

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 / 6:45 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
<b>NYMEX - Late Coal and Power</b>	<b>5:00 PM</b>	<b>5:30 PM</b>	<b>6:15 PM</b>	<b>Same</b>	<b>6:45 PM</b>	<b>Same</b>

\*All times listed in CST

**Changes to the NYMEX Late Coal and Power products have been postponed until February 24<sup>th</sup>.**

### **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