Special Executive Report

DATE: **February 14, 2023**

SER#: **9092**

SUBJECT: **Initial Listing of Event Contracts on Bitcoin Futures**

Effective Sunday, March 12, 2023, for trade date Monday, March 13, 2023, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") will list Event Contracts on Bitcoin Futures ("Event Contracts") for trading on the CME Globex electronic trading platform ("CME Globex") as more specifically described below.

Contract Title	Rulebook Chapter	CME Globex Code	Underlying Futures Contract/Rulebook Chapter/Commodity Code
Event Contracts on Bitcoin Futures	23	ECBTC	Bitcoin Futures CME 350 / BTC

Event Contracts are daily-expiring, cash settled, European style options on futures contracts, offering short-term trading opportunities for persons seeking to take a position on daily price moves on futures using smaller-value contracts.

Each Event Contract is valued at $20 and has a fixed payout. In contrast to a traditional option on a futures contract, the Event Contracts settle in reference to the daily settlement prices of futures contracts listed on CME Group Exchanges. Event Contracts do not exercise into underlying futures positions nor exercise into delivery of a physical commodity. If an Event Contract expires "in the money" in reference to the underlying futures settlement price, the short position holder pays, and the long position holder receives, a payment of $20. Event Contracts are subject to premium style margining, which means that a person establishing a long position in an Event Contract will pay the full premium amount for each contract. Thus, the maximum risk on a long position in an Event Contract will be the amount of money the market participant pays as the premium for that option. Due to the fixed payout feature, the maximum per contract risk for a short position is $20 minus the premium received for selling the option.

Depending on the front-end system used to submit orders, the opportunity to trade an Event Contract may be expressed to a market participant as a "yes/no" choice. In that case, the 'Yes' contract shall mean: will the daily settlement price for the specified futures contract be above X, and the 'No' contract shall mean: will the daily settlement price for the specified futures contract be at or below X. When presented in this fashion, executing a 'Yes' trade constitutes purchasing a fixed payout call option on the futures contract daily settlement price, and executing a 'No' trade constitutes purchasing a fixed payout put option on the futures contract daily settlement price.

CME Group reminds all market participants that they are required to abide by applicable local regulations with respect to trading in Event Contracts. Market participants that trade or wish to trade Event Contracts, and brokers that seek to sell or distribute such products, must therefore comply with any applicable restrictions or prohibitions imposed by such market participant's home jurisdiction, including where applicable, and without limitation, the prohibitions on marketing, offering or distribution of such products to retail customers in the United Kingdom and the European Union.

Exhibit 1 provides the contract specifications and Exhibit 2 provides the applicable Exchange fees.

Please send any risk specific feedback in regard to these products to NewProductMRM@cmegroup.com.

Inquiries regarding this matter may be directed to:

Giovanni Vicioso	Giovanni.Vicioso@cmegroup.com	001 212 299 2163
Payal Shah	Payal.Shah@cmegroup.com	0044 203 379 3307

Exhibit 1
Contract Specifications

Contract Title/ Rulebook Chapter / Commodity Code	**Contract Title** / **Rulebook Chapter** / **CME Globex Code**: Event Contracts on Bitcoin Futures / CME 23 / ECBTC
CME Globex Trading Hours	All times are in Central Prevailing Time (CPT) CME Globex Pre-Open: Sunday 4:00 – 5:00 p.m. Monday – Thursday 4:45 – 5:00 p.m. CME Globex: Sunday 5:00 p.m.- Friday 3:00 p.m. - Next day's Event Contract will list at 5:00 p.m.
Contract Size	1 contract = $20
Price Quotation	U.S. Dollars
Listing Schedule	One daily contract listed on the Principal Contract Month of the Underlying Futures contract
Settlement Method	Financial
Minimum Price Fluctuation	0.25 = $0.25
Value Per Tick	$1 x 0.25 = $0.25
Strike Price Listing Schedule	4 strikes in $250.00 increments above and below the at-the-money strike, then 2 strikes at $500.00 increment above and below the highest and lowest $250.00 increment strike. Upon demand and at the discretion of the exchange, additional strikes added in $250.00 increments.
Option Style	European
Exercise Procedure	Exact At-The-Money Characteristics (with no contrary instructions)
Exact At the Money Characteristics	Exercise puts, calls expire with no value
Termination of Trading	Daily products: trading will terminate at the end of the daily settlement period of the Underlying Futures contract.
Final Settlement Process	Auto-exercised against daily settlement of underlying futures contract
Underlying Futures Contract Rulebook Chapter / Commodity Code	**Underlying Futures Contract** / **Rulebook Chapter** / **CME Globex Code**: Bitcoin Futures / CME 350 / BTC
Final Settlement	$0 or $20
Maximum Order Quantity	250 contracts
Accountability Level	Each Event Contract will have its own Single Month Accountability Level of 12,500 contracts
Block Eligible	No
CME Globex Matching Algorithm	F: First In First Out (FIFO)

Exhibit 2
Exchange Fees*

Membership Type	Venue/Transaction Type	Fee
Individual Members Clearing Members Rule 106.J Equity Member Firms & Rule 106.J Qualified Subsidiaries Rule 106.I Members & Rule 106.I Qualified Affiliates Rule 106.S Member Approved Funds	CME Globex	$0.01
	Cash Settlement**	$0.10
Rule 106.D Lessees Rule 106.F Employees	CME Globex	$0.03
	Cash Settlement**	$0.15
Rule 106.R Electronic Corporate Members	CME Globex	$0.03
	Cash Settlement**	$0.15
Rule 106.H and 106.N Firms	CME Globex	$0.03
	Cash Settlement**	$0.15
International Incentive Program (IIP) Participants International Volume Incentive Program (IVIP) Participants Central Bank Incentive Program (CBIP) Participants Latin American Fund Manager Incentive Program (FMIP) Participants CBOE Members CTA/Hedge Fund Incentive Program Participants Members Trading Outside of Division Non-Members	CME Globex	$0.05
	Cash Settlement**	$0.20

Processing Fees	Fee
Give-Up Surcharge	$0.05
Position Adjustment/Position Transfer	$0.10

*Exchange Fee Waivers:
CME Globex Transaction Fees:

- CME transaction fees waived through 8/31/2023

Cash Settlement Fees:

- CME Cash Settlement Fees waived through 8/31/2023

**Cash Settlement Fees: applies only to long in the money and short out of the money contracts. Settlement precisely at a strike will result in puts being treated in-the-money and calls out-of-the-money.