CHAPTER 10. MARGIN REQUIREMENTS

Rule 10.1. General Rule

No TPH organization may effect a transaction or carry an account for a customer, whether a Trading Permit Holder or non-Trading Permit Holder, without proper and adequate margin in accordance with this Chapter 10, all other applicable rules of the Exchange, and Regulation T of the Federal Reserve Board.

[Effective October 7, 2019 (SR-CBOE-2019-069)]

Rule 10.2. Time Margin Must Be Obtained

(a) *Securities Other Than Security Futures Contracts*. The amount of initial margin, or payment in respect of cash account transactions, required by this Rule shall be obtained as promptly as possible and in any event within one payment period as defined in Section 220.2 of Regulation T of the Board of Governors of the Federal Reserve System. The amount of maintenance margin required by this Rule shall be obtained as promptly as possible and in any event within 15 business days.

[Effective October 7, 2019 (SR-CBOE-2019-069)]

Rule 10.3. Margin Requirements

(a) *Definitions*. For purposes of this Rule, the following terms shall have the meanings specified below.

(1) The term "bank" means a U.S. bank or trust company (but not a bank holding company) supervised and examined by state or federal authority.

(2) The term "current market value" is as defined in Section 220.2 of Regulation T of the Board of Governors of the Federal Reserve System. At any other time, in the case of options, stock index warrants, currency index warrants and currency warrants, it shall mean the closing price of that series of options or warrants on the Exchange on any day with respect to which a determination of current market value is made, except in the case of certain index and ETF options determined by the Exchange, it shall be based on quotes for that series of options on the Exchange 15 minutes prior to the close of trading on any day with respect to which a determination of current market value is made. In the case of other securities, it shall mean the preceding business day's closing price as shown by any regularly published reporting or quotation service. If there is no closing price or quotes, as applicable, on the option or on another security, a TPH organization may use a reasonable estimate of the current market value of the security as of the close of business or as of 15 minutes prior to the closing of trading, respectively, on the preceding business day.

(3) The term "escrow agreement", when used in connection with non cash settled call or put options carried short, means any agreement issued in a form acceptable to the Exchange under which a bank holding the underlying security (in the case of a call option) or required cash, cash equivalents or a combination thereof (in the case of a put option), is obligated

to deliver to the creditor (in the case of a call option) or accept from the creditor (in the case of a put option) the underlying security against payment of the exercise price in the event the call or put is assigned an exercise notice.

The term "escrow agreement", when used in connection with cash settled call or put options, stock index warrants, currency index warrants or currency warrants carried short, means any agreement issued in a form acceptable to the Exchange under which a bank holding cash, cash equivalents, one or more qualified equity securities or a combination thereof in the case of a call option or warrant; or cash, cash equivalents or a combination thereof in the case of a put option or warrant; is obligated (in the case of an option) to pay the creditor the exercise settlement amount in the event an option is assigned an exercise notice or (in the case of a warrant) the funds sufficient to purchase a warrant sold short in the event of a buy-in.

(4) The term "exempted security" or "exempted securities" has the same meaning as in Section 3(a)(12) of the Securities Exchange Act of 1934.

(5) For the purpose of this rule, the term "spread" means an equivalent long and short position in different call option series, different put option series, or combinations thereof, that collectively have a limited risk / reward profile, and meet the following conditions (A) all options must have the same underlying security or instrument, (B) all options must be either all American style or all European style, (C) all options must be either all listed or all OTC, (D) within option type(s), the long and short options must have equal aggregate underlying contract values and (E) the short option(s) must expire on or before the expiration date of the long option(s).

(6) The term "box spread" means an aggregation of positions in a long call option and short put option with the same exercise price ("buy side") coupled with a long put option and short call option with the same exercise price ("sell side") all of which have the same underlying component or index and time of expiration, and are based on the same aggregate current underlying value, and are structured as either: (A) a "long box spread" in which the sell side exercise price exceeds the buy side exercise price or (B) a "short box spread" in which the buy side exercise price exceeds the sell side exercise price.

(7) The term "underlying stock basket" means a group of securities which includes each of the component securities of the applicable index and which meets the following conditions (A) the quantity of each stock in the basket is proportional to its representation in the index, (B) the total market value of the basket is equal to the underlying index value of the index options or warrants to be covered, (C) the securities in the basket cannot be used to cover more than the number of index options or warrants represented by that value and (D) the securities in the basket shall be unavailable to support any other option or warrant transaction in the account.

(8) The term "cash equivalent" is as defined in Section 220.2 of Regulation T of the Board of Governors of the Federal Reserve System.

(9) The term “listed” for purposes of this Chapter 10 means a security traded on a registered national securities exchange or automated facility of a registered national securities association or issued and guaranteed by the Clearing Corporation and shall include OCC cleared OTC options contracts.

(10) The term “OTC margin bond” for purposes of this Chapter 10 means (A) any debt securities not traded on a national securities exchange that meet all of the following requirements (i) at the time of the original issue, a principal amount of not less than $25,000,000 of the issue was outstanding; (ii) the issue was registered under Section 5 of the Securities Act of 1933 and the issuer either files periodic reports pursuant to the Act or is an insurance company under Section 12(g)(2)(G) of the Act; or (iii) at the time of the extension of credit the creditor has a reasonable basis for believing that the issuer is not in default on interest or principal payments; or (B) any private pass-through securities (not guaranteed by a U.S. government agency) that meet all of the following requirements: (i) an aggregate principal amount of not less than $25,000,000 was issued pursuant to a registration statement filed with the Commission; and (ii) current reports relating to the issue have been filed with the Commission; and (iii) at the time of the credit extension, the creditor has a reasonable basis for believing that mortgage interest, principal payments and other distributions are being passed through as required and that the servicing agent is meeting its material obligations under the terms of the offering.

(11) The term “Investment Grade” in respect of any Corporate Debt Security, as that term is defined in Rule 4.30, means, if rated by only one nationally recognized statistical rating organization (“NRSRO”), is rated in one of the four highest generic rating categories; or if rated by more than one NRSRO, is rated in one of the four highest generic rating categories by all or a majority of such NRSROs; provided that if the NRSROs assign ratings that are evenly divided between (A) the four highest generic ratings and (B) ratings lower than the four highest generic ratings, the Exchange will classify the Corporate Debt Security as Non-Investment Grade.

(12) The term “Non-Investment Grade” in respect of any Corporate Debt Security, as that term is defined in Rule 4.30, means, if rated by only one NRSRO (as defined in Rule 10.3(a)(15)), is rated lower than one of the four highest generic rating categories; or if rated by more than one NRSRO, is rated lower than one of the four highest generic rating categories by all or a majority of such NRSROs.

(13) The term “Convertible” in respect of any Corporate Debt Security, as that term is defined in Rule 4.30, means, notwithstanding the classification of a Corporate Debt Security as Investment Grade or Non-Investment Grade, means any Corporate Debt Security that may be exchanged for shares of the issuer’s common or preferred stock.

(14) The term “OTC option” as used with reference to a call or put option contract in this Chapter 10 means an over-the-counter option contract that is issued and guaranteed by the carrying broker-dealer and not traded on a national securities exchange or issued and guaranteed by the Clearing Corporation.

(b) *Customer Margin Accounts—General Rule*. Subject to the exceptions set forth in parts (c) and (k) hereof, the minimum amount of margin which must be maintained in margin accounts of customers having positions in securities shall be as follows:

(1) Long Positions. 25% of the current market value of all “long” in the account; plus

(2) Short Positions.

(A) $2.50 per share or 100% of the current market value, whichever amount is greater, of each security “short” in the account which has a current market value of less than $5.00 per share; plus

(B) $5.00 per share or 30% of the current market value, whichever amount is greater, of each security “short” in the account which has a current market value of $5 per share or more.

(C) Short Bonds. 5% of the principal amount or 30% of the current market value, whichever amount is greater, of each bond “short” in the account.

(c) *Customer Margin Account—Exception*. The foregoing requirements are subject to the following exceptions. Nothing in this paragraph (c) shall prevent a broker-dealer from requiring margin from any account in excess of the amounts specified in these provisions.

(1) *Exempted Securities*.

(A) *Obligations of the United States*. On net “long” or net “short” positions in obligations (including zero coupon bonds, i.e., bonds with coupons detached or non-interest bearing bonds) issued or guaranteed as to principal or interest by the United States Government or issued or guaranteed by corporations in which the United States has a direct or indirect interest as shall be designated for exemption by the Secretary of the Treasury, the margin to be maintained shall be the percentage of the current market value of such obligations as specified in the applicable category below:

(i)	Less than one year to maturity	1%
(ii)	One year but less than three years to maturity	2%
(iii)	Three years but less than five years to maturity	3%
(iv)	Five years but less than ten years to maturity	4%
(v)	Ten years but less than twenty years to maturity	5%
(vi)	Twenty years or more to maturity	6%

Notwithstanding the above, on zero coupon bonds with five years or more to maturity the margin to be maintained shall not be less than 3% of the principal amount of the obligation.

When such obligations other than United States Treasury bills are due to mature in thirty calendar days or less, a TPH organization, at its discretion, may permit the customer to substitute another such obligation for the maturing obligation to reduce the margin required on the new obligation, provided the customer has given the TPH organization irrevocable instructions to redeem the maturing obligations.

(B) *All Other Exempted Securities*. On any long position in an exempted security other than an obligation of the United States, the margin to be maintained shall be 15% of the current market value or 7% of the principal amount of such exempt security, whichever amount is greater.

(2) *Non-Convertible Debt Securities*. On any long position in a non-convertible debt security that is listed or that qualifies as an "OTC margin bond", the margin to be maintained shall be 20% of the current market value or 7% of the principal amount, whichever amount is greater.

(3) *Security Offset. Listed and OTC*.

(A) When a security (with the exception of options) carried in a long position is exchangeable or convertible within ninety days, without restriction other than the payment of money, into a security carried in a short position for the same customer, the minimum margin required on such positions shall be 10% of the current market value of the "long" securities. In determining such margin requirement short positions shall be marked to the market or to the amount of money payable upon such exchange or conversion, whichever is the greater.

(B) When an account has offsetting long and short positions in the same security, the minimum margin shall be 5% of the current market value of the "long" securities. In determining such margin requirements "short" positions shall be marked to the market.

(4) *Initial and Maintenance Margin Requirements on Long Options, Stock Index Warrants, Currency Index Warrants and Currency Warrants*. Options and warrants carried "long" in a customer's account shall be margined as follows:

(A) *Listed or OTC Options Expiring in 9 Months or Less*. In the case of any put or call option, stock index warrant, currency index warrant or currency warrant which expires in 9 months or less, initial margin must be deposited and maintained equal to at least 100% of the current market value of the option or warrant.

(B) *Listed Options and Warrants With An Expiration Exceeding 9 Months*. In the case of a listed put or call option on a stock or stock index, and a stock index warrant, expiring in more than 9 months, margin must be deposited and maintained equal to at least 75% of the current market value of the option or warrant.

(C) *OTC Options and Warrants With An Expiration Exceeding 9 Months*. In the case of an OTC put or call option on a stock or stock index, and a stock index warrant, expiring in more than 9 months, margin must be deposited and maintained equal to at least 75% of the option or warrant's in-the-money amount plus 100% of the amount, if any, by which the current market value of the option or warrant exceeds its in-the-money amount provided also that the option or warrant:

(i) is guaranteed by the carrying broker-dealer,

(iii) has an American style exercise provision and

(5) *Initial and Maintenance Margin Requirements on Short Options, Stock Index Warrants, Currency Index Warrants and Currency Warrants*.

(A) *Listed. General Rule*. The initial and maintenance margin required on any listed put, call, stock index warrant, currency index warrant or currency warrant carried "short" in a customer's account shall be 100% of the current market value of the option or warrant plus the percentage of the current "underlying component value" (as described in column IV of the table below) specified in column II of the table below reduced by any "out-of-the-money" amount as defined in this subparagraph (c)(5)(A) below.

Notwithstanding the margin required above, the minimum margin for each such call option or call warrant shall not be less than 100% of the current market value of the option or warrant plus the percentage of the current market value of the underlying component specified in column III of the table below, and for each such put option or put warrant, shall not be less than 100% of the current market value of the option or warrant plus the percentage of the option or warrant's aggregate exercise price amount specified in column III of the table below.

I. Type of Option	*II. Initial and/or Maintenance Margin Required*	*III. Minimum Margin Required*	*IV. Underlying Component Value*
1. Stock	20%	10%	The equivalent number of shares at current market prices.
2. Narrow based index as defined in Rule 4.11 and Micro Narrow-Based Index as defined in Rule 4.10(d)	20%	10%	The product of the current index group value and the applicable index multiplier.

3. Broad-based index (including Capped-style options (CAPS & QCAPS) Packaged Vertical Spreads and Packaged Butterfly Spreads) as defined in Rule 4.11	15% [1]	10% [2]	The product of the current index group value and the applicable index multiplier.
4. Corporate Debt Security, as defined in Rule 4.30	Investment Grade: 10% Non-Investment Grade: 15% Convertible: 20%	Investment Grade: 5% Non-Investment Grade: 10% Convertible: 10%	The aggregate contract value (current market value x 1000).
5. Interest Rate Contracts	10%	5%	The product of the index value and the applicable index multiplier.
6. U.S. Treasury bills - 95 days or less to maturity	.35%	1/2%	The underlying principal amount.
7. U.S. Treasury notes	3%	1/2%	The underlying principal amount.
8. U.S. Treasury bonds	3.5%	1/2%	The underlying principal amount.
9. Foreign Currency Options Warrants			The product of units per foreign currency contract and the closing spot price. [3]
Australian Dollar	4%	3/4%	
British Pound	4%	3/4%	
Canadian Dollar	4%	3/4%	
German Mark	4%	3/4%	

European Currency Unit	4%	3/4%	
French Franc	4%	3/4%	
Japanese Yen	4%	3/4%	
Swiss Franc	4%	3/4%	
10. Currency Index Warrants	3%	A percentage of the aggregate exercise price as specified by the Exchange and approved by the SEC	The product of the index value and the applicable index multiplier.
11. Stock Index Warrants (broad-based)	15%	10%	The product of the index value and the applicable index multiplier.
12. Stock Index Warrants (narrow-based)	20%	10%	The product of the index value and the applicable index multiplier.
13. Registered investment companies based on a broad-based index or portfolio of securities.	15%	10%	The equivalent number of shares at current market prices.
14. Registered investment companies based on a narrow-based index or portfolio of securities.	20%	10%	The equivalent number of shares at current market prices.
15. Volatility Indexes			The product of the current (spot or cash) index value and the applicable index multiplier

Cboe Volatility Index	20%	10%	
Cboe Russell 2000 Volatility Index	20%	10%	
Cboe Gold ETF Volatility Index	20%	10%	
Cboe Crude Oil ETF Volatility Index	20%	10%	
Cboe Emerging Markets ETF Volatility Index	20%	10%	
Cboe Brazil ETF Volatility Index	20%	10%	
Cboe Short-Term Volatility Index	40%	20%	
Other Volatility Indexes identified in Rules 4.13(a)(3) and 4.13(a)(4)	20%	10%	
16. Single Stock Dividend Options	20%	10%	The product of the forward expected dividend amount for the accrual period (as adjusted for any contract scaling factor) and the applicable multiplier.

[1] In any event, the maximum margin required on a capped style index option (CAPS and Q-CAPS), Packaged Vertical Spread and Packaged Butterfly Spread as defined in Rule 4.11 need not exceed the aggregate cap interval, vertical spread interval and butterfly spread interval, respectively. Cap interval, vertical spread interval and butterfly spread interval shall have the meanings defined in Rule 4.11.

[2] In respect of a capped-style index option, Packaged Vertical Spread and Packaged Butterfly Spread as defined in Rule 4.11 which is out-of-the-money, the minimum margin required is as

follows: CALLS - the lesser of a) 100% of the current market value of the option plus 10% of the underlying index value or b) the aggregate cap, vertical spread or butterfly spread interval, respectively, PUTS - the lesser of a) 100% of the current market value of the option plus 10% of the aggregate put exercise price or b) the aggregate cap, vertical spread or butterfly spread interval, respectively. Cap interval, vertical spread interval and butterfly spread interval shall have the meanings defined in Rule 4.11.

[3] The term "spot price" in respect of a currency warrant on a particular business day means the noon buying rate in U.S. dollars on such day in New York City for cable transfers of the particular underlying currency as certified for customs purposes by the Federal Reserve Bank of New York.

For purposes of this subparagraph (c)(5)(A), "out-of-the-money" amounts are determined as follows:

Option or Warrant Issue	***Call***	***Put***
Stock Options, Registered Investment Company Options	Any excess of the aggregate exercise price of the option over the current market value of the equivalent number of shares of the underlying security.	Any excess of the current market value of the equivalent number of shares of the underlying security over the aggregate exercise price of the option.
U.S. Treasury Options	Any excess of the aggregate exercise price of the option over the current market value of the underlying principal amount.	Any excess of the current market value of the underlying principal amount over the aggregate exercise price of the option.
Corporate Debt Security Options	Any excess of the aggregate exercise price of the option over the current market value of the equivalent quantity of the underlying security.	Any excess of the current market value of the equivalent quantity of the underlying security over the aggregate exercise price of the option.
Index stock options, Volatility Indexes options, currency index warrants and stock index warrants	Any excess of the aggregate exercise price of the option or warrant over the product of the current (spot or cash) index value and the applicable multiplier.	Any excess of the product of the current (spot or cash) index value and the applicable multiplier over the aggregate exercise price of the option or warrant.
Foreign currency options and warrants	Any excess of the aggregate exercise price of the option or warrant over the product of units per foreign currency	Any excess of the product of units per foreign currency contract and the closing spot

	contract and the closing spot prices.	prices over the aggregate price of the option or warrant.
Interest rate options	Any excess of the aggregate exercise price of the option over the product of the current interest rate measure value and the applicable multiplier.	Any excess of the product of the current interest rate measure value and the applicable multiplier over the aggregate exercise price of the option.

(B) *OTC Options. General Rule*. The initial and maintenance margin required on any put, call, stock index warrant, currency index warrant, or currency warrant that is not listed and carried "short" in a customer's account shall be any in-the-money amount plus the percentage of the current "underlying component value" (as described in column IV of the table below) specified in column II of the table below reduced by any "out-of-the- money" amount (as defined in subparagraph (c)(5)(A) above).

Notwithstanding the margin required above, the minimum margin for each such call option or call warrant shall not be less than the percentage of the current value of the underlying component specified in column III of the table below, and for each such put option or put warrant, shall not be less than the percentage of the option's or the warrant's aggregate exercise price amount specified in column III of the table below.

I. Type of Option	***II. Initial and/or Maintenance Margin Required***	***III. Minimum Margin Required***	***IV. Underlying Aggregate Value***
1. Stock and Convertible Corporate Debt.	30%	10%	The equivalent number of shares times current market price per share for stocks or the underlying principal amount for convertible corporate debt securities.
2. Narrow-based index and Micro Narrow-Based index as defined in Rule 4.10(d)	30%	10%	The product of the current index value and the applicable index multiplier.

3. Broad-based index	20%	10%	The product of the current index value and the applicable index multiplier.
4. U.S. Government or U.S. Government Agency debt securities other than those exempted by Rule 3a 12-7 under the Securities Exchange Act of 1934 [1]	5%	3%	The underlying principal amount.
5. Corporate debt securities registered on a national securities exchange and marginable OTC corporate debt securities as defined in paragraph 10.3(a) [2]	15%	5%	The underlying principal amount.
6. All other OTC options not covered above	45%	20%	The current value of the underlying principal amount.

[1] Option contracts under category (4) must be for a principal amount of not less than $500,000. If the principal amount is less than $500,000, category (6) will apply.

[2] Option transactions on all other OTC margin bonds as defined in paragraph 10.3(a) are not eligible for the margin requirements contained in this provision. Margin requirements for such securities are to be computed pursuant to category (6).

For the purpose of this subparagraph (c)(5)(B), "in-the-money amounts" are determined as follows:

Option Issue	***Call***	***Put***
Stock Options	Any excess of the current market value of the equivalent number of shares of the underlying security over the	Any excess of the aggregate exercise price of the option over the current market value of the equivalent number of

	aggregate exercise price of the option.	shares of the underlying security.
Index options	Any excess of the product of the current index value and the applicable multiplier over the aggregate exercise price of the option.	Any excess of the aggregate exercise price of the option over the product of the current index value and the applicable multiplier.
U.S. Government mortgaged related or corporate debt securities options	Any excess of the current value of the underlying principal amount over the aggregate exercise price of the option.	Any excess of the aggregate exercise price of the option over the current value of the underlying principal amount.

(C) *Related Securities Positions—Listed or OTC Options*. Unless otherwise specified, margin must be deposited and maintained in the following amounts for each of the following types of positions.

(i) *Short Call Covered by a Convertible Security*. No margin is required for a call option written on an equity security when the account holds a net "long" position in any security, other than a warrant, which can be immediately exchanged or converted without restriction (including the payment of money) into an equal or greater quantity of the security underlying the option provided (a) such net long position is adequately margined in accordance with this Rule and (b) the right to exchange or convert the net "long" position does not expire before the short call.

(ii) *Short Listed Call Covered by a Warrant*. No margin is required for a call option written on an equity security when the account holds a net "long" position in a warrant which can be immediately exercised without restriction to purchase an equal or greater quantity of the security underlying the option provided that the warrant does not expire before the short call, and provided that the amount (if any) by which the exercise price of the warrant exceeds the exercise price of the short call is held in or deposited to the account. A warrant used in lieu of the required margin under this provision shall contribute no equity to the account.

(iii) *Covered Calls/Covered Puts*. No margin is required for a call (put) option contract or warrant carried in a short position where there is carried in the same account a long (short) position in equivalent units of the underlying security.

In order for this exception to apply, in computing margin on positions in the underlying security, (a) in the case of a call, the current market value to be used shall not be greater than the exercise price, and (b) in the case of a put, margin shall be the amount required by subparagraph (b)(2) of this Rule, plus the amount, if any, by which the exercise price exceeds the current market value.

(iv) *Exceptions*. The following paragraphs set forth the minimum amount of margin which must be maintained in margin accounts of customers having positions in components underlying options, stock index warrants, currency index warrants or currency warrant when such components are held in conjunction with certain positions in the overlying option or warrant. In respect of an option or warrant on a market index, an underlying stock basket is an eligible underlying component. The option or warrant must be listed or guaranteed by the carrying broker dealer. In the case of a call option or warrant carried in a short position, a related long position in the underlying component shall be valued at no more than the call option / warrant exercise price for margin equity purposes.

(a) *Long Option Offset*. When a component underlying an option or warrant is carried long (short) in the same account as a long put (call) option or warrant specifying equivalent units of the underlying component, the minimum amount of margin which must be maintained on the underlying component is 10% of the option / warrant exercise price plus the out-of-the-money amount not to exceed the minimum maintenance required pursuant to paragraph (b) of this Rule.

(b) *Conversion*. When a call option or warrant carried in a short position is covered by a long position in equivalent units of the underlying component and there is carried in the same account a long put option or warrant specifying equivalent units of the same underlying component and having the same exercise price and expiration date as the short call option or warrant, the minimum amount of margin which must be maintained for the underlying component shall be 10% of the exercise price.

(c) *Reverse Conversion*. When a put option or warrant carried in a short position is covered by a short position in equivalent units of the underlying component and there is carried in the same account a long call option or warrant specifying equivalent units of the same underlying component and having the same exercise price and expiration date as the short put option or warrant, the minimum amount of margin which must be maintained for the underlying component shall be 10% of the exercise price plus the amount by which the exercise price of the put exceeds the current market value of the underlying, if any.