Cboe® Magnificent 10 Index Futures – FAQ

Underlying Index

What is the underlying index for this product?

The Cboe Magnificent 10 Index (MGTN) is an equal-weighted equity index designed to measure the price return of a select group of large-cap U.S. technology and growth-oriented companies with listed options. The index initially comprises the common stocks:

Stock Name	Ticker	Primary Market
Broadcom Inc.	AVGO	NASDAQ
Alphabet Inc. "Class A"	GOOGL	NASDAQ
Tesla Inc.	TSLA	NASDAQ
Meta Platforms Inc. "Class A"	META	NASDAQ
Microsoft Corp	MSFT	NASDAQ
Amazon.com Inc.	AMZN	NASDAQ
Apple Inc.	AAPL	NASDAQ
Nvidia Corp.	NVDA	NASDAQ
Palantir Technologies Inc. Class A	PLTR	NASDAQ
Advanced Micro Devices, Inc.	AMD	NASDAQ

Any stock's removal due to corporate action will have a replacement defined by size and liquidity constraints within the technology sector, in order to maintain the goal of growth-oriented tech companies.

How were the stocks selected for the Cboe Magnificent 10 Index?

The stocks were selected based on their size, liquidity, and the technology-driven, growth-oriented nature of their businesses. Each stock is for a U.S.-listed company widely recognized as a market leader with significant influence on innovation, market dynamics, and consumer behavior. The index has been designed to have no fewer than 10 stocks in order to maintain meaningful exposure to the largest and most influential technology and growth-oriented companies.

What is the methodology for the underlying index?

The Cboe Magnificent 10 Index is an equal-weighted index of 10 stocks of U.S.-listed technology and growth-oriented companies: AVGO, GOOGL, TSLA, META, MSFT, AMZN, AAPL, NVDA, PLTR, and AMD. Stocks are fixed and only adjusted for corporate actions, per the published methodology. The index rebalances monthly: weights are reset to equal allocation on the second Friday of each month (based on closing prices) and applied after the close on the third Friday, effective the following Monday.

Between rebalances, weights drift with changes to the prices of the stocks, so the index is monitored daily for an ad-hoc capping process that resets weights if set thresholds are breached.

How will stocks be added/deleted from this underlying index?

The stocks are intended to remain fixed, with no routine constituent additions or deletions during rebalances. Changes to the stocks will only occur in the event of corporate actions that reduce the number of stocks. In such cases, replacement stocks will be added per the index methodology, to ensure the index maintains 10 stocks.

Why was the daily-monitored Ad-Hoc Capping added to this index methodology?

The Ad-Hoc Capping is intended to maintain the equal-weighted design of the index. Between scheduled monthly rebalances, stock price movements can cause a single stock or the top five to exceed set concentration limits. Daily monitoring allows immediate reweighting if thresholds are breached, preventing dominance by a few stocks and preserving balanced exposure across all 10 constituent stocks.

How is the end-of-day value for the Cboe Magnificent 10 Index calculated?

The closing value of the index is calculated using the closing prices from each stock's primary exchange and will be made available under the ticker MGTN around 4:20 PM ET. For further details on the MGTN closing value calculation, please refer to this: Cboe Magnificent 10 Index Methodology.

How is the Special Opening Quotation ("SOQ") for Cboe Magnificent 10 Index calculated?

The SOQ for the Cboe Magnificent 10 Index (MGSET) is calculated using the Cboe Magnificent 10 Index Methodology, except that the price for each stock is the price at which it first trades upon the opening of the primary listing exchange. The SOQ is calculated each business day, after the first trade for each stock has occurred. For further details on SOQ calculation, please refer to this: Special Opening Quotation Overview.

Product Basics

What are Cboe Magnificent 10 Index Futures?

Cboe Magnificent 10 Index (MGTN) futures are cash-settled futures contracts based on the performance of the Cboe Magnificent 10 Index. Cboe plans to offer MGTN futures for trading on Cboe Futures Exchange, LLC (CFE), subject to regulatory review. These futures will allow market participants to gain exposure during Regular Trading Hours and Extended Trading Hours to a rules-based index of leading U.S. technology and growth-oriented companies, with settlement in cash, rather than delivery of shares.

What are the contract specifications for the product?

The current contract specifications can be found here: Contract Specifications.

What contracts will be available to trade?

CFE may list for trading up to nine MGTN futures contract months. MGTN futures contracts will be listed with expiration dates that align with expiration dates of standard MGTN AM-settled monthly option contracts. The number of MGTN futures contracts listed at any time will be less than or equal to the number of currently active standard MGTN option contracts.

Are these contracts eligible for trading during Extended Trading Hours?

Yes. MGTN Futures will be available for trading 23/5.

Type of Trading Hours	Monday – Friday
Extended	5:00 p.m. (previous day) to 8:30 a.m. CT
Regular	8:30 a.m. to 3:00 p.m. CT
Extended	3:00 p.m. to 4:00 p.m. CT

How are daily settlement prices determined?

The daily settlement price of an MGTN futures contract is calculated at the close of regular trading hours in MGTN futures on a business day, which is normally at 3:00 p.m. CT. A four-step hierarchy is used to determine the daily settlement price for an MGTN futures contract in which a subsequent step in the hierarchy may be used if the conditions for using the prior step(s) in the hierarchy have not been satisfied.

The first three steps in the hierarchy consist of

- a volume-weighted average price ("VWAP") determination based on MGTN futures transactions during a measurement interval;

- a time-weighted average price ("TWAP") determination based on best bid and best offer midpoints during a measurement interval; and

- the MGTN Index value at the daily settlement time adjusted by the difference between the MGTN Index value at the daily settlement time on the preceding business day and the daily settlement price of the MGTN futures contract on the preceding business day.

Under the fourth step of the hierarchy, the Exchange may in its sole discretion establish a daily settlement price for an FBT futures contract that it deems to be a fair and reasonable reflection of the market under certain conditions.

When and how are final settlement prices determined?

MGTN futures contracts settle on an A.M. basis. The final settlement value of an expiring MGTN futures contract is the Special Opening Quotation ("SOQ") of the MGTN Index (MGSET) on the contract's final settlement date, which is calculated using the Cboe Magnificent 10 Index Methodology, except that the price for each constituent is the price at which the constituent first trades upon the opening of the primary listing exchange. Further information regarding the calculation of an SOQ for the MGTN Index may be found in the Cboe Global Indices Special Opening Quotation Mathematics Methodology.

Are block trades supported for MGTN Futures?

Block Trades, including Derived Block Trades, are supported for the Cboe Magnificent 10 Index Futures Products. The minimum Block Trade quantity for MGTN futures is 100 contracts if there is only one leg involved in the trade. If the Block Trade is executed as a transaction with legs in multiple contract expirations, each leg must meet the minimum Block Trade quantity for MGTN futures.

Will there be a lead market maker (LMM) program for MGTN Futures?

Yes.

What are the fees for trading MGTN Futures products?

Information on fees for the Cboe Magnificent 10 Index will be made available prior to launch. Fees for all products trading on CFE can be found on the CFE Fee Schedule page of Cboe.com.

This information is a high-level overview of what is currently contemplated. The information included is subject to change and to more detailed provisions that would be put in place in connection with the planned launch of Cboe Magnificent 10 Index Futures.