Mini Cboe Volatility Index (Mini VIX™) Futures

U.S. Futures

Mini VIX futures are based on the VIX Index, and reflect the market's estimate of the value of the VIX Index on various expiration dates in the future. At 1/10th the size of the standard VIX futures contract, Mini VIX futures are designed to provide additional flexibility in volatility risk management and greater precision when allocating among smaller managed accounts.

Before You Trade Mini VIX Futures

It's important to understand the following:

- Mini VIX futures are complicated financial products that are suitable only for sophisticated market participants.
- Mini VIX futures involve the risk of loss, which can be substantial and can exceed the amount of money deposited for the futures position.
- Market participants should put at risk only funds that they can afford to lose without affecting their lifestyles.
- Before transacting in Mini VIX futures, market participants should fully inform themselves about the characteristics and risks of Mini VIX futures, including in particular those described below and at Cboe.com/MiniVIX. Mini VIX futures market participants also should make sure they understand the product specifications and the methodologies for calculating the underlying VIX® Index and the settlement values for Mini VIX futures.

Strategies

Mini VIX futures have unique characteristics. Like VIX futures, Mini VIX futures may behave differently than other financial-based commodity or equity products. Understanding these traits and their implications is important. Mini VIX futures may provide market participants with flexibility to hedge a portfolio, employ strategies in an effort to generate returns from relative pricing differences, or express a bullish, bearish or neutral outlook for broad market implied volatility.

Risk Premium Yield

Over long periods, index options have tended to price in slightly more uncertainty than the market ultimately realizes. Specifically, the expected volatility implied by SPX option prices tends to trade at a premium relative to subsequent realized volatility in the S&P 500 Index. Market participants may use Mini VIX futures to capitalize on this general difference between expected (implied) and realized (actual) volatility, and other types of volatility arbitrage strategies.

Term Structure Trading

One of the unique properties of volatility—and the VIX Index—is that its level is expected to trend toward a long-term average over time, a property commonly known as "mean-reversion." The mean reverting nature of volatility has been a key driver of the shape of the VIX futures term structure and the way it can move in response to changes in perceived risk. With multiple monthly contracts, there may be a wide variety of potential calendar spreading opportunities with Mini VIX futures depending on expectations for implied volatility.

Portfolio Hedging

One of the biggest risks to an equity portfolio is a broad market decline. The VIX Index has had a historically strong inverse relationship with the S&P 500® Index. Consequently, a long exposure to volatility may offset an adverse impact of falling stock prices. Market participants should consider the time frame and characteristics associated with Mini VIX futures to determine the utility of such a hedge.

Long/Short Volatility

Mini VIX futures provide a pure play on the level of expected volatility. Expressing a long or short sentiment may involve buying or selling Mini VIX futures.

Ticker Symbol	Cash Index - VIX VXM Futures Symbols – VXM* and VXM01 through VXM53**. Embedded numbers denote the specific week of a calendar year during which a contract is settled. For symbology purposes, the first week of a calendar year is the first week of that year with a Wednesday on which a weekly VXM futures contract could expire. *The final settlement value for a contract with the ticker symbol "VXM" is calculated using A.M.-settled SPX options. **The final settlement value for a contract with the ticker symbol "VXM" followed by a number denoting the specific week of a calendar year is calculated using P.M.-settled SPX options.
Contract Multiplier	$100 for mini contracts
Contract Expirations	Up to six near-term expiration weeks, nine near-term serial months, and five months on the February quarterly cycle for the VXM futures products. VXM futures that have a "VXM" ticker are not counted as part of the six near-term expiration weeks.
Trading Hours	Extended - 5:00 P.M. (previous day) to 8:30 a.m. Chicago Time (CT) Regular - 8:30 a.m. to 3:15 p.m. Chicago Time (CT) Extended - 3:30 p.m. to 4:00 p.m. Chicago Time (CT)
Final Settlement Date	The final settlement date for a contract with the "VXM" ticker symbol is on the Wednesday that is 30 days prior to the third Friday of the calendar month immediately following the month in which the contract expires. The final settlement date for a futures contract with the "VXM" ticker symbol followed by a number denoting the specific week of a calendar year is on the Wednesday of the week specifically denoted in the ticker symbol. If that Wednesday or the Friday that is 30 days following that Wednesday is a Cboe Options holiday, the final settlement date for the contract shall be on the business day immediately preceding that Wednesday.
Pricing Conventions	Prices are stated in decimal format.
Minimum Price Intervals	0.01 index points, equal to $1.00 per contract. The individual legs and net prices of spread trades in VXM futures may be in increments of 0.01 index points, which has a value of $1.00.

Additional Information Before You Trade Mini VIX futures

- **Underlying Index:** Mini VIX futures are based on the VIX Index, which is a financial benchmark designed to be a market estimate of expected volatility of the S&P 500®. The VIX Index is calculated by using the midpoint of quotes of certain S&P 500 Index options. (More information on how the VIX Index is calculated is available here and here.)
- **Not Buy and Hold Investment:** Mini VIX futures are not suitable to buy and hold because:
  - On their settlement date, Mini VIX futures convert into a right to receive or an obligation to pay cash.
  - The VIX Index generally tends to revert to or near its long-term average, rather than increase or decrease over the long term.
- **Volatility:** The VIX Index is subject to greater percentage swings in a short period of time than is typical for stocks or stock indices, including the S&P 500 Index.
- **Expected Relationships:** Expected relationships with other financial indicators or products may not hold.

  In particular:
  - Although the VIX Index tends to be negatively correlated with the S&P 500 Index—such that one tends to move upward when the other moves downward and vice versa—that relationship is not always maintained.
  - The prices for the nearest expiration of Mini VIX futures tend to move in relationship with movements in the VIX Index. However, this relationship may be undercut, depending on, for example, the amount of time to expiration for the Mini VIX futures contract and on supply and demand in the market for those futures.
  - Mini VIX futures contracts trade separately from regular-sized VIX futures, so the prices and quotations for Mini VIX futures and regular-sized VIX futures may differ because of, for example, possible differences in the liquidity of those markets.
    - **Final settlement Value:** The method for calculating the final settlement value of Mini VIX futures is different from the method for calculating the VIX Index at times other than settlement, so there can be a divergence between the final settlement value of Mini VIX futures and the VIX Index value immediately before or after settlement. (More information is available here and here.)
    - **Additional Information:** Further information concerning the VIX Index and concerning futures and options based on the VIX Index is available here and here.

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Please visit **Cboe.com/MiniVIX** for more information.

Futures trading is not suitable for all investors, and involves the risk of loss. The risk of loss in futures can be substantial and can exceed the amount of money deposited for a futures position. You should, therefore, carefully consider whether futures trading is suitable for you in light of your circumstances and financial resources. For additional information regarding futures trading risks, see the Risk Disclosure Statement set forth in the Risk Disclosure Statement set forth in Appendix A to CFTC Regulation 1.55(c) and the Risk Disclosure Statement for Security Futures Contracts.