

OneChicago ✕

*The exchange for single stock futures*

***Welcome to OneChicago  
The Exchange for Single  
Stock Futures  
April 17, 2008  
Interactive Brokers***

*Copyright ©2008 OneChicago, LLC. All rights reserved.*



***OneChicago is a joint venture of***



***OneChicago is the Exchange for Single  
Stock Futures in the U.S.***

OneChicago ✕



# OneChicago Overview

## Innovative Products

- Over 650 single stock futures
- ETF futures: DIAMONDS<sup>®</sup>, IWM<sup>®</sup>, QQQQ<sup>®</sup>, FXI, EEM, MDY, EWZ, SPY, XLE, XLF, XLU, XLV,
- 1 SSF contract = 100 shares of underlying stock
- 1 ETF Future contract = 1000 shares of stock, DIA contract=100 shares

## Fully Electronic

- State of the art technology using the CBOEdirect<sup>®</sup> match engine
- Access to OneChicago from CBOEdirect or GLOBEX<sup>®</sup>
- 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](http://www.OneChicago.com) with an \* no LMM will be responsible for making continuous two-side markets.

# *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).

OneChicago ✕



## ***The Primary Benefits of Single Stock Futures***

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

OneChicago ✕



# ***Single Stock Futures Product Structure***

- SSFs typically track the price movements of the underlying stock tick for tick
- SSFs have expiration dates but many traders offset their positions prior to expiration or roll their positions over to a further out contract month
- If the contract is held to expiration the holder of the short position is required to deliver the underlying stock to the holder of the long position

OneChicago ✕



# Pricing of SSFs

- 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)

\*Simple pricing formula

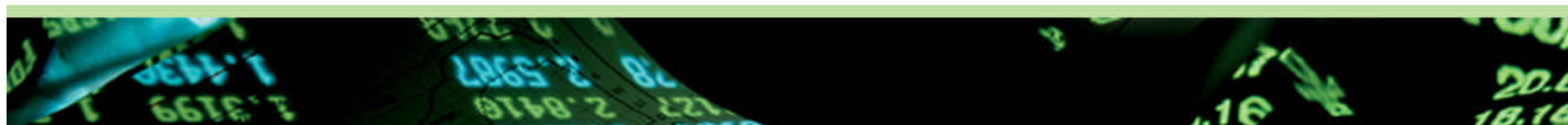
OneChicago ✕



# *The Power and Risk of Leverage*

- Capital-efficient instruments with margin requirement of 20% (5:1 leverage)
  - at \$80/share, trade equivalent of 100 shares of IBM with \$1,600 margin
  - at \$25/share, trade equivalent of 100 shares of MSFT with \$500 margin
  - same margin requirement ***long or short***
- Access to open trade equity: Access to excess margin if your position moves favorably; contribute additional margin 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*

OneChicago ✕

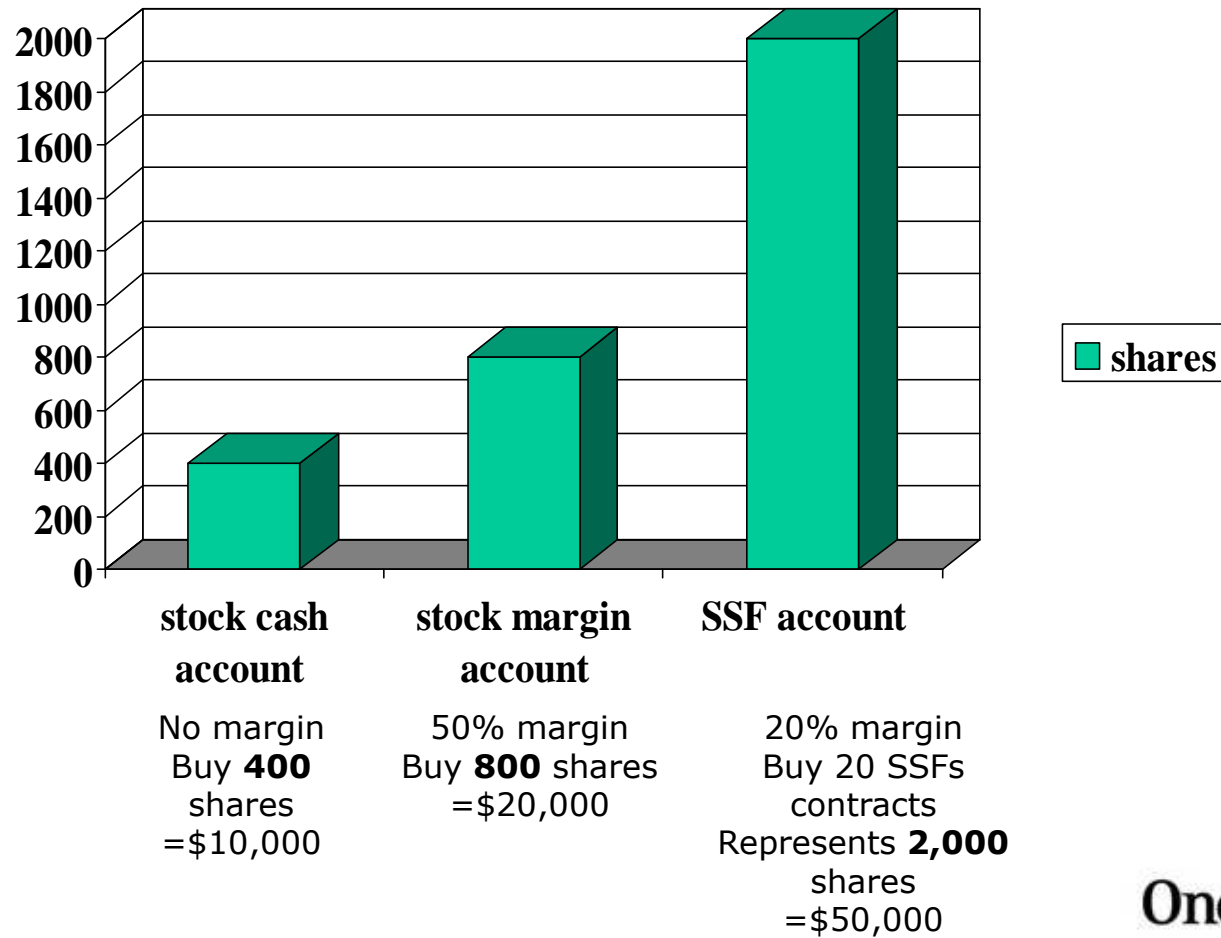




## Trading Strategies

# Single Stock Futures = Power of Leverage

Buying power with \$10,000 and \$25 stock



OneChicago ✕



**For more information click the link below:**

[www.OneChicago.com](http://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.**

**OneChicago** ✕



©2008 OneChicago LLC. All rights reserved

The information in this presentation has been compiled by OneChicago, LLC (OneChicago) for general information purposes only. Although every attempt has been made to ensure the accuracy of the information, OneChicago assumes no responsibility for any errors or omissions. Examples herein are hypothetical situations used for explanation purposes only and should not be considered investment advice. All matters pertaining to rules and specification herein are made subject to and are superceded by the official OneChicago rules.

The Exchange for Single Stock Futures<sup>sm</sup> is a service mark of OneChicago. CME Group<sup>tm</sup> is registered trademark of CME Group, Inc.®. CBOE® and The Chicago Board Options Exchange® are registered trademarks of The Chicago Board Options Exchange, Incorporated. Other names, logos, designs, titles, words or phrases may constitute trademarks, service marks or trade names of OneChicago or other entities and which may be registered in certain jurisdictions

"Dow Jones, "The Dow, "Dow Jones Industrial Average", "Dow Jones Industrials", "DJIA" and "DIAMONDS" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by OneChicago. OneChicago's DIAMONDS futures are not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of investing in such products.

PowerShares QQQ® is not sponsored, endorsed, sold or promoted by either PowerShares Capital Management LLC, The Nasdaq Stock Market Inc. or the PowerShares QQQ Trust, Series 1 (together "ETF Related Parties"). ETF Related Parties make no representation or warranty, express or implied, to the owners of the PowerShares QQQ® or any member of the public regarding the advisability of trading in the Contract(s). ETF Related Parties only relationship to OneChicago is the licensing of certain trademarks and trade names of PowerShares and Nasdaq respectively. The ETF Related Parties are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of the PowerShares QQQ® to be listed and have no obligation or liability in connection with the administration, marketing or trading of the PowerShares QQQ®. The PowerShares QQQ® have not been passed on by the ETF Related Parties as to their legality or suitability. The PowerShares QQQ® are not issued, endorsed, sold, or promoted by the ETF Related Parties. The ETF Related Parties make no warranties and bear no liability with respect to the contract(s)."

"Russell 2000® is a trademark and service mark of the Frank Russell Company."

"SPDR® S&P 500® ETF®", are trademarks of The McGraw-Hill Companies, Inc. and State Street Global Markets, LLC.

OneChicago ✕

