CME Group

Special Executive Report

S-8504R **December 19, 2019**

Amendments to Block Trade Minimum Threshold Levels for Inter-Commodity Spread or Combination ("ICS") Transactions in Short-Term Interest Rate ("STIR") Futures and Options Products

SER-8504R is being issued to correct the current requirement attendant to meeting the block trade minimum threshold in inter-commodity spread or combination trades in short-term interest rate options in the third paragraph of this notice.

Effective on Sunday, January 12, 2020, for trade date Monday, January 13, 2020, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME") and The Board of Trade of the City of Chicago, Inc. ("CBOT") (collectively, "the Exchanges") will adopt a revised standard for meeting the block trade minimum threshold levels in ICS transactions in STIR futures and options products (Three-Month Eurodollar, One-Month Eurodollar, Three-Month SOFR, One-Month SOFR and 30-Day Federal Funds).

Currently, in order for ICS STIR futures transactions to be executed as block trades, the sum of the legs of the spread must meet the larger of the threshold requirements for the underlying products. In order for ICS STIR options transactions to be executed as block trades, each leg of the ICS must meet the larger of the threshold requirements for the underlying products.

Effective on January 13, 2020, CME and CBOT will permit ICS STIR futures and options transactions to be executed as block trades provided that *each* leg of the ICS meets the *smaller* of the threshold requirements for the underlying products.

For example, minimum quantity thresholds for block trading outright during RTH are 500 contracts for One-Month SOFR futures and 2,000 contracts for 30-Day Federal Funds futures. Therefore, beginning on January 13, 2020, an ICS block trade in the One-Month SOFR/30-Day Federal Funds futures spread may be executed provided that the size of each leg is at least 500 contracts, the block trade minimum threshold level applicable to the One-Month SOFR futures leg.

Similarly, minimum quantity thresholds for block trading outright during RTH are 2,500 contracts for options on Three-Month SOFR futures and 10,000 contracts for options on Three-Month Eurodollar futures. Therefore, beginning on January 13, 2020, an ICS block trade in a Three-Month SOFR/Three-Month Eurodollar options spread may be executed provided that the size of each leg is at least 2,500 contracts, the block trade minimum threshold level applicable to the Three-Month SOFR options leg.

Additional information regarding block trades may be viewed ***HERE***.

Questions concerning the upcoming change may be directed to Dave Reif, Executive Director, Interest Rate Products, Interest Rate BLM, at 312.648.3839 or David.Reif@cmegroup.com.