

## Chapter 350A Options on Bitcoin Futures

### 350A00. SCOPE OF CHAPTER

This chapter is limited in application to options on 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.

### 350A01. OPTIONS CHARACTERISTICS

#### 350A01.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 Bitcoin Futures.

#### 350A01.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 Bitcoin Futures contract (Chapter 350). Such Bitcoin Futures contract shall represent 5 bitcoin as valued by the CME CF Bitcoin Reference Rate (“BRR”) in accordance with Rule 35001.

#### 350A01.C. Minimum Fluctuations

Option prices shall be quoted in USD per bitcoin (BRR Index points), each BRR Index point representing \$1.00 per bitcoin or \$5.00 per Bitcoin Futures contract.

The minimum price fluctuation shall be \$5.00 per bitcoin (equal to \$25.00 per option contract), provided that trades at a premium equal to or less than \$25.00 per bitcoin (\$125.00 per option contract) may occur at price levels that are integer multiples of \$1.00 per bitcoin (equal to \$5.00 per option contract).

#### 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 \$25.00 (equal to \$125.00 per option contract spread) or fewer, each option contract comprised within such spread or combination may trade in price increments of \$1.00 per bitcoin (equal to \$5.00 per option contract).

#### 350A01.D. Underlying Futures Contract

##### 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 35003.A.

#### 350A01.E. Exercise Prices

##### 1. Regularly-Listed Exercise Prices

##### Monthly Options

On any Business Day, the Exchange shall ensure that Monthly put and call options are listed for trading at all eligible exercise prices, as follows:

##### 100000 Point Exercise Prices

For Monthly options exercisable into a given Underlying Futures Contract (Rule 350A01.D.1.), the Exchange shall ensure that such put and call options are listed for trading at the 100000 exercise price level.

##### 10000 Point Exercise Prices

For Monthly options exercisable into a given Underlying Futures Contract (Rule 350A01.D.1.), the Exchange shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 10000 Index points (e.g., 10000, 20000, 30000) and that lie within a range from 10000 Index points to 600 percent above the preceding Business Day's daily settlement price of the Underlying Futures Contract as rounded to the nearest integer multiple of 10000.

#### **1000 Point Exercise Prices**

For Monthly options exercisable into a given Underlying Futures Contract (Rule 350A01.D.1.), the Exchange shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 1000 Index points (e.g., 9000, 10000, 11000) and that lie within a range from 1000 Index points to 400 percent above the preceding Business Day's daily settlement price of the Underlying Futures Contract as rounded to the nearest integer multiple of 1000.

#### **500 Point Exercise Prices**

For options exercisable into Underlying Futures Contracts for each of the four nearest Underlying Futures Contract Months, the Exchange shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 500 Index points (e.g., 9500, 10000, 10500) and that lie within a range from 50 percent below to 50 percent above the preceding Business Day's daily settlement price of the Underlying Futures Contract as rounded to the nearest integer multiple of 500.

#### **100 Point Exercise Prices**

For options exercisable into Underlying Futures Contracts for each of the three nearest Underlying Futures Contract Months, the Exchange shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 100 Index points (e.g., 9500, 9600, 9700) and that lie within a range from 30 percent below to 30 percent above the preceding Business Day's daily settlement price of the Underlying Futures Contract as rounded to the nearest integer multiple of 100.

#### **50 Point Exercise Prices**

For options exercisable into Underlying Futures Contracts for either the nearest or the second-nearest Underlying Futures Contract Months, if the daily settlement price of such Underlying Futures Contract on the preceding Business Day is below 5000 price points, then the Exchange shall ensure that such put and call options are listed for trading at all exercise price levels that are integer multiples of 50 Index points (e.g., 4850, 4900, 4950) and that lie within a range from 20 percent below to 10 percent above the preceding Business Day's daily settlement price of the Underlying Futures Contract as rounded to the nearest integer multiple of 50.

Additional exercise prices may be listed on a discretionary basis on any Business Day up to and including the termination of trading in such options.

#### **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. The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

#### **350A01.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.

#### **350A01.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 350A01.D.) at such option's exercise price (Rule 350A01.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.

#### **Monthly Options**

A Monthly option (Rule 350A01.D.1.) will be exercised only at its expiration.

#### **350A01.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.

#### **350A01.I. Termination of Trading**

#### **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 350A01.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 for both the UK and the US.

#### **350A01.J. [Reserved]**

### **350A02. EXERCISE AND ASSIGNMENT**

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

#### **350A02.A. Exercise**

#### **Monthly Options**

Any Monthly option (Rule 350A01.D.1.) 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.

An expiring call option shall be in the money if the corresponding Final Settlement Price for the Underlying Futures Contract (Rule 35003.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 put option shall be in the money if the corresponding Final Settlement Price for the Underlying Futures Contract (Rule 35003.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.

#### **350A02.B. Assignment**

#### **Monthly Options**

For a given option contract, an exercise by the Clearing House in accordance with Rules 350A02.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 350A01.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.

**350A03.-29. [RESERVED]**

(End Chapter 350A)