

CBOE Information Circular IC14-075 CFE Information Circular IC14-051

Date: September 22, 2014

To: CBOE Trading Permit Holders and CFE Trading Privilege Holders

From: Research and Product Development Department

Re: Indicative (Spot) VIX Index Value to Include SPX Weeklys Beginning October 6, 2014

Beginning, October 6, 2014, Chicago Board Options Exchange, Incorporated (CBOE) will begin using options on the S&P 500 Index that expire every week (SPX Weeklys)¹ to calculate the indicative (spot) value of the CBOE Volatility Index (VIX Index). Currently, the indicative (spot) value of the VIX Index is calculated only using standard SPX options that expire on the third Friday of each month.² The VIX Index calculation measures 30-day expected volatility of the S&P 500 Index. The inclusion of SPX Weeklys will allow the indicative (spot) VIX Index to be calculated with S&P 500 Index options series that most precisely match the 30-day target timeframe for expected volatility that the VIX Index is intended to represent. Using SPX options with more than 23 days and less than 37 days to expiration ensures that the indicative (spot) VIX Index will reflect an interpolation of two points along the S&P 500 Index volatility term structure.

The inclusion of SPX Weeklys to calculate the indicative (spot) VIX Index will not impact how the exercise settlement value for VIX options (listed on CBOE) or the final settlement value for VIX futures (listed on CFE) is calculated. Those values will continue to be calculated using the opening prices of standard SPX options that expire in exactly 30 days on the third Friday of the calendar month immediately following the current VIX expiration.

A more detailed explanation of the current method used to calculate VIX Index may be found on the CBOE's website at: <http://www.cboe.com/micro/vix/vixwhite.pdf>. Beginning on October 6, 2014, an updated version of the VIX Index White Paper will be available at the previously identified URL on CBOE's website.³

Additional Information:

Please contact Bill Speth at spethw@cboe.com and (312) 786-7141 or Dennis O'Callahan at ocallahd@cboe.com or (312) 786-7508.

¹ SPX Weeklys technically expire on any Friday of the month other than the third Friday of the month and are listed under the End of Week / End of Month Expirations Pilot Program set forth in CBOE Rules 24.9(e). SPX Weeklys are P.M.-settled series and trading in expiring SPX Weeklys closes at 3:00 p.m. on their expiration date.

² CBOE will continue to calculate and disseminate indicative (spot) VIX Index values calculated using only standard SPX options. Beginning, October 6, 2014, the legacy indicative (spot) VIX Index value will be published under the ticker symbol VIXMO.

³ Until October 6, 2014, a draft version of the updated VIX Index White Paper will be published on CBOE's website at: <http://www.cboe.com/micro/vix/pdf/NEWVIXWHITEPAPER-AddingSPXWeeklys.pdf>.