

Chapter 112 Silver Futures

112.00 SCOPE

The provisions of these rules shall apply to all silver bought or sold for future delivery on the Exchange. As used in this Chapter, defined terms shall have the meanings ascribed to them in Chapter 7A, Metals Rules for Electronic Warrants.

112.01. DEFINITIONS

For the purpose of this chapter, the following terms shall have the meanings stated below;

"Contract Unit" shall mean five thousand (5,000) troy ounces.

112.02. CONTRACT UNIT FOR SILVER

The seller shall deliver one Contract Unit of silver with a weight tolerance of 6% either higher or lower. Said delivery shall be made up exclusively of:

(a) Each Contract Unit shall consist of five (5) bars of refined silver cast in bars of one thousand (1,000) troy ounces, with a weight tolerance of 10% either higher or lower.

(b) Each Contract Unit shall consist of silver made up of one or more of the officially listed brands or markings as provided in Rule 112.04, current at the date of delivery of such silver.

(c) Each bar of eligible silver must have the weight, fineness, bar number, and brand or hallmark clearly incised on the bar. The weight may be in troy ounces or grams. If the weight is in grams, it must be converted to troy ounces for documentation purposes by dividing the weight in grams by 31.1035 and rounding to the nearest tenth of a troy ounce. All documentation must show the weight in troy ounces.

112.03. GRADE AND QUALITY SPECIFICATIONS

Silver delivered under this contract shall assay to a minimum of 999 fineness.

112.04. LISTING OF SILVER BRANDS

(a) The Exchange shall designate as Approved Producers those silver refiners whose silver bars shall be eligible in connection with deliveries of silver in fulfillment of an Exchange contract for silver. Additional Approved Producers may be designated in the same manner from time to time. The Exchange may also terminate the designation of a silver refiner at any time as an Approved Producer, and from and after the date of such termination, silver produced by such refiners may not be placed in a Licensed Depository for delivery in fulfillment of an Exchange contract for silver. Neither the addition nor deletion of a silver refiner as an Approved Producer shall be deemed to affect the amount of money to be paid or the grade or quality of silver to be delivered in fulfillment of an Exchange contract for silver, and shall be binding upon all contracts entered into before as well as after the adoption of any such change, anything in these Rules to the contrary notwithstanding.

(b) Silver refiners, in order to have their silver brands registered as eligible, shall file such documents as required by the Exchange in its sole discretion, to establish their qualifications.

112.05. REMOVAL OF SILVER BRAND OF MARKING FROM OFFICIAL LIST

(a) All Brands. If the Exchange shall at any time determine that the metallurgical assay of any silver bars bearing a brand or marking on the Official List of Approved Refiners and Brands, has depreciated below 999 fineness, thereupon the Exchange may exclude said brand or marking from the Official List of Approved Refiners and Brands unless deliveries of bars bearing said brand or markings are accompanied by certificates of analysis of one of the Approved Assayers of the Exchange showing a silver fineness of not less than 999. Any brand or marking so affected by such decision of the Exchange shall be listed on the Official List of Approved Refiners and Brands so as to indicate the limitation upon deliveries of said brand or marking. The limitation upon deliveries of such brand or marking shall not be deemed to affect the amount of money to be paid or the grade or quality of silver to be delivered under the silver contract, and shall be binding upon all such contracts entered into before, as well as after, the adoption of such changes, anything in these Rules to the contrary notwithstanding.

(b) Brands No Longer in Production

1. The Exchange, in its discretion, may determine to remove from the Official List of Approved Refiners and Brands a particular silver brand or marking of an Approved Producer that has ceased production. The factors to be considered in delisting an approved brand include, but are not limited to, limited commercial acceptability of the brand; concerns about quality or quality uniformity of the brand; or total inventory on warrant at all Licensed Depositories for silver of the brand that is less than 2,000 bars.

2. Effective September 30, 1997, silver bars incised with the "SM" brand, i.e., Spiral Metal Co., Inc., that are not residing in a Licensed Depository for silver and on warrant as of that date shall not be deliverable against an Exchange Silver Futures Contract. Beginning June 25, 1998, no warrant containing any silver bars incised with the "SM" brand may be presented for delivery against an Exchange Silver Futures Contract.

112.06. STORAGE REQUIREMENTS OF DEPOSITORIES LICENSED FOR DELIVERY OF SILVER

Storage Requirements. A Licensed Depository shall accept all eligible silver offered for storage. In the event a Licensed Depository is unable to store additional silver because of physical limitation of facilities, notification shall be given to the Exchange's Research and Product Development Department at once, and further notice shall be given when the depository is again to receive additional silver for storage.

112.07. WARRANTS

(a) Issuance of the Warrants. After eligible silver has been placed in a Licensed Depository, accompanied by itemized bar list showing brand, bar numbers and weight as stamped on the bars, Warrants stating the brand or markings, serial numbers, and the number of bars, shall be issued to its owners. Warrants shall be lettered or numbered consecutively by each Licensed Depository and no two receipts shall bear the same letter or number. If letters are used, they must not exceed three (3) characters and if used in combination with numbers, they must precede the numbers. The numbers must not exceed 7 digits.

(b) No Warrant shall be issued for more or less than one contract unit.

112.08. WEIGHING OF SILVER BARS BEARING APPROVED BRANDS

Any bar of silver that does not have the bar weights stamped or incised on the bars by the refiner, and which is identified by a refiner's bar list without indicating or specifying the bar weights, but which is otherwise qualified for delivery on Exchange contract, may be put in tenderable condition for such delivery by the following procedure:

(a) The silver must be weighed by a Licensed Weighmaster.

(b) The weight of each bar and the identification stamp of the Licensed Weighmaster must be

incised with an appropriate tool which will create a permanent record on each bar.

(c) The weight so marked on each bar shall be to the nearest 1/10th of an ounce.

(d) The Licensed Weighmaster shall prepare a certificate stating the procedures which he has followed, and said certificate shall be attached to the itemized bar list identifying the bars by number and weights of each. Said Weighmaster's Certificate and bar list shall be maintained by the Licensed Depository.

(e) For all silver placed in tenderable condition prior to December 1, 2003, a separate bar number incised with an appropriate tool will be acceptable in lieu of the identification stamp of the Licensed Weighmaster.

112.09. DELIVERY MONTHS

During each calendar month (the "current calendar month"), the Exchange will make available for trading futures contracts that provide for delivery of silver in the following months: 1) the current calendar month; 2) the first calendar month following the current calendar month; 3) the second calendar month following the current calendar month; 4) each January, March, May, and September falling within a 23-month period beginning with the current month; and 5) each July and December falling within a 60-month period beginning with the current month.

112.10. PRICES AND FLUCTUATIONS

Silver futures contracts shall be traded in one-half cent per ounce (\$.005) multiples, with respect to outright transactions and one-tenth cent per ounce (\$.001) multiples, with respect to straddles (also known as switches or spreads) executed by trading the differential, as described in Rule 104.38. Contracts traded on any other price basis are prohibited.

112.11. DELIVERY OF SILVER

(a) Silver may be delivered against a silver contract from any Licensed Depository designated by the Exchange specifically for the storage of silver, and may not be delivered except from such Licensed Depository. Each contract unit shall be delivered from a single Licensed Depository. The Exchange may from time to time add to or eliminate Licensed Depositories after notice to members. Said notice shall fix the time when such changes shall become effective. The addition or elimination of a Licensed Depository shall not be deemed to affect the amount of money to be paid or the grade or quality of the silver to be delivered upon an Exchange contract, and shall be binding upon all such contracts entered into before, as well as after the adoption of such change, anything in these Rules to the contrary notwithstanding.

(b) The bar list must be an instrument prepared and signed by the refiner of the silver identified therein or by the Licensed Depository issuing the Warrant.

(c) A Warrant must be endorsed by each person or party whose endorsement is necessary to pass title thereto; and in addition, a Warrant, irrespective of its form, must be endorsed and dated by every member of the Exchange who passes it in connection with an Exchange transaction.

(d) The receiver shall not be required to accept any tender varying more than 6% above or below 5,000 troy ounces.

(e) Payment shall be made upon the basis of the weight stamped upon the bars delivered. If the material is stamped in grams the weight must be converted to troy ounces in accordance with Rule 112.02 (c).