

Clearing Advisory Notice



DATE: April 22, 2022
TO: Clearing Member Firms
FROM: CME Clearing
ADVISORY #: 22-157

SUBJECT: **Clearing of Derived Block Trades Begins Sunday May 22, 2022**

As announced in [Special Executive Report 8965](#), published April 14, 2022, effective Sunday, May 22, 2022 for trade date Monday, May 23, 2022, and pending all relevant CFTC regulatory review periods, CME and CBOT shall permit derived block trading for all of the CME E-mini S&P Select Sector Futures and the CBOT Dow Jones US Real Estate Index Futures contracts. These products are enumerated in [Clearing Advisory 22-145](#) published April 14, 2022.

Derived block trades are Exchange futures transactions in an eligible equity index futures contract. Pursuant to derived block trades and CME and CBOT Rule 526. ("Block Trades"), a dealer consummates a block trade with a client where the price and quantity of the block trade depend on one or more hedging transactions by such dealer that takes place after the block trade has been consummated, but prior to the block trade submission for clearing to the Exchange. The block trade minimum threshold of derived block trades shall exactly mirror applicable and existing minimum block trade thresholds of the Exchange's contracts.

Derived block trades will be submitted via CME Direct exactly as for any block trade, except that additional values must be provided related to the derived nature of the trade price, such as block hedge type, reference hedge product, basis, start time and end time.

Fees for derived block trades are identical to those for regular block trades.

Block trades submitted to Clearing are distinguished on the FIXML clearing trade confirmation messages via the FIXML **TrdTyp** attribute with a value of "1" (**TrdTyp="1"**). A derived block trade is further distinguished from a regular block trade via the presence of the **PxTyp** attribute with a value of "102" (**PxTyp="102"**).

CME's New Release testing environment is now live for submitting derived block trades for these twelve products and receiving FIXML confirms for them.

A Market Regulation Advisory Notice (MRAN) will be published on May 6 with further details on derived block trades. Watch the [Equity Index page](#) on CME's website for more information on derived block trades coming soon. For further information, please see:

- [Special Executive Report 8965](#), published April 14, 2022;
- [Clearing Advisory 22-145](#), published April 14, 2022;
- [CME Globex Notices](#) -- April 14, 2022
- [CME STP Notices](#) – April 14, 2022
- [Market Regulation Advisory RA2201-5](#), published February 28, 2022

For more information please contact CME Clearing at ccs@cme.com or via phone at Chicago (312) 207 2525 | London (44) 203 379 3198 | Singapore (65) 6593 5591.