



Special Executive Report

DATE: August 23, 2011

SER#: 5881

SUBJECT: New 10:1 Offset of E-micro Gold Futures (MGC) to Gold Futures (GC)

Effective September 12, 2011, the New York Mercantile Exchange, Inc. ("NYMEX") and the Commodity Exchange, Inc. ("COMEX" and collectively the "Exchanges") will implement amendments to NYMEX Rule 855 ("Offsetting Different Sized Futures Positions") and COMEX Rule 120.07 ("E-micro Gold Futures - Delivery and Conversion") to allow for a 10:1 offset of E-micro Gold futures and Gold futures contracts.

In order to allow the E-micro Gold futures contract to be fungible with the Gold futures contract, the current delivery specifications will be modified such that on any day during the delivery period until the last intent day, only deliveries in ten (10) contract multiples would be allowed to be delivered. On the last intent day, any quantity of E-micro Gold futures can be delivered.

The rule amendments are provided below additions underscored. The aforementioned changes will become effective on Monday, September 12, 2011.

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(additions underscored and deletions overstruck)

Chapter 120 E-micro Gold Futures

120.07 DELIVERY AND CONVERSION

Delivery shall be made in accordance with Rule 7A06.

Deliveries for E-micro Gold futures contracts, commencing with the October 2011 contract, will be restricted to multiples of ten E-micro Gold futures on all days on which deliveries may take place with the exception of the last intent day. On the last intent day, there will be no restriction on the delivery quantity.

Upon delivery of an E-micro Gold futures contract, the buyer receives/seller delivers an Accumulated Certificate of Exchange ("ACE"), issued by the CME clearing house. An ACE represents a 10% ownership in a 100-Troy Ounce Gold bar held in the form of a COMEX gold warrant.

A Clearing Member may request the issuance of ten (10) ACEs by electronically endorsing to the CME clearing house a COMEX gold warrant representing one (1) 100-Troy Ounce Gold bar.

ACEs may only be redeemed for a COMEX gold warrant upon the accumulation of ten (10) such certificates. Upon presentation and endorsement to the CME clearing house of ten (10) ACEs, the owner will receive one (1) COMEX gold warrant meeting the specifications of the 100-Troy Ounce Gold futures contract. Tolerance adjustments for ounces received vs. ounces represented by the ACEs will be made through the CME clearing house.

Storage charges are invoiced to the Clearing Member who owns the ACEs.

[remainder of Rule unchanged]

Chapter 8 Clearing House and Performance Bonds

855. OFFSETTING DIFFERENT SIZED FUTURES POSITIONS

With the consent of the account controller, a clearing member may offset and liquidate long futures positions against short futures positions, or short futures positions against long futures positions, held in the same account in the following ratios:

E-mini Crude Oil (QM) to Crude Oil Financial (WS) 2:1

E-mini Natural Gas (QG) to Henry Hub Natural Gas Look-Alike Penultimate Financial (HP) 4:1

Henry Hub Natural Gas Look-Last Day Financial (NN) to Henry Hub Natural Gas Look-Alike Last Day Financial (HH) 4:1

Henry Hub Natural Gas Penultimate Financial (NP) to Henry Hub Natural Gas Look-Alike Penultimate Financial (HP) 4:1

E-mini RBOB Gasoline (QU) to RBOB Gasoline Financial (RT) 2:1

E-mini Heating Oil (QH) to Heating Oil Financial (BH) 2:1

E-micro Gold (MGC) to Gold (GC) 10:1

The clearing member shall notify the Clearing House of offsetting positions by submitting reports to the Clearing House in such form and manner as the Clearing House shall specify. The positions shall be offset at the previous day's settlement price.

The positions being offset shall be transferred to a Clearing House holding account. Long and short positions in the same contract and contract month held in the holding account shall be netted, thus reducing the number of open positions in such contract.

[remainder of Rule unchanged]