Mini-Russell 2000 Index Binary Options
Contract Specifications - DRAFT

Trading Symbol:
MRTBX (AM-Settled Expirations)
MRTBW (PM-Settled Expirations)

Settlement Value Symbol:
MRLS (AM Settlement Value)
MRTBX (PM Settlement Value)

Description:
Mini-Russell 2000 Index Binary Options are a European-style option contract that are paid out if settlement value of the underlying Mini-Russell 2000 Binary Index [1] is equal to or exceeds the exercise price in case of a call options or is less than the exercise price, in case of a put option.

Multiplier:
$100

Strike (Exercise) Prices:
In-, at-, and out-of-the-money strike prices are initially listed. New strikes can be added as the underlying trades through the highest and lowest strike price available.

Strike Price Interval:
The interval between strike prices will be no less than $0.50.

Premium Quotation:
Stated in decimals. One point equals $100. The minimum increment is 0.01 ($1.00).

Exercise Style:
European – Mini-Russell 2000 Index Binary Options generally may be exercised only on the expiration date.

Last Trading Day:
Trading in MRTBX options will ordinarily cease on the business day preceding the day on which the exercise-settlement value is calculated, 3:15 p.m. (CT).

Trading in MRTBW options will ordinarily cease on the day of expiration, 3:00 p.m. (CT).

Expiration Dates:
Cboe may list MRTBX and MRTBW expirations that expire from one day up to 36 months from the date of issuance.

Expiration Time:
MRTBX – 8:30 a.m. (CT)

MRTBW – 3:00 p.m. (CT)

[1] The Mini-Russell 2000 Binary Index (MRTBX) is equivalent to The Mini-Russell 2000 Index (MRUT), which is 1/10th the value of the Russell 2000 Index (RUT).

Settlement of Option Exercise:
MRTBX exercise will result in delivery of cash on the business day following expiration. The settlement value, MRLS, is calculated using the opening sales price in the primary market of each component security of the Russell 2000 Index on the expiration date.

MRTBW exercise will result in delivery of cash on the business day following expiration. The settlement value, MRTBX, is calculated using the closing sales price in the primary market of each component security of the Russell 2000 Index on the expiration date.

The exercise settlement value is set at 1.00 and 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 (1.00 x $100 = $100).

FLEX Eligible:
No. FLEX will not be supported for this product.

Position and Exercise Limits:
The position limit is 1,500,000 contracts per expiration. There are no exercise limits.

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

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Trading Hours:
Regular Hours
8:30 a.m. to 3:15 p.m. (CT)
Note MRTBW expiring options trade until 3:00 p.m. (CT) on their expirations.