

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 the rules of this chapter, transactions in Options on Micro Bitcoin Futures shall be subject to the general rules and regulations of the Exchange.

348A01. OPTIONS CHARACTERISTICS

348A01.A. Listing and Trading Schedule

The number of contracts open for trading at a given time, and the hours of trading for options contracts shall be determined by the Exchange. There shall be no trading in options when trading is halted in the underlying Futures Contract Month for Micro Bitcoin Futures (Chapter 348).

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).

348A01.C. Minimum Price Increments

1. Outright

Option prices shall be quoted in CME CF Bitcoin Reference Rate (“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) shall be in increments 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. 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.E. 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.F. Underlying Futures Contract

1. Monthly Options

The Underlying Futures Contract shall be the nearest to expire Futures Contract 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 Options

The Underlying Futures Contract shall be the nearest to expire Futures contract for delivery on the same day as such option’s named day of expiration.

348A01.G. Exercise Prices

1. Regularly Listed Exercise Prices

The Exchange shall ensure that put and call options are listed for trading at all eligible exercise prices as set forth in the [Strike Price Listing and Exercise Procedures Table](#).

348A01.H. Termination of Trading

1. Monthly Options

Trading of a 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 U.K and the U.S., trading shall terminate on the preceding day that is a business day in either the U.K or the U.S.

2. Weekly Options

Trading of a Weekly option shall terminate on its expiration date at 4:00:00 p.m. London time.

Where the named day of the Contract week is not a business day in both the U.K and the U.S., no contract will be listed.

348A02. EXERCISE AND ASSIGNMENT

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

348A02.A. Exercise

Options may not be exercised prior to their termination of trading. They may be exercised only at, and not before, its expiration. Following the termination of trading any 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 Options

For Options other than Monthly 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 call option (Rule 348A01.F.2.), shall be in the money if the corresponding Fixing Price for the Underlying Futures Contract 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 put option (Rule 348A01.F.2.), shall be in the money if the corresponding Fixing Price for the Underlying Futures Contract 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

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.F.) at such option's exercise price (Rule 348A01.G.). 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.

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.

(End Chapter 348A)