

TO: Clearing Member Firms

FROM: CME Clearing

DATE: October 11, 2019

ADVISORY #: 19-339

SUBJECT: **REVISED – Exercise & Assignment (E/A) Changes – Delayed**

Please be advised that the changes to the Exercise and Assignment (E/A) cycle and processing to deliver results earlier, for CME FX Options has been delayed. Once a new date is determined a subsequent Clearing House Advisory will be published.

Phase 1 - TBD

- 5:30 CT / 6:30 ET: Run an E/A cycle for all expiring CME FX Options

Phase 2 and 3 - TBD

- 3:30 CT / 4:30 ET: Run an E/A cycle for all expiring NYMEX/COMEX options, immediately after the contrary instruction deadline.
- 5:30 CT / 6:30 ET: Run an E/A cycle for all expiring CME, CBT, CBT Flex options, Late Coal and Power options, immediately after the newly combined contrary instruction deadline.

NOTE: Option Instructions, for all non-expiring options, will also be subject to the daily NYMEX/COMEX (3:30 CT / 4:30 ET), and CME/CBT (5:30 CT / 6:30 ET) Contrary Instruction deadline.

Benefits

- Provides FCMs the option to kick off end of day batch processing and produce customer statements ~2.5 hours earlier.
- Traders could know true exposure hours earlier and trade accordingly.
- FCM's will be able to start batch processing for customer statements hours earlier.

Behavioral Changes

- Allocation/Claim and Transfer activity for expiring options must be completed by the Option Instruction deadline.
 - To prevent having to move up Allocation/Claim and Transfer activity for all contracts, non-expiring option instructions will be assigned at normal time (~8:30 CT / 9:30 ET).
- Contrary Instruction Report for expiring options will expand to include ALL top-day option instructions.
 - Inclusion of non-expiring instruction activity in the Option Instruction Report allows firms to know if they need to wait for regular E/A or generate supplementary customer statements for non-expiring option assignments.
- PCS submission for expiring options can be submitted earlier to allow firms to finalize their positions in the expiring options.
 - Firms can submit PCS files earlier for all products, if needed, and submit additional PCS files later, as well.

- Positions in the expiring options can also be finalized manually in the Positions UI.

Phased Rollout Schedule

- Phase 1: CME FX Options – TBD
- Phase 2: All NYMEX/COMEX/DME Options –TBD
- Phase 3: Rest of CME/CBT Options – TBD

Eventual Option Exercise & Assignment Schedule – All Exchanges

| Exchange | Contrary Instructions | | Exercise and Assignment | | E&A Reports | |
|--------------------------------------|-----------------------|---------------|-------------------------|---------------|--------------|---------------|
| | Current Time | Proposed Time | Current Time | Proposed Time | Current Time | Proposed Time |
| CBT Flex | 5:00 PM | 5:30 PM | 7:30 PM | 5:45 PM | 8:00 PM | 6:15 PM |
| CBT Flex | 6:00 PM | 5:30 PM | 7:30 PM | 5:45 PM | 8:00 PM | 6:15 PM |
| CME | 7:00 PM | 5:30 PM | 7:30 PM | 5:45 PM | 8:00 PM | 6:15 PM |
| NYMEX - Early Coal | 8:30 AM | Same | 8:45 AM | Same | 9:15 AM | Same |
| NYMEX - Coal | 12:00 PM | Same | 12:15 PM | Same | 12:45 PM | Same |
| NYMEX - BZO | 2:30 PM | Same | 6:15 PM | 3:45 PM | 6:45 PM | 4:15 PM |
| NYMEX/COMEX/DME - All Other Products | 3:30 PM | Same | 6:15 PM | 3:45 PM | 6:45 PM | 4:15 PM |
| NYMEX - Late Coal and Power | 5:00 PM | 5:30 PM | 6:15 PM | Same | 6:45 PM | Same |

Testing

These changes are currently available to test in the New Release (NR) environment.

For more information please contact CME Clearing at ccs@cmegroup.com or via phone at Chicago (312) 207 2525 | London (44) 203 379 3198 | Singapore (65) 6593 5591