

# Compliance Notice to Participants #5

## Block Trade Transactions

### ("Block Trades")

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| Subject        | Compliance Notice to Participants on Block Trades           |
| Rules          | FMX Rule XI-7 <i>Block Trading</i> and CFTC Regulation 1.35 |
| Issue Date     | November 28, 2025   |
| Effective Date | December 15, 2025   |

This Compliance Notice to Participants ("CNTP") provides guidance to Participants of the FMX Futures Exchange ("FMX Futures" or "the Exchange") to assist compliance with FMX Futures Rule XI-7 *Block Trades* and Commodity Futures Trading Commission ("CFTC") Regulation 1.35 *Records of commodity interest and related cash or forward transactions*.

#### **Guidance**

A Block Trade is a permissible, off-exchange, privately negotiated transaction either at or exceeding an FMX determined minimum threshold quantity of futures contracts which is executed at a fair and reasonable price apart and away from the central limit order book. FMX Rule XI-7 sets forth the requirements for executing a Block Trade.

The Chief Compliance Officer ("CCO") or her designee may authorize an exception to the Minimum Threshold Quantity or permit a Block Trade at a price within the historical range for the contract(s) being traded, where, in the opinion of the CCO or her designee, it is deemed:

- (i) to be in the best interests of the Exchange; or
- (ii) to be the most appropriate means to remedy an error that results from the good faith acts or omissions of any Person including the correction of trading errors or in instances involving the liquidation of a portfolio of positions where one or more of the legs of the aggregate transaction do not meet the Block Trade minimum threshold for the respective instrument(s).

#### **1. Eligibility for Participation in Block Trading**

Each party to a Block Trade must be an Eligible Contract Participant as that term is defined in Section 1a(18) of the Commodity Exchange Act ("CEA"). Eligible Contract Participants generally include exchange members and member firms, broker/dealers, government entities, pension funds, commodity pools, corporations, investment companies, insurance companies, depository institutions and high net-worth individuals. Commodity trading advisors and investment advisors who are registered or exempt from registration, and foreign persons

performing a similar role and subject as such to foreign regulation, may participate in block transactions provided they have total assets under management exceeding \$25 million and the Block Trade is suitable for their customers.

A Customer order may be executed by means of a Block Trade only if the Customer has specified that the order be executed as a Block Trade.

## **2. Eligible Exchange Contracts**

A complete list of Block Trade eligible Exchange Contracts can be found in Appendix A to this CNTF. Additionally, the respective Rules of each Exchange Contract identify whether the Exchange Contract is Block Trade eligible.

Block Trades are permitted for execution in outright contracts only. Calendar spreads and other strategy trades are not available at this time.

## **3. Different Accounts with Common Beneficial Ownership**

FMX permits Block Trades in eligible Exchange Contracts between different accounts with common beneficial ownership provided that each Block Trade meets all of the following requirements:

- (i) the Block Trade price must be executed at a fair and reasonable market price;
- (ii) each party must have a separate and independent legal bona fide business purpose for engaging in the trades; and
- (iii) each party's decision to enter into the Block Trade must be made by a separate and independent decision-maker.

If the Block Trade(s) does not meet all of the requirements set forth above, the transaction may constitute a wash trade prohibited by Rule XIII-14.

The term "Common beneficial ownership" as used herein shall mean accounts that are owned by the same person, entity, or a parent and its 100% wholly owned subsidiaries, or subsidiaries that are wholly owned by the same parent and shall also include accounts that have common ownership that is less than 100%.

## **4. Minimum Threshold Quantity**

The Minimum Threshold Quantity is the quantity of Contracts in which a Block Trade must be equal to or exceed. The Exchange shall determine the Minimum Threshold Quantity for Block Trades in each Exchange Contract. Please refer to Appendix A to this CNTF for the Minimum Threshold Quantity for each eligible Exchange Contract and any applicable notes or restrictions.

## **5. Price**

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 parties to the Block Trade.

The trade price must adhere to the minimum tick and price validation requirements of the Contract in question.

Block Trades shall not set off conditional orders, including, but not limited to, stop orders, limit orders, or stop limit orders, or otherwise affect orders in the regular market.

## **6. Execution Time**

The execution time of a Block Trade is the time that the trade is consummated, which is the time that the parties agree to the trade in principle.

Market participants must accurately report the execution time of the Block Trade.

## **7. Trading Hours for Block Trades**

Block Trades may be submitted during Exchange Trading Hours from 6:00 PM ET to 5:00 PM ET daily, Sunday through Friday. Block Trades may not be submitted during the daily maintenance window from 5:00 PM ET to 6:00 PM ET. Block Trades negotiated immediately prior to and during the daily maintenance window must be entered by 6:15 PM ET for products subject to a 15-minute reporting window requirement. Block trades negotiated at any other time during which the FMX Block Trade/EFRP Submission Facility is closed must be submitted no later than 15 minutes after the time the FMX Block Trade/EFRP Submission Facility reopens.

Block Trades may not be executed or submitted after the expiration of the underlying futures contract month.

## **8. Reporting Time (“Reporting Window”)**

Block Trades must be reported to the Exchange in accordance with an approved method and within the requisite Reporting Window. The Reporting Window for each eligible Exchange Contract is listed in Appendix A to this CNTF.

For single-sided entry, the buyer and seller of a block trade may agree to separately enter their side of the block trade into the FMX Futures GUI indicating each other as the opposite party. In this circumstance, both the buyer and seller must enter their respective side of the transaction within the required time period. Additionally, the party in which the trade is alleged against must ensure the alleged trade is accepted within the required time period. As such, the first party entering their side of the trade should ensure the information being entered is correct and must leave enough time for the second party to accept the trade within the requisite time period.

Block Trades which are executed during normal trading hours for an Exchange Contract or during specified hours on certain designated holidays determined by the Exchange, which will be announced by the Exchange in advance of such holidays, must be submitted no later than the time periods specified in Appendix A to this CNTF after execution.

For Block Trades executed outside of normal trading hours or on non-designated holidays, the Block Trade must be submitted to the Exchange no later than fifteen minutes after the open of the next trading session for the particular Block Trade eligible Exchange Contract.

## **9. Procedures for Submission of Block Trades**

Block Trades may be submitted to the Exchange via the FMX Block Trade/EFRP Submission Facility by submitting a Block Trade ticket (“Block Trade Ticket”) or by any other means approved by the Exchange from time to time.

In order to submit a Block Trade Ticket into the FMX Block Trade/EFRP Submission Facility, the party entering the Block Trade must have access to the FMX Block Trade/EFRP Submission Facility and must have received permission to enter the trades for the accounts involved in the Block Trade from the Clearing Members carrying those accounts.

**For questions related to gaining access to the FMX Block Trade/EFRP Submission Facility and ensuring proper set up for block trading, please contact the FMX Control Desk at [FMXFuturesControlDesk@FMX.com](mailto:FMXFuturesControlDesk@FMX.com)**

Entry of a Trade Ticket into the FMX Block Trade/EFRP Submission Facility may be completed as follows:

1. Single sided entry (referred to in the FMX Futures Trade Ticket as a cross trade field > No): Seller/buyer submits a trade that is alleged to the buyer/seller by each of the parties to the trade. The buyer/seller must confirm the alleged block within the Reporting Window.
2. Dual sided entry (referred to in the FMX Futures Trade Ticket as a cross Trade field > Yes): Seller/buyer submits and confirms for both the buy and sell side of the block. The selling/buying clearing member/authorized submitter will need to be permissioned to accept trades on behalf of the buying/selling clearing member.

The party or Broker Firm submitting a Block Trade must enter complete Block Trade details below:

- Product: select the contract name (e.g., SOFR Futures)
- Instrument: select the contract month and year
- Price: enter the agreed trade price
- Quantity: enter the agreed number of contracts equal to or exceeding the Minimum Threshold Quantity
- Trade Type: Select Block Trade

- Cross Trade (Entry Type): Select whether this transaction is being entered as (1) single sided (cross trade field > No) or (2) dual sided (cross trade field > Yes)
  - If single sided, enter “No” in the Cross Trade field.
  - If dual sided, select “Yes” in the Cross Trade field.
- Buyer/Seller Details:
  - If single sided (“cross trade field > No”), select your role as Buyer or Seller, and select the trader, Clearing Member, Customer Type Indicator Code, and account number associated with your role, in addition to the Clearing Member of the alleged counterparty).
  - If dual sided (cross trade field > Yes), in both the Buyer and Seller sides of the transaction, enter the trader, Clearing Member, Customer Type Indicator Code, and account number)
- Execution Date and Time: Enter the date and time the trade was agreed upon off-Exchange to the nearest minute in Eastern Time (the execution time is the time at which the trade was consummated off-exchange – not the time at which the trade details were entered into the Block Trade/EFRP Submission Facility).

For the Block Trade to be price reported to the marketplace and submitted to LCH Limited for clearing, both sides of the trade must pass the required credit check and the relevant terms of the respective sides of the trade must match. If either side does not pass the required credit check or the terms do not match, the Block Trade price will not be reported to the marketplace and the Block Trade will remain uncleared.

## **10. Bunched Orders**

A CTA eligible to transact blocks may bunch orders entered on behalf of multiple accounts over which the CTA exercises power of attorney, provided that the aggregate order meets the Minimum Threshold Quantity. Two or more traders who generally act independently with respect to accounts with different beneficial ownership may not bunch their orders for purposes of meeting the Block Trade minimum order quantity requirements.

Other than the CTA exception, Broker Firms may not bunch orders from otherwise autonomous Customers.

## **11. Procedures for Error Remediation**

For Block Trades entered through dual sided entry where a Broker Firm or other representative has entered the buy and sell side of the Block Trade on behalf of the counterparties and the trade has cleared, but there are one or more errors in the terms in the Trade Ticket submitted, the Broker Firm or other representative, may submit an error correction request to the Exchange within three business days.

For Block Trades entered through single sided entry where each party to the Block Trade has entered their respective buy or sell side details of the Block Trade and the trade has cleared, but there are one or more errors in the terms in the Trade Ticket submitted, either party to the Block Trade may submit an error correction request to the Exchange within three business days.

Parties involved in the placement of Block Trades, including Broker Firms or other representatives, should expeditiously submit an error correction request to the Exchange, upon discovery of one or more errors in the Block Trade Ticket. In making such a request, please provide to the FMX Futures Control Desk details of the affected Block Trade, the nature of the error(s), and evidence that the counterparties to the block trade agree to the correction request.

**Parties to Block Trades, including Broker Firms or other representatives (where applicable), must contact the FMX Futures Control Desk at [FMXFuturesControlDesk@FMX.com](mailto:FMXFuturesControlDesk@FMX.com) to request an error correction.**

**All error correction requests are subject to review and approval by the Exchange.**

Parties to Block Trades, including Broker Firms or other representatives (where applicable), are advised that the negotiation, accommodation, agreement, or execution of onsetting and offsetting Block Trades to resolve an error in the clearing of a Block Trade may result in increased scrutiny of the block trade(s) and result in disciplinary action by the Exchange.

## **12. Pre-hedging or anticipatory hedging of a Block Trade**

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 engaging in a negotiation to offset the position or 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. A Person solicited to provide a two-sided block market is not deemed to be in possession of material nonpublic information provided that “side of market interest” is not disclosed in the context of such solicitation.

A party acting principally in a Block Trade negotiation that plans on engaging in pre-hedging activity must provide sufficient documentation to support that the persons employed by the party (or its affiliates) involved in the transaction were not acting in an agency capacity during the negotiation and execution of such Block Trade. For example, disclosures or disclaimers in an instant message communication stating the party is acting principally and owes no agency duties would suffice in lieu of direct notification during the negotiation. Additionally, as supporting documentation, a party may provide any form of an order record or a recorded phone conversation in which the party communicated (impliedly or expressly) that they were not acting in an agency capacity.

However, representations or communications by a party that appear to suggest an order is being worked on behalf of a party are viewed by Compliance to imply that such agency duties are owed to the party. In such scenarios, pre-hedging is prohibited. Additionally, initial disclosures in account opening agreements or other similar communications may be deemed insufficient in the event that the Block Trade negotiation itself is indicative of the party assuming agency duties to any party involved in the negotiation of such Block Trade.

For the avoidance of doubt, a party to a block transaction who has charged a brokerage/commission fee in association with such transaction would be deemed to have owed agency duties to the counterparty to such transaction and would be prohibited from anticipatory hedging of such transaction.

Failure by a party to provide sufficient documentation to support its actions in a principal capacity may constitute a violation of FMX rules, including, conduct detrimental to the best interests of FMX and/or engaging in front running.

It shall be a violation of FMX Rule XIII-13 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 pre-existing duty.

FMX 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 CFTC Regulations.

### **13. Books and Records**

Clearing Members, Broker Firms, and parties to Block Trades must maintain all records relevant to the Exchange Contract pursuant to FMX Rule III-19, Rule XII-1 and CFTC Regulations. In addition, order tickets must explicitly state that the order may be executed as a Block Trade.

Records related to Block Transactions must be provided to the Exchange upon request. It shall be the responsibility of the Clearing Member to obtain and submit the requested records of their Customers to the Exchange on a timely basis.

### **14. Exchange Supervision of Block Transactions**

FMX and the National Futures Association ("NFA") work collectively to ensure compliance with FMX Rule XI-7 *Block Trades* and CFTC Regulation 1.35. NFA Staff or FMX Futures Compliance Staff may reach out to Participants to request additional information or supporting documentation related to Block Trades.

While such outreach does not necessarily imply wrongdoing, Participants are expected to respond promptly and fully to all information requests. Repeated deficiencies, delays in responding to requests, or failure to provide adequate documentation may result in disciplinary action as outlined in the Chapter XIV of the Rules of the Exchange. This proactive approach to surveillance of Block Transactions is designed to promote transparency, support market integrity, and ensure compliance with regulatory requirements and the Rules of the Exchange.

## **Appendix A – Block Trade Minimum Threshold Quantities and Reporting Windows**

**TABLE 1: Minimum Threshold Quantities and Reporting Windows**

| <b>Contract Name / Commodity Code</b>           | <b>Contract Code</b> | <b>Minimum Threshold Quantity<br/>(in contracts)</b> | <b>Reporting Window<br/>(in minutes)</b> |
|---|----------------------|--|--|
| Secured Overnight Financing Rate (SOFR) Futures | FS3                  | 100  | 15                                       |

If you have any questions about this CNTF, please contact the FMX Futures Compliance Department at: [futurescompliance@fmx.com](mailto:futurescompliance@fmx.com).

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