



May 7, 2020

BY ELECTRONIC FILING

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**Re: Amendments to Eris Exchange Rule 601 (Block Trades) and Establishment of Block Trade Size for Ether Futures (Eris Exchange, LLC Submission #2020-05E)**

Dear Mr. Kirkpatrick:

Eris Exchange, LLC (“Eris Exchange” or the “Exchange”) hereby submits for self-certification to the Commodity Futures Trading Commission (the “Commission”), under Commission regulation 40.6(a), the following amendments to Eris Exchange Rulebook (the “Rulebook”). The proposed changes will become effective on or after May 21, 2020.

### **Explanation and Analysis**

The Exchange is revising Exchange Rule 601 to: (i) make clear that block trades must be executed and reported to the Exchange on the same trade date; (ii) establish the block trade size for its Ether futures contracts; and (iii) clarify the minimum price increments for block trades in the relevant contracts.

### **Description of Rule Changes**

Rule 601 as revised, provides that block trades that are executed during regular trading hours must be reported to the Exchange within fifteen minutes or prior to the end of the trade date, whichever is sooner. For block trades executed outside of regular trading hours, the trade must be reported to the Exchange within fifteen minutes of the opening of the central limit order book. Regardless of when a block trade is executed, it must be reported on the same trade date on which it was executed.

The Exchange is establishing minimum block trade size for both its Ether Futures and Ether/Bitcoin Futures at 50 contracts (equivalent of 50 Ether coins). The Exchange believes that this is the level at which there would be a material price concession if an order were to be executed in the central limit order book.

The Exchange is also revising Rule 601 to set forth in the same table as the minimum block size the minimum price increment for each contract for which block trades are permitted. For both the Bitcoin and Ether futures contracts the minimum price increment for \$0.01 per coin. For the

Ether/Bitcoin futures contract, which is quoted in Bitcoin equivalent of Ether, the minimum price increment is 0.00001 Bitcoin per Ether.

A copy of the revisions to Rule 601 is attached hereto as Exhibit A.

### **Core Principle Compliance**

Eris Exchange has concluded that its compliance with the DCM Core Principles is not adversely affected by these changes, and it will continue to comply with all DCM Core Principles. In particular, the Exchange has reviewed the Core Principles as set forth in the Commodity Exchange Act, as amended (the "Act") and determined that the rule changes may pertain to the following Core Principles:

#### *Core Principle 9 Execution of Transactions*

The CFTC has noted that for contracts with no trading history a designated contract market ("DCM") "should strive to set its initial minimum block trade size based on what the DCM reasonably believes will be a 'large' order (i.e., the order size that would likely move the market price)."<sup>1</sup> Accordingly, as noted above, the Exchange is setting the minimum size for its Ether contracts at 50 contracts, as it believes that this is the level at which there would be a material price concession if an order were to be executed in the central limit order book. As sufficient trade data becomes available regarding these contracts, the Exchange will review the minimum block size. Additionally, the revisions regarding reporting of executed block trades assures that parties to a block trade report the trades in a reasonable time so that the Exchange is able to publish the details of the block trade to the broader market.

### **Public Information**

A copy of this submission has been concurrently posted on the Exchange's website at <https://www.erisx.com/regulation/exchange-notices/> under "CFTC Submissions."

### **Opposing Views**

This submission was provided to the Regulatory Oversight Committee, and there were no opposing views expressed that were not incorporated into the rule changes.

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<sup>1</sup> 73 Fed. Reg. 54097, 54100 (Sep. 18, 2008)

**Certification**

Eris Exchange, LLC hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in the Commission regulation §40.6, that this submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

If you have any questions or require further information, please contact the undersigned at [michael.piracci@erisx.com](mailto:michael.piracci@erisx.com).

Sincerely,

/s/

Michael A. Piracci  
Senior Counsel  
Eris Exchange, LLC

## Exhibit A

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### CHAPTER 6: PRIVATELY NEGOTIATED TRANSACTIONS

#### RULE 601. Block Trades

- (a) The Exchange shall designate the products in which block trades shall be permitted and determine the minimum quantity thresholds for such transactions.
- (b) The following requirements shall govern block trades:
- (1) A block trade must be for a quantity that is at or in excess of the applicable minimum threshold. Orders may not be aggregated in order to achieve the minimum transaction size, except by those entities described in Sections (10) and (11) below and as provided in Rule 601(b)(2).
  - (2) Multi-legged block trades may be executed as block trades, provided that the sum of the legs of the block trade meets the Minimum Block Size for the Contract with the highest Minimum Block Size among the legs.
  - (3) Each Person to a block trade must be an Eligible Contract Participant.
  - (4) A broker for a Person shall not execute any order by means of a block trade for a Person unless such Person has specified that the order be executed as a block trade.
  - (5) The price at which a block trade is executed must be fair and reasonable in light of (i) the size of the block trade, (ii) the prices and sizes of other transactions in the same contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash market or related futures markets, at the relevant time, and (iv) the circumstances of the markets or the Participants to the block trade.
  - (6) Block trades shall not set off conditional orders (e.g., Stop Orders and MIT Orders) or otherwise affect orders in the regular market.
  - (7) One of the Persons or the broker of one of the Persons to the block trade must ensure that each block trade is reported to the Exchange within the time limit set forth below:
    - a. All block trades must be executed and reported to the Exchange on the same trade date; and
    - b. All block trades executed during OTH must be reported within fifteen minutes after the opening of the CLOB;
    - c. All block trades executed during RTH must be submitted within fifteen (15) minutes, or prior to the end of the trade date, whichever is sooner

~~Block trades during RTH must be reported within 15 minutes of the transaction, or otherwise as determined by the Exchange and published in a market notice.~~

~~All block trades executed during OTH must be reported within the later of fifteen minutes after trade execution or five minutes prior to the next market open, or otherwise as determined by the Exchange and published in a market notice.~~

The Exchange shall promptly publish such information separately from the reports of transactions in the regular market.

(8) Reporting Method and Information

- a. Block trades must be reported to the Exchange ~~by calling Eris Market Operations, or~~ in accordance with another approved reporting method.
- b. The block trade report must include the information related to the block trade specified in the Exchange's approved reporting method, including: the identification of parties to the block trade; product details; trade quantity, price, and time; and, account number or Clearing Firm, if applicable.

(9) Clearing Firms, Participants, Participant Firms, and Broker Firms involved in the execution of block trades must maintain a record of the transaction in accordance with Rule 401.

(10) A commodity trading advisor ("CTA") registered or exempt from registration under the Act, including, without limitation, any investment advisor registered or exempt from registration under the Investment Advisers Act of 1940, or principal thereof, shall be the applicable entity for purposes of Sections (1), (3), (4) and (5), provided such advisors have total assets under management exceeding \$25 million and the block trade is suitable for the customers of such advisors.

(11) A foreign Person performing a similar role or function to a CTA or investment advisor as described in Section 10, or principal thereof, and subject as such to foreign regulation, shall be the applicable entity for purposes of Sections (1), (3), (4) and (5), provided such Persons have total assets under management exceeding \$25 million and the block trade is suitable for the customers of such Persons.

(c) Products designated for Block Trades.

The following products are designated for block trades:

Contract	Minimum Block Size	<u>Minimum Price Increment</u>
Bitcoin Futures <u>(BTC)</u>	10 contracts	<u>\$0.01 per Bitcoin (\$0.0010 per contract)</u>
<u>Ether Futures (ETH)</u>	<u>50 Contracts</u>	<u>\$0.01 per Ether (\$0.01 per contract)</u>

<u>Ether/Bitcoin (ETBTC)</u>	<u>50 Contracts</u>	<u>0.00001 Bitcoin per Ether</u> <u>(0.00001 per contract)</u>
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