

TO: Clearing Member Firms

FROM: CME Clearing

DATE: July 31, 2019

ADVISORY #: 19-242

SUBJECT: **Exercise & Assignment (E/A) Changes, Beginning With CME FX Options, Effective September 25<sup>th</sup>, 2019**

Please be advised that, in response to firm feedback, CME Clearing will make the following changes to the Exercise and Assignment (E/A) cycle and processing to deliver results earlier:

**Beginning September 25<sup>th</sup>, 2019**

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

**Beginning in Q4**

- 3:30 CT / 4:30 ET: Run an E/A cycle for all expiring NYMEX/COMEX options, immediately after the contrary instruction deadline.
- 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.
  - Positions in the expiring options can also be finalized manually in the Positions UI.

### Phased Rollout Schedule

- CME FX Options – **Wednesday, September 25, 2019**
- All NYMEX/COMEX/DME Options – October, date TBD
- Rest of CME/CBT Options – November, date TBD

### 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                             | 5:00 PM               | 5:30 PM       | 7:30 PM                 | 5:30 PM       | 8:00 PM      | 6:00 PM       |
| CBT                                  | 6:00 PM               | 5:30 PM       | 7:30 PM                 | 5:30 PM       | 8:00 PM      | 6:00 PM       |
| CME                                  | 7:00 PM               | 5:30 PM       | 7:30 PM                 | 5:30 PM       | 8:00 PM      | 6:00 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                 | 3:30 PM       | 6:45 PM      | 4:00 PM       |
| NYMEX/COMEX/DME - All Other Products | 3:30 PM               | Same          | 6:15 PM                 | 3:30 PM       | 6:45 PM      | 4:00 PM       |
| NYMEX - Late Coal and Power          | 5:00 PM               | 5:30 PM       | 6:15 PM                 | 5:30 PM       | 6:45 PM      | 6:00 PM       |

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### Testing

These changes will be available to test in the New Release (NR) environment in early September. A coordinated testing cycle for CME FX Options will be scheduled to help firms ensure that they are ready for these changes.

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