

Chapter 348A

Options on Micro Bitcoin Futures

348A00. SCOPE OF CHAPTER

This chapter is limited in application to options on Micro Bitcoin Futures (“futures”). In addition to this chapter, options on futures shall be subject to the general rules and regulations of the Exchange as applicable.

Unless otherwise specified, times referenced herein shall refer to and indicate Chicago time.

348A01. OPTIONS CHARACTERISTICS

348A01.A. Contract Months, Trading Hours, and Trading Halts

Options shall be listed for expiration on such dates and shall be scheduled for trading during such hours as may be determined by the Exchange, *provided that* there shall be no trading in options when trading is halted in the underlying Futures Contract Month for Micro Bitcoin Futures.

348A01.B. Trading Unit

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one Micro Bitcoin Futures contract (Chapter 348). Such Micro Bitcoin Futures contract shall represent one tenth (1/10) bitcoin as valued by the CME CF Bitcoin Reference Rate (“BRR”) in accordance with Rule 34801.

348A01.C. Minimum Fluctuations

1. Outright

Option prices shall be quoted in BRR Index points (USD per bitcoin).

The minimum price fluctuation shall be 5 Index points (equal to \$0.50 per option contract), provided that trades at a premium equal to or less than 25 Index points (equal to \$2.50 per option contract) may occur at price levels that are integer multiples of 1 Index point (equal to \$0.10 per option contract).

2. Option Spreads and Combinations

Any option contract that trades as a component of a spread or combination shall be traded at a price that conforms to the applicable minimum price fluctuation as set forth in this Rule, provided that for any option spread or combination that trades at a net premium of 25 Index points (equal to \$2.50 per option contract spread) or less than, each option contract comprised within such spread or combination may trade in price increments of 1 Index point (equal to \$0.10 per option contract).

348A01.D. Underlying Futures Contract

1. Monthly Options

For any Monthly option, the Underlying Futures Contract shall be for delivery on the last Friday of the same month as such option’s named month of expiration, subject to Rule 34803.A.

2. Weekly Monday Options

For any Weekly Monday option, the Underlying Futures Contract shall be the next expiring Futures Contract after such option’s expiration, subject to Rule 34803.A.

3. Weekly Wednesday Options

For any Weekly Wednesday option, the Underlying Futures Contract shall be the next expiring Futures Contract after such option’s expiration, subject to Rule 34803.A.

4. Weekly Friday Options

For any Weekly Friday option, the Underlying Futures Contract shall be the next expiring Futures Contract after such option’s expiration, subject to Rule 34803.A.

348A01.E. Exercise Prices

1. Regularly-Listed Exercise Prices

On any Business Day, and subject to Rule 348A01.A., the Exchange shall ensure that Monthly, Weekly Monday, Weekly Wednesday and Weekly Friday put and call options are listed for trading at all eligible exercise prices set forth in the [Strike Price Listing and Exercise Procedures Table](#).

2. Dynamically-Listed Exercise Prices

Upon demand and at the discretion of the Exchange, an option with an out-of-current-range exercise price may be listed for trading as a User-Defined Instrument, on an as-soon-as-possible basis, provided that the exercise price of such option shall be an integer multiple of 25 Index points (\$25 per bitcoin). The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

348A01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

348A01.G. Nature of Options

Upon exercise of a put option on behalf of the long holder of such option, the short holder of such option shall incur the obligation to assume a long position in one Underlying Futures Contract (Rule 348A01.D.) at such option's exercise price (Rule 348A01.E.). Upon exercise of a call option on behalf of the long holder of such option, the short holder of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price.

Any Monthly, Weekly Monday, Weekly Wednesday or Weekly Friday option will be exercised only at its expiration.

348A01.H. Daily Price Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits and daily price limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

348A01.I. Termination of Trading

Any Monthly option (Rule 348A01.D.1.), Weekly Monday option (Rule 348A01.D.2.), Weekly Wednesday option (Rule 348A01.D.3.) or Weekly Friday option (Rule 348A01.D.4.) may be exercised only at, and not before, the expiration of such option. Following termination of trading in expiring options, any such option that is in the money shall be automatically exercised by the Clearing House, and any such option that is out of the money shall be abandoned by the Clearing House. For the avoidance of doubt, no such option that expires in the money may be abandoned, and no such option that expires out of the money may be exercised.

1. Monthly Options

Trading in any Monthly option shall terminate on the same date and at the same time as the termination of trading in such option's Underlying Futures Contract (Rule 348A01.D.1.).

If that day is not a business day in both the UK and the US, trading shall terminate on the preceding day that is a business day in either the UK or the US.

2. Weekly Monday, Weekly Wednesday and Weekly Friday Options

Trading in any Weekly Monday, Weekly Wednesday and Weekly Friday option shall terminate on its expiration date at 4:00:00 p.m. London time.

If such Monday is not a scheduled Business Day in both the US and the UK, then trading in expiring options shall be scheduled to terminate on the Business Day, in either the US or the UK, that next follows such Monday.

If such Wednesday is not a scheduled Business Day in both the US and the UK, then trading in expiring options shall be scheduled to terminate on the Business Day, in either the US or the UK, that first precedes such Wednesday.

If such Friday is not a scheduled Business Day in both the US and the UK, then trading in expiring options shall be scheduled to terminate on the Business Day, in either the US or the UK, that first precedes such Friday.

If the market in the Underlying Futures Contract for any such Weekly Monday, Weekly Wednesday or Weekly Friday option does not open on the day scheduled for termination of option trading and

for option expiration, then trading in such option shall terminate, and such option shall expire, on the next day on which the market in such Underlying Futures Contract is open for trading.

348A01.J. [Reserved]

348A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise and assignment of options.

Options which are in-the-money on the last day of trading are automatically exercised.

348A02.A. Exercise

Any Monthly option (Rule 348A01.D.1.), Weekly Monday option (Rule 348A01.D.2.), Weekly Wednesday option (Rule 348A01.D.3.) or Weekly Friday option (Rule 348A01.D.4.) may be exercised only at, and not before, the expiration of such option. Following termination of trading in expiring options, any such option that is in the money shall be automatically exercised by the Clearing House, and any such option that is out of the money shall be abandoned by the Clearing House. For the avoidance of doubt, no such option that expires in the money may be abandoned, and no such option that expires out of the money may be exercised.

1. Monthly Options

An expiring Monthly call option (Rule 348A01.D.1.) shall be in the money if the corresponding Final Settlement Price for the Underlying Futures Contract (Rule 34803.A.) is at or above such option's exercise price, and shall be out of the money if the corresponding Final Settlement Price is strictly below such option's exercise price.

An expiring Monthly put option (Rule 348A01.D.1.) shall be in the money if the corresponding Final Settlement Price for the Underlying Futures Contract (Rule 34803.A.) is strictly below such option's exercise price, and shall be out of the money if the corresponding Final Settlement Price is at or above such option's exercise price.

2. Weekly Monday, Weekly Wednesday and Weekly Friday Options

Whether an option expires in the money or out of the money shall be determined by the Exchange, in its sole discretion, by reference to the Fixing Price of such option, as follows:

Such Fixing Price shall be based on the notionally-adjusted volume-weighted average price of transactions in Bitcoin futures and Micro Bitcoin futures on the CME Globex electronic trading platform during the last thirty (30) minutes of trading on expiration day (3:30:00 p.m. – 3:59:59 p.m. London time)

In the event such Fixing Price calculation cannot be determined pursuant to the above calculation, the Exchange, in its sole discretion, shall set such Fixing Price by alternative means.

An expiring Weekly Monday call option (Rule 348A01.D.2.), Weekly Wednesday call option (Rule 348A01.D.3) or Weekly Friday call option (Rule 348A01.D.4.) shall be in the money if the corresponding Fixing Price for the Underlying Futures Contract (Rule 34803.A.) is at or above such option's exercise price, and shall be out of the money if the corresponding Fixing Price is strictly below such option's exercise price.

An expiring Weekly Monday put option (Rule 348A01.D.2.), Weekly Wednesday put option (Rule 348A01.D.3.) or Weekly Friday put option (Rule 348A01.D.4.) shall be in the money if the corresponding Fixing Price for the Underlying Futures Contract (Rule 34803.A.) is strictly below such option's exercise price, and shall be out of the money if the corresponding Fixing Price is at or above such option's exercise price.

348A02.B. Assignment

For a given option contract, an exercise by the Clearing House in accordance with Rules 348A02.A. shall be assigned by the Clearing House to clearing members carrying open short positions in such option contract.

The clearing member representing the short holder of such option shall be assigned a short position in such option's Underlying Futures Contract (Rule 348A01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put.

The clearing member representing the long holder of such option shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's Underlying Futures Contract if such option is a put.

All such futures positions shall be assigned at a price equal to the exercise price of such option contract, and shall be marked to market (in accordance with Rule 814) on the Business Day on which the Clearing House automatically exercises such.