

TO: Clearing Member Firms

FROM: CME Clearing

DATE: November 26, 2019

ADVISORY #: 19-396

SUBJECT: **Phase 2 – Exercise & Assignment (E/A) Changes – 12/9/2019**

Please be advised that Phase 2 of the changes to the Exercise and Assignment (E/A) cycle and processing to deliver results earlier, for expiring NYMEX and COMEX Options has been scheduled for **Monday, December 9, 2019**.

Phase 1 – Implemented 11/20/19

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

Phase 2 – 12/9/19

- 3:30 CT / 4:30 ET: Run an E/A cycle for all expiring NYMEX/COMEX options, immediately after the contrary instruction deadline.

Phase 3 – January 2020

- 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.
- Subsequent PCS submissions for contracts that have already gone through the early E/A cycle will be ignored.
- Positions in the expiring options can also be finalized manually in the Positions UI.

Phased Rollout Schedule

- Phase 1: CME FX Options – Implemented 11/20/19
- Phase 2: All NYMEX/COMEX/DME Options – **12/9/19**
- Phase 3: Rest of CME/CBT Options – January 2020

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	5:00PM	5:30PM	7:30PM	5:45PM	8:00PM	6:15PM
CBT	6:00PM	5:30PM	7:30PM	5:45PM	8:00PM	6:15PM
CME	7:00PM	5:30PM	7:30PM	5:45PM	8:00PM	6:15PM
NYMEX-Early Coal	8:30AM	Same	8:45am	Same	9:15AM	Same
UK/Dutch Nat Gas Option	12:00PM	11.30AM	12:15PM	Same	12:45PM	Same
NYMEX - BZO	2:30PM	Same	6:15PM	3:45PM	6:45PM	4:15PM
NYMEX/COMEX/DME – All Other Products	3:30PM	Same	6:15PM	3:45PM	6:45PM	4:15PM
NYMEX – Late Coal and Power	5:00PM	5:30PM	6:15PM	Same	6:45PM	Same
*CME FX Options	5:30PM	Same	5:45PM	Same	6:15PM	Same

**Implemented on 11/20/2019.*

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