

TO: Clearing Member Firms

FROM: CME Clearing

DATE: January 14, 2020

ADVISORY #: 20-019

SUBJECT: **Phase 3 – Exercise & Assignment (E/A) Changes – 2/10/20**

Please be advised that Phase 3 of the changes to the Exercise and Assignment (E/A) cycle and processing to deliver results earlier, for the rest of CME and CBT Options has been scheduled for **Monday, February 10, 2020**.

The first early (non-FX) CME Expiration will be Monday, February 10, 2020 [Weekly e-Mini S&P 500 Options]

The first early CBT Expiration will be Wednesday, February 12, 2020 [Weekly Treasury Options]

**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 – Implemented 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 – 2/10/2020**

- 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.

**Expiring Option Exercise & Assignment Schedule\* – All Exchanges**

Exchange	Contrary Instructions Deadline		Exercise and Assignment Processing		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	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

\*All times listed in CST

**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](mailto:ccs@cmegroup.com) or via phone at Chicago (312) 207 2525 | London (44) 203 379 3198 | Singapore (65) 6593 5591