



GUIDANCE

ICE Futures Singapore Block Trades

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ICE Futures Singapore Guidance on Block Trades

This Guidance contains details on the ICE Block Facility (“ICE Block”) and on the method of reporting Block Trades to ICE Futures Singapore (“the Exchange” or “IFSG”) for registration and subsequent Clearing by ICE Clear Singapore (“the Clearing House”).

1. General

- 1.1. ICE Block enables Members to report for clearing, high volume trades arranged and executed by Members away from the Exchange in specific Contracts designated by the Exchange.
- 1.2. For the purposes of this Guidance, and in accordance with the Rules, a Member shall include all registered General Participants, Trade Participants, General Participants ICE Block, Trade Participants ICE Block, and all Members’ Representatives.
- 1.3. Each Member and its representatives should ensure that it is appropriately authorized and holds all necessary licenses and consents in accordance with Exchange Rule B.3.1(h); and that it has appropriate systems and controls in place in order to conduct business on the ICE Platform. Members must also ensure that Block Trades are reported in accordance with Exchange Rule F.7 and Trading Procedure 17, Failure to do so may render the Member liable to disciplinary action by the Exchange and potentially the MAS or another Regulatory Authority
- 1.4. Members must ensure that they act with due skill, care and diligence and that the interests of client(s) are not prejudiced at all times, including when using ICE Block. Members must be mindful of applicable regulatory requirements as well as any fiduciary requirements under law when conducting business on the ICE Platform.

2. ELIGIBLE CONTRACTS

- 2.1. Block Trades may take place in respect of Futures Contracts designated by the Exchange from time to time as Block Trade Contracts.
- 2.2. Block Trades may be for single outright contract months, intra-commodity spreads (e.g. calendar spreads), inter-commodity spreads, block at index close (BIC) and any other types of trades or combination of trades permitted by the Exchange from time to time.
- 2.3. Block Trades are identifiable by a ‘K’ trade type code.

3. TRADING HOURS AND FEES

- 3.1. Block Trades may, pursuant to Rule F.7.1, only be arranged during specific trading hours and on specific ICE Futures Singapore Trading Days as notified by the Exchange from time to time. Currently this means normal trading hours and all Trading Days.
- 3.2. Block TAS Trades for ICE Mini Low Sulphur Gasoil Futures Contract are not permitted on the last day of trading for the expiring contract month.
- 3.3. Block Trades may not be arranged at any other times or after the expiry of the relevant contract month.
- 3.4. Block Trades will be charged the premium Exchange transaction fee as published by Circular.

4. MINIMUM VOLUME THRESHOLDS

- 4.1. The minimum volume threshold is the minimum number of lots, as determined by the Exchange from time to time that can be traded as a Block Trade.
- 4.2. Table 1 sets out the minimum volume threshold for a Block Trade.
- 4.3. Table 2 sets out the overall requirements that apply to outright block trades and any other types of block trades.
- 4.4. An order for a Block Trade for calendar spreads in Futures Contracts may be matched with Block Trade orders for individual contract months provided that all orders involved meet or exceed the minimum volume threshold for that Contract. Please see Part 6 for more details on aggregation of orders.
- 4.5. Members not meeting the minimum volume threshold may be subject to disciplinary action under Exchange Rules.

Table 1 - Minimum Volume Threshold

| Contract | Block Minimum Volume Threshold |
|---|--|
| Mini Brent Crude Oil Futures | 100 |
| Mini Low Sulphur Gasoil Futures | 100 |
| Mini WTI Crude Futures | 50 |
| Mini US Dollar Index [®] Futures | 75 |
| All Currency Pairs | 5 |
| Mini Brent Futures/Mini WTI Crude Futures | 50 |
| Mini Brent Futures/Mini Low Sulphur Gasoil Futures | ICE Mini Brent Leg - 75 ICE Mini Gasoil Leg - 100 |
| Bakkt [®] Bitcoin (USD) Cash Settled Monthly Futures | 10 |
| Micro Asia Tech 30 Index Futures | 50 |
| Micro MSCI USA Index Futures | 50 |
| Micro MSCI Europe Index Futures | 50 |

Table 2 - Block Trading Requirements

| Block Trade Type | Description | Block Minimum Volume Threshold | Reporting Time |
|---|---|---|----------------|
| 1. Outright | One maturity of any IFSG Futures Contract | Minimum threshold applicable to the Contract being traded as published by the Exchange | 15 minutes |
| 2. Intra-commodity IFSG Futures Contract | Two or more contract months of the <u>same</u> IFSG Futures Contract | <u>Sum of the legs</u> of the Block Trade must meet the minimum volume threshold applicable to the Contract being traded | 15 minutes |
| 3. Inter-commodity IFSG Futures Contract | Two or more contract months of two or more <u>different</u> IFSG Futures Contracts | <u>Sum of the legs</u> of the Block Trade must meet the <u>larger</u> of the minimum volume thresholds applicable to the Contracts being traded | 15 minutes |
| 4. Ratio | Standard crack spreads listed on the ICE Platform; or , non-standard crack spreads which involve months other than those listed on the ICE Platform; or , crack spreads with a ratio other than 4:3 | Sum of the legs of the Block Trade must meet the larger of the minimum volume thresholds applicable to the Contracts being traded | 15 minutes |
| 5. Cross Exchange | Any of Block Trade types 2, 3 or 4 (non-standard crack spreads) where one or more of the legs is executed on an | Treated as Block Type 3 as set out above. | 15 minutes |

| | | | |
|--|---------------------------|--|--|
| | Exchange other than IFSG. | | |
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Notes to Table 2

- I. These notes give illustrative examples of how the above rules apply.
- II. Examples of a “Type 2” block - two or more contract months of the same IFSG Futures Contract.

- For a time spread such as February / March Brent Crude Mini spreads, each leg must be at least 50 lots, so that the sum is 100, which equals the minimum size for Brent.

iii) *Examples of a “Type 3” block - two or more contract months of two or more different IFSG Futures contracts*

Where the products being blocked are not the same, there will often be different minimum sizes, one for each product. In these cases the legs can be added up, but must sum to the largest threshold among the products involved.

- For a spread between Contract A and Contract B, the threshold for Contract A is 100 lots and for Contract B is 50 lots. The legs must sum up to 100 lots in any proportion.

III. *Examples of a “Type 4” block - standard crack spreads listed on the ICE Platform; or, non-standard crack spreads which involve months or a combination of months other than those listed on the ICE Platform; or, crack spreads with a ratio other than 4:3*

- For a spread between Contract A and Contract B, the threshold for Contract A is 100 lots and for Contract B the threshold is 10 lots; the legs must sum to 100, but taking into account the unequal size of the respective lots, Contract A can be 57 lots and the Contract B leg can be 43 lot for a total of 100.

IV. *Examples of a “Type 5” block - any of Block Trade types 2, 3, or 4 where one or more of the legs are executed on an Exchange other than IFSG.*

Where one or more legs are executed on another exchange, these are treated as Block Trade Type 3, i.e. encompassing two or more different commodities.

- For a Brent arbitrage trade where one trade is executed on ICE and an opposite quantity elsewhere, i.e. a switch trade, applying this constitutes a Type 3 block trade because two

different commodities are involved. Hence the legs must sum to the highest ICE threshold. For a Brent switch trade the ICE leg would need to be at least 50 lots, and the sum of the legs 100.

- For a Brent-WTI arbitrage trade where the Brent leg is executed on ICE and the WTI elsewhere, the ICE leg would need to be 50 lots and the sum of the legs 100(the larger threshold of the two)

All block trades must be reported to the Exchange within the specified reporting time in Table 1 after concluding the bilateral negotiations.

Aggregation of orders in connection with minimum volume thresholds

- I. *Members* must not aggregate separate client orders in order to meet the minimum volume thresholds, except in the following circumstances:
 - (a) The separate orders have the same beneficial owners;
 - (b) The separate orders have different beneficial owners provided that each such order individually meets or exceeds the applicable minimum volume;
 - (c) The orders are for funds which are operated by the same Fund Manager and traded by the same Fund Manager, pursuant to the same strategy.
- II. *Members* must ensure that aggregating orders in this way is not to the detriment of any client order.

5. BLOCK TRADE PARTICIPATION

5.1. Block trades may only be reported to the Exchange by ICE Futures Singapore Members who have been permitted to enter Block Trades as appropriate by the Exchange or by their client's Clearing Member. Where more than one Exchange Member is involved in the arrangement, execution and subsequent clearing of a Block Trade, each Member must ensure that the business conducted by it or through it shall not cause it or the Exchange to be in breach of any applicable Laws and Regulations.

5.2. Affiliate or group companies may be eligible to arrange, execute and report Block Trades on behalf of an Exchange Member, provided the specific written permission of the Member to that effect has first been lodged with the Exchange. In such cases, the affiliate or group company is a representative of the Exchange Member and must comply with all applicable Exchange and regulatory requirements.

5.3. If a Member is licensed or otherwise authorized by a Regulatory Authority, it must ensure that Block Trades may only be arranged on behalf of clients by a Member's representative who has the

necessary registration in accordance with the regulations of the Regulatory Authority, where applicable.

5.4. Members are reminded of their responsibility under Rule A.9 for the conduct of their Member's Representatives.

6. PROHIBITIONS

6.1. A Member must not disclose the identity of the party to a Block Trade order to potential counterparties unless the Member has previously received that party's permission to do so. Members may disclose the terms of Block Trade orders in furtherance of bilateral negotiations, which may include indicating that the negotiations have ended.

6.2. Members are reminded of Rule E.2.2A which states that any behavior amounting to market abuse (including wash trades, where appropriate) as set out in relevant market abuse legislation will constitute a breach of Exchange Rules.

6.3. Members must not share specific, material and non-public information with other Market participants, except in the normal course of business.

7. PRICE

7.1. Members must ensure, when arranging Block Trades, that the price of any Block Trade being quoted represents the fair market value for that trade. This is the price that the Member considers to be the best available for a trade of that kind and type at the time of arranging.

7.2. On each occasion of quoting a Block Trade price, the Member must, at the times, make it clear to the potential counterparty(ies), whether a Member or a client who is not a Member of the Exchange, that the price being quoted is a Block Trade price and is not the prevailing Market Price.

7.3. When determining a Block Trade price, a Member should, in particular, take into account the prevailing price and volume currently available in the Market, the liquidity of the Market and general Market conditions. The Member is not obliged to obtain prices from other Members, unless this would be appropriate in the circumstances.

7.4. Block Trades are neither included in the determination or calculation of any settlement price, Index or marker published by the Exchange, nor do they affect the daily published high and low trades.

8. REPORTING TO THE EXCHANGE AND REGISTRATION

8.1. Once a Block Trade has been organized the Members must report the Block Trade details to the Exchange in accordance with ICE Futures Singapore Trading Procedure 17.

8.2. Block Trades may be reported to the Exchange by the entry of the Block Trade details to ICE Block (or by any other means determined by the Exchange from time to time).

- a. Members may post a Block Trade by entering into ICE Block both the buy and sell sides of the trade as a “cross trade” in accordance with Trading Procedure 17.
- b. Where the Block Trade is agreed between two separate Members (“Non-crossed Trade”) one of the Members party to a Non-crossed Trade inputs into ICE Block its own side of the deal (i.e. either the buy or sell side of the trade) alleging the counterparty Member to the deal. The counterparty Member to the deal is required to accept the alleged Non-crossed Trade in ICE Block within the specified time period. Once the Non-crossed Trade has been accepted by the counterparty it flows through to the ICE Systems in the normal manner.
 - i. In order to facilitate the swift matching of Non-crossed Trades the submitting Member must complete mandatory Order Reference and Contact Number fields in ICE Block to assist any queries prior to acceptance by the counterparty Member.
 - ii. Unless otherwise agreed by the relevant Members, Non-crossed Trades shall be entered by the buying Member in respect of Non-crossed Trades in single contract months.
- c. Members may also directly allocate trades executed on behalf of its clients into the clients’ accounts at the relevant clearing Member(s) through ICE Block. Members must have the permission of the relevant clearing Member(s) to execute business on behalf of its client and been set up in the system before arranging the Block Trade.
- d. Members who do not have direct access to ICE Block may report the details of agreed Block Transactions to the ICE Help Desk for entry into ICE Block provided that the Member, or the client(s) on whose behalf the Member is acting, has a clearing account with a Clearing Member.

8.3. Details of a Block Trade must be entered into ICE Block within the specified time limit after verbal agreement on the terms of the Block Trade was reached between the parties. In the case of Non-crossed Trades, the details of the Block Trade must be both entered into ICE Block and accepted by the other Member within the specified time limit. The time of the arrangement of the Block Trade must be recorded by the arranging Members on the order slip.

8.4. If technical difficulties prevent prompt entry, Members should contact the Exchange or the ICE Help Desk to ensure the fact and time of the trade are recorded while the technical issue is resolved.

8.5. Participants who do not have the relevant permissions from the Exchange or from their client's Clearing Member to enter Block Trades on their behalf are prohibited from doing so. Parties arranging or seeking to enter Block Trades must ensure that prior to executing a transaction with a client, all appropriate permissions are in place to ensure the trade can be entered and that Exchange Rules are complied with.

9. POST TRADE CONFIRMATION

9.1. Subject to such details being within relevant clearing risk limits, the trade details will flow through to the ICE Systems and an ICE Futures Singapore Contract shall arise. The process will not continue if there are any issues with limits; in such instance, the affected party should contact its Clearing Member to remedy the issue and inform the Exchange as per 9(iv) above.

9.2. In the event that the details of a Block Trade are reported to and entered into ICE Block by the ICE Help Desk, both parties to the Block Trade will receive a confirmatory email. For such trades, parties must respond to the email as soon as possible if they disagree with any of the details booked on the trade. Note that if no objection is received within the reporting time period both parties to the Block Trade will be deemed to have accepted the trade.

9.3. ICE Block assigns each new trade a unique deal ID and provides an audit of all actions undertaken on ICE Block for that particular day.

9.4. The Exchange may check the validity of the Block Trade details submitted by the parties to the Block Trade. If the Exchange (following consultation, where necessary, with ICE Clear Singapore and subject to their right to refuse registration) is not satisfied that all such details are valid, it will void the Block Trade. Any decision by the Exchange not to register a Block Trade is final.

9.5. Registration of a transaction does not preclude the Exchange from instigating disciplinary procedures in the event that the transaction is subsequently found to have been made other than in compliance with the Rules.

9.6. The Block Trade price and volume will be broadcast to the Market via the ICE Platform.

9.7. The Block Trade is registered under the executing Members' company mnemonic (for those crossed trades that are entered into a client's clearing account directly, the trade will be registered in the respective clearing members' mnemonics) with a trade type of 'K'.

10. CANCELLATION AND AMENDMENT OF BLOCK TRADES

10.1. A Member may cancel Block Trades Reported to the Exchange through ICE Block. The self-cancellation of Block Trades will only be permitted for cross trades, or trades where both sides have been entered by the same Member, which were entered earlier on the same Clearing Day

("Top Day Trades"). Members using this facility must ensure they enter a reason for the Block Trade cancellation when confirming the request for cancellation.

10.2. Members should contact ICE Futures Singapore Market Supervision regarding cancellation requests for all other Non-crossed Trades

10.3. Adjustment of Block trades entered via ICE Block is also available at any time on the Clearing Day following the reporting of the block trade to the Exchange. This Next-Day adjustment establishes an offsetting trade and a new trade with the corrected details.

10.4. The amendment will only be implemented by an Exchange member or by the ICE Helpdesk on the instruction of an Exchange member. Member must provide a valid reason when amending a trade via ICE Block.

10.5. The Exchange will monitor all requests for trade cancellations and may take disciplinary action against Members that make excessive requests compared to the level of business they undertake. Deliberate submission of inaccurate trades would be regarded as potentially manipulative and amounting to serious misconduct.