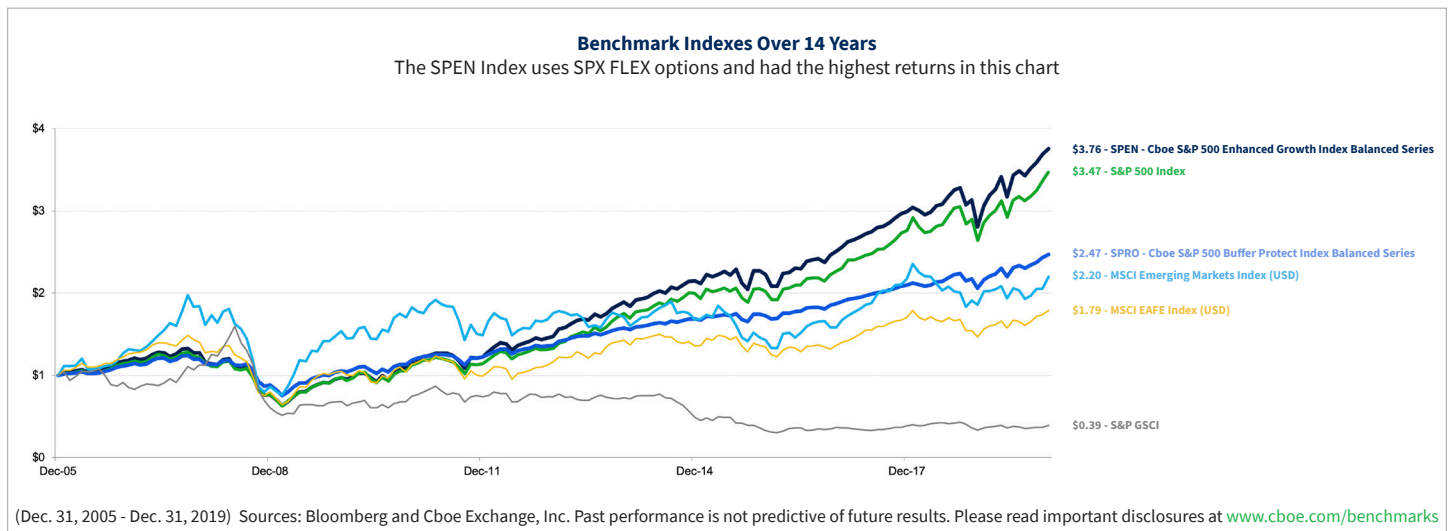
### Cboe S&P 500 Buffer Protect Index Balanced Series (SPRO<sup>SM</sup>)

SPRO is a balanced composite index comprising the 12 monthly indexes in the Cboe S&P 500 Buffer Protect Index Series. SPRO is designed to track the returns of a hypothetical investment that, over a period of approximately one year, seeks to “buffer protect” against the first 10% of losses due to a decline in the S&P 500 Index while providing participation up to a capped level. Since inception, SPRO has had significantly lower volatility than the S&P 500 as demonstrated by standard deviation.

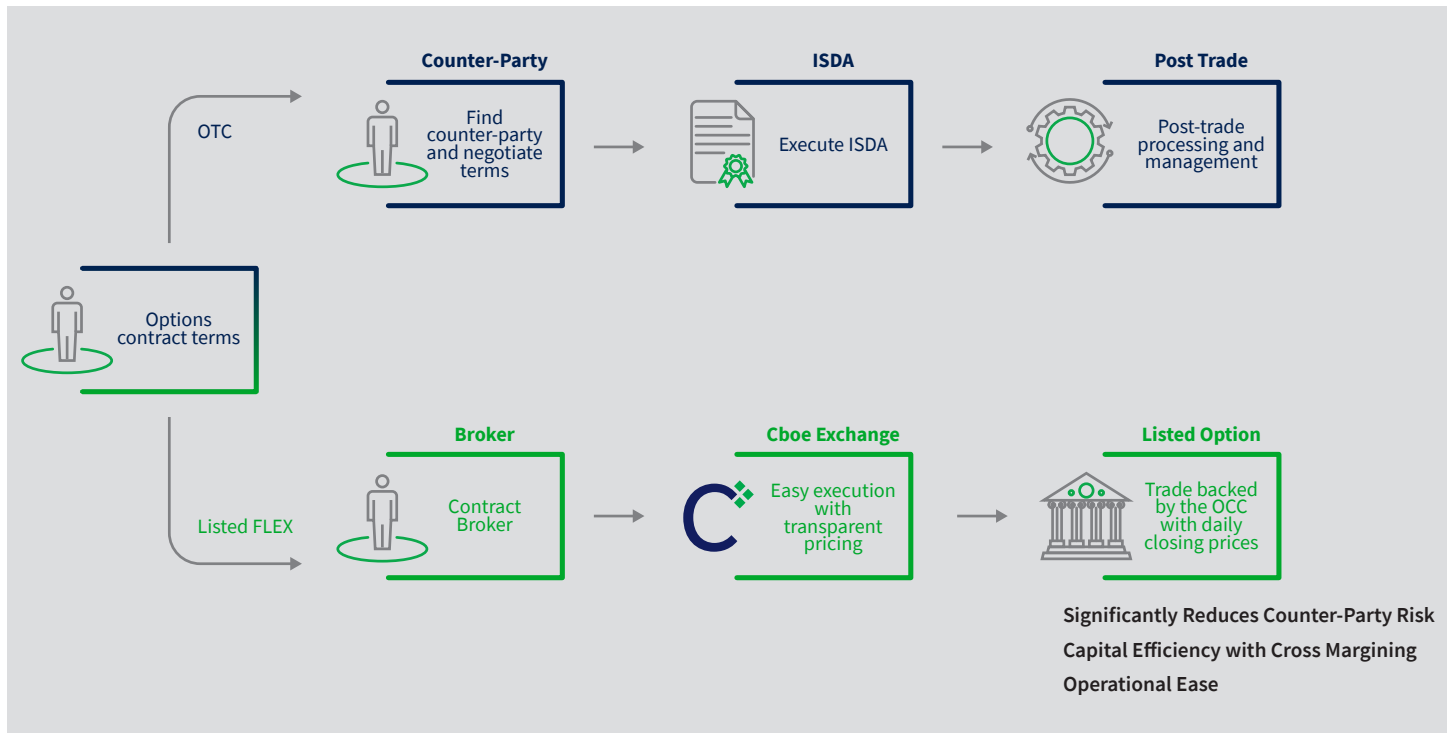


### Cboe S&P 500 Enhanced Growth Index Balanced Series (SPEN<sup>SM</sup>)

SPEN is a balanced composite index comprising the 12 monthly indexes in the Cboe S&P 500 Enhanced Growth Index Series. SPEN is designed to track the returns of a hypothetical investment that, over a period of approximately one year, seeks to provide 2x enhanced returns on the appreciation of the S&P 500 Index up to a capped level while providing one-to-one exposure to any losses. Since inception, SPEN outperformed both large cap domestic and international equities.



## FLEX Options vs. OTC



## Trading FLEX Options via Cboe Silexx OEMS

Silexx is Cboe’s proprietary front-end offering for trading FLEX options on Cboe Options Exchange. Silexx FLEX option functionality includes:

- All Cboe Exchange functionality
- Direct market access for electronic execution
- Routing directly to a floor brokers for open-outcry execution
- Spreadsheet import for efficiency
- Risk controls defined and managed by firm-designated risk administrator

## Key Product Specifications

	Index Flex	Equity Flex
	Please note: The Exchange may approve and open for trading any FLEX options series on any index that is eligible for Non-FLEX options trading in accordance with the Exchange's listing criteria, even if there are no Non-FLEX options on such index listed on the Exchange. These include, but are not limited to, the following:	Please note: The Exchange may approve and open for trading any FLEX options series on any equity, ETF or ETN that is eligible for Non-FLEX options trading in accordance with the Exchange's listing criteria, even if there are no Non-FLEX options on such security listed on the Exchange.
<b>Options Available for FLEX Trading</b>	<ul style="list-style-type: none"> <li>◆ S&amp;P 500 (standard SPX and mini XSP)</li> <li>◆ Russell 2000 (RUT)</li> <li>◆ MSCI EAFE (MXEA)</li> <li>◆ MSCI Emerging Markets (MXEF)</li> <li>◆ DJIA (DJX)</li> </ul>	FLEX trading available for all Cboe-listed equity options
<b>Expiration Date</b>	Up to 15 years from the trade date	Up to 15 years from the trade date
<b>Option Type</b>	Put or Call	Put or Call
<b>Exercise Style</b>	American or European	American or European
<b>Strike Price</b>	Index value, percent of index value or other methods	A dollar amount, percent of stock price or other methods
<b>Premium</b>	Percentage of the level of the underlying index or specific dollar amount per contract or contingent on specified factors in other related markets	A dollar amount or percentage of the stock
<b>Trading Hours</b>	8:30 a.m. to 3:15 p.m. Chicago Time	Equity FLEX trading hours are 8:30a.m. – 3:00p.m. Chicago time. For trading hours on FLEX options on ETPs, please refer to the ETP contract specifications link: <a href="http://www.cboe.com/micro/options-on-etps-specs.aspx">http://www.cboe.com/micro/options-on-etps-specs.aspx</a>
<b>Position Limits</b>	Please refer to Cboe Rules 24A.7 and 24B.7 for complete information regarding Index FLEX position limits	Please refer to Cboe Rules 24A.7 and 24B.7 for complete information regarding Equity FLEX position limits
<b>Exercise Settlement</b>	All Index Flex options are cash-settled (U.S. \$)	Exercises result in delivery of stock
<b>Settlement Type</b>	All Index Flex options are either AM or PM settled, subject to certain conditions described in the rules. Please refer to Cboe Rules 24A.4 and 24B.4 for complete information regarding settlement types	All Equity Flex options are PM settled

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