



CFE Regulatory Circular RG17-024

Date: December 5, 2017

To: Trading Privilege Holders

From: CFE Regulation

RE: Cboe Bitcoin (USD) Futures Block Trades

Block Trades in XBT Futures:

As previously announced, Cboe Futures Exchange, LLC (CFE) plans to launch trading in Cboe Bitcoin (USD) (XBT) futures on Sunday, December 10, 2017 at 5:00 p.m. central time for business date Monday, December 11, 2017.

Please note that block trades will be permitted in XBT futures commencing on Sunday, December 17, 2017 at 5:00 p.m. central time for business date Monday, December 18, 2017. Block trades in XBT futures may not be consummated prior to that time, and the Trade Reporting Tool (TRT) will not accept block trades in XBT futures submitted prior to that time.

Unlike block trades, exchange of contract for related position (ECRP) transactions involving XBT futures will be permitted starting at the launch of trading in XBT futures and may be consummated during the first week of XBT futures trading.

XBT Futures Block Trade Sizes:

CFE Rule 1302(k) provides that the minimum block trade quantity for XBT futures is 50 contracts if there is only one leg involved in the trade. Rule 1302(k) also provides that if a block trade is executed as a transaction with legs in multiple XBT futures contract expirations, each leg must meet the minimum block trade quantity for the XBT futures contract. These provisions of Rule 1302(k) will become effective on Sunday, December 17, 2017 at 5:00 p.m. central time.

XBT Futures Block Trade Reporting:

Once block trades are permitted in XBT futures and unlike other CFE products, block trades in XBT futures must be reported to CFE through TRT and may not be submitted to the CFE Help Desk by e-mail.

TRT must also be used for the submission of ECRP transactions, and ECRP transactions may not be submitted to the Help Desk by e-mail.

TRT is a web-interface to CFE's trading system that streamlines the reporting process for block trades and ECRPs by allowing for these transactions to be electronically reported to CFE's trading



system.

Each CFE Trading Privilege Holder (TPH) executing a block trade or ECRP must have at least one individual or firm that is pre-authorized by a CFE Clearing Member to act as an Authorized Reporter for the TPH to report block trades and/or ECRPs to CFE on behalf of the TPH. An Authorized Reporter must be a CFE TPH or a Related Party of a CFE TPH. In order to be registered as an Authorized Reporter, a completed Block Trade/ECRP Authorized Reporter Registration and Guarantee Form signed by an officer or Responsible Trader of a Clearing Member must be submitted to CFE. That Form may be accessed at: <http://cfe.cboe.com/publish/CFETradingPermitForms/BlockTradeECRPAuthorizedReporterRegistrationandGuaranteeForm.pdf>, and submission instructions are noted on the Form. If an Authorized Reporter has already been designated to CFE for a TPH through the submission of this Form, it is not necessary to resubmit this Form.

In order to utilize TRT, Authorized Reporters must complete and submit the CFE Block Trade/ECRP Electronic Reporting System Authorized Reporter Web Access Request Form which is available on the CFE website at: <http://cfe.cboe.com/publish/CFETradingPermitForms/BlockTradeECRPElectronicReportSysRegstForm.pdf>.

CFE Clearing Members may set a maximum transaction size limit for block trades and ECRPs that are reported through TRT. A separate limit may be set for electronically reported block trades and for the contract legs of electronically reported ECRPs. Each limit may be set by the executing TPH or executing TPH login. With respect to block trades and ECRPs with more than one contract leg, the maximum transaction size limit shall apply with respect to the total number of contracts of the transaction for strips and with respect to the largest contract leg of the transaction for spreads. In order to utilize this TRT risk control mechanism, Clearing Members must submit a completed CFE Block Trade/ECRP (TRT) Risk Controls Web Access and Login Request Form which is available on the CFE website at <http://cfe.cboe.com/publish/CFETradingPermitForms/CFEBlockTradeECRPRiskCtrlsForm.pdf>. Please follow the submission instructions noted on the Form.

The TRT risk control mechanism is separate from the other risk control mechanisms that CFE makes available to Clearing Members and cannot be utilized through Clearing Member access to CFE's other risk control mechanisms. Accordingly, Clearing Members must complete and submit the above Form in order to obtain access to the TRT risk control mechanism, instead of the Form used to obtain access to CFE's other risk control mechanisms.

Under CFE Rule 513A, Clearing Members are required to obtain access to and utilize the risk control mechanisms that CFE makes available for use by Clearing Members, including the above TRT risk control mechanism.

Authorized Reporters may submit electronic block trade transaction reports (once block trades in



XBT futures are permitted) and ECRP transaction reports through TRT during CFE trading hours and outside of CFE trading hours to the extent permitted by CFE Rules 414 and 415. For Block trades and ECRPs that are submitted through TRT outside of trading hours, CFE's trading system will generally disseminate the block trade or ECRP contract leg and provide a transaction summary to the Authorized Reporters following the next commencement of trading hours.

The business day which Authorized Reporters submitting a Block Trade or ECRP through TRT designate for the block trade or ECRP contract leg to be submitted for clearing must conform to the same parameters in this regard that apply to Block Trades or ECRPs that are reported to the Help Desk. These parameters are set forth in the first and third columns of the charts in CFE Rules 414(i) and 415(g) and may be modified in the event that CFE will not be open for business or will have shortened trading hours.

The Authorized Reporter that is the initiator of an electronic report of block trade or ECRP through TRT must enter the required information into TRT promptly enough to allow a reasonable amount of time for the other Authorized Reporter to electronically accept that report by no later than ten minutes after the transaction is agreed upon for a Block Trade and no later than thirty minutes after the transaction is agreed upon for an ECRP.

It is the responsibility of Authorized Reporters to effect and report block trades and ECRPs into TRT in conformity with applicable requirements. The acceptance of a block trade or ECRP by TRT and CFE's trading system does not constitute a determination by CFE that the transaction was effected or reported in conformity with applicable requirements. Block trades and ECRPs that are not effected or reported in conformity with applicable requirements, even if accepted by TRT and CFE's trading system, remain subject to appropriate disciplinary action in accordance with CFE Rules.

Although block trades will not be available in XBT futures for the first week of XBT futures trading, CFE encourages TPHs and Clearing Members to get set up with TRT now as described above in order to be ready for the submission of ECRP transactions upon the launch of XBT futures and for the submission of block trades in XBT futures when they are available.

Additional Information:

Please refer to the [XBT Futures Regulatory FAQ](#), CFE's [product certification](#) for XBT futures, and cboe.com/bitcoin for additional information.

Please contact the CFE Help Desk at (877) 226-3773 or cfehlpdesk@cboe.com with any questions relating to TRT.

Questions regarding block trade and ECRP requirements may be directed to CFE Regulatory Interpretations at (312) 786-7229 or AskCFEReg@cboe.com.