

Micro Bitcoin Futures

FREQUENTLY ASKED QUESTIONS

Overview

1. When will Micro Bitcoin futures be listed for trading?

Micro Bitcoin futures (MBT) will be available to trade Sunday, May 2, 2021 beginning at 6:00 p.m. ET for trade date Monday, May 3, 2021.*

2. Why is CME Group choosing to launch this product?

Since the launch of the Bitcoin futures (BTC) contract in December 2017, its notional value has increased dramatically. As a reference, see the chart below for BTC settlement prices since launch.

The BTC notional value has increased from \$19K on the date that it launched to nearly \$58K on March 11, 2021. The amount of capital needed to access the futures market has significantly increased. To make our market more accessible to risk managers and other traders, CME will launch the Micro Bitcoin futures contract, which is 1/50 the size of the Bitcoin futures contract (i.e. 1/10 of one bitcoin versus five bitcoin for Bitcoin futures (BTC).

Bitcoin settlement price since launch



* Subject to regulatory review.

3. What is the difference between the currently listed standard Bitcoin futures contract and the recently announced Micro Bitcoin futures contract?

The multiplier for the Micro Bitcoin futures contract is 1/10 of one bitcoin.

The multiplier for the Bitcoin futures contract is five bitcoin.

4. What is the relationship between Micro Bitcoin futures and the underlying spot market?

CME Micro Bitcoin futures are based on the CME CF Bitcoin Reference Rate (BRR), which aggregates bitcoin trading activity across major bitcoin spot exchanges between 3:00 p.m. and 4:00 p.m. London time.

5. On which exchange are Micro Bitcoin futures listed?

Micro Bitcoin futures are listed and cleared on CME, a US-registered designated contract market (DCM) and derivatives clearing organization (DCO).

6. What regulation applies to the trading of Micro Bitcoin futures?

The trading and clearing of Micro Bitcoin futures is regulated by the Commodity Futures Trading Commission (CFTC), the regulatory body with exclusive jurisdiction over US Bitcoin futures markets.

7. What accounting and other regulatory treatment is afforded to Micro Bitcoin futures in my local jurisdiction?

As with any other derivatives product, the accounting treatment of positions in Micro Bitcoin futures, and the general local regulatory treatment of trading in Micro Bitcoin derivatives, may differ by country and between competent jurisdictions. Market participants are responsible for complying with all applicable US and local requirements. Market participants, particularly those with no experience in trading Micro Bitcoin derivatives, should seek professional counsel as necessary and appropriate to their circumstances.

8. Which platforms support Micro Bitcoin futures trading?

The CME Globex platform supports a central limit order book and ex-pit trade submission for clearing is supported through CME ClearPort and CME Direct.

9. Do I need a digital wallet to trade Micro Bitcoin futures?

No. You do not need a digital wallet because Micro Bitcoin futures are financially settled, and therefore, do not involve the exchange of bitcoin.

In order to trade futures, you must open an account with a registered futures broker who will maintain your account and guarantee your trades. In the futures business, brokerage firms are known as either a futures commission merchant (FCM), or an introducing broker (IB).

[Learn more](#)

Product details

10. What are the contract specifications?

MICRO BITCOIN SPECIFICATIONS	
CONTRACT UNIT	0.10 bitcoin
PRICE QUOTATION	US dollars and cents per bitcoin
MINIMUM PRICE FLUCTUATION	Outright: \$5.00 per bitcoin = \$0.50 per contract Calendar Spread: \$1.00 per bitcoin = \$0.10 per contract
TRADING HOURS	CME Globex: Sunday – Friday 6:00 p.m. – 5:00 p.m. ET (5:00 p.m. – 4:00 p.m. CT) with a 60-minute break each day beginning at 5:00 p.m. ET (4:00 p.m. CT) CME ClearPort: 6:00 p.m. Sunday to 6:45 p.m. Friday ET (5:00 p.m. – 5:45 p.m. CT) with a 15-minute maintenance window between 6:45 p.m. – 7:00 p.m. ET (5:45 p.m. – 6:00 p.m. CT) Monday – Thursday.
PRODUCT CODE	MBT
LISTING CYCLE	Six consecutive monthly contracts inclusive of the nearest two December contracts.
TERMINATION OF TRADING	Trading terminates at 4:00 p.m. London time on the last Friday of the contract month. If that day is not a business day in both the UK and the US, trading terminates on the preceding day that is a business day for both the UK and the US
FINAL SETTLEMENT	Cash settled by reference to final settlement price, equal to the CME CF Bitcoin Reference Rate (BRR) on last day of trading.

11. Are Micro Bitcoin futures available for trading 24/7?

Yes, Micro Bitcoin futures can be transacted 24/7. Bilateral transactions such as block trades, pursuant to Rule 526, and EFRPs (Exchange for Related Position), pursuant to Rule 538, may be negotiated/executed 24/7 and must be submitted for clearing during the appropriate clearing session. Globex, our electronic central limit order book platform, is available 23 hours per day beginning Sunday evening at 6:00pm Eastern Time (ET) and ending at 5:00pm ET Friday afternoon.

12. Are Micro Bitcoin futures block eligible?

Yes, block transactions are allowed for Micro Bitcoin futures, subject to reporting requirements per [Rule 526](#). The minimum block threshold is 10 contracts.

13. Are Micro Bitcoin futures EFP/EFRP-eligible?

Yes, Micro Bitcoin futures are EFP/EFRP-eligible.

[Learn more here](#)

14. How is the Micro Bitcoin futures daily settlement price determined?

Daily settlement for Micro Bitcoin futures will be the same as Bitcoin futures. The daily settlement of the standard Bitcoin contract is based on the volume-weighted average price (VWAP) of CME Globex trades between 3:59:00 p.m. and 4:00:00 p.m. Eastern Time.

15. Are Micro Bitcoin futures subject to price limits?

Yes, Micro Bitcoin futures are subject to price limits on a dynamic basis. At the commencement of each trading day, Micro Bitcoin futures are assigned a price limit variant which equals a percentage of the prior day's Exchange-determined settlement price, or a price deemed appropriate by the CME Group. During the trading day, the dynamic variant is applied in rolling 60-minute look-back periods to establish dynamic lower and upper price fluctuation limits as follows:

- The dynamic variant is subtracted from the highest trade and/or bid price during a look-back period to establish the lower price fluctuation limit
- The dynamic variant is added to the lowest trade and/or offer price during a look-back period to establish the upper price fluctuation limit

16. How is Micro Bitcoin futures final settlement price determined?

The final settlement value is based on the CME CF Bitcoin Reference Rate (BRR) at 4:00 p.m. London time on the expiration day of the futures contract.

17. What is the maximum order size for Micro Bitcoin futures on CME Globex?

The maximum order size is 100 contracts.

18. Are options on Micro Bitcoin futures available for trading?

CME will not initially list options but will reassess introducing options once the futures market develops and as customer demand evolves.

19. Through which market data channel are these products available?

Micro Bitcoin futures real-time market data is available on MDP Channel 318, and Micro Bitcoin futures historical data is available through CME DataMine.

Additionally, real-time market data for the underlying BRR Index is available through MDP Channel 213 during normal market hours, while also available 24/7 through CME DataMine's Streaming Service. BRR and BRTI historical data is available through CME DataMine.

[Access CME DataMine](#)

CME CF Bitcoin Reference Rate (BRR)

20. What is the CME CF Bitcoin Reference Rate (BRR)?

Designed by CME Group and CF Benchmarks, around the IOSCO Principles for Financial Benchmarks, the BRR is a daily reference rate of the US dollar price of one bitcoin as of 4:00 p.m. London time. It is representative of the bitcoin trading activity on constituent exchanges and is geared towards resilience and replicability.

[Learn more about the BRR](#)

21. How is the BRR calculated?

The BRR is calculated based on the relevant bitcoin transactions on all constituent exchanges between 3:00 p.m. and 4:00 p.m. London time. The price and size of each relevant transaction is recorded and added to a list which is portioned into 12 equally weighted time intervals of five minutes each. For each partition, a volume-weighted median trade price is calculated from the trade prices and sizes of the relevant transactions across all the constituent exchanges. The BRR is then determined by taking an equally weighted average of the volume-weighted medians of all partitions.

[View BRR methodology](#)

22. Are constituent exchanges KYC/AML (Know Your Client/Anti-Money Laundering) compliant?

Although all constituent exchanges in the BRR are unregulated, each exchange has proactively instituted KYC/AML policies.

Fee and margin details

23. What are the fees for Micro Bitcoin futures?

Fees can be found on the CME Fee Schedule.

[View latest Fee Schedule](#)

24. In which division do Micro Bitcoin futures reside?

Micro Bitcoin futures are listed on CME and reside in the IOM Division.

25. What are the margin requirements for Micro Bitcoin futures?

Exchange margin requirements may be found at [cmegroup.com](#). Note: clearing firms may require a margin level beyond CME Clearing's minimum requirement.

26. Is there a cap on exposure levels for Micro Bitcoin futures?

We are using a range of risk management tools related to Micro Bitcoin futures. CME Clearing retains the right to impose exposure limits, additional capital requirements, and other targeted risk management tools if we see exposures that we determine might become a concern in any product or market. Note that our Micro Bitcoin futures product is a cash-settled futures contract. As such, margins will be set in line with the volatility and liquidity profile of the product. Further, we also have the ability for clearing members to impose trading or exposure limits on their clients. Other tools may include increased capital or margin requirements in cases where exposures increase beyond reasonable levels.

27. Where do Micro Bitcoin futures fall in CME Clearing's guarantee fund?

Bitcoin futures fall into CME's Base Guaranty Fund for futures and options on futures. For all other inquiries regarding margins or CME Clearing's approach to risk management, please contact clearing.riskmanagement@cmegroup.com.

28. What are the available margin credits for offsetting positions between Micro Bitcoin futures and other CME Group cryptocurrency futures?

Margin credits are indicative of their cryptocurrency counterparts and the below estimates are based on current market conditions and are subject to change.

CRYPTOCURRENCY FUTURES MARGINS OFFSETS			
	MBT	BTC	ETH
MBT	x	1:50 (100%)	3:50 (50%)
BTC	50:1 (100%)	x	3:1 (50%)
ETH	50:3 (50%)	1:3 (50%)	x

29. Are Micro Bitcoin futures fungible with their Bitcoin futures counterpart? Can they be offset?

No, Micro Bitcoin futures positions are not offset eligible versus the Bitcoin futures contract. However, Micro Bitcoin futures are eligible for margin and risk offsets against the Bitcoin futures contract at a 50:1 ratio (50 MBT vs one BTC).

Calendar Spreads

30. What calendar spreads does CME Group list?

CME Group will list all possible combinations of the listed months.

31. What are the ticker symbol conventions for calendar spread trading?

Buying the spread is equivalent to buying the deferred contract month, for example:

MBTK1 – MBTM1 is the May21/Jun21 spread. Buying this spread means buying the Jun21 contract and selling the May21 contract.

If you are long the May21 contract, buying the May/Jun spread will extend your expiration into June.

[View contract month codes](#)

32. What does the spread price signify? How are separate contracts priced when I transact a spread trade?

The price of the spread trade is the price of the deferred expiration less the price of the nearby expiration. After the spread trade is done, the price of the two contracts will be determined using the following convention:

The nearby contract is priced at its daily settlement price on the previous day. The deferred contract is priced is nearby contract's assigned price plus the spread price.

For example,

- Bought MBTK1-MBTM1 @-100
- Assuming MBTK1 prior settle = 55455
- Price of the two legs: sold MBTK1 @ 55455, bought MBTM1 @55455 + (-100) = 55355.

Additional information

33. What is CME Group's policy regarding hard forks?

In the event of a hard fork, Micro Bitcoin futures shall continue to settle to the CME CF Bitcoin Reference Rate corresponding to the original token pair (BTC:USD). The Exchange may, in its sole discretion, take alternative action with respect to hard forks in consultation with market participants as may be appropriate.

34. How can I access CME Globex?

To access CME Globex, you must have a relationship with a CME Clearing Member Firm.

[Learn more about connecting to CME Globex](#)

35. Where can I find more information on CME Micro Bitcoin futures?

Visit cmegroup.com/microbitcoin for the latest information on Micro Bitcoin futures.

36. Where can I see prices for Micro Bitcoin futures?

Delayed quotes will be available on cmegroup.com. You can also access quotes through major quote vendors.

[View delayed quotes](#)

[Learn more about CME Direct](#)

cmegroup.com

Neither futures trading nor swaps trading are suitable for all investors, and each involves the risk of loss. Swaps trading should only be undertaken by investors who are Eligible Contract Participants (ECPs) within the meaning of Section 1a(18) of the Commodity Exchange Act. Futures and swaps each are leveraged investments and, because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for either a futures or swaps position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles and only a portion of those funds should be devoted to any one trade because traders cannot expect to profit on every trade.

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