



# **ICE Futures Abu Dhabi Block Trades Policy**

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## ICE Futures Abu Dhabi Block Trades Policy

The Block Trades Policy (“Policy”) contains details on the ICE Block Facility (“ICE Block”) and on the method of reporting Block Trades to ICE Futures Abu Dhabi (“the Exchange” or “IFAD”) for registration and subsequent clearing by ICE Clear Europe (“the Clearing House”).

### 1. GENERAL

- i) For the purposes of this Policy, a Block Trade is a privately negotiated transaction agreed away from the central limit order book, directly between counterparties or via an intermediary, and subsequently registered on the Exchange. A Block Trade must be agreed at fair market value and for a volume at or above a defined minimum threshold.
- ii) A Member shall include all registered General, Trade and Individual Participants and ICE Block Members, and all Member representatives such as traders, brokers and back-office staff, as appropriate.
- iii) Each Member and its representatives should ensure that, in accordance with Exchange Rule B.3.1, it is appropriately authorised and holds all necessary licenses and consents, and that it has appropriate systems and controls in place in order to conduct business on the ICE Platform.
- iv) Members must ensure that Block Trades are reported in accordance with this Policy and Exchange Rules (including F.7 and Trading Procedures 17).
- v) Members must ensure that they act with due skill, care and diligence at all times and the interests of the client(s) are not prejudiced 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.
- vi) The Block Trade facilities are not to be used to facilitate the transfer of funds between parties and/or locations, the resolution of errors or any other purpose other than for normal commercial activity.
- vii) The Exchange undertakes regular audits of transactions negotiated away from the central limit order book and may take disciplinary action against Members where it identifies violations of Exchange Rules or this document.

## 2. ELIGIBLE CONTRACTS

- i) Block Trades may take place in respect of Futures designated by the Exchange from time to time as Block Trade Contracts. The eligible contracts to be registered as Block Trades are set out in the Appendix to this Policy.
- ii) Block Trades may be for single outright contract months, intra-commodity spreads (e.g. calendar spreads), inter-commodity spreads and other combination trades<sup>1</sup>.
- iii) Members may submit a single ticket for a recognised cross-exchange Block Trade strategy across multiple ICE Exchanges, where they have all appropriate permissions and authorisations to conduct such activity. Each strategy and its component legs must be transacted in compliance with all applicable laws, rules, policies and guidance of all respective ICE Exchanges.
- iv) For certain contracts as designated by the Exchange from time to time, Members can register Block Trades that price against the relevant futures settlement price using the Trade at Settlement (TAS) facility in ICE Block - eligible contracts are listed here.

## 3. TRADING HOURS AND FEES

- i) Block Trades may only be arranged during specific trading hours and on specific ICE Futures Abu Dhabi Trading Days as notified by the Exchange from time to time. Currently this means normal trading hours and all Trading Days.
- ii) Block Trades may not be arranged at any other times or after the expiry of the relevant contract month.
- iii) Block Trades will be charged the Exchange transaction fee as published at <https://www.theice.com/fees>.

## 4. PARTICIPATION

- i) Block Trades may only be reported to the Exchange by Exchange Members who have been permitted to enter Block Trades by the Exchange or by their client's Clearing Member. Where more than one Exchange Member is involved in the agreement, registration 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.
- ii) Affiliate or group companies may be eligible to register Block Trades on behalf of an Exchange Member, provided the specific written permission of the Member to that effect

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<sup>1</sup> Combination trade: A trade which consists of two or more contract months from the same Contract or different Contracts that is not supported on the ICE Platform. Otherwise known as strategy trades e.g. Fly, Condor, Butterfly, straddle / strangle trades.

has first been lodged with the Exchange membership department. 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. The Exchange may request signed legal agreements as evidence of the relationship between the entities.

- iii) Members are reminded of their responsibility under Rule A.9. for the conduct of their Member Representatives.

## 5. PROHIBITIONS

- i) A Member must not disclose the identity of the party to a Block Trade order to potential counterparties or disclose information from which their identity can reasonably be inferred, unless the Member has previously received that party's permission to do so. Consent must be obtained in writing or on a recorded phone line and must be evidenced to the Exchange upon request. Where consent is received, disclosure of identity may only be made to parties involved in the Block Trade negotiation; disclosure to anyone else is prohibited. There is no right under Exchange Rules to insist on disclosure of names of counterparties as a condition of completing the trade.
- ii) Members are reminded of Rule E.1.2A which states that any behaviour amounting to market abuse as set out relevant market abuse legislation, including but not limited to section 92 of the ADGM Financial Services and Markets Regulations 2015 will constitute a breach of Exchange Rules. Members are not permitted to enter into a transaction for their own benefit, which is transacted on the basis of and ahead of an order which it, or an associate, is to carry out with or for another person, which takes advantage of the anticipated impact of the order on the market. Per Rule G.8.1, Members must also not withdraw nor withhold a client's order in whole or in part for their own benefit or the benefit of others.
- iii) Members involved in the solicitation or negotiation of a Block Trade may only disclose relevant details such as price, direction or volume to potential counterparties where this is necessary to facilitate its negotiation or agreement. Members should exercise care with respect to when and to whom they disclose these details. Members and their clients should be aware that the details of a Contingent Agreement to Trade are non-public information and could be inside information.
- iv) Once a Contingent Agreement to Trade has been reached, the details must not be disclosed to anyone except those party to the agreement prior to the details of the resultant Block Trade being broadcast by the Exchange.

## 6. PRICE

- i) Exchange Rule F.7.5 requires Members to ensure that the price of any Block Trade represents fair market value for that trade. Fair market value is interpreted as being a price

that the Member considers to be the best available price for a trade of that type at the time of agreeing the Block Trade. Moreover, Rule F.7.5 also requires Members to ensure that they take into account the prevailing price and volume currently available in the market, the liquidity of the market and general market conditions. In doing so, the Member is not obliged to obtain prices from other Members, unless this would be appropriate in the circumstances.

- ii) When quoting a Block Trade price, the Member must, at the time, make it clear to the potential counterparty(ies) that the price being quoted is a Block Trade price and is not necessarily the prevailing market price.
- iii) There are a number of practical steps which Members can take in order to ensure that they are adhering to the Exchange's Rules in relation to the pricing of Block Trades.
  - o Firstly, in relation to products where the central limit order book is populated, the Member should determine whether the difference (if any) between the Block Trade price and central limit order book prices is excessive, taking into account the liquidity of the product concerned, market depth in the central limit order book and the size of the Block Trade. In particular, Members should compare the intended price of the Block Trade with the price which could be achieved through execution in the central limit order book. In doing so, Members should consider the impact of any price slippage or execution delay which might be experienced in the case of execution in the central limit order book.
  - o Secondly, if the central limit order book has no bids or offers, the Member should consider both prices which have traded in the market earlier that day in the product concerned and spread relationships with related products. The Member should also assess whether the Block Trade price falls within or outside the daily high/low price for the product concerned as, depending on the size of the Block Trade and market conditions, this may be an indicator of excessive price slippage in the Block Trade price.
- iv) The Exchange monitors the prices of Block Trades, taking into account the considerations described above. Block Trades may become the subject of further investigation by the Exchange if, prima facie, they do not appear to represent fair market value.
- v) 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.
- vi) Members shall be able to request or make contingent quotes or agree to facilitate contingent orders from a client in the same series, delivery month or strategy which may have the effect of achieving a transaction at an aggregate or average price inside the minimum price movement of the Contract concerned provided that each component is greater than or equal to the relevant Block Trade minimum volume threshold. Furthermore, the average price may only be derived from two price levels which are one price level apart.

## 7. MINIMUM VOLUME THRESHOLDS

- i) 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.
- ii) Please note minimum volume thresholds can be found in the appendices:
  - a. [Energy Contracts - Appendix A](#)
  - b. [Equity Derivatives Contracts - Appendix B](#)
- iii) Reporting times are set out in the tables at the back of this Policy.
- iv) Please see Part 10 for details on aggregation of orders, including when it is permitted to aggregate separate client orders (e.g. for outright contract months and intra-commodity spreads) and when it is permissible to aggregate orders on the matching side.
- v) Members may choose to defer publication of Block Trades for those contracts listed in Appendix B where such functionality is available, provided that the relevant block minimum volume thresholds are met or exceeded on an outright or aggregate basis (as applicable).

## 8. REPORTING TIME REQUIREMENTS

- i) Details of a Block Trade must be entered into ICE Block within the specified time limit after agreement on the terms of the Block Trade was reached between the parties, or by such reporting deadline as may be set out by the Exchange. 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 and by the reporting deadline prescribed by the Exchange as the case may be.
- ii) On the day of expiry of a contract, a Block Trade must be reported within the specified reporting time requirements or at any rate before the contract expires.
- iii) The time of the arrangement of the Block Trade must be recorded by the Members on a durable medium.
- iv) For those contracts listed in Appendix A, the reporting time requirements are outlined in Table 1. For those contracts listed in Appendix B, the reporting time requirements are outlined in Table 2.
- v) No Block Trade can be reported, or accepted, later than the reporting times prescribed in Tables 1 and 2.
- vi) If technical difficulties prevent prompt entry, Members should contact ICE Futures Abu Dhabi Market Oversight or the ICE Help Desk to ensure the details of the issues being faced and time of the trade are recorded while the technical issue is resolved.

## 9. RECORD KEEPING

- i) Members must ensure that orders and communications relating to Block Trades are performed on recordable mediums. Records must be maintained in accordance with Exchange Rules, including but not limited to Rule F.3, Rule G.16 and Trading Procedures Section 3.1. All relevant records must be centrally stored, uneditable and, where requested, provided to the Exchange in a comprehensible format and in a timely manner.

## 10. 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 owner;
  - (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) Block Trade orders (for Futures contracts only) for outright contract months or intra-commodity spreads may be combined to facilitate Block Trade orders for combination trades, so long as the volume of the order for the combination trade meets the minimum volume threshold of the relevant outright contract month or intra-commodity spread.
- iii) Block Trade orders for intra-commodity spreads Aug/Sep and Sep/Oct may be combined to facilitate a Block Trade order for the combination 'Butterfly' spread in Aug'/Sep'/Oct in the Murban Crude Futures Contract provided that the Butterfly spread order meets the Minimum Volume Threshold for an intra-commodity spread in Murban Crude Futures of 50 lots. Members must ensure that combining orders in this way is not to the detriment of any client order.

## 11. REPORTING TO THE EXCHANGE AND REGISTRATION

- i) Once a Block Trade has been agreed the Members must report the Block Trade details to the Exchange in accordance with ICE Futures Abu Dhabi Trading Procedures.
- ii) 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. 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. All legs pertaining to multi-legged combination Block trades should be entered into ICE Block by the Buyer of the front month.
  - b. 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.

- c. 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.
- iii) The period of time for the submission of a Block Trade to the Exchange commences as soon as verbal agreement on the terms of the Block Trade is reached between the parties to the Block Trade. Verbal agreement on the terms of the Block Trade is synonymous with there being a Contingent Agreement to Trade, meaning that all trade details have been agreed between the parties and that the completion of the transaction is only subject to the confirmation of the Exchange. If there are any outstanding matters between the parties, such as the agreement to the transaction depending upon completion of related volume, a Contingent Agreement to Trade does not yet exist. In such circumstances, a broker may seek to elicit such related volume before submitting the original Contingent Agreement to Trade to the Exchange, provided such broker has a reasonable expectation of success in doing so within a reasonable period of time. Where this is not the case, the original Contingent Agreement to Trade should be submitted to the Exchange without delay. For example, if a broker states to a client that their fill is subject to completion of remaining volumes then the Exchange considers that no Contingent Agreement to Trade yet exists. Upon completion of the fills, the broker should confirm the Contingent Agreement to Trade with each client. All trading activity should have regard to Rule E.1.2 and Rule E.1.2A (and any other applicable Exchange Rule pertaining to potential Market Abuse or other act of misconduct).

For the avoidance of doubt, verbal agreement in relation to spread Block Trades is deemed to have been achieved at the time at which the parties agree to the differential or combination price.

- iv) For Block Trades that are priced with reference to the futures settlement price, Members should report the transaction to the Exchange using the relevant TAS contract, including any agreed premium or discount, following the agreement of terms and within the reporting time threshold. The correct trade price will update in the clearing system once the underlying contract's settlement price has been published by the Exchange.
- v) 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, prior to executing a transaction with a client that all appropriate permissions are in place to ensure the trade can be entered and that Exchange Regulations are complied with.
- vi) For Equity Derivatives contracts, it may not be possible or practicable to determine the price of a Block Trade on the day in question, e.g. because the ICE Block Facility has closed before the relevant reference price has been established in the underlying market, or because such price is established outside of the normal trading hours applicable to the location of the broker or one or more of the parties to the Block Trade. In such circumstances, the Block Trade can be agreed in principle on such day, prior to being confirmed by the counterparties and should be registered with the Exchange between 8am and 9am London time on the next business day for such contracts.

For a sub-set of Equity Derivatives contracts that open at 1am London Time, the following approach should be applied:

- Where the counterparties to the Block Trade are based in Australasia and Asia, the Block Trade should be confirmed and registered between 1am and 2am London time.
  - Where the counterparties to the Block Trade are not based in Australasia and Asia, and the Block Trade can only be confirmed by the counterparties during European trading hours, the Block Trade should be registered with the Exchange by 9am London time.
- vii) It is permissible to use communication platforms or technologies to bilaterally request block trade markets from one or more market participants and to conduct privately negotiated block trades. It is not permitted to facilitate the registration of Block Trades in Exchange-traded products on a system or facility accessible to multiple parties that allows for the electronic matching of or the electronic acceptance of anonymous bids and offers. See Rule F.7.1(g).

Parties may also use technologies supported by third parties which allow for the electronic posting of indicative block markets displayed to multiple market participants. However, Block Trades agreed between parties on the basis of such electronically displayed indicative markets may be transacted only through direct bilateral communications involving the broker, where applicable, and the parties to the trade. To demonstrate that the Block Trade based on such technologies was privately negotiated, the broker(s) or parties involved in a transaction must maintain and provide, when requested, documentation or correspondence that clearly evidences direct bilateral communications between the broker(s) and the parties to the trade.

## 12. POST TRADE CONFIRMATION & PUBLICATION

- i) Subject to such details being within relevant clearing risk limits, the trade details will flow through to the ICE Systems and an ICE Futures Abu Dhabi 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.
- ii) 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, or by the reporting deadline as the case may be, both parties to the Block Trade will be deemed to have accepted the trade.
- iii) 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.
- iv) The Block Trade is registered under the Members' company mnemonic (for those crossed trades that are entered into a client's clearing account directly,
- v) 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 Europe 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.

- vi) 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 Regulations.
- vii) Price and volume will be broadcast to the market immediately following acceptance by the Exchange for Block Trades, apart from where deferred publication has been selected.
- viii) For deferred publication, price and volume will be broadcast at the daily close of trading in the contract
- ix) Block Trades are identifiable as follows:

Type of Trade	Trade Type Code
<b>Block Trades</b>	K
<b>Block TAS trades</b>	Z

### 13. CANCELLATION AND AMENDMENT OF BLOCK TRADES

- i) 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 Trading 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.
- ii) Members should contact ICE Futures Abu Dhabi Market Supervision regarding cancellation requests for all other Non-crossed Trades.
- iii) Adjustment of Block Trades entered via ICE Block is also available at any time on the business 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.

This facility will not apply to Block Trade at settlement trades ("Block TAS").

- iv) 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.
- v) 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.
- vi) The Exchange reserves the right to apply its discretion to cancel a Block Trade where it deems such a cancellation would be in the interests of the maintenance of a fair and orderly market.

## Block Trade Volume and Reporting Time Requirements

Table 1 - Energy Contracts

Block trade type	Description	Block Minimum Volume Threshold	Reporting time
1. Outright	One maturity of any IFAD Futures Contract	Minimum threshold applicable to the Contract being traded as published by the Exchange	5 minutes
2. Intra-commodity IFAD Futures Contract	Two or more contract months of the <u>same</u> IFAD Futures Contract	<u>Sum of the legs</u> of the Block Trade must meet the minimum volume threshold applicable to the Contract	15 minutes
3. Inter-commodity IFAD Futures Contract	Two or more contract months of two or more different IFAD 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

Table 2 - Equity Derivatives

Block trade type	Description	Block Minimum Volume Threshold	Reporting time
1. Outright	One maturity of any IFAD Futures Contract	Minimum threshold applicable to the Contract being traded as published by the Exchange	15 minutes
2. Intra-commodity strategy	Two or more contract months of the <u>same</u> IFAD Futures Contract	<u>Sum of the legs of the Block Trade must meet the larger of the applicable minimum strategy Block Trade volume thresholds for the contract months of the Contract being traded</u>	15 minutes
3. Inter-commodity strategy	Strategies in IFAD Futures Contracts as listed in the 'Unique Equity Strategies' section of Appendix B	<u>Each of the Futures legs must meet the lower of the applicable minimum outright Block Trade volume thresholds of the Contracts being traded</u>	15 minutes