

Chapter 115

Gold Options

115.01. DELETED

Deleted.

115.02. TRADING MONTHS OF GOLD OPTIONS

(a) Gold options shall be listed for trading on each of the nearest twenty (20) consecutive futures contract months. In addition, June and December option contract months shall be listed for seventy-two (72) months from the current listed month.

(b) Notwithstanding the provisions of this subsection, if the Board determines that trading in gold options will be facilitated thereby, the Board may, by resolution, add additional months that are not currently listed.

115.03. STRIKE PRICES

(1) Strike prices shall be in increments per troy ounce of gold for all trading months as described below. Trading in puts and calls on the first day of a new option contract month shall be at the following one hundred seventeen 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;

(ii) the forty \$5 strike prices which are forty \$5 increments higher than the strike price described in (i) of this Rule 115.03(1);

(iii) the forty \$5 strike prices which are forty increments lower than the strike price described in (i) of this Rule 115.03(1);

(iv) an additional ten strike prices for both call and put options will be listed at \$10.00 increments above the highest five dollar increment as described in (ii) of this Rule 115.03(1), beginning with the first available such strike that is evenly divisible by \$10.00;

(v) an additional ten strike prices for both call and put options will be listed at \$10.00 increments below the lowest five dollar increment as described in (iii) of this Rule 115.03(1), beginning with the first available such strike that is evenly divisible by \$10.00;

(vi) an additional eight strike prices for both call and put options will be listed at \$25.00 increments above the highest \$10.00 increments as described in (iv) of this Rule 115.03(1), beginning with the first available such strike that is evenly divisible by \$25.00;

(vii) an additional eight strike prices for both call and put options will be listed at \$25.00 increments below the lowest \$10 increment as described in (v) of this Rule 115.03(1) beginning with the first available such strike that is evenly divisible by \$25.00.

(2) At all times, there shall be at least forty \$5 strike prices above and below the at-the-money strike price, ten \$10.00 strike prices above and below the at-the-money strike price, and eight \$25.00 strike prices above and below the at-the-money strike price.

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

(a) Notwithstanding the provisions of sections (1) and (2) of this Rule 115.03, if the Exchange determines that trading in gold options will be facilitated thereby, the Exchange 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 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.

115.04. PRICE MULTIPLES FOR GOLD OPTIONS

Prices for gold options shall be in multiples of ten cents per troy ounce of gold represented by the underlying futures contract.

115.05. PRICE LIMITS AND CESSATION OF TRADING IN GOLD OPTIONS

Trades in gold options shall not be subject to price limits.

115.06. PAYMENT OF PREMIUM

(a) The purchaser of a gold futures option shall pay the full premium therefor to the Clearinghouse not later than the time which the Clearinghouse requires on the business day following the purchase of the option.

(b) The grantor of a gold futures option shall receive the full premium therefor from the Clearinghouse not later than the close of business on the business day following the sale of the option.

115.07. DELETED

Deleted.

115.08. EXPIRATION AND EXERCISE OF GOLD OPTIONS

(a) A gold futures option shall expire at the close of trading four business days prior to the end of the month preceding the option contract month; provided, however, that (1) if such day is a Friday, the expiration date shall be the preceding business day or (2) if such day is the day immediately prior to an Exchange holiday, the expiration date shall be the preceding business day. In the event that the official Exchange holiday schedule changes subsequent to the listing of a Gold futures option, the originally listed expiration date shall remain in effect. In the event that the originally listed expiration day is declared a holiday, expiration will move to the business day immediately prior.

(b) An option which is subject to automatic exercise shall be exercised in accordance with the rules and procedures of the Clearinghouse. All other options shall expire unless Notice of Exercise is given to a Clearing Member not later than 3:00 P.M. on the option's Expiration Date.

115.09. NOTICE OF EXERCISE

(a) Notice of exercise of an option shall be presented to the Clearinghouse in accordance with such rules and procedures as the Clearinghouse may adopt.

(b) On the same day the Clearinghouse receives a notice of exercise of an option or automatically exercises an option the Clearinghouse shall allocate exercised options in accordance with its rules. On the following business day the Clearinghouse shall notify clearing members which of its short options were exercised.

(c) Clearing members shall make every effort to notify prior to 9:00 a.m. (New York time) on the following business day the grantor of any option who is allocated an exercised option. Clearing members shall, also, make every effort to notify prior to 9:00 a.m. (New York time) on the business day following the expiration of an option the grantor of any in-the-money option who is not allocated an exercised option.

(d) A Notice of Exercise for a gold futures call option shall be in the following form:

NOTICE OF EXERCISE OF A GOLD FUTURES CALL OPTION

New York, 20
(0:00 o'clock)

To ()

Take notice that effective upon the opening of gold trading on , 20 we shall purchase from you and you shall sell to us one Commodity Exchange, Inc. futures contract for 100 troy ounces of gold at a price of dollars per troy ounce (the strike price of the option) for delivery between the first and last delivery days of (the option contract month).

Signed ()

(e) A Notice of Exercise for a gold futures put option shall be in the following form:

NOTICE OF EXERCISE OF GOLD FUTURES PUT OPTION

New York, N.Y. , 20
 (o'clock)

To ()

Take notice that effective upon the opening of gold trading on
 , 20 we shall sell to you and you shall purchase from us one Commodity Exchange, Inc. futures
 contract for 100 troy ounces of gold at a price of dollars per troy ounce (the strike price of the
 option) for delivery between the first and last delivery days of (the option contract month).

Signed ()

(f) A Notice of Exercise of a gold futures option cannot be transferred or assigned. A member
 receiving a Notice of Exercise of a gold futures call option shall be entered as the seller of a gold
 futures contract for delivery in the month corresponding to the option contract month at the strike
 price of the gold futures call option and a member receiving a Notice of Exercise of a put futures
 option shall be entered as the purchaser of a gold futures contract for the delivery month
 corresponding to the option contract month at the strike price of the gold futures put option.

115.10. FORM OF GOLD OPTIONS

(a) All gold options in the March and February expiration cycles shall be in the following form:

COMMODITY EXCHANGE, INC.
 GOLD FUTURES OPTION
 New York, N.Y. 20

A.B. has this day sold to C.D. and agreed to honor on timely Notice of Exercise a (call) gold futures
 option, to (purchase) one contract of
 (put) (sell)

100 troy ounces of gold for delivery in (the option contract month) at a price of \$ per troy ounce (the
 strike price). Upon the Notice of Exercise, the buyer and seller of this futures option shall become
 the buyer and seller, respectively, if the futures option is a futures call option, or the seller and
 buyer, respectively, if the futures option is a futures put option, of a Commodity Exchange, Inc. gold
 futures contract on the terms stated above.

The contract is, and any gold contract resulting from the exercise shall be, made in view of, and in
 all respects subject to the By-Laws and Rules of Commodity Exchange, Inc.

For and in consideration of a premium which the futures option buyer pays to the futures option
 seller, the undersigned accepts this contract with all its obligations and conditions.

Verbal contracts (which shall always be presumed to have been made in the approved form) shall
 have the same standing, force and effect as written ones, if notice in writing of such contracts shall
 have been given by one of the parties thereto to the other party during the day on which such
 contract is made.