

## Special Executive Report

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S-5019

September 29, 2009

### Notification of Amendments to Strike Price Intervals for COMEX Division – Gold Futures Options Rules

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Please be advised that effective Monday, October 12, 2009, the Commodity Exchange, Inc. (“COMEX” or “Exchange”) will amend the listing of strike prices on COMEX Division – Gold Futures Options Rules (Rule 115.03; code OG) listed for trading on CME Globex<sup>®</sup> and the NYMEX trading floor, respectively, and for clearing through CME ClearPort<sup>®</sup>. Specifically, the Exchange will change the strike price to \$5.00 increments for all trading months regardless of the level of the underlying futures prices. Currently, the strike price interval is dependent on futures price levels as follows: \$5.00 if futures prices are under \$500; \$10.00 if futures prices are between \$500 and \$1,000; and \$25.00 for futures prices above \$1,000.

In addition, the number of listed strike prices above and below the at-the-money option will expand from six to twenty strike prices.

For more information, please contact Bob Biolsi, at (212) 299-2610.

The Rule amendments are presented below in blackline for your convenience.

#### AMENDMENT TO RULE 115.03

(bold/underline denotes addition; Strikethrough denotes deletion)

##### 115.03 - Strike Prices for Gold Futures Options

(a) **For** February and March Expiration Cycles

(1) Strike prices shall be in the following **\$5** increments per troy ounce of gold ~~during the six nearby~~ **for all** trading months:

~~(A) for strike prices of less than or equal to five hundred dollars (\$500), (B) for strike prices greater than five hundred dollars (\$500) and up to and including one thousand dollars (\$1,000), the strike price increments shall be ten dollars (\$10); and~~

~~(C) for strike prices greater than one thousand dollars (\$1,000), the strike price increments shall be every evenly divisible twenty five dollars (\$25).~~

~~(2) Strike prices shall be in the following increments per troy ounce of gold for all other months than the nearest six~~

~~(A) for strike prices of less than or equal to five hundred dollars (\$500), the strike price increments shall be ten dollars (\$10);~~

~~(B) for strike prices greater than five hundred dollars (\$500), and up to and including one thousand dollars (\$1,000), the strike price increments shall be twenty dollars (\$20); and (C) for strike prices greater than one thousand dollars (\$1,000), the strike price increments shall be fifty dollars (\$50).~~

~~(3) Trading in puts and calls on the first day of a new option contract month shall be at the following thirteen strike prices: (i) the previous day's settlement price for gold futures contracts in the corresponding delivery month rounded off to the nearest strike price unless such settlement price is precisely midway between two strike prices, in which case it shall be rounded off to the higher price and (ii) the six \$10 strike prices which are the six increments higher than the strike price described in (i) of this Rule~~

~~115.03(2) and (iii) the six strike prices which are the six increments lower than the strike price described in (i) of this Rule 115.03(2).~~

**(2) For all option contracts months, strike prices will be listed with forty one strike prices: (i) the previous day's settlement price for gold futures contracts in the corresponding delivery month rounded off to the nearest strike price unless such settlement price is precisely midway between two strike prices, in which case it shall be rounded off to the higher price and (ii) the twenty \$5 strike prices which are the twenty \$5 increments higher than the strike price described in (i) of this Rule 115.03(2) and (iii) the twenty \$5 strike prices which are the twenty increments lower than the strike price described in (i) of this Rule 115.03(2).**

Notwithstanding the provisions of this subsection, if the Board determines that trading in gold futures options will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of strike prices which will be introduced on each business day or the period preceding the expiration of a gold futures option in which no new strike prices may be introduced.

(3) Whenever the settlement price for gold futures contracts in the delivery month corresponding to an option contract month is equal to or greater than (i) the twenty first highest strike price for that option contract month plus (ii) one-half the increment between the seventh highest strike price and the sixth highest strike price, one or more new strike prices for both puts and calls shall be introduced on the following business day, on the increments set forth in paragraph (a) above, so that at all times there will be at least twenty strike prices above and below the at-the-money strike price.

(4) Whenever the settlement price for gold futures contracts in the delivery month corresponding to an option contract month is less than (i) the ~~seventh~~ **twenty first** lowest strike price for that option contract month minus (ii) one-half the increment between the seventh lowest strike price and the ~~sixth~~ **twentieth** lowest strike price, one or more new strike prices for both puts and calls shall be introduced on the following business day, on the increments set forth in paragraph (a) above, so that at all times there will be at least ~~sixth~~ **twentieth** strike prices below the at-the-money strike price.

(5) No new strike prices shall be introduced in the option contract month of the gold futures options next due to expire after the third business day prior to the Expiration Date for such futures options.

(a) Notwithstanding the provisions of section (a) of this Rule 115.03, if the Board determines that trading in gold futures options will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the price of the gold futures contract at which a new strike price will be introduced, or the period preceding the expiration of a gold futures option in which no new strike prices may be introduced.

(b) In addition to strike prices authorized pursuant to other sections of this Rule 115.03, the President of the Exchange or his designee may direct that additional strike prices be added. Such strike prices may be added provided they may be listed only in increments consistent with the pricing for the underlying futures contract. Such directed strike prices shall be effective upon adoption. Notice of such adoption must be given by the Exchange to the CFTC pursuant to Commission Regulation 1.41(n) in such fashion that the CFTC receives such notice within three business days of the strike price listing.

[remainder of Rule is unchanged]