

Nasdaq-100 Volatility Index (VOLQ) Futures

Volatility has increasingly become a focus for market participants in recent years, not only as a concept, but also as a tradable instrument. Nasdaq-100 Volatility Index (VOLQ) futures give market participants access to a contract focused exclusively on at-the-money volatility of the Nasdaq-100 index. Nasdaq's proprietary index methodology provides a unique approach to volatility measurement, utilizing precisely 32 options as inputs into its pricing.

Alternatively, other volatility indices have used a variance swap approach, which employs a varying number of put and call options, with weightings proportional to the inverse of the relevant squared strike price. As such, market participants can expect the VOLQ index to arrive at an index volatility measure which is different from a variance swap approach to Nasdaq-100 volatility.

While the Nasdaq-100 Volatility index measures market expectations of current volatility, VolQ futures represent the market's opinion of forward volatility. Forward Volatility is a measure of the market's expectation of volatility between two

defined dates, over a span of 30 days, in the future; VolQ futures prices will track this market expectation. At expiration, VolQ futures prices will converge to the VOLQ index calculation of volatility, as represented by options which have exactly 30 days until expiration.

Key benefits

- Express a view on percent daily moves of the Nasdaq-100 Index
- Vega hedge Nasdaq-100 option positions easily and effectively
- Hedge volatile market conditions
- Access payoff similar to straddles while foregoing active management of delta, gamma and theta exposures

VOLQ FUTURES CONTRACT SPECIFICATIONS*

Contract size	\$1,000 x VOLQ Index
Trading hours and venue	CME Globex: 6:00 p.m. to 5:00 p.m. ET, Sun-Fri, with trading halt from 4:15-4:30 p.m. ET
Minimum price fluctuation	Outright: .05 Index points, equal to \$50.00 per contract Calendar spread: .01 Index points, equal to \$10.00 per contract
Product code	VLQ
Listing cycle	Monthly contracts listed for three consecutive months
Settlement method	Financially settled
Block minimum	50 contracts
Exchange rule	These contracts are listed with and subject to the rules and regulations of CME

* Specifications subject to internal and regulatory approval

To learn more about Nasdaq-100 Volatility Index futures, visit cmegroup.com/volq

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