

Special Executive Report

S-5113

January 20, 2010

Notification of Amendments to Strike Price Intervals for COMEX Division – Gold Option Contract

Please be advised that effective Monday, February 8, 2010, the Commodity Exchange, Inc. ("COMEX" or "Exchange") will amend the listing of strike prices for the COMEX Gold Option contract (Rule 115.03; code OG) listed for trading on CME Globex® and the NYMEX trading floor, respectively, and for clearing through CME ClearPort® for all listed contract months.

Specifically, the Exchange will expand the listing of strike prices from twenty \$5.00 strike prices above and below the at-the-money option to forty \$5.00 strike prices for the trading floor, CME ClearPort and Globex. In addition, another ten at \$10.00 strike price intervals will be added for out-of-the-money options above the highest \$5.00 strike price and below the lowest \$5.00 strike price increments. Finally, eight additional out-of-the money strike prices at \$25.00 intervals will be added above the highest \$10.00 strike price and below the lowest \$10.00 strike price.

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

~~For February and March Expiration Cycles~~

(1) Strike prices shall be in ~~the following \$5 increments~~ as described below per troy ounce of gold for all trading months

~~(2) 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: 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~~ forty \$5 strike prices which are the ~~twenty~~ forty \$5 increments higher than the strike price described in (i) of this Rule 115.03(1); ~~and~~

(iii) the ~~twenty~~ forty \$5 strike prices which are the ~~twenty~~ 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.

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.

- (32) ~~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, 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.~~
- (4) ~~Whenever the settlement price for gold futures contracts in the delivery month corresponding to an option contract month is less than (i) the twenty first lowest strike price for that option contract month minus (ii) one half the increment between the seventh lowest strike price and the 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 twentieth strike prices below the at-the-money strike price.~~
- (53) ~~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 sections (a1) and (2) of this Rule 115.03, if the ~~Board~~ Exchange determines that trading in gold ~~futures~~ options will be facilitated thereby, the ~~Board~~ 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 ~~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.