



Special Executive Report

S-7827

December 21, 2016

London Spot Gold Futures and London Spot Silver Futures Daily Settlement Procedure Documents

Effective on trade date Monday, January 9, 2017, and pending all relevant CFTC regulatory review periods, Commodity Exchange, Inc. ("COMEX" or the "Exchange") will adopt the London Spot Gold Futures and London Spot Silver Futures Daily Settlement Procedure documents in connection with the initial listing of London Spot Gold Futures and London Spot Silver Futures contracts. (See [SER-7769](#) dated November 1, 2016.)

The London Spot Gold Futures and London Spot Silver Futures Daily Settlement Procedure documents appear below.

Questions regarding this Special Executive Report may be directed to the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

For media inquiries concerning this Special Executive Report, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

London Spot Gold Futures Daily Settlement Procedure

Normal Daily Settlement Procedure

London Spot Gold Futures settlement is derived from the COMEX Gold Active Month settlement minus the Inter-Commodity Spread [COMEX (Active Month) Gold vs. London Spot Gold] settlement. The settlement methodology of these components is as follows:

The COMEX Gold Active Month futures (GC) is settled by CME Group staff based on trading activity on CME Globex between 13:29:00 and 13:30:00 Eastern Time (ET), the settlement period. The active month is the nearest base contract month that is not the current delivery month. The base months for Gold futures are February, April, June, August and December (Active month futures roll schedule below).

- Tier 1:** If a trade(s) occurs on Globex between 13:29:00 and 13:30:00 ET, the settlement period, then the active month settles to the volume-weighted average price (VWAP), rounded to the nearest tradable tick.
- Tier 2:** In the absence of outright trades during the settlement window, the active month settles to the midpoint of the market at 13:30:00 ET – provided that there is a two-sided market (both a bid and ask).

Tier 3: In the absence of a two-sided market at 13:30:00 ET, the last trade price (or prior settlement) in the active month is checked against any one-sided markets.

- a. If the last trade price (or prior settlement in the case of no trades during the trade date) is below an active bid at 13:30:00 ET, then the contract settles to that respective bid price. If the last trade price (or prior settlement in the case of no trades during the trade date) is above an active ask at 13:30:00 ET, then the contract settles to that respective ask price.
- b. If there are no active bids or asks at 13:30:00 ET, then the contract settles to the last trade price (or prior settlement in the case of no trades during the trade date).

The Inter-Commodity Spread [COMEX (Active Month) vs. London Spot Gold] is settled by CME Group staff based on trading activity on CME Globex between 13:29:00 and 13:30:00 Eastern Time (ET), the settlement period.

Tier 1: If a trade(s) occurs on Globex between 13:29:00 and 13:30:00 ET, the settlement period, then the Inter-Commodity spread settles to the volume-weighted average price (VWAP), rounded to the nearest tradable tick.

Tier 2: In the absence of outright trades during the settlement window, the Inter-Commodity spread settles to the midpoint of the market at 13:30:00 ET – provided that there is a two-sided market (both a bid and ask).

Tier 3: In the absence of a two-sided market at 13:30:00 ET, the last trade price (or prior settlement) in the Inter-Commodity spread is checked against any one-sided markets.

- a. If the last trade price (or prior settlement in the case of no trades during the trade date) is below an active bid at 13:30:00 ET, then the contract settles to that respective bid price. If the last trade price (or prior settlement in the case of no trades during the trade date) is above an active ask at 13:30:00 ET, then the contract settles to that respective ask price.
- b. If there are no active bids or asks at 13:30:00 ET, then the contract settles to the last trade price (or prior settlement in the case of no trades during the trade date).

COMEX Gold futures active month roll schedule

Last notice day for:	New spot month:	New active month:
January (F)	February (G)	April (J)
March (H)	April (J)	June (M)
May (K)	June (M)	August (Q)
July (N)	August (Q)	December (Z)
November (X)	December (Z)	February (G)

If you have any questions, please call the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

Note: In the event the aforementioned calculations described in this advisory cannot be made or if staff, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, the staff may determine an alternative settlement price.

London Spot Silver Futures Daily Settlement Procedure

Normal Daily Settlement Procedure

London Spot Silver Futures settlement is derived from the COMEX Silver Active Month settlement minus the Inter-Commodity Spread [COMEX (Active Month) Silver vs. London Spot Silver] settlement. The settlement methodology of these components is as follows:

The COMEX Silver Active Month futures (SI) is settled by CME Group staff based on trading activity on CME Globex between 13:24:00 and 13:25:00 Eastern Time (ET), the settlement period. The active month is the nearest base contract month that is not the current delivery month. The base months for Silver futures are March, May, July, September and December (Active month futures roll schedule below).

- Tier 1:** If a trade occurs on Globex between 13:24:00 and 13:25:00 ET, the settlement period, then the active month settles to the volume-weighted average price (VWAP), rounded to the nearest \$0.001 per troy ounce.
- Tier 2:** In the absence of outright trades during the settlement window, the active month settles to the midpoint of the market at 13:25:00 ET – provided that there is a two-sided market (both a bid and ask).
- Tier 3:** In the absence of a two-sided market at 13:25:00 ET, the last trade price (or prior settlement) in the active month is checked against any one-sided markets.
- c. If the last trade price (or prior settlement in the case of no trades during the trade date) is below an active bid at 13:25:00 ET, then the contract settles to that respective bid price. If the last trade price (or prior settlement in the case of no trades during the trade date) is above an active ask at 13:25:00 ET, then the contract settles to that respective ask price.
 - d. If there are no active bids or asks at 13:25:00 ET, then the contract settles to the last trade price (or prior settlement in the case of no trades during the trade date).

The Inter-Commodity Spread [COMEX (Active Month) vs. London Spot Silver] is settled by CME Group staff based on trading activity on CME Globex between 13:24:00 and 13:25:00 Eastern Time (ET), the settlement period.

Tier 4: If a trade(s) occurs on Globex between 13:24:00 and 13:25:00 ET, the settlement period, then the Inter-Commodity spread settles to the volume-weighted average price (VWAP), rounded to the nearest tradable tick.

Tier 5: In the absence of outright trades during the settlement window, the Inter-Commodity spread settles to the midpoint of the market at 13:25:00 ET – provided that there is a two-sided market (both a bid and ask).

Tier 6: In the absence of a two-sided market at 13:25:00 ET, the last trade price (or prior settlement) in the Inter-Commodity spread is checked against any one-sided markets.

- a. If the last trade price (or prior settlement in the case of no trades during the trade date) is below an active bid at 13:25:00 ET, then the contract settles to that respective bid price. If the last trade price (or prior settlement in the case of no trades during the trade date) is above an active ask at 13:25:00 ET, then the contract settles to that respective ask price.
- b. If there are no active bids or asks at 13:25:00 ET, then the contract settles to the last trade price (or prior settlement in the case of no trades during the trade date).

Silver futures active month roll schedule

Last notice day for:	New spot month:	New active month:
February (G)	March (H)	May (K)
April (J)	May (K)	July (N)
June (M)	July (N)	September (U)
August (Q)	September (U)	December (Z)
November (X)	December (Z)	March (H)

If you have any questions, please call the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

Note: In the event the aforementioned calculations described in this advisory cannot be made or if staff, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, the staff may determine an alternative settlement price.