

Derivatives Noncompetitive Trading (Global) 2024

Course Outline and Provider Qualifications

Welcome to the Exchange Analytics Derivatives Noncompetitive Trading (Global). This program is intended to heighten your awareness and understanding of the requirements for noncompetitive transactions and other related trading practices at major futures exchanges in the U.S., Europe, and Asia.

CME Group – CME, CBOT, NYMEX, COMEX
Intercontinental Exchange – ICE US, ICE EU

U.S. Path:

- I. Regulatory Background:
 - a. The Self-Regulatory Structure
 - National Regulator
 - Self-Regulatory Organizations
 - Derivatives Exchanges
 - b. Competitive Transaction Requirement
 - Noncompetitive Transactions
- II. Pre-Execution Communications
 - a. Permitted Pre-Execution Communications
 - b. Pre-Execution Communication Practices
 - Consent
 - Confidentiality
 - Order Execution
 - Anticipatory Hedging
 - c. Insider Trading / Misappropriated Information
- III. Cross Orders - CME Group, ICE U.S., ICE EU
 - a. Trading Opposite Customer Orders
 - General Rule
 - CME Globex
 - ICE U.S.
 - b. Crossing Order Protocol – CME, ICE U.S., ICE EU
- IV. Block Trading
 - a. Block Trading Basics
 - b. Quantity Thresholds
 - c. Bunching Orders
 - d. Fair Pricing – CME, ICE U.S., ICE EU
 - e. Common Beneficial Ownership
 - f. Confidentiality – Unfair Advantage
 - g. Required Block Trade Reporting Details

- h. Anticipatory or Pre-Hedging
- i. Block Trade Eligible:
 - CME Products
 - ICE Products
 - TAS and TAM Products
- j. Derived & Equity Basis Block Trades
 - CME
 - ICE Futures U.S.
- k. Multi-Exchange – Inter-Commodity Spreads
- l. Eligible Contract Participants – CME, QEPs – ICE
- m. Execution & Reporting – CME
 - Execution – Submission – Timing
- n. Execution and Reporting – CME, ICE U.S. and ICE EU
- V. EFRPs – “Exchange for Related Position”
 - a. Definitions:
 - At CME and ICE U.S.
 - At ICE EU
 - b. Related Positions
 - c. Non-Bona Fide – Examples
 - d. Parties to an EFRP
 - e. The Exchanges: Specific EFRP Scenarios
 - f. Third-Party Facilitation
 - g. Common Beneficial Ownership and Common Control
 - h. EFRPs: Execution – Price – Quantity – Timing
 - i. Wash Sales
 - j. Transitory EFRPs
 - k. EFRP Recordkeeping and Reporting
 - l. EFRP Problem Areas
 - m. EFRP Errors
- VI. Noteworthy Cases
 - a. Enforcement Powers of Regulatory Authorities
 - b. Communications and Confidential Information (Cases 1-4)
 - c. Block Trading (Cases 1-4)
 - d. EFRPs (Cases 1-4)
- VII. Knowledge Check: U.S. Exchanges - Confirmations

Europe (EMEA):

- I. Noncompetitive Trading Overview:
 - a. Pre-Trade Transparency
 - b. Pre-Trade Transparency Exceptions
 - c. Block Trades:
 - General Requirements
 - Volume Threshold Requirements
 - Timing Requirements
 - Price Requirements
 - Reporting Requirements
 - Other Requirements
 - d. EFP Transactions
 - Related Components Requirements
 - Acceptable Instruments
 - Pricing
 - Reporting and Retention
 - e. Cross Trades and Other RFQ System Trades
 - Cross Trades
 - Cross Trades: Distinguished from Block Trades
 - f. Exchange-Specific Requirements
 - g. Eurex Specifications
 - EFPs
 - Cross Trades
- II. Euronext – “European New Exchange Technology”
 - a. Euronext Specifications
 - Large-in-Scale (Block) Trades
 - EFPs
 - Against Actuals (AA)
 - Cross Trades
- III. IDEM – Euronext Derivatives Milan
 - a. IDEM Specifications
 - b. Knowledge Check: European Exchanges (EMEA)

Asia:

- I. Singapore Exchange (SGX)
 - a. SGX:
 - Noncompetitive Trading
 - Cross Orders
 - Negotiated Large Trade (NLT) Facility
 - NLT – Block Trades
 - NLT – Tick Size
 - NLT – Execution
 - Exchange for Physical (EFP) and Exchange for Swap (EFS)

- b. Knowledge Check: SGX
 - II. Hong Kong Exchange (HKEX)
 - a. HKEX:
 - Noncompetitive Trading
 - Order Entry and Disclosure
 - Order Entry
 - Market Data Dissemination
 - c. Aggregation
 - d. Block Trade Pricing
 - e. Clearing
 - f. Recordkeeping
 - g. Knowledge Check: HKEX
 - III. Australian Securities Exchange (ASX 24)
 - a. Exchange for Physicals Facility
 - b. Requirements for EFPs
 - c. EFP Registration Time Requirements
 - d. Block Trade Facility
 - e. BTF Requirements
 - h. ASX 24 Knowledge Check
- ❖ Course Completion Acknowledgement

Provider Qualifications - About the Author

In its Interpretative Notice on Compliance Rule 2-9: Ethics Training Requirements, the National Futures Association states that 1) “Each Member should ensure that its selected provider is qualified and obtain proof that the provider has completed relevant proficiency testing and has three years of relevant industry experience, or similar experience;” and 2) that “Firms should only use providers that they reasonably in good faith believe are not subject to any investigations or bars from registration.” To address those requirements, Exchange Analytics presents the following information on the individuals who prepared this course material:

Joseph Adamczyk served as author. Prior to his affiliation with Exchange Analytics, he served as the Chief Compliance Officer for Options Clearing Corporation (OCC). Mr. Adamczyk oversaw the firm’s compliance risk monitoring and governance programs, advised the board of directors and staff on compliance and regulatory requirements, and interacted with federal regulators on compliance, risk, and examination matters. Before joining OCC, Mr. Adamczyk worked at CME Group where he served as the Managing Director & Associate General Counsel overseeing the company’s non-U.S. legal staff and activities. In this role, he interacted with regulators from around the globe. He also handled CME Group’s interactions with U.S. regulators and other authorities on cybersecurity and technology controls, requirements, cyber incident response, and examinations. At CME Group, Mr. Adamczyk also served as the Global Head of Investigations and Enforcement in the Market Regulation Department. In that role, he oversaw teams responsible for monitoring, investigating, and enforcing the CME Group exchanges’ trade practice rules and other requirements. Mr. Adamczyk received his MBA from the University of Chicago, law degree from Loyola University Chicago School of Law, and undergraduate degree from DePaul University. He has no regulatory actions or other disciplinary history.