



TO: Clearing Member Firms

FROM: CME Clearing

DATE: February 4, 2020

ADVISORY #: 20-040

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

As a reminder, Phase 3 of the changes to the Exercise and Assignment (E/A) cycle and processing and deadlines to deliver results earlier, for the rest of CME and CBT Options is 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: Deadline for Post-Trade Processing, and Transfers for Expiring CME FX Options
- 5:45 CT / 6:450 ET: Run an E/A cycle for all Expiring CME FX Options

Phase 2 – Implemented 12/9/19

- 3:30 CT / 4:30 ET: Deadline for Contrary Instructions for ALL NYMEX/COMEX Options
- 3:30 CT / 4:30 ET: Deadline for Post-Trade Processing, and Transfers for Expiring NYMEX/COMEX Options
- 3:45 CT / 4:45 ET: Run an E/A cycle for all Expiring NYMEX/COMEX Options

Phase 3 – 2/10/2020

- 5:30 CT / 6:30 ET: Deadline for Contrary Instructions for ALL CME, CBT, and CBT Flex Options
- 5:30 CT / 6:30 ET: Deadline for Post-Trade Processing, and Transfers for Expiring CME, CBT, and CBT Flex Options
- 5:45 CT / 6:45 ET: Run an E/A cycle for all Expiring CME, CBT, and CBT Flex Options

Phase 4 – 2/24/2020

- 5:30 CT / 6:30 ET: Deadline for Contrary Instructions for ALL Late Coal and Power Options

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.

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 option 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, by the Exercise and Assignment Processing deadlines listed below, 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	N/A	N/A	3:45 PM	Same	4:15 PM	Same
NYMEX/COMEX/DME - All Other Products	3:30 PM	Same	3:45 PM	Same	4:15 PM	Same
NYMEX - Late Coal and Power	5:00 PM	5:30 PM	6:15 PM	Same	6:45 PM	Same

*All times listed in CST

Changes to the NYMEX Late Coal and Power products have been postponed until February 24th.

Testing

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

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