

## Advisory Notice

Clearing House

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**DATE:** June 23, 2011  
**NOTICE #:** 11-215  
**TO:** Clearing Member Firms  
**FROM:** CME Clearing  
**SUBJECT:** **IMPORTANT: Revisions to NYMEX Rule 300 (Options Contracts)-Effective June 24, 2011**

Effective Friday, June 24, 2011, New York Mercantile Exchange, Inc. (NYMEX) will amend Rule 300.08 (Notice of Exercise) concerning the notice of exercise of option contracts.

The revisions allow for the rules of an option product chapter to specify an expiry time other than the standard 4:30 p.m. Eastern time and for an option to operate without an automatic exercise mechanism for in-the-money positions.

*These amendments are being made solely to accommodate option products that operate in international markets and the revisions to Rule 300.08 do not modify the requirements for any existing option product.*

The revisions to NYMEX Rule 308.08 appear below, with additions underscored and deletions overstruck.

### **300.08 NOTICE OF EXERCISE**

(A) Unless otherwise specified in Rules of the applicable product Chapter, a~~A~~ notice of exercise shall be effective:

1. only if received by a Clearing Member from a customer not later than 4:15 p.m. on any business day on which an option contract month is trading, up to and including the expiration date. For purposes of this Rule, "customer" shall include proprietary accounts as defined in Commission Regulation Section 1.3(y).
2. only if it is delivered by a Clearing Member to the NYMEX Clearing House not later than 4:30 p.m., or 45 minutes after the price of the option being exercised or the underlying futures settlement price is posted, whichever is later, on any business day on which an option contract is trading up to and including the expiration date. Notice of exercise shall be given to the Clearing House in such form and manner as the Clearing House shall prescribe.

[Sections B. – D. are unchanged.]

(E) Unless otherwise specified in the Rules of the applicable product Chapter, on~~On~~ the last day on which an option may be exercised, each option held by a clearing member having an in-the-money value will be automatically exercised by the Clearing House unless the Clearing House receives written notification from the clearing member at such time as the Clearing House shall prescribe on the option's expiration date stating that the clearing member elects to abandon such option. The Clearing House shall make appropriate book entries and allocations for all options automatically exercised in accordance with subsections (B) and (D) of this Rule.

[The remainder of the Rule is unchanged]

Questions regarding this Special Executive Report should be directed to Richard Stevens, Director, Research & Product Development, at +44 20 7796 7129 or Melvin Garcia, Manager, CME Clearing, at 212 299 2144.