

DATE: June 5, 2018

TO: Clearing Member Firms

FROM: CME Clearing

ADVISORY #: 18-228

SUBJECT: Enhanced Option Expiration Behavior Report

In response to requests from clearing firms to provide a 'quick' reference guide regarding differing options' behavior at expiration, CME Clearing is introducing enhancements to its current Contrary Instructions report on the CME website.

Currently, the report only lists products in which contrary instructions are not allowed on the day of expiration. Effective on June 4, 2018, the report will be enhanced to include the following characteristics:

1. Expiration Type – Weekly (W1-5), Long Dated (LD), Yearly Mid-Curve (M1-5)
2. Exercise Style – American versus European
3. ATM Behavior – Designates options where ATM calls are considered ITM and auto-exercised
4. Contrary Instructions Allowed – Designates options where contrary instructions are allowed (Y) or not allowed (N) on the expiry date
5. Settlement Using Fixing Price – Designates options use a fair-value fixing price to determine ITM status (rather than the underlying future settlement price)
6. Settlement Type – Designates options that expire into a future or a direct cash settlement
7. Option Style Fut/Equity – Designates whether option is margined as a futures style option or an equity style option.
8. Trading Cutoff Time – The time at which an option stops trading on Globex on the last trade date.

This report can be found at www.cmegroup.com/clearing/contrary-option-exercise-instruction.html. It is a CSV formatted file that can be downloaded as an Excel spreadsheet and further customized to one's preference. If you have any questions, please call CME Clearing Client Services at 312-207-2525 or ccs@cmegroup.com.
