FAQ Related to CME Europe Exchange Rule 6.14 – Block Trades

1. **What is a Block Trade?**

   A block trade is a privately negotiated futures, options or combination transaction that is permitted to be executed away from the central limit order book. All block trades are subject to the conditions set forth in Exchange Rule 6.14 and Section 6 of the Trading Procedures.

2. **How do I report a block trade?**

   - Electronically via the CME Direct platform
   - Electronically via CME ClearPort screen
   - By email to the CME Global Command Centre facdesk@cmeplc.com

3. **Where can I find the block trade minimum thresholds?**

   CME Europe Block trade minimum thresholds are available on the CME Europe website via the following link, http://www.cmegroup.com/europe/files/block-reporting-times-and-volume-thresholds.pdf

4. **What is the block trade minimum threshold in an Intra-Commodity Futures-spread in Energy products?**

   Intra-Commodity Futures-Only Spreads may be executed as block trades provided that the sum of the quantities of the legs of the transaction meets the minimum block quantity threshold for that Product.

   For example, a 5 lot (NME) - UK Natural Gas Calendar Month Futures Seasonal Strip transaction (March15 through August15) would meet the minimum threshold because the sum of the individual legs of the strip (6 months x 5 lots = 30) exceeds the minimum threshold (NME is 25) for the underlying futures.

   By way of another example, a 15 lot (UKE) - UK Natural Gas (ICIS Heren) Calendar Futures March 15/April 15 calendar spread would meet the minimum threshold because the sum of the individual legs of the spread (15 + 15 = 30) exceeds the minimum threshold (25) for the underlying futures.

5. **What is the block trade minimum threshold in an Inter-Commodity Futures- spread in Energy Products?**
Inter-Commodity Futures-Only Spreads and combinations and Inter-Commodity Options-Only Spreads and combinations may be executed as block trades in Energy products provided that the sum of the legs of the spread or combination transaction meets the larger of the individual threshold requirements for the underlying Products.

For example, a 15 lot inter-commodity March 15 (NME) - UK Natural Gas Calendar Month Futures versus March 15 (TME) - Dutch Natural Gas Calendar Month Futures would meet the minimum threshold because the sum of the legs (30) meets the larger of the threshold requirements (NME is 25) for the underlying futures.

6. **What are the time requirements for reporting block trades?**

Outright Block Trades are required to be reported to the Exchange within **five** minutes of the transaction time in all products with the exception of the following products which must be reported within **fifteen** minutes of the transaction time:

- European Ethanol T2 fob Rotterdam Inc Duty (Platts) Calendar Futures - ZIA
- European RME Biodiesel fob ARA (RED Compliant) (Argus) vs. European Gasoil (ICE) Spread Calendar Future - URA
- European RME Biodiesel fob ARA (RED Compliant) (Argus) Calendar Futures- RBA
- European Gasoil (ICE) Calendar Futures - QAA
- European FAME 0 Biodiesel fob ARA (RED Compliant) (Argus) vs. European Gasoil (ICE) Spread Calendar Future - UBD
- European FAME 0 Biodiesel fob ARA (RED Compliant) (Argus) Calendar Futures - FBA
- Soybean Oil (CBOT) vs. European Gasoil (ICE) Modified Calendar Spread Futures – BOG

A complete list of time reporting requirements, including those for Intra and Inter Commodity spreads are available on the CME Europe website via the following link, [http://www.cmegroup.com/europe/files/block-reporting-times-and-volume-thresholds.pdf](http://www.cmegroup.com/europe/files/block-reporting-times-and-volume-thresholds.pdf)

7. **What happens if a trade is rejected for risk parameters and therefore does not meet the reporting timeframe?**

Block Trade Participants will not be sanctioned for block reporting infractions deemed to arise from factors beyond the reporting party’s control (e.g. the block trade fails the CME ClearPort automated credit check). If technical difficulties prevent entry, Block Trade Participants should contact CME Global Command Centre [facdesk@cmegroup.com](mailto:facdesk@cmegroup.com) to notify and record the time of trade while the technical issue is resolved.

8. **Who has the reporting obligation in a block trade?**

In a principal-to-principal transactions, the SELLER has the price reporting obligation. In a brokered transaction, the BROKER has the obligation.
9. **What information is required when reporting block trades?**

When reporting a block trade, the following information will be required:

- Contract, contract month and contract year for futures, and, additionally for options, strike price and put or call designation;
- Quantity of the trade or, for spreads and combinations, the quantity of each leg of the trade;
- Price of the trade or, for spreads and combinations, the price of each leg of the trade;
- Buyer’s clearing firm and seller’s clearing firm;
- Name and phone number of the representative reporting the trade;
- Execution time (to the nearest minute) of the trade. The execution time is the time at which the trade was consummated.
- For Block trades reported via email to the CME ClearPort Facilitation Desk, name and phone number of the party reporting the trade, counterparty name and contact information must also be provided for trade verification purposes;

10. **Are block trades between affiliated parties permitted?**

Block trades between the accounts of affiliated parties are permitted provided that;

1) The block trade is executed at a fair and reasonable price;
2) Each party has a legal and independent bona fide business purpose for engaging in the trade; and
3) Each party’s decision to enter into the block trade is made by an independent decision-maker.

In the absence of satisfying the requirements above, the transaction may constitute an illegal wash trade prohibited by Exchange Rule 6.12.

11. **What are the rules around disclosure of non-public information concerning block trades?**

A customer order may be executed by means of a block trade only if the customer has specified that the order be executed as a block trade.

Parties involved in the solicitation or negotiation of a block trade may not disclose the details of those communications to any other party for any purpose other than to facilitate the execution of the block trade. Parties’ privy to non-public information regarding a consummated block trade may not disclose such information to any other party prior to the public report of the block trade by the Exchange.

A broker negotiating a block trade on behalf of a customer may disclose the identity of the customer to potential counterparties, including the counterparty with which the block trade is consummated, only with the permission of the customer.

Pre-hedging or anticipatory hedging of any portion of a block trade in the same product or a closely-related product based upon a solicitation to participate in a block trade is not permitted. A closely related product is a
product that is highly correlated to, serves as a substitute for, or is the functional economic equivalent of the product being traded as a block trade.

Counterparties to a block trade are permitted to initiate trades to hedge or offset the risk associated with the block trade following the consummation of the block trade, including during the period preceding the public report of the block trade by the Exchange.

12. **If I am solicited to take part in a block trade, but don’t participate, how should I proceed?**

Except as provided above, parties privy to non-public information attendant to a block trade are prohibited from trading in the same product or a closely-related product for the purpose of taking advantage of such information prior to the public report of the block trade by the Exchange. This prohibition is not intended to preclude such parties from continuing to transact in the marketplace in the context of their normal business; rather, it precludes parties in possession of actionable non-public information regarding an imminent block trade or report of a block trade from specifically using such information to their advantage.

Information regarding a block trade is considered to be non-public until such time that the block trade details have been disseminated to the marketplace by the Exchange or the information can otherwise be demonstrated to have become stale or obsolete.

Parties solicited to provide a two-sided block market are not deemed to be in possession of non-public information provided that side of market interest is not disclosed in the context of the solicitation.