



Advisory Notice

Clearing House

10-232

TO: Clearing Member Firms
Floor Brokers/Floor Clerks

FROM: CME Clearing

DATE: May 28, 2010

RE: **IMPORTANT REMINDER: NYMEX/COMEX Option Expiration Rules, Policies and Procedures**

The following summarizes the NYMEX/COMEX Option Expiration rules, policies and procedures, which have remained intact on a post merger basis:

ALLOCATIONS AND CLAIMS

Give-up orders entered by the executing party must be allocated to the carrying Clearing Member **within 30 minutes** from the time the trade is entered into FEC. The carrying Clearing Member, in turn, must accept or reject the trade **within 60 minutes** from the time the trade is allocated. **The only exceptions are accounts eligible for post execution allocation in which allocations must be completed within 30 minutes of the market's close and claims must be completed within 90 minutes of the close.**

NOTICE OF EXERCISE/ABANDON (CUSTOMERS)

In accordance with the rules of the Exchange, a Notice of Exercise or a Notice of Abandon shall be effective only if received by a Clearing Member from a customer not later than **4:00PM ET** on the Expiration Date of an option contract.

NOTICE OF EXERCISE/ABANDON (CLEARING MEMBERS)

All futures settled options that are in-the-money **by at least the minimum tick valuation** will be automatically exercised. Clearing members should not submit an Exercise Notice for an option which will be automatically exercised. Contrary instructions to abandon an in-the-money option or to exercise an out-of-the-money option must be submitted **not later than 4:30PM ET**. Clearing members should not submit an Abandon Notice for an option which will be automatically abandoned. Due to the public dissemination of any contrary instructions, there are no exceptions to, or extensions of, the **4:30PM ET** deadline.

CONTRARY OPTION EXERCISE/ABANDON NOTICES

The total number of contrary Notices of Exercise/Abandon submitted by option contract is currently disseminated via e-mail and via telephone (CME Group NY Division 24 Hour Information Service, 212-299-2309, option 2). **Contrary Notice information is normally disseminated within 15 minutes following the submission deadline.**

POSITION CHANGE SUBMISSION (PCS)

PCS may be submitted either by manual input not later than **6:45PM ET** or electronic transmission not later than **7:00PM ET**. Upon an option expiration, once contrary exercise/abandon notice information is known, it is a best practice to enter your firm's PCS manually and lock it for those option contracts where contrary notices have been submitted. This practice will protect the Clearing Member and its customers from excess exercises or abandons. **These submission deadlines are firm and NO EXTENSIONS will be permitted on Option Expiration days.**

If you have any questions regarding this advisory, please contact Mel Garcia at 212-299-2144, melvin.garcia@cmegroup.com, Joe Fata at 212-299-2165, joe.fata@cmegroup.com or Tony Di Benedetto at 212-299-2152, anthony.dibenedetto@cmegroup.com.