



## EXCHANGE NOTICE

October 25, 2016

### AMENDMENT TO THE ICE FUTURES U.S. BLOCK TRADE FAQ

Effective October 31, 2016, the Exchange will amend its Block Trade Frequently Asked Questions (“Block Trade FAQ”), as provided below, to clarify the extent to which parties may engage in pre-hedging or anticipatory hedging of a block trade.

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## ICE FUTURES U.S. BLOCK TRADE – FAQs

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### **24. Is pre-hedging or anticipatory hedging of a block trade permitted?**

Parties to a potential block trade may engage in pre-hedging or anticipatory hedging of the position that they believe in good faith will result from the consummation of the block trade, except for an intermediary that takes the opposite side of its own Customer order. In such instances, prior to the consummation of the block trade the intermediary is prohibited from offsetting the position established by the block trade in any account which is owned or controlled, or in which an ownership interest is held, or for the proprietary account of the employer of such intermediary. The intermediary may enter into transactions to offset the position only after the block has been consummated. It shall be a violation of Exchange Rule 4.02(h) for a Person to engage in the front running of a block trade when acting on material non-public information regarding an impending transaction by another person, acting on non-public information obtained through a confidential employee/employer relationship, broker/customer relationship, or in breach of a fiduciary responsibility.

The Exchange may proceed with enforcement action when the facts and circumstances of pre-hedging suggest deceptive or manipulative conduct by any of the involved parties, including when an intermediary handling a Customer order acts against its Customer's best interests.

This guidance only applies in the context of pre-hedging of block trades. This guidance does not affect any requirement under the CEA or Commission Regulations.

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