



THIS CIRCULAR HAS BEEN UPDATED/SUPERSEDED BY CFE REGULATORY CIRCULAR RG17-025

CFE Regulatory Circular RG17-023

Date: December 4, 2017

To: Trading Privilege Holders

From: CFE Regulation

RE: Increase in Margin Requirements for Cboe Bitcoin (USD) Futures

Overview

This Regulatory Circular announces an **increase** of margin requirements for Cboe Bitcoin (USD) (XBT) futures that were previously published in CFE Regulatory Circulars RG17-018 and RG17-020.

In view of bitcoin price volatility over the past few days and a desire to better align minimum margin requirements that Futures Commission Merchants (“FCMs”) must apply to their customer accounts with margin requirements that FCMs must deposit at The Options Clearing Corporation (OCC), OCC has determined to increase customer margin requirements.

Accordingly, for each long or short XBT futures contract, the minimum maintenance margin requirement will now be 40% of the daily settlement price and the minimum speculative customer initial margin required will now be 44% of the daily settlement price (i.e., 1.10 times the maintenance requirement). This is an increase relative to the previously published rates of 30% and 33%, respectively.

Margin Requirements for XBT Futures

All XBT futures contracts, outright

Speculative Customer Initial: 1.10 x Customer Maintenance

Customer Maintenance: 40% x daily settlement price

The customer maintenance margin requirement is both the initial and maintenance margin requirement for hedgers and Trading Privilege Holders (“TPHs”).

Note that the initial and maintenance margin requirements for XBT futures contracts will not be a set dollar amount as is the case with other CFE futures contracts. The margin requirements for XBT futures contracts will vary with their daily settlement price. Brokerage firms may impose higher margin requirements or impose other conditions, and might require margin as a percentage of a futures contract’s price at various times throughout the day.

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Spread Margin Requirements (intra-commodity)

Speculative Customer Initial: 1.10 x Customer Maintenance

Customer Maintenance: the net difference between the outright maintenance margin requirement on the long contract(s) and the outright maintenance margin requirement on the short contract(s), plus a spread charge equal to 5% of the net difference in the daily settlement prices of the subject contracts

OCC has updated CFE's SPAN[®] file to accommodate SPAN margining of XBT futures contracts.

As with other CFE futures contracts, the margin rates for XBT futures are subject to change by OCC at any time.

Margin requirements for XBT futures contracts can be found in the CFE margin table located on the CFE website at <http://cfe.cboe.com/margins/cfe-margin>.

Additional information regarding XBT futures is available at cboe.com/bitcoin.

Questions regarding this circular may be directed to CFE Regulatory Interpretations at (312) 786-7229 or AskCFEReg@cboe.com.