

## **Chapter 114 Gold Kilo Futures**

### **114100. SCOPE OF CHAPTER**

This chapter is limited in application to physically delivered Gold Kilo futures. The procedures for trading, clearing, delivery and settlement not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange.

The provisions of these Rules shall apply to all gold bought or sold for future delivery on the Exchange.

The terms "seller" and "buyer" shall mean the seller of the physical product and the buyer of the physical product, respectively. Terms not specifically defined herein shall be defined in Chapter 7.

For purposes of these rules, unless otherwise specified, times referred to herein shall refer to and indicate New York time.

### **114101. CONTRACT SPECIFICATIONS**

The gold for delivery on the futures contract shall be one kilogram bar (32.15 troy ounces). Gold delivered under this contract shall assay to a minimum .9999 fineness and must be a brand approved by the Exchange. Gold meeting all of the following specifications shall be deliverable in satisfaction of futures contract delivery obligations under this rule:

1. One kilogram bar (32.15 troy ounces)
2. Gold must consist of one of the Exchange's Brand marks, as provided in Chapter 7, current at the date of the delivery of contract.
3. Each warrant issued by a Depository shall reference the serial number and name of the Producer for each bar.
4. Each assay certificate issued by an Assayer shall certify that each bar of gold in the lot assays no less than .9999 fineness and indicates the weight and name of the Producer of the bar.
5. Gold must be delivered to a Depository by a Carrier as follows:
  - a. directly from the Producer;
  - b. directly from an Assayer, provided that such gold is accompanied by an assay certificate of such Assayer; or
  - c. directly from another Depository; provided, that such gold was placed in such other Depository pursuant to paragraphs (a) or (b) above.

### **114102. TRADING SPECIFICATIONS**

Trading in Gold Kilo futures is regularly conducted in the following months: (1) the current calendar month; (2) the next two calendar months; and (3) each February, April, June, August, October, and December falling within a 12-month period beginning with the current contract month. The number of months open for trading at a given time shall be determined by the Exchange.

#### **114102.A. Trading Schedule**

The hours for trading shall be determined by the Exchange.

#### **114102.B. Trading Unit**

The contract unit shall be one kilogram bar (32.15 troy ounces).

#### **114102.C. Price Increments**

The minimum price fluctuation shall be \$0.10 per troy ounces. Prices shall be quoted in dollars and cents per troy ounce.

#### **114102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

#### **114102.E. Termination of Trading**

No trades in Gold Kilo futures deliverable in the current month shall be made after the third Business Day preceding the delivery day. The delivery day is the third Wednesday of the delivery month. For purposes of this rule, a "Business Day" shall be defined as a common U.S. and Hong Kong Business Day. Business Days are based on U.S. and Hong Kong public holiday calendars.

Any contracts remaining open after the last trade date must be either:

- (a) Settled by delivery which shall take place on the third Wednesday of the contract month.
- (b) Liquidated by means of a bona fide Exchange for Related Position ("EFRP") pursuant to Rule 538. An EFRP is permitted in an expired futures contract until 12:00 p.m. on the Business Day following termination of trading in the expired futures contract. An EFRP which establishes a futures position for either the buyer or the seller in an expired futures contract shall not be permitted following the termination of trading of an expired futures contract.

#### **114102.F. Special Price Fluctuation Limits**

At the commencement of each trading day, the contract shall be subject to special fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

### **114103.**

#### **DELIVERY PROCEDURES**

For purposes of this rule, a "Business Day" shall be defined as a common U.S. and Hong Kong Business Day. Business Days are based on U.S. and Hong Kong public holiday calendars.

A short clearing member may only commence the delivery procedures as detailed below with respect to a Warrant that has been registered into the electronic delivery system. The delivery procedures for Gold Kilo futures are as follows:

##### **114103.A. Location of Delivery of Gold Kilo**

1. Delivery of Gold Kilo futures shall be made from the short clearing member's choice of a Facility.
2. All duties, entitlements, taxes, fees and other charges imposed prior to delivery on or in respect to Gold Kilo shall be paid by the short clearing member. Delivery shall be made in accordance with applicable Federal, State and local laws.

##### **114103.B. Notice of Intention to Deliver**

The intent day shall be two Business Days prior to the delivery day.

1. Where Gold Kilo futures is sold for delivery in a specified month, delivery of such gold kilo shall be made by the seller on the third Wednesday of the contract month. If the third Wednesday of the contract month is not a common U.S. and Hong Kong Business Day, the delivery day shall be the following common Business Day.

A seller obligated or desiring to make delivery of gold kilo shall provide the Clearing House with a delivery notice in the form and manner specified by the Clearing House.

Where a clearing member has an interest both long and short for accounts on its own books, it must tender to the Clearing House such notices of intention to deliver as it receives from its accounts that are short. No office deliveries may be made by clearing members.

A notice of intention to deliver must be delivered to the Clearing House by 1:00 p.m. on the intent day. The Clearing House shall, on the same day, assign the deliveries to eligible buyers.

Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish to each issuer the names of the buyers obligated to accept delivery for which a notice was submitted and shall also inform the issuer of the number of contracts for which each buyer is obligated.

2. The notice of intention to deliver is not transferable.

##### **114103.C. Notice Day**

The notice day will be one Business Day prior to the delivery day.

The notice day shall be the day on which an assignment notification is issued by the Clearing House to the long clearing member and the short clearing member.

The assignment notification shall specify the parties matched for delivery and the number of contracts to be delivered. The invoice shall specify the Brand, the Warrant number, the weight, the Facility in which the gold kilo is stored, the name of the short clearing member, the name of the long clearing member, and the price of the gold kilo for each corresponding Warrant.

3. The assignment notification shall be issued by the Clearing House to the long clearing member and the short clearing member upon completion of assignment.

4. The assignment notification is not transferable.

#### **114103.D. Settlement Price**

The settlement price at the close of business on the last trading day is provided to the Clearing House shall be the basis for delivery.

#### **114103.E. Delivery Day**

The delivery day shall be the third Wednesday of the contract month. If the third Wednesday of the contract month is not a common U.S. and Hong Kong Business Day, the delivery day shall be the following common Business Day.

The day on which the long clearing member receives the Warrant for gold kilo shall be referred to as the delivery day. The cost of delivery will be debited or credited to the clearing member's settlement account. Long clearing members obligated to accept delivery must take delivery and make delivery payment and short clearing members obligated to make delivery must make delivery during the 7:45 a.m. settlement process, or at such other time designated by the Clearing House, on the day of delivery, except on banking holidays when delivery must be taken or made and delivery payment made during the 7:45 a.m. settlement process, or such other time designated by the Clearing House, on the next banking Business Day. Adjustments for differences between contract prices and delivery prices established by the Clearing House shall be made with the Clearing House in accordance with Exchange Rules, policies and procedures.

#### **114103.F. Settlement of Storage and Handling Charges**

Gold kilo must be delivered to the long clearing member with handling and storage charges paid up to and including the day of delivery, and the long clearing members may require the short clearing member to furnish satisfactory proof of payment thereof. Any storage charges prepaid by the short clearing member for a period extending beyond the delivery day (but not in excess of 30 days) shall be refunded by the long clearing member to the short clearing member on a pro rata basis for the unexpired term and an adjustment made upon the invoice. All storage and handling charges for gold kilo must be in U.S. Dollars. Where "in and out labor" charges have been paid as evidenced by the Warrant receipt, or otherwise, the short clearing member shall be entitled to charge the long clearing member for one-half of such "in and out labor" charges; in other words, the long clearing member will have to assume the "out labor" charges.

**114104-107. [RESERVED]**

**114108. VALIDITY OF DOCUMENTS**

The Exchange makes no representation respecting the authenticity, validity or accuracy of any document or instrument delivered pursuant to these rules.