CBOT DOW℠ complex

Chicago Board of Trade

Customer Advantage of trading CBOT® Dow Jones Industrial Average℠ Options on Futures and CBOT mini-sized Dow℠ Options on Futures vs. trading Options on Diamonds® and Options on the DJX cash index

Transparency, Speed & Efficiency: The introduction of the mini-sized Dow options ($5 multiplier) has expanded the universe of equity index options traders competing on a level playing field. The mini-sized Dow options are 100% electronically traded, have continuous two-sided quotes, and are available nearly 24 hours a day (7:15pm – 4pm CST, Sunday-Friday).

The CBOT Dow options ($10 multiplier) provide traders with twice as much dollar value exposure as the mini-sized Dow. The $10 Dow options add further execution flexibility as they are traded on a hybrid floor / electronic platform (open outcry 7:20am-3:15pm Monday-Friday; electronic 7:15pm-7am Sunday-Friday).

Increased Leverage: Options on the CBOT Dow Jones Industrial Average are ten times the size of the options on the Diamonds and ten times the size of DJX options. Options on the CBOT mini-sized Dow are five times the size of the options on Diamonds and five times the size of DJX options. Therefore, it is potentially cheaper for a customer to trade CBOT Dow Jones Industrial Average and CBOT mini-sized Dow options. Basically, trading one CBOT Dow Jones Industrial Average option is equivalent to trading ten of the comparative products while trading one CBOT mini-sized Dow option is equivalent to trading five of the comparative products.

SPAN Margining: Unlike options traded on securities, futures portfolio margining recognizes the unique risk aspects of options, and is structured to calculate the risk for all options, both long and short. In cases where the premium value of an option is greater than its risk, the excess can be applied toward other risk requirements in the portfolio, thereby reducing the overall requirement. In addition, a risk requirement is calculated on a long option in order to determine how much of that option's value is not at risk. You do not have this benefit when trading options on the Diamonds and DJX index.

Lower Margins on Underlying: Trading options on the CBOT Dow Jones Industrial Average futures and CBOT mini-sized Dow futures provide a potential advantage when exercising the options contract. *In order to have similar values and exposures, you must compare 1 CBOT DJIA℠ futures option contract to 10 Diamond (DIA) option contracts and 1 CBOT mini-sized Dow option to 5 Diamond option contracts.* Upon exercise, the initial margin requirement to hold DIA shares can be far larger than the margin requirement for the comparable value CBOT DJIA futures and CBOT mini-sized Dow futures contracts. For example, exercising 10 Diamond option contracts requires up to 50% of the underlying value, or $52,500 with DIA trading 105 (100*100 shares*10 contracts). In contrast, one equivalent CBOT DJIA futures contract requires $5,000 margin, and 2 CBOT mini-sized Dow futures contracts require $5,000 ($2,500 per contract). This can be a significant factor when planning your trading strategies.

To learn more about CBOT Dow Complex products, please visit www.cbot.com/dow.

	Options on CBOT DJIA Futures	Options on CBOT mini-sized Dow Futures	Options on Diamonds	Options on DJIA Cash Index
Underlying	One futures contract	One CBOT mini-sized Dow futures contract	100 shares of Diamonds	Options are based on 1/100th of the DJIA
Tick Size	One tick = .05 = $5 Ex: 10400 call quoted 34.00 to 34.05. 34.00 - 34.05 x $100 = $5	One tick = 1 = $5. Ex: 10400 call quoted 340 to 341. 340 - 341 x $5 = $5	In decimals. One point = .05 = $5 Ex: 104 call quoted 3.45 to 3.50. 3.45-3.50 = $5	In decimals. One point = .05 = $5 Ex: 104 call quoted 3.45 to 3.50. 3.45-3.50 = $5
Premium Quote	$100 multiplier, ex: 34.65 = $3,465 premium or 346.5 index points	$5 multiplier, ex: 346 = $1,730 premium or 346 index points	$100 multiplier, ex: 3.45 = $345 Minimum tick for options trading below 3.00 is 0.05 ($5.00) and for all other series, 0.10 ($10.00).	$100 multiplier, ex: 3.45 = $345 Minimum tick for options trading below 3.00 is 0.05 ($5.00) and for all other series, 0.10 ($10.00).
Strike Price Intervals	100 index point intervals, ex: 10400, 10500, 10600.	100 index point intervals, ex: 10400, 10500, 10600.	1 point increments, ex: 104.00, 105.00, 106.00	1 point increments, ex: 104.00, 105.00, 106.00
Contract Months	Same as Futures quarterly cycle plus 2 to 3 nearest months or 4 consecutive months	Same as Futures quarterly cycle plus 2 to 3 nearest months or 4 consecutive months	3 near term and 3 from quarterly cycle	3 near term and 3 from quarterly cycle
Last Trading Day	Quarterly expirations same as futures, serial expirations close third Friday of contract month.	Quarterly expirations same as futures, serial expirations close third Friday of contract month	Trading in DIA options will ordinarily cease at the close on the business day (usually a Friday) preceding the expiration date.	Trading in DJX will ordinarily cease on the business day (usually a Thursday) preceding the day on which the exercise-settlement value is calculated.
Final Settlement	Third Friday of contract month. Exercise of quarterly options result in futures/cash settlement. Serial options exercise into underlying futures.	Third Friday of contract month. Exercise of quarterly options result in futures/cash settlement. Serial options exercise into underlying futures.	Delivery of DIA shares on the third business day following exercise.	Calculated based on the opening prices of the component securities on the business day prior to expiration, usually a Friday. The exercise-settlement amount is equal to the difference between exercise-settlement value and the exercise price of the option, multiplied by $100.
Exercise / Settlement	American style. Serial options exercise into underlying futures. Exercise of quarterly options result in cash settlement.	American style. Serial options exercise into underlying futures. Exercise of quarterly options result in cash settlement.	American style. Physical delivery.	European style. Cash delivery.
Expiration	Quarterly expire business day following last trading day. Serial expire on last trading day.	Quarterly expire business day following last trading day. Serial expire on last trading day.	Saturday immediately following the third Friday of the expiration month.	Saturday following the third Friday of the expiration month.
Trading Hours	Open Auction: 7:20am-3:15pm, M-F Electronic: 7:15pm - 7:00am, Sun- Fri	Electronic Only: 7:15pm - 4:00pm, Sun- Fri	8:30am-3:15pm	7:00am-8:15am on CBOE Direct 8:30am - 3:15pm
Exchange Ticker Symbol	Open Auction: Calls - DJC, Puts - DJP Electronic: OZD	Electronic: OYM	DIA	DJX
Margin	Options purchased must be paid for in full. Options sold are required to post a performance bond (margin). Performance bond requirements fall under the SPAN margining system, a portfolio based risk system. Portfolio based margining may have inherent advantages over non-portfolio based risk margining treatment. Additional information can be found at www.cbot.com/dow .	Options purchased must be paid for in full. Options sold are required to post a performance bond (margin). Performance bond requirements fall under the SPAN margining system, a portfolio based risk system. Portfolio based margining may have inherent advantages over non-portfolio based risk margining treatment. Additional information can be found at www.cbot.com/dow .	Uncovered writers must deposit 100% of the options proceeds plus 15% of the aggregate contract value (current DIA price multiplied by $100) minus the amount by which the option is out-of-the-money, if any. Minimum margin is 100% of the option proceeds plus 10% of the aggregate contract value. Long puts or calls must be paid in full.	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 15% of the aggregate contract value (current index level 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.