

## METALS PRODUCTS

# Copper Futures and Options



Copper's importance in world markets and responsiveness to world events make our high-grade copper futures and options contracts important risk management tools for commercial interests as well as potentially rewarding opportunity for investors who seek to profit by correctly anticipating price changes. Available on the trading floor in New York, on the CME Globex electronic trading platform and over-the-counter (OTC) clearing through the CME ClearPort, these contracts provide market users with liquidity, ease of access and unparalleled price transparency.

### The Metals Risk Management Marketplace

NYMEX and COMEX are now a part of CME Group, the world's largest and most diverse derivatives marketplace. Our metals futures markets include full-size contracts on gold, silver, platinum, palladium, copper and steel; as well as E-mini contracts for gold, silver and copper. These metal markets combine a unique volatility trading opportunity with an effective means for risk management. And with average daily volume of approximately 200,000 futures and options contracts traded, our metals markets are the most liquid in the world for these products.

### Futures Market Characteristics

- The COMEX copper futures contract is used by all facets of the copper industry in the U.S. It is fully integrated in the domestic market and is the predominant benchmark throughout the value chain (raw materials to finished product)
- Warehouse locations based in the continental U.S. that include Tucson, AZ; Panama City, FL; Baltimore, MD; Camden, NJ; Toledo, OH; Amarillo, TX; El Paso, TX; and Salt Lake City, UT
- Arbitrage opportunities are created vis-à-vis the COMEX/LME price differential
- Highly correlated to the status of the manufacturing and housing sectors of the U.S. economy

### Added Benefits of Trading Copper Options

- A buyer's potential loss is limited to the premium paid for the options contract
- Options provide the ability to hedge cash and futures positions against an adverse price direction without foregoing the benefits of favorable price movements
- Hedging through the use of options is available at many different levels of cost and degrees of protection

## Transparency, Flexibility, Security

- Market participants are provided with a central point of price discovery, price transparency, risk management, mitigation of counterparty credit risk and CFTC oversight
- Price may be managed separately from physical supply
- Contracts list for 24 months forward, enabling the establishment of a forward price curve
- Electronic futures trading is available on CME Globex, the world's leading electronic trading platform, facilitating risk management opportunities for market participants around the globe
- OTC transactions can be cleared through CME ClearPort, giving market participants unparalleled flexibility to conduct OTC business, negotiate prices and still take advantage of the benefits of central counterparty clearing by submitting the transactions through CME ClearPort
- Counterparty credit risk is virtually eliminated with centralized clearing with CME Clearing essentially becoming the buyer to every seller and the seller to every buyer

## E-mini Copper Futures

### Trading Unit

12,500 pounds – Half the size!

### Minimum Price Fluctuation

\$.0020 per pound

### Settlement

Financial

### Trading Symbol

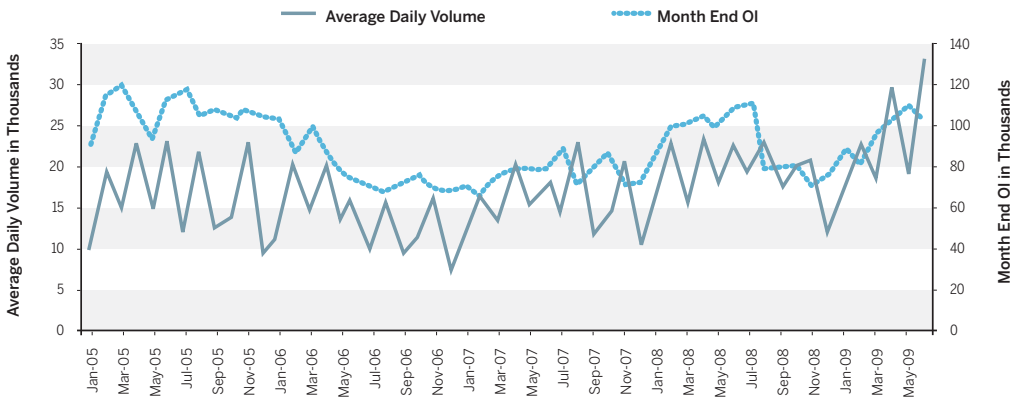
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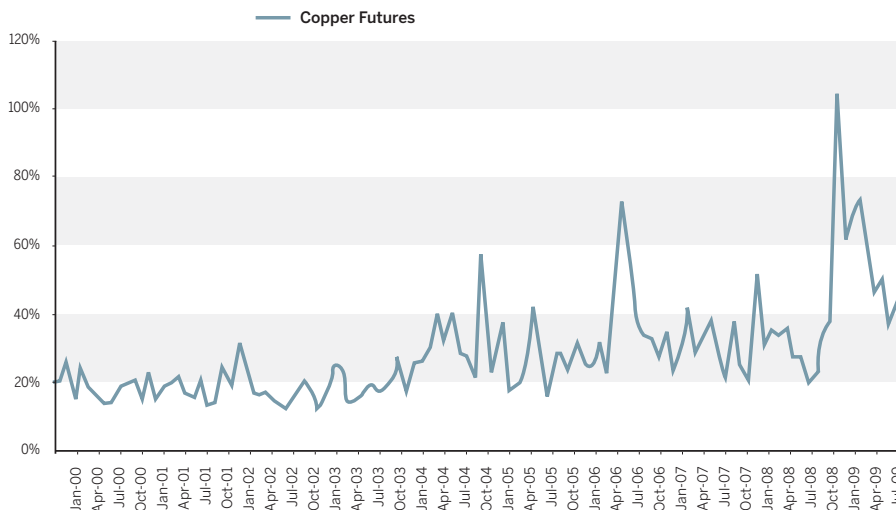
Thomson Reuters: QCC/-NC

Bloomberg: OPA

## Copper Volume and Open Interest



## Copper Futures – Spot Month – 20-Day Historical Volatility



# COPPER CONTRACT SPECIFICATIONS

	FUTURES	OPTIONS
Trading Unit	25,000 pounds	One COMEX copper futures contract
Price Quotation	U.S. cents per pound	See futures
Trading Hours All times listed in New York Time	<b>CME Globex:</b> Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. Chicago Time/CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT)  <b>CME ClearPort:</b> 6:00 p.m. Sunday – 5:15 p.m. Friday (5:00 p.m.- 4:15 p.m. CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT).  <b>Open outcry trading:</b> Monday – Friday 8:10 a.m. – 1:00 p.m. (7:10 a.m. – 12:00 p.m. CT)	See futures
Trading Months	Trading is conducted for delivery during the current calendar month and the next 23 consecutive calendar months	Options are listed for trading in each of the nearest 22 futures contract months. The options are American-style and can be exercised at any time up to expiration
Minimum Price Fluctuation	Price changes are registered in multiples of five one-hundredths of one cent (0.05¢ or \$0.0005) per pound, equivalent to \$12.50 per contract. A fluctuation of one cent (1¢ or \$0.01) is equivalent to \$250 per contract	See futures
Delivery	Copper deliveries may be only from an exchange-licensed warehouse in the United States. Delivery must be made upon a domestic basis; import duties or import taxes, if any, must be paid by the seller, and shall be made without any allowance for freight  Complete delivery rules and provisions are detailed in Chapter 7A of the Exchange Rulebook	See futures
Delivery Period	The first delivery day is the first business day of the delivery month; the last delivery day is the last business day of the delivery month	See futures
Last Trading Day	Trading terminates at the close of business on the third to last business day of the maturing delivery month	Expiration occurs on the fourth business day prior to the underlying futures delivery month. If the expiration day falls on a Friday or immediately prior to an Exchange holiday, expiration will occur on the previous business day
Exchange of Futures for Physicals (EFP)	The buyer or seller may exchange a futures position for a physical position of equal quantity by submitting a notice to the Exchange. EFPs may be used to either initiate or liquidate a futures position	See futures
Grade and Quality Specifications	Grade 1 electrolytic copper conforming to the specification B115, or to its latest revision, as to chemical and physical requirements, as adopted by the American Society for Testing and Materials, and of a brand approved and listed by the Exchange	See futures
Exercise of Options	Until one hour after the contract market close, on any business day for which the options contract is listed for trading. On expiration day, the buyer has until 4:30 p.m. (3:30 p.m. CT), to exercise an options contract	See futures
Strike Prices	\$0.01 (1¢) per pound apart for strike prices below \$0.40 (40¢), \$0.02 (2¢) per pound apart for strike prices between \$0.40 (40¢) and \$1.20, and \$0.05 (5¢) per pound apart for strike prices above \$1.20	See futures
Performance Bonds	Margins are required for open futures positions	Margins are required for open short options positions. The margin requirement for an options purchaser will never exceed the premium paid
Trading Symbol	HG Reuters: US@HG.1 Thomson Reuters: US@HG/1 Bloomberg: HGA	HX Reuters: US@HG.1 Thomson Reuters: US@HG/1 Bloomberg: HGA

Contracts are listed with, and subject to, the rules and regulations of COMEX.

For the latest on real-time prices, please visit [www.cmegroup.com/metalsquotes](http://www.cmegroup.com/metalsquotes).

For more information on our metals products visit [www.cmegroup.com/metals](http://www.cmegroup.com/metals) or contact:

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Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade.

All references to options refer to options on futures.

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