

# Cboe and S&P Dow Jones Indices Announce Plans for Cboe S&P 500 Dispersion Index, First Cboe Labs Concept to go to Market

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- New volatility-related index, jointly developed by S&P Dow Jones Indices and Cboe, is designed to provide representation of implied dispersion for the S&P 500 Index
- Aims to help market participants better understand portfolio diversification benefits and implement dispersion trading strategies
- Index is first concept developed by Cboe Labs, company's newly-formed innovation arm focused on new tradable products and services

CHICAGO and REYKJAVIK, Iceland, Oct. 19, 2022 /PRNewswire/ -- Cboe Global Markets, Inc. (Cboe: CBOE), a leading provider of global market infrastructure and tradable products, today announced plans to collaborate with S&P Dow Jones Indices (S&P DJI), the world's leading index provider, to develop the Cboe S&P 500 Dispersion Index at its global Risk Management Conference (RMC) in Reykjavik, Iceland.

For a well-diversified portfolio, dispersion is a measure of the spread of constituent returns over a defined period, such as a month. In practice, dispersion measures both the opportunity set for individual security selection within a portfolio, as well as the potential diversification achieved by their combination. Akin to the way that the Cboe Volatility Index® (VIX® Index) represents *implied* volatility of the S&P 500, the Cboe S&P 500 Dispersion Index is intended to represent the implied dispersion among S&P 500 constituents over a 1-month horizon, based on the prices of single stock and index options.

"Cboe has been teaching market participants how to better measure, model and trade market moves through the 450-plus volatility and derivatives-based indices we've created over our nearly 50-year history," said John Hiatt, Vice President, Cboe Labs. "We revolutionized investing with the creation of the VIX® Index, the first index to measure the market's expectation of future volatility — and today, we continue our legacy of innovation with the Cboe S&P 500 Dispersion Index."

"Dispersion is recognized as one of the fundamental metrics of market risks. Unlike related measures of volatility, there hasn't yet been a simple, tradeable, and standardized index that enables market participants to hedge and express their views on dispersion in the U.S. equity markets," said Tim Edwards, Global Head of Index Investment Strategy at S&P Dow Jones Indices. "We are excited to collaborate with Cboe on the development of the Cboe S&P 500 Dispersion Index, to bring more transparency to the risk and opportunity set in the world's most liquid equity benchmark."

Edwards will join Hiatt at RMC for a discussion and analysis of dispersion, underscoring the strength of Cboe and S&P DJI's long-standing relationship and highlighting the companies' shared commitment to drive innovation through rigorous data analysis and academic research. For decades, the campus-like setting and facilitated networking at RMC has provided Cboe staff with the unique ability to learn from and work closely with industry peers, customers and academics—inspiring the creation of new Cboe offerings that can enhance the trading experience.

In an effort to formalize the value derived from conversations at RMC and other client interactions, the company also announced the formation of Cboe Labs, a new division dedicated to the creation, development and implementation of new ideas.

"Driven by constant input from our customer base, Cboe Labs is a place where we research, test and iterate as rapidly as possible with a singular goal— to create value-add, disruptive, tradable products and services," said Rob Hocking, Senior Vice President and Head of Cboe Labs. "Cboe Labs builds on our history of producing many 'firsts' for the market and the ongoing dialogue we have with industry peers and regulators on the issues impacting the markets."

The Cboe S&P 500 Dispersion Index is the first idea from Cboe Labs that will become reality. Cboe plans to develop a futures product on the index to be listed on Cboe Futures Exchange, subject to finalization of the methodology and regulatory review. To learn more about dispersion and correlation, visit [www.cboe.com/us/indices/implied](http://www.cboe.com/us/indices/implied)

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#### **Cautionary Statements Regarding Forward-Looking Information**

*This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve a number of risks and uncertainties. You can identify these statements by forward-looking words such as "may," "might," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," and the negative of these terms and other comparable terminology. All statements that reflect our expectations, assumptions or projections about the future other than statements of historical fact are forward-looking statements. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from those expressed or implied by the forward-looking statements.*

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*Some factors that could cause actual results to differ include: the loss of our right to exclusively list and trade certain index options and futures products; economic, political and market conditions; compliance with legal and regulatory obligations; price competition and consolidation in our industry; decreases in trading or clearing volumes, market data fees or a shift in the mix of products traded on our exchanges; legislative or regulatory changes or changes in tax regimes; our ability to protect our systems and communication networks from security risks, cybersecurity risks, insider threats and unauthorized disclosure of confidential information; our ability to attract and retain skilled management and other personnel; increasing competition by foreign and domestic entities; our dependence on and exposure to risk from third parties; fluctuations to currency exchange rates; factors that impact the quality and integrity of our indices; the impact of the novel coronavirus ("COVID-19") pandemic; our ability to operate our business without violating the intellectual property rights of others and the costs associated with protecting our intellectual property rights; our ability to minimize the risks, including our credit and default risks, associated with operating a European clearinghouse; our ability to accommodate trading and clearing volume and transaction traffic, including significant increases, without failure or degradation of performance of our systems; misconduct by those who use our markets or our products or for whom we clear transactions; challenges to our use of open source software code; our ability to meet our compliance obligations, including managing potential conflicts between our regulatory responsibilities and our for-profit status; our ability to maintain BIDS Trading as an independently managed and operated trading venue, separate from and not integrated with our registered national securities exchanges; damage to our reputation; the ability of our compliance and risk management methods to effectively monitor and manage our risks; our ability to manage our growth and strategic acquisitions or alliances effectively; restrictions imposed by our debt obligations and our ability to make payments on or refinance our debt obligations; our ability to maintain an investment grade credit rating; impairment of our goodwill, long-lived assets, investments or intangible assets; the accuracy of our estimates and expectations; litigation risks and other liabilities; and operating a digital asset business and clearinghouse, including the expected benefits of our ErisX acquisition, cybercrime, changes in digital asset regulation, losses due to digital asset custody, and fluctuations in digital asset prices. More detailed information about factors that may affect our actual results to differ may be found in our filings with the SEC, including in our Annual Report on Form 10-K for the year ended December 31, 2021 and other filings made from time to time with the SEC.*

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