Cboe MSFT Revenue ($b) Binary Options Contract Specifications

Trading Symbol:
KBMSF

Settlement Value Symbol:
KBMSF

Description:
Cboe MSFT Revenue ($b) Binary Options are cash-settled, European-style option contracts that pay $1.00 if the settlement value of the underlying interest is equal to or exceeds the exercise price in the case of a call option or is less than the exercise price in the case of a put option.
The underlying interest of Cboe MSFT Revenue ($b) Binary Options is the Revenue of Microsoft Corporation, as reported in the company's earnings release for the applicable reporting period, furnished as Exhibit 99 to its Form 8-K filed with the U.S. Securities and Exchange Commission. For settlement purposes, the numerical settlement value shall be determined based on the reported Revenue for the applicable reporting period, divided by 1,000,000,000, truncated to the third decimal place, and expressed as Revenue ($b).

Multiplier:
1

Strike (Exercise) Prices:
In-, at-, and out-of-the-money strike prices are initially listed. New strikes can be added as expectations for the value of the underlying KPI change, according to Rule 4.82(e) of the Exchange Rules.

Strike Price Interval:
The minimum strike price interval for Cboe MSFT Revenue ($b) Binary Options is determined based on the strike price level, as follows:

- $0.01 where the strike price is less than 10
- $0.10 where the strike price is 10 or greater but less than 100
- $1.00 where the strike price is 100 or greater but less than 1,000
- $10.00 where the strike price is 1,000 or greater but less than 10,000
- $100.00 where the strike price is 10,000 or greater

Cboe may list strike prices only at intervals equal to or greater than the applicable minimum strike price interval.

Strike Price Scale:
Strike prices for Cboe MSFT Revenue ($b) Binary Options will be scaled by a factor of 1,000,000,000.

Premium Quotation:
Stated in decimals. One point equals $1.00. The minimum increment is 0.01 ($0.01).

Exercise Style:
European – Cboe MSFT Revenue ($b) Binary Options may be exercised on the expiration date only.

Expiration Date:
Cboe MSFT Revenue ($b) Binary Options expire on the date Microsoft Corporation discloses its earnings results for the applicable reporting period.

Expiration Time:
Cboe MSFT Revenue ($b) Binary Options are PM-Settled option contracts.

PM: 3:00 p.m. (CT) on the expiration date

Last Trading Day:
PM: Trading in Cboe MSFT Revenue ($b) Binary Options ordinarily terminates at 3:00 p.m. (CT) on the expiration date.

Expiration Months:
Cboe may list up to two expirations.

Settlement of Option Exercise:
The settlement value shall be determined based on the Revenue of Microsoft Corporation for the applicable reporting period, as reported in the company's earnings release published by the company or furnished as Exhibit 99 to its Form 8-K filed with the U.S. Securities and Exchange Commission, divided by 1,000,000,000, truncated to the third decimal place, and expressed as Revenue ($b).

If the Revenue for the applicable reporting period is disclosed multiple times in a specific earnings release document, the settlement value shall be determined using the disclosed Revenue figure with the highest level of numerical precision for that reporting period.

In the event that the Revenue of Microsoft Corporation required for the settlement value calculation is not stated in the company's earnings release published by the company or in the earnings release furnished as Exhibit 99 to the company's Form 8-K filed with the U.S. Securities and Exchange Commission, the applicable Revenue shall instead be determined from the corresponding Form 10-Q or Form 10-K filed by the company with the U.S. Securities and Exchange Commission for the same applicable reporting period.

If the precise wording of the Revenue is changed or unclear, such change shall be treated as a corporate action, and the Binary Options Settlement Determinations Committee will determine the process used to settle the contract.

Once the settlement value for the applicable reporting period is determined, it shall not be adjusted for any subsequent revisions, amendments, restatements, or recharacterizations of the Revenue, whether disclosed in a later earnings release, Form 8-K, Form 10-Q, Form 10-K, or any other filing, unless expressly provided in the contract terms.

Exercise will result in delivery of cash on the business day following the expiration date. If the determination of the settlement value is delayed, exercise will instead result in delivery of cash on the business day following the date on which the settlement value is determined.

The exercise settlement value is set at 1.00 if settlement value is greater than or equal to the exercise price in the case of a call option, or less than the exercise price in the case of a put option. The exercise settlement value is set at 0.00 (zero) if the settlement value is less than the exercise price in the case of a call option, or greater than or equal to the exercise price in the case of a put option.

The exercise settlement amount, which is the amount of cash that a holder will receive upon exercise of the contract, is the exercise settlement value multiplied by the contract multiplier.

Exercise Settlement Amount:
$1.00

FLEX Eligible:
No.

Position and Exercise Limits:
2,500,000 binary KPI option contracts per expiration.

Customer Margin:
Margin requirements for binary options are set forth in Exchange rules. Purchases of binary options must be paid for in full. Buyers are required to deposit and maintain 100% of the purchase price in their account for the duration of the position.

Writers of binary options are required to deposit and maintain 100% of the option's exercise settlement amount, as defined in Exchange rules, for each binary option sold. The full value of the contract (exercise settlement amount) must be maintained in the seller's account beginning with the first settlement cycle and continuing until option expiration.

No margin is required on a binary call option (put option) carried short in a customer's account that is offset by a long binary call option (put option) for the same underlying security or instrument that expires at the same time and has an exercise price that is less than (greater than) the exercise price of the short call (put). The long call (put) must be paid for in full.

When a binary call option is carried short in a customer's account and there is also carried a short binary put option for the same underlying security or instrument that expires at the same time and has an exercise price that is less than or equal to the exercise price of the short call, the initial and maintenance margin required is the exercise settlement amount applicable to one contract.

Trading Hours:
Regular Hours
8:30 a.m. to 3:00 p.m. (CT)

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