

Welcome to OneChicago

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The exchange for single stock futures

*Using the Single Stock Futures
Calculator*



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Single Stock Futures

- **Security futures** is the term used to collectively describe futures on individual stocks, narrow-based indexes and Exchange Traded Funds (ETFs).
- **Single stock futures** (SSFs) are an agreement to purchase or sell an underlying security at a designated date in the future (the expiration date).



The Profile of Single Stock Futures

- The price movement of the SSF is tightly coupled to its underlying Stock.
- Unlike Stock, there are no ownership, dividend or voting rights contained in a SSF.
- Contracts are cleared through the AAA-rated OCC (Option Clearing Corporation) or the CME Clearing House.
- OneChicago's SSF contracts expire into a CUSIP position at expiration. There is no early exercise.
- SSFs can be held in either a securities or commodity account.



Single Stock Futures (SSFs) are an agreement to purchase or sell an underlying security at a designated date in the future (the expiry date).

- SSFs are competitively priced and traded on a regulated market
- SSFs are a derivative product whose value is derived from the stock:
- Futures Price = Stock Price *plus* **Interest** *minus* Dividends
- Futures price = stock price x [1 + (interest rate/360) x days to expiration] – dividend (if any to expiry)

SSFs where Your Interest comes First!

*Simple pricing formula

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OneChicago Overview

Innovative Products

- Over 2000 Single Stock Futures
- 36 ETF Futures: DIAMONDS® IWM®, QQQQ®, FXI, EEM, MDY, EWZ, SPY, XLE, XLF, XLU, XLV, GLD
- 1 SSF contract = 100 shares of underlying stock

Two Types ETF

Contracts sizes

- 1) one contract = 1000 shares,
- 2) one contract = 100 shares (mini)

Fully Electronic

- State of the art technology using the CBOEdirect® match engine
- Access to OneChicago from CBOEdirect or GLOBEX®
- CBOEdirect supports FIX and CMi APIs

Structured for Liquidity

- Lead Market Maker System*
- Continuous two-sided markets and fast fills
- WYSIWYG "What you see is what you get" quotes and execution

Open and Transparent Markets

- Bid/Offer transparency and market depth
- Anonymity
- In US, Trade from securities or futures accounts

*For products listed on www.OneChicago.com with an *, no LMM will be responsible for making continuous two-side markets.

**Benchmark Rate
1.00%**

0.50 Interbank **1.50%**

0.25% Wall Street Firms
Hedge Funds
Pension Funds **2.25%**

STOCK LOAN

**SINGLE
STOCK
FUTURES**

STOCK BORROW

0.10%

Professional Traders
Money Managers
Hedge Funds

3.10%

0.05%

Professional Retail / Hedge Funds

4.05%

0.00%

Retail

5.00%

**Single Stock
Futures
(SSF)
Strategies
Add Value!**

- **Strip Hedging**
- **Buy Writes**
- **Yield Enhancements**
- **Financing**
- **Leverage**
- **Pairs Trading**

Do you buy or sell stock on margin?

If you do then you are probably increasing your trading costs and decreasing your profits. Lowering your costs without changing your strategies may increase your chances of profit over time.

The use of Single Stock Futures (SSFs) can lower your interest expenses when buying and increase your return on short proceeds which will allow you to buy a little bit lower and sell a little bit higher.



OneChicago Calculator

Evaluate the benefits of SSFs vs. margin trading

CLICK TO TRY THE
OneChicago Calculator

- The OneChicago calculator allows the investor to make a comparative analysis between the advantages of using Single Stock Futures versus the underlying equity.
- When using the calculator you can set your own interest rate criteria.
- Choose a stock, along with the expiration date, number of shares, and interest rates for financing the trade. Making the selections allows one to compare the price you pay when buying the stock on margin vs. the price you pay to buy the single stock future. The same can be done for the sell side comparison.
- By placing your mouse over the areas of the calculator you can expand the details of your results and see how the numbers were derived.

www.onechicagocalculator.com/index.php

The Power and Risk of Leverage

- Capital-efficient instruments with performance bond requirement of 20% (5:1 leverage)
 - at \$80/share, trade equivalent of 100 shares of IBM with \$1,600 performance bond
 - at \$25/share, trade equivalent of 100 shares of MSFT with \$500 performance bond
 - same performance bond requirement ***long or short***
- Access to open trade equity: Access to excess cash if your position moves favorably; contribute additional performance bond monies if the position moves unfavorably.
- *Leverage provides capital efficiency. **It also increases potential risk, which may not be suitable for all investors.** You should consult your broker or financial advisor before using security futures to engage in leveraged transactions such as those described in this presentation*

Dividends & Interest Rates

- Shorter term SSFs accomplish management of longer term Swaps & or complex OTC positions where both Dividend & Interest exposure exist.
- EFPs or VWAPs with SSFs can provide the same opportunities as the Swaps product to produce captured dividend yield for the client with more benefit to the Firm.
 - OTC to OCC
 - One transaction
 - Less maintenance
 - No resets
 - No ISDAs

OTC to On-Exchange

OCC (AAA-rated) & CME Clearing is more operationally efficient than OTC position management

- No need to negotiate ISDAs for each counter-party
- Reduced need to perform ongoing credit analysis and collateral management
- For smaller/lower credit traders, it may mean the removal of counter-party credit caps and the opportunity to trade more
- For larger firms, default becomes less of an issue; opportunity to manage expectations of exposure

For more information click the link below:

www.OneChicago.com

Security futures trading involves the risk of loss, including the possibility of loss greater than your initial investment. Security futures may not be suitable for all investors. Consult your broker or financial advisor before trading.

All investors will be required to review risk disclosure materials and meet suitability requirements established by their brokers.

You should carefully review all disclosure statements and ensure you understand the risks of trading security futures.

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