

Frequently Asked Questions

ICE Futures U.S. Bakkt Bitcoin (USD) Futures & Options

These FAQs are provided for informational use only and do not constitute legal or investing advice. All contact information can be found at the end of the document.

Overview

1. What contracts are listed for trading on ICE Futures U.S. (IFUS)?

The bitcoin contracts available for trading on IFUS are:

- [Bakkt™ Bitcoin \(USD\) Monthly Futures](#)
- [Bakkt™ Bitcoin \(USD\) Monthly Options](#)

2. Do I need to prefund my Bakkt account to trade the monthly contracts?

No. All contracts are margined contracts, with the ability to go to physical delivery.

3. How are the futures contracts regulated?

The Bakkt Bitcoin (USD) Monthly Futures will be regulated consistent with the CFTC's regulatory requirements, as well as the compliance regime governing other contracts at ICE Futures U.S. (IFUS), a CFTC-regulated Designated Contract Market (DCM), and at ICE Clear U.S. (ICUS), a CFTC-regulated Derivatives Clearing Organization (DCO).

Customers' bitcoin will be stored in the Bakkt Warehouse, which is operated by Bakkt Trust Company, a qualified custodian and limited purpose trust company regulated by the New York State Department of Financial Services (NYDFS).

4. When did the Bakkt Bitcoin (USD) Monthly Futures contracts launch in production?

Trading of the Bakkt Bitcoin (USD) Monthly Futures contract began on Sunday, September 23, 2019.

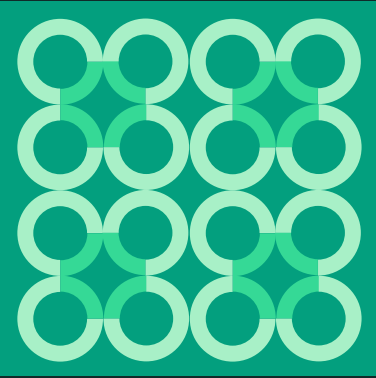
5. When will the Bakkt Bitcoin (USD) Monthly Options contracts launch in production?

Trading in the Bakkt Bitcoin (USD) Monthly Options contract will begin Sunday, December 8 at 8:00pm EPT.



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6. How do I get permissioned for Bakkt Bitcoin Futures and Options contracts?

Please refer to the [Onboarding Checklist](#). To request access to the Bakkt Bitcoin (USD) Monthly Futures contracts and the Bakkt Bitcoin (USD) Monthly Options contract, please reach out to your ICE sales contact, [Bakkt Sales](#) or the [ICE Help Desk](#).

7. If I am already permissioned to trade Bakkt Bitcoin Futures on IFUS, do I need to be separately permissioned to trade options as well?

No. If a trader has already been permissioned to trade Bakkt Bitcoin Futures, there is no additional permissioning needed to trade options. However, your FCM will still need to set limits for options separate from your futures limits.

Trading and Data

8. Are there block minimums for these futures and options contracts?

Yes, the minimum block trade size is 10 contracts.

9. Will you offer spread trading and how many spreads will be listed?

Yes. All spread combinations for all listed contracts in the Bakkt Bitcoin (USD) Monthly Futures will be supported.

10. What is the spread convention? How are spread leg prices calculated when trades are executed?

For calendar spread orders in the Bakkt Bitcoin (USD) Monthly Futures contracts, a buy order is defined as purchasing the far month and selling the near month, and a sell order is defined as selling the far month and purchasing the near month.

The leg prices for the spreads are calculated by applying an exchange calculated 'anchor price' at the time of the trade to the near month. The difference between the near month and the executed spread price will be applied to the far month.

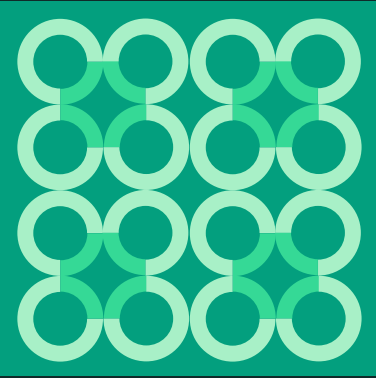
11. What strike range will be listed for the Bakkt Bitcoin options?

Strike prices will be listed in \$500 strike intervals against the front three monthly futures contracts. IFUS will always list a minimum of 10 strikes above and below the at-the-money strike for any given option month. Additional strike prices will be added accordingly due to movements in the underlying monthly futures price. User-defined strikes are also allowed in \$250 increments.



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12. What is the difference between an American and European style option?

American style options allow the buyer to submit exercise instructions at any point prior to the expiration date, whereas European style options are only exercised and assigned on expiration day.

13. What is the exercise style of the Bakkt Bitcoin (USD) Monthly Options contract?

The Bakkt Bitcoin (USD) Options contracts have a European exercise style. There are no early exercise instructions allowed. In-the-money options positions exercise directly into the monthly future, whereas out-of-the-money and at-the-money options positions expire.

14. What if I have an in-the-money option position but don't want to take my resulting futures position to delivery?

The last trade date of the options is always two business days prior to the last trade date of the underlying futures contract, so that an assigned futures position can be traded out of prior to futures delivery. The expiration schedule for the Bakkt Bitcoin (USD) Monthly Futures can be found [at this link](#).

15. What are the trading hours?

Trading hours are 8:00pm EPT to 6:00pm EPT, Sunday to Friday.

16. What is the relationship between the Bakkt Bitcoin (USD) Monthly Futures and bitcoin spot markets?

The Bakkt Bitcoin (USD) Monthly Futures are not related to, and have no reliance on, bitcoin spot markets. Because these contracts are physically delivered they do not require pricing data from the spot market like other cash settled futures may require.

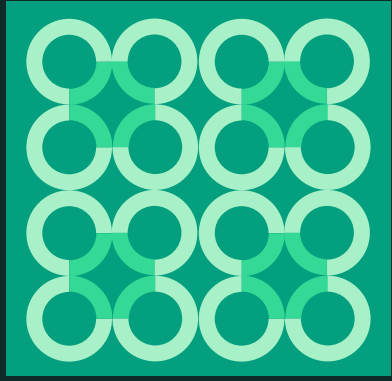
17. How will the settlement price be determined and does it reference unregulated spot markets?

Please see Rule 4.34 of the [IFUS Trading Rules](#) for information on settlement prices. There is no reliance on bitcoin spot markets for settlement pricing for the Bakkt Bitcoin Futures or Options contracts.



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18. What are the fees?

All fees are waived through December 31, 2019. The following fees will apply thereafter:

Fee Category	Bakkt Bitcoin (USD) Monthly Futures	Bakkt Bitcoin (USD) Monthly Options
Exchange and Clearing Fee: Screen Trades	\$1.25/contract	\$1.25/contract
Exchange and Clearing Fee: EFP & Block Tra	\$1.85/contract	\$1.85/contract
Delivery Fee	\$2.00/contract	N/A

19. Will there be market makers for the futures contracts?

Yes, IFUS is offering a market maker program to support screen trading of the Bakkt Bitcoin Futures and Options contracts. Please contact [Bakkt Sales](#) for additional information about this program.

20. What is the cost to access data associated with the futures contracts?

There will be a data fee waiver through June 30, 2020. Thereafter, if you are not a subscriber to IFUS data there will be a retail-priced data access fee. If you are an IFUS subscriber, the data associated with the Bakkt Bitcoin Futures and Options contracts are included for no fee.

Clearing

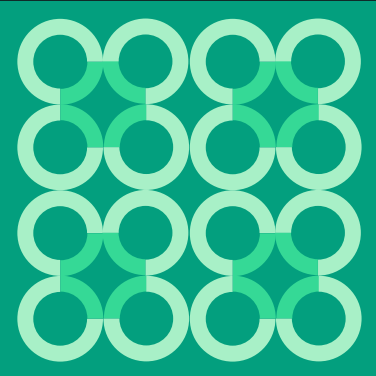
21. Do I need a clearing member relationship to trade the Bakkt Bitcoin Futures and Options contracts?

Yes. All trading participants require a futures commission merchant (FCM) that is a clearing member of ICUS to trade and clear the Bakkt Bitcoin Futures and Options contracts.



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22. How are the futures contracts margined?

ICUS initial margin for the Bakkt Bitcoin Futures are approximately 37% for outright contracts. Margin for spreads range between \$400 and \$800 per spread position depending on the difference between the two expiration dates. As with all contracts, the ICUS risk department reserves the right to adjust the margin level based on market conditions.

23. How are the options contracts margined?

The Bakkt Bitcoin Options contracts will be portfolio margined with any futures positions held in the same account, consistent with the same manner as all other options contracts at ICUS. The implied volatility scanning range will initially be set at +/- 99%. For more information about the option margining methodology please contact [ICUS Risk](#).

Bakkt Warehouse

24. What role does the Bakkt Warehouse play?

The Bakkt Warehouse is operated by a regulated entity and includes the security and software system that stores and delivers bitcoin associated with trading the Bakkt Bitcoin (USD) Monthly Futures. Please reach out to the [Bakkt Warehouse Operations](#) to learn more about the Bakkt Warehouse.

25. Are any banks involved in the safekeeping process?

Yes. Bakkt is working closely with BNY Mellon to offer geographically-distributed storage of private keys.

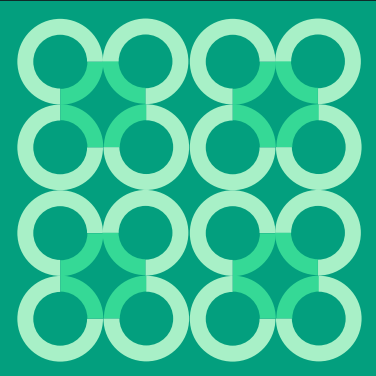
26. Is bitcoin in the Bakkt Warehouse insured?

Yes. Bakkt's cold and warm wallets are covered by a \$125,000,000 insurance policy from a leading global syndicate. Bakkt will regularly review its insurance program and coverage limits based on risk and assets under custody.

27. What are the custody fees for storing bitcoin at the Bakkt Warehouse?

There will be a fee holiday through June 30, 2020 for bitcoin stored at the Bakkt Warehouse used for trading the Bakkt Bitcoin (USD) Monthly Futures.





28. How does the Bakkt Warehouse connect with public blockchains like Bitcoin and what workflows does it support?

The Bakkt Warehouse facilitates the tracking and allocation of bitcoin balances using an internal ledger. This internal ledger records deposits, transfers, deliveries and withdrawals from the Bakkt Warehouse. The internal ledger operates separate and apart from the Bitcoin blockchain. The only interaction with the public blockchain is during the deposit of bitcoin into the Bakkt Warehouse and the withdrawal of bitcoin out of the Bakkt Warehouse.

29. Whom do I contact to better understand the deposit and withdrawal processes?

Customers may contact [Bakkt Warehouse Operations](#).

30. How is the Bakkt Warehouse infrastructure secured?

Bitcoin held at the Bakkt Warehouse will be secured in a combination of cold and warm wallets. Bakkt's custody solution is a secure method of storing bitcoin, with the vast majority of customer funds stored offline and safeguarded by robust operational controls. The [Bakkt Security Overview](#) provides more information on Bakkt Warehouse security.

31. How do I learn more about Bakkt and the futures and options contracts?

IFUS and ICUS have issued trading and clearing notices regarding the Bakkt Bitcoin Futures and Options launch. To learn more about the futures and options, customers may contact: [ICE Help Desk](#) or [Bakkt Sales](#). Customers of IFUS may also contact their clearing members about support of the Bakkt Bitcoin Futures and Options contracts.

Anyone looking to stay up to date on Bakkt and the launch of the Bakkt Bitcoin Options product can sign up for news at www.bakkt.com and follow Bakkt's development on [Medium](#) and [Twitter](#).

Contact Information: [Bakkt Sales](#), [Bakkt Warehouse Operations](#), [ICE Help Desk](#), [ICUS Risk](#)

Get started

sales@bakkt.com

