

The Precious Metals Spot Spreads

COMPLETE GUIDEBOOK

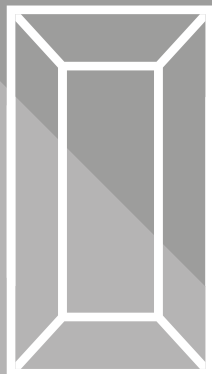
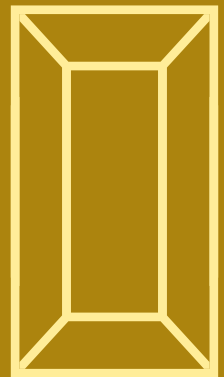


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Chapter 1: Execution

Seamlessly and transparently bridge the COMEX Precious Metals futures market and the London OTC market with the new Precious Metals Spot Spreads at CME Group. The Spot Spreads easily and efficiently transfer risk between COMEX and London in one simple and cost-effective transaction executed electronically on CME Globex and automatically fed into CME Clearing.

London Spot Gold Futures Contract Specifications

Contract Unit	100 troy ounces
Price Quotation	U.S. dollars and cents per troy ounce
Trading Hours	Sunday – Friday 6:00 p.m. – 5:00 p.m. (5:00 p.m. - 4:00 p.m. Central Time (CT) with a 60-minute break each day beginning at 5:00 p.m. (4:00 p.m. CT)
Minimum Price Fluctuation	CME ClearPort: \$0.1 per Troy Ounce Settlements and Intercommodity spreads: \$0.01 per Troy Ounce
	CME Globex: \$0.10 per Troy Ounce Settlements and Intercommodity spreads: \$0.01 per Troy Ounce
Product Code	CME Globex: GSP CME ClearPort: GSP CME Clearing: GSP Spot Spread Code: GC:GSP
Listed Contracts	Daily contracts listed for one day
Settlement Method	Deliverable
Termination of Trading	Trading terminates at the close of business on the contract day.
Settlement Procedures	Daily Settlement Procedure cmegroup.com/confluence/display/EPICSANDBOX/London+Spot+Gold
Position Limits	6,000 lots (NYMEX Position Limits)
Exchange Rulebook	COMEX 129
Block Minimum	25 lots (Block Minimum Thresholds)
Price Limit or Circuit	Price Limits
Vendor Codes	Quote Vendor Symbols Listing
Delivery Period	The second London banking business day following the trading day, or, if that date is not also a New York banking day, the first subsequent day that is a banking day in both London and New York.
Grade and Quality	Gold delivered under this product shall assay to a minimum of 995 fineness.

Daily Settlement Procedure for London Spot Gold Futures (GSP)

London Spot Gold Futures settlement is derived from the COMEX Gold active month settlement minus the intercommodity spread [COMEX (active month) Gold versus London Spot Gold] settlement. The settlement methodology of these components is as follows:

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 (See the active month futures roll schedule below).

Tier One: If a trade(s) occurs on CME 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 Two: 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 Three: 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.

1. 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.

2. 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 intercommodity spread [COMEX (active month) versus London Spot Gold] is settled by CME Group staff based on trading activity on CME Globex between 13:29:00 and 13:30:00 ET, the settlement period.

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

Tier Two: In the absence of outright trades during the settlement window, the intercommodity 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 Three: In the absence of a two-sided market at 13:30:00 ET, the last trade price (or prior settlement) in the intercommodity spread is checked against any one-sided markets.

1. 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.
2. 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).

Special Price Fluctuation Limits for London Spot Gold Futures (GSP)

Commodity Code	Primary/Associated	Associated With	Base in Real Economic Value	Level One	Level Two	Level Three	Level Four	Level Five
GSP	Primary	Primary	\$100	1000	2000	3000	4000	No Limit

London Spot Silver Futures Contract Specifications

Contract Unit	5,000 troy ounces	
Price Quotation	U.S. dollars and cents per troy ounce	
Trading Hours	Sunday – Friday 6:00 p.m. – 5:00 p.m. (5:00 p.m. - 4:00 p.m. Central Time (CT)) with a 60-minute break each day beginning at 5:00 p.m. (4:00 p.m. CT)	
Minimum Price Fluctuation	CME ClearPort:	\$0.005 per Troy Ounce Settlements and Intercommodity spreads: \$0.001 per Troy Ounce
	CME Globex:	\$0.005 per Troy Ounce Settlements and Intercommodity spreads: \$0.001 per Troy Ounce
Product Code	CME Globex: SSP CME ClearPort: SSP CME Clearing: SSP Spot Spread Code: SI:SSP	
Listed Contracts	Daily contracts listed for one day	
Settlement Method	Deliverable	
Termination of Trading	Trading terminates at the close of business on the contract day.	
Settlement Procedures	Daily Settlement Procedure cmegroup.com/confluence/display/EPICSANDBOX/London+Spot+Silver	
Position Limits	6,000 lots (NYMEX Position Limits)	
Exchange Rulebook	CMEX 130	
Block Minimum	25 lots (Block Minimum Thresholds)	
Price Limit or Circuit	Price Limits	
Vendor Codes	Quote Vendor Symbols Listing	
Delivery Period	The second London banking business day following the trading day, or, if that date is not a New York banking day, the first subsequent day that is a banking day in both London and New York.	
Grade and Quality	Silver delivered under this product shall assay to a minimum of 999 fineness.	

Daily Settlement Procedure for London Spot Silver Futures (SSP)

London Spot Silver futures settlement is derived from the COMEX Silver active month settlement minus the intercommodity spread [COMEX (active month) Silver versus 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 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 One: If a trade occurs on CME 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 Two: 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 Three: 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.

1. 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.

2. 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 intercommodity spread [COMEX (active month) versus London Spot Silver] is settled by CME Group staff based on trading activity on CME Globex between 13:24:00 and 13:25:00 ET, the settlement period.

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

Tier Two: In the absence of outright trades during the settlement window, the intercommodity 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 Three: In the absence of a two-sided market at 13:25:00 ET, the last trade price (or prior settlement) in the intercommodity spread is checked against any one-sided markets.

1. 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.

2. 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).

Special Price Fluctuation Limits for London Spot Silver Futures (SSP)

Commodity Code	Primary/Associated	Associated With	Base in Real Economic Value	Level One	Level Two	Level Three	Level Four	Level Five
SSP	Primary	Primary	\$3	3000	6000	9000	12000	No Limit

Spot Spread Transaction illustration

Spot Spread Transactions Create Positions in both COMEX GC Gold and London Spot Gold Futures

COMEX GC Gold Future Orderbook

Bids		Offers	
Quantity	Price	Price	Quantity
20	1189.90	1190.00	25
25	1189.80	1190.10	40

COMEX GSP Future Orderbook

Bids		Offers	
Quantity	Price	Price	Quantity
5	1188.20	1188.30	5
5	1188.10	1188.40	5

COMEX Gold Spot Spread Orderbook

Bids		Offers	
Quantity	Price	Price	Quantity
10	1.62	1.64	25
25	1.60	1.67	10

Buying the Spot Spread means simultaneously:

- Buying COMEX GC Gold Futures
- Selling London Spot Gold Futures



Prices assigned to each leg post trade, based on the traded spot spread price and the prices in underlying markets



For example:

Buying the spot spread @\$1.64 means:

Buying GC	@\$1190.00
Selling GSP	@\$1188.36

Contracts Listed for the Spot Spread

GC:GSP

FROM last notice day* for:	TO one business day prior to last notice day for:	The available active months will be:
January (F)	March (H)	April (J), June (M), August (Q), December (Z), February (G)
March (H)	May (K)	June (M), August (Q), December (Z), February (G), April (J)
May (K)	July (N)	August (Q), December (Z), February (G), April (J), June (M)
July (N)	November (X)	December (Z), February (G), April (J), June (M), August (Q)
November (X)	January (F)	February (G), April (J), June (M), August (Q), December (Z)

SI:SSP

FROM last notice day* for:	TO one business day prior to last notice day for:	The available active months will be:
February (G)	April (J)	May (K), July (N), September (U), December (Z), March (H)
April (J)	June (M)	July (N), September (U), December (Z), March (H), May (K)
June (M)	August (Q)	September (U), December (Z), March (H), May (K), July (N)
August (Q)	November (X)	December (Z), March (H), May (K), July (N), September (U)
November (X)	February (G)	March (H), May (K), July (N), September (U), December (Z)

*Last notice day is the second last business day of the contract month.

Holiday Schedule

The diagrams below provide examples of the contract day available for trading, and highlight contract availability over public holidays in the U.S. and the UK.

a) Normal circumstances, no holidays in U.S. or UK

Day of the Week	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri
Calendar Date	1	2	3	4	5	6	7	8	9	10	11	12
Contract Delivery Day	3	4	5	8	9			10	11	12	15	16

For example, on Monday 1, the contract available for trading has a delivery day of Wednesday 3.

b) A U.S. holiday on Monday 8

Day of the Week	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri
Calendar Date	1	2	3	4	5	6	7	8	9	10	11	12
Contract Delivery Day	3	4	5	9	9			11	11	12	15	16

Monday 8 is not a good delivery day, therefore the contract for delivery on Tuesday 9 will be made available on both Thursday 4 and Friday 5. The 9 is available on the 5 as this is two London business days ahead.

Monday 8 is a COMEX holiday; no settlement prices will be created therefore this cannot be a last trading day for the contract. The CME Globex platform is typically open on these days, with the trade date being set as the next business day (Tuesday in this example).

Trading is available on the COMEX holiday – where Globex is open – but for the contract that is available for trading on the next business day. In the example above this means the contract for delivery on the 11th will be made available on Monday 8th and Tuesday 9th. COMEX business on each of these days will be registered as trade date Tuesday 9th.

c) A UK holiday on Monday 8

Day of the Week	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri
Calendar Date	1	2	3	4	5	6	7	8	9	10	11	12
Contract Delivery Day	3	4	5	9	10			10	11	12	15	16

Monday 8 is not a good delivery day, therefore the contract for delivery on Tuesday 9 will be made available on Thursday 4. The contract for delivery on Wednesday 10 will be available on Friday 5, as this is two London business days ahead.

Monday 8 is a normal business day for COMEX. **Trading is offered for the contract that has its delivery day two London business days ahead.**

d) A combined U.S. and UK holiday on Monday 8

Day of the Week	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri
Calendar Date	1	2	3	4	5	6	7	8	9	10	11	12
Contract Delivery Day	3	4	5	9	10			n/a	11	12	15	16

Monday 8 is not a good delivery day, therefore the contract for delivery on Tuesday 9 will be made available on Thursday 4. The contract for delivery on Wednesday 10 will be available on Friday 5, as this is two London business days ahead.

Monday 8 is a holiday in both centers. **No trades are available on such a day.**

Fees

The fees below are all in USD/lot.

		Symbol	GSP	SSP
		Product	London Spot Gold Futures	London Spot Silver Futures
		Contract Size	100 Troy ounces	5,000 Troy ounces
		Division	COMEX	COMEX
CME Globex		Member Day	N/A	N/A
		Member	0.25	0.25
		Non-Member	0.75	0.75
		Intl Pgms (IIP/IVIP)	0.50	0.50
		Intl Pgms (CBIP, EMBIP, FMIP, LACIP, LAPTIP)	N/A	N/A
CME ClearPort	EFP	Member	0.25	0.25
		Non-Member	0.75	0.75
	Block	Member	0.25	0.25
		Non-Member	0.75	0.75
	EFR/EOO	Member	0.25	0.25
		Non-Member	0.75	0.75
Agency Cross		Member	0.25	0.25
		Non-Member	0.75	0.75
Delivery Notice		House Account	1.00	1.00
		Customer Account	1.00	1.00
COMEX Lessee		Trading Fee	0.125	0.125
		Trading Surcharge	0.50	0.50
Transfers/Give-up		Position Adjustment/Transfer	0.10	0.10
		Give-up Surcharge	0.05	0.05
Fac Fee		Facilitation Fee	0.50	0.50

Chapter 2: Post Trade

Clearing and Delivery Instructions

Trading began on January 8 (trade day January 9) for COMEX Gold and Silver Spot futures. On each COMEX business day, the exchange will list for trading one Gold Spot futures (GSP) contract, and one Silver Spot futures (SSP) contract. The contract will trade up to 5 p.m. ET for that business day.

Open positions at that 5 p.m. closing time will result in physical delivery of unallocated metal, gold or silver, on the spot value date. Following OTC market conventions, that value date will be the second London banking business day following the trading day, or, if that date is not also a New York banking day, the first subsequent day that is a banking day in both London and New York.

Clearing firms will submit delivery intents within one hour of the 5 p.m. ET closing time, providing delivery instructions for positions open at the close. Clearing firms will receive delivery notifications at approximately 8:30 p.m. CT time on the intent day. The business day following delivery notification, clearing firms will receive a delivery invoice providing exact delivery obligations.

Clearing firms must establish or have an existing account(s) for unallocated gold and/or silver at a London Precious Metals Clearing Limited Bank to effectuate delivery and provide Clearing Deliveries with account information for deliveries. Participating firms must verify their account

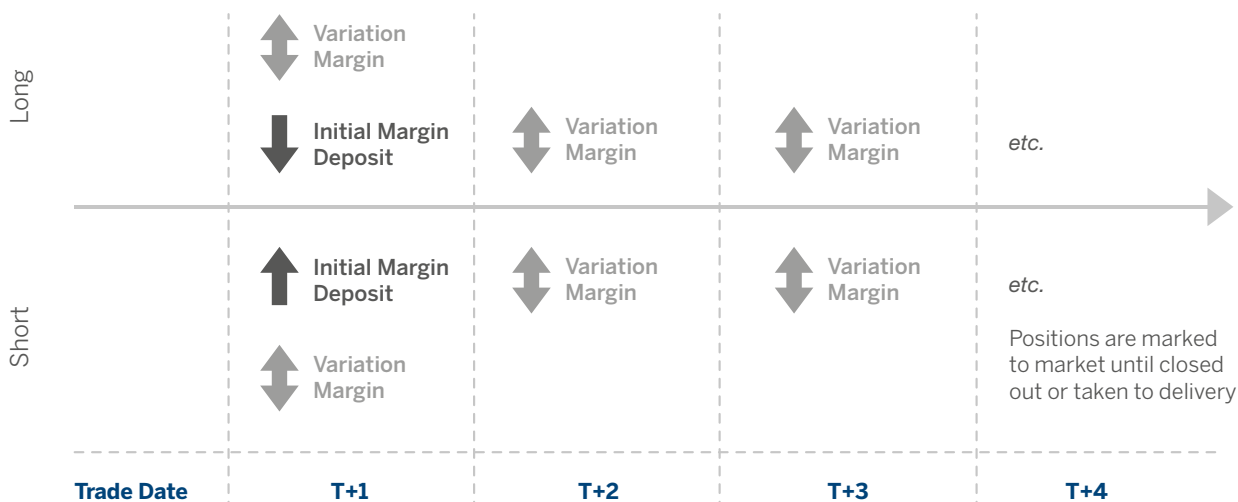
with CME Clearing prior to delivery. In the instance where a clearing firm chooses to appoint a third party to act on its behalf, a designee form must be submitted to CME Clearing prior to delivery. Designees are appointed to perform the delivery obligations in accordance with the NYMEX rulebook (COMEX Rules 129100 and 130100). Designee forms can be obtained from CME Clearing Deliveries. On the morning of the value date (delivery date), short position holders will deliver unallocated gold or silver to the designated clearinghouse account by 2:30 p.m. London Time, and will receive USD cash. Long position holders will deliver USD cash to the designated clearinghouse account by 9:00 a.m. CT, and will receive unallocated metal.

Clearing firms wishing to allow their customers to submit either CME Globex or block trades in these contracts will need to authorize those client accounts for these products. In CME ClearPort Account Manager, a new market type has been established “COMEX London Loco Unallocated Delivery.” On CME Globex, permissioning in the risk management tool “MAC Swap Futures Access Manager” is required.

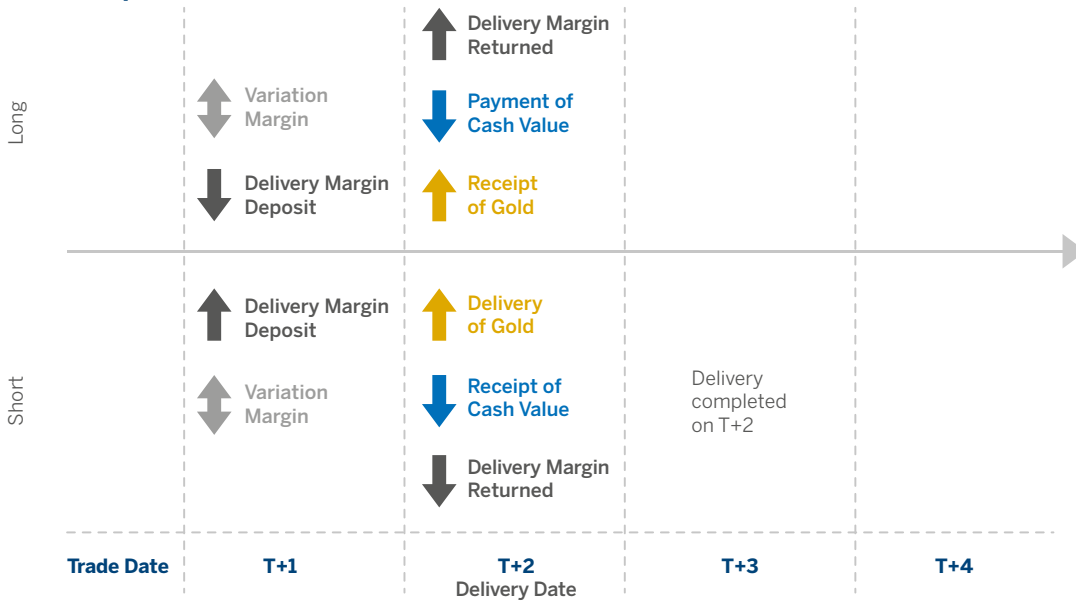
For a copy of the Designee form and for any further details, questions or concerns please contact Clearing Deliveries at +1 312 930 3172 or by email at clearinghousedelivteam@cmegroup.com

Illustration of Spot Spread Logistics

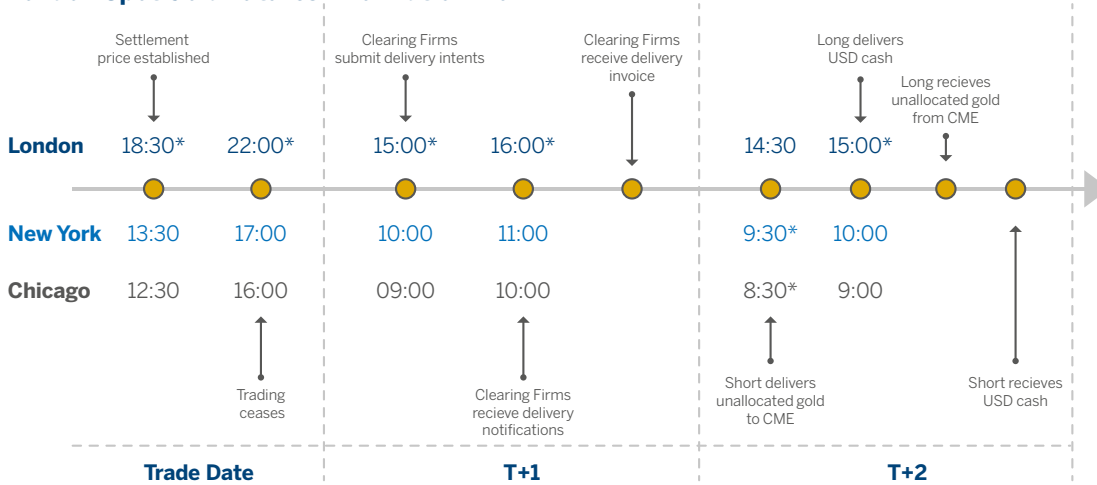
COMEX GC Gold Futures Cash Flows



London Spot Gold Futures Cash Flows



London Spot Gold Futures Information Flow



*Times will be adjusted during the transition periods to and from daylight savings time in London and New York

Margin Requirements

Span Minimum Performance Bond Requirements – Outright Rates

CC	Rate Type	ISO	Initial*	Maintenance*
London Spot Gold Futures (GSP)				
GSP	Spec	USD	5,400	5,400
GSP	Hedge/Member	USD	5,400	5,400
London Spot Silver Futures (SSP)				
SSP	Spec	USD	6,500	6,500
SSP	Hedge/Member	USD	6,500	6,500

* Above rates as of February 3, 2017, with rates subject to change. Find most update-to-date rates for GSP and SSP cmegroup.com/clearing/margins/outright-vol-scans.html#sortField=exchange&sortAsc=true&pageNumber=1

Chapter 3: Account Permissioning in Globex and ClearPort

Clearing firms need to permission the client accounts if they wish to allow their customers to trade the precious metals spot spreads and London Spot Gold and Silver Futures. Account permissioning will be required at two levels:

- Globex permission – via CME Risk Management Tools - Access Manager for central limit order book.
- ClearPort permission – via CME Account Manager (formerly known as RAV) for privately negotiated trades.

Globex Account Permission in Access Manager

On CME Globex, permissioning in the risk management tool “MAC Swap Futures Access Manager” is required for London Spot Gold and Silver Futures.

Using Access Manager, clearing firm risk managers can positively permission CME Globex accounts to enter buy and sell orders for **restricted products**.

- All current and future Globex Credit Controls (GC2) administrators are automatically permissioned for the Access Manager and are granted simultaneously.
- The Access Manager does not keep a record of any open orders or start of day positions.
- Open positions and resting orders, entered before the restriction period, are valid until acted upon or the contract expires.

Use the Access Manager to:

- **Permission Accounts**
- **View Active Permissions**
- **Revoke Active Permissions**

Permission Accounts

Permission accounts by entering account and selecting applicable products.

Note: Selected account and product information remains populated for the current session only.

- To add permissions to an account:

1. From the **Access Manager** tab, click **Grant/Revoke Permission**. **Access Manager - Grant/Revoke Permission** page displays.
2. Select **Legal Clearing Entity** and **Execution Firm** from the respective lists.
3. Select the **Permission Account** tab. **Permission Account** sections display.

4. Enter Account

- To retain account information between Legal Clearing Entity/Execution Firm selections or to permission multiple accounts at once, select “Copy to List,” and repeat for as many accounts as needed.

Note: Accounts added to the account list persist across different LCE and execution firm combinations only through the duration of the current Access Manager user session. They are lost if browser is closed or Access Manager is logged off. Account list is unique to the Access Manager session and is not shared across login session at the same time.

5. Select an **exchange**. (For London Spot Gold Futures and London Spot Silver Futures, the Exchange is COMEX)

6. Select one or more products, either:

- Select one product.
- Select one product and then use CTRL+Select to choose non-continuous products.
- Select one product and then use SHIFT+Select to choose continuous products.

7. Select accounts (only needed for accounts have been moved to the account list), either:

- Select one account to select that account.
- Select one account and then use CTRL+Select to choose non-continuous accounts.
- Select one account and then use SHIFT+Select to choose continuous accounts.

8. Select **Add**. Selected account/product combinations display in the **Pending Permissions** section.

Pending Permissions					
	Account ID	Derivative Type	Product	Product Description	Expiration Window
<input type="checkbox"/>	Account 1	Futures	GSP	London Spot Gold Futures	1
<input type="checkbox"/>	Account 1	Futures	SSP	London Spot Silver Futures	1
<input type="checkbox"/>	Account 2	Futures	GSP	London Spot Gold Futures	1
<input type="checkbox"/>	Account 2	Futures	SSP	London Spot Silver Futures	1

Note: It may be necessary to scroll down to see options at the bottom of the page.

9. Do one of the following:

- Select **boxes adjacent to Account ID**, and then select **Grant** to grant permissions for selected accounts to corresponding products. Select **OK** on confirmation page.
- Select **Select All** and then select **Grant** to grant permission for all accounts to corresponding products. Select **OK** on confirmation page.
- Select **Clear Selected** to clear checked boxes.
- Select **Remove Selected** to remove checked boxes from list.
- Select **Remove All** to clear list.

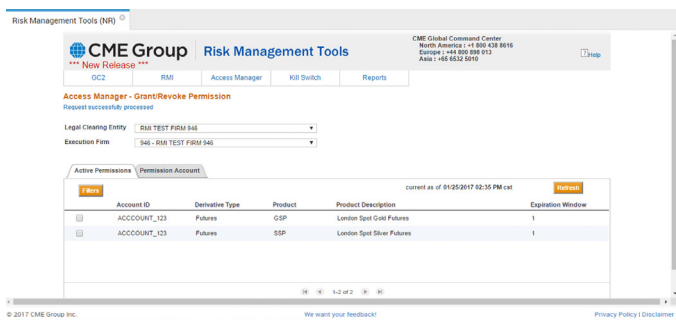
Note: After selecting “grant,” the chosen accounts have access to trade immediately.

View Active Permissions

- To view active permissions:
- From the **Access Manager** tab, click **Grant/Revoke Permission**. **Access Manager - Grant/Revoke Permission** page displays.
 - Select **Legal Clearing Entity** and **Execution Firm** from the respective lists.
- Active permissions display in the **Active Permissions** tab.
- (Optional) To filter by criteria, select **Filters**, select appropriate criteria, and select **Apply**. Filtered rows are removed from list and a message displays indicating filters are applied.
- To cancel active filters, select **Filters > Cancel > Refresh**. All active permissions display.

Revoke Active Permissions

- To revoke active permissions:
- From the **Access Manager** tab, click **Grant/Revoke Permission**. **Access Manager - Grant/Revoke Permission** page displays.
 - Select **Legal Clearing Entity** and **Execution Firm** from the respective lists.
- Active permissions display in the **Active Permissions** tab.



Note: It may be necessary to scroll down to see options at the bottom of the page.

- Do one of the following:
 - Select boxes adjacent to the accounts and corresponding products for which permissions are to be revoked.
 - Select **Select All** at the bottom of the page.
- Select **Revoke**. Confirmation message appears.
- Select **OK**. Selected accounts are removed from the **Active Permissions** list.

Note: After selecting **Revoke**, the chosen accounts will immediately not have access to trade.

Note: If incorrect rows have been chosen, select **Cancel** and **Clear Selected** at the bottom of the page.

ClearPort Account Permission in Account Manager

In Clearport, London Spot Gold and Silver futures are available for trade submission. Clearing firm risk administrators are required to positively permission accounts via CME Account Manager to enable trade submission. Accounts are blocked from entering trades on London Spot Gold and Silver futures and spreads unless explicitly permissioned.

Clearing firm risk administrators may permission accounts using the market type “COMEX London Gold FWD (ClearPort)” and selecting “all.”

Effective Sunday, January 22 (trade date Monday, January 23), the market type will be updated to “COMEX London Loco Unallocated Delivery (ClearPort)” and will include all four products:

- Cleared OTC London Gold forwards - collateral margin
- Cleared OTC London Gold forwards - cash margin
- London Spot Gold futures (New)
- London Spot Silver futures (New)

With this change, administrators may permission accounts for these specific product(s) or for all.

Please Note:

- Existing account permissions for the two Cleared OTC London Gold forwards products will remain unchanged.
- Accounts where the existing “COMEX London Gold FWD (Clearport)” market type is permissioned to “All” will automatically be permissioned to trade all four products, including the two new London Spot Metals products.
- Accounts where the existing “COMEX London Gold FWD (Clearport)” market type is permissioned to “Specific” will allow trade submission for the Cleared OTC London Gold Forwards only. This change is available for testing in new release.

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

Please contact Certification Support for Electronic Trading (CSET) in the U.S. at +1 312 930 2322, in Europe at +44 20 3379 3803 or in Asia at +65 6593 5593 with questions while testing in new release.

Please contact the Global Command Center (GCC) in the U.S. +1 800 438 8616, in Europe at +44 20 7623 4747 or in Asia at +65 6532 5010 with any production questions.

Chapter 4: Rule Book

Chapter 129 London Spot Gold Futures

129100. SCOPE OF CHAPTER

This chapter is limited in application to London Spot Gold 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 provision of these rules shall apply to all gold bought or sold for future delivery on the Exchange as London Spot Gold Futures.

The terms “seller” and “buyer” shall mean the seller of the physical product and the buyer of the physical product, respectively. The seller’s Clearing Member and buyer’s Clearing Member may utilize a designee to perform their respective and necessary obligations with regard to transferring and accepting gold delivery. Notwithstanding the use of a designee, all Clearing Members will remain ultimately responsible for performance of all applicable contract terms specific to the sellers’ Clearing Members and buyers’ Clearing Members. 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.

129101. CONTRACT SPECIFICATIONS

The gold for delivery on the futures contract shall be gold in ‘unallocated’ form held in an account denominated in gold operated by a member of London Precious Metals Clearing Limited. Such gold shall represent metal which meets or exceeds the standards of the London Bullion Market Association within its Good Delivery Rules and Good Delivery Specifications for ‘Loco London’ delivery.

129102. TRADING SPECIFICATIONS

Trading in London Spot Gold futures is regularly conducted in contract days. Unless otherwise determined by the Exchange, one contract day is made available for trading on any given trading day. The contract day shall be referred to using the date of the trading day (or the last trading day in the event that multiple contract days are made available for trading). Transactions in respect of each contract day shall be for the delivery of gold on the delivery day.

129102.A. Trading Schedule

The hours for trading shall be determined by the Exchange.

129102.B. Trading Unit

The contract unit shall be one hundred (100) troy ounces of unallocated gold held in an account denominated in gold operated by a member of London Precious Metals Clearing limited.

129102.C. Price Increments

The minimum price fluctuation shall be \$0.10 per troy ounce. Trades may also occur in multiples of \$0.01 per troy ounce for London Spot Gold Futures inter-commodity spreads. Prices shall be quoted in dollars and cents per troy ounce.

129102.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.

129102.E. Termination of Trading

No trades in London Spot Gold futures shall be made after the end of the contract day.

Any contracts remaining open after the last trade date must be settled by delivery which shall take place on the Delivery Day.

129102.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.

129103. DELIVERY PROCEDURES

129103.A. Notice of Intention to Deliver

By the time prescribed by the Clearing House on the contract day, Clearing Members having open short positions shall notify the Clearing House of the following information: Clearing Members having open short positions (sellers) shall provide, in respect of each open position, in a manner prescribed by the Clearing House, clearing member firm, trading member firm, origin (customer/house), quantity, contract day, and any other information required by the Clearing House. Notices for intent to deliver must be submitted to the Clearing House no later than 6:00 p.m. on the contract day.

129103.B. Notice of Intention to Accept

By the time prescribed by the Clearing House on the contract day, Clearing Members having open long positions shall notify the Clearing House of the following information: Clearing Members having open long positions (buyers) shall provide, in respect of each open

position, in a manner prescribed by the Clearing House, clearing member firm, trading member firm, origin (customer/house), quantity, contract day, and any other information required by the Clearing House. Notices for intent to accept must be submitted to the Clearing House no later than 6:00 p.m. on the contract day.

129103.C. Delivery Day

Delivery day shall be two London business days following the contract day, unless such day is not also a banking day in New York, in which case the delivery day shall be the next banking day in both London and New York.

129103.D. Invoicing and Payment

(1) Clearing Members having open short positions (sellers) shall deliver gold to the account of the Clearing House, by 2:30 p.m. London time on the delivery day. Sellers shall provide to the Clearing House banking instructions for payment no later than the business day prior to the delivery day;

(2) Clearing Members having open long positions (buyers) shall make delivery payment in USD only. Buyers shall submit payment directly to a Clearing House designated account. These funds shall be submitted no later than 10:00 a.m. on the delivery day. Buyers shall provide to the Clearing House unallocated metal delivery instructions no later than the business day prior to the delivery day.

(3) Subject to the notification of the Clearing House of account information and the completion of the delivery payment by the buyer, the Clearing House shall deliver gold to the account specified by the buyer;

(4) Subject to the notification of the Clearing House of account information and the completion of delivery by the seller, the Clearing House shall transfer delivery payment to the seller.

If the Clearing House is unable to transfer gold or delivery payment

as a result of circumstances beyond its control, it will do so as soon as practicable after the condition of impossibility has ceased to exist.

129103.E. Amendments to Timings

The Exchange may amend the timings of notifications deliveries, and transfers under this Rule 129103. to reflect the adoption of daylight savings time in New York and London.

129103.F. Settlement Price

The settlement price on the contract day shall be the basis for delivery. The settlement price will be established at 1:30 p.m.

cmegroup.com/rulebook/NYMEX/1a/129.pdf

Chapter 130 London Spot Silver Futures

130100. SCOPE OF CHAPTER

This chapter is limited in application to London Spot Silver 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 provision of these rules shall apply to all silver bought or sold for future delivery on the Exchange as London Spot Silver Futures.

The terms “seller” and “buyer” shall mean the seller of the physical product and the buyer of the physical product, respectively. The seller’s Clearing Member and buyer’s Clearing Member may utilize a designee to perform their respective and necessary obligations with regard to transferring and accepting silver delivery.

Notwithstanding the use of a designee, all Clearing Members will remain ultimately responsible for performance of all applicable contract terms specific to the sellers’ Clearing Members and buyers’ Clearing Members. 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.

130101. CONTRACT SPECIFICATIONS

The silver for delivery on the futures contract shall be silver in ‘unallocated’ form held in an account denominated in silver operated by a member of London Precious Metals Clearing Limited. Such silver shall represent metal which meets or exceeds the standards of the London Bullion Market Association within its Good Delivery Rules and Good Delivery Specifications for ‘Loco London’ delivery.

130102. TRADING SPECIFICATIONS

Trading in London Spot Silver futures is regularly conducted in contract days. Unless otherwise determined by the Exchange, one contract day is made available for trading on any given trading day. The contract day shall be referred to using the date of the trading day (or the last trading day in the event that multiple contract days are made available for trading). Transactions in respect of each contract day shall be for the delivery of silver on the delivery day

130102.A. Trading Schedule

The hours for trading shall be determined by the Exchange.

130102.B. Trading Unit

The contract unit shall be five thousand (5,000) troy ounces of unallocated silver held in an account denominated in silver operated by a member of London Precious Metals Clearing Limited.

130102.C. Price Increments

The minimum price fluctuation shall be \$0.005 per troy ounce. Trades may also occur in multiples of \$0.001 per troy ounce for London Spot Silver Futures inter-commodity spreads. Prices shall be quoted in dollars and cents per troy ounce.

130102.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.

130102.E. Termination of Trading

No trades in London Spot Silver futures shall be made after the end of the contract day.

Any contracts remaining open after the last trade date must be settled by delivery which shall take place on the delivery day.

130102.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.

130103. DELIVERY PROCEDURES

130103.A. Notice of Intention to Deliver

By the time prescribed by the Clearing House on the contract day, Clearing Members having open short positions shall notify the Clearing House of the

following information: Clearing Members having open short positions (sellers) shall provide, in respect of each open position, in a manner prescribed by the Clearing House, clearing member firm, trading member firm, origin (customer/house), quantity, contract day, and any other information required by the Clearing House.

Notices for intent to deliver must be submitted to the Clearing House no later than 6:00 p.m. on the contract day.

130103.B. Notice of Intention to Accept

By the time prescribed by the Clearing House on the contract day, Clearing Members having open long positions shall notify the Clearing House of the following information: Clearing Members having open long positions (buyers) shall provide, in respect of each open position, in a manner prescribed by the Clearing House, clearing member firm, trading member firm, origin (customer/house), quantity, contract day, and any other information required by the Clearing House.

Notices for intent to accept must be submitted to the Clearing House no later than 6:00 p.m. on the contract day.

130103.C. Delivery Day

Delivery day shall be two London business days following the contract day, unless such day is not also a banking day in New York, in which case the delivery day shall be the next banking day in both London and New York.

130103.D. Invoicing and Payment

(1) Clearing Members having open short positions (sellers) shall deliver silver to the account of the Clearing House, by 2:30 p.m. London time on the delivery day. Sellers shall provide to the Clearing House banking instructions for payment no later than the business day prior to the delivery day;

(2) Clearing Members having open long positions (buyers) shall make delivery payment in USD only. Buyers shall submit payment directly to a Clearing House designated account. These funds shall be submitted no later than 10:00 a.m. on the delivery day. Buyers shall provide to the Clearing House unallocated metal delivery instructions no later than the business day prior to the delivery day.

(3) Subject to the notification of the Clearing House of account and the completion of the delivery payment by the buyer, the Clearing House shall deliver silver to the account specified by the buyer.

(4) Subject to the notification of the Clearing House of account information and the completion of delivery by the seller, the Clearing House shall transfer delivery payment to the seller.

If the Clearing House is unable to transfer silver or delivery payment as a result of circumstances beyond its control, it will do so as soon as practicable after the condition of impossibility has ceased to exist.

130103.D. Amendments to Timings

The Exchange may amend the timings of notifications deliveries, and transfers under this Rule 130103. to reflect the adoption of daylight savings time in New York and London.

130103.E. Settlement Price

The settlement price on the contract day shall be the basis for delivery. The settlement price will be established at 1:25 p.m.

cmegroup.com/rulebook/NYMEX/1a/130.pdf

Chapter 5: Frequently Asked Questions

Why is CME Group offering the Spot Spread?

London hosts a substantial bullion marketplace. The Spot Spread provides a direct link between the London market and the futures markets available on COMEX. The Spot Spread provides simple on-screen execution for trades between the two markets, improving the efficiency and transparency of this spread market.

What are the benefits of the Spot Spread?

The Spot Spread provides an efficient mechanism to execute spread trades between London and New York bullion markets. As a screen traded market on CME Globex, the Spot Spread is easily accessible and provides real-time price transparency for these trades. The London gold and silver elements are both cleared at CME Clearing, providing security and financial safeguards to transactions. CME ClearPort can also be used to enter privately negotiated trades for submission to clearing.

What is the Precious Metals Spot Spread and how does it work?

The Spot Spread represents simultaneous opposing transactions between the new London Spot Gold futures and COMEX Gold futures and, similarly, between the new London Spot Silver futures and COMEX Silver futures. The London Spot futures contracts will be listed on a daily basis and have one contract day listed at a time. The Spot Spread will be the spread between this daily contract and the respective COMEX Gold and Silver futures active contract month. The London Spot futures contracts will deliver unallocated metal in London two days after the contract day.

What is the relationship between Spot Spread and London Spot Gold/Silver futures?

The London Spot Gold and Silver futures make trading the spot spread possible. Spreading the two new contracts with our liquid COMEX Gold and Silver futures contracts, respectively, gives you a way to easily manage risk on the difference between futures and OTC markets.

What are the contract day and delivery day of the London Spot Gold futures and London Spot Silver futures?

The London Spot futures contracts will be listed on a daily basis and have a single contract listed at a time. The contract day is the day of listing and trading of the London Spot Gold futures or London Spot Silver futures. For example, the first contract day that will be listed will be January 9, 2017. The delivery day will be contract day plus two business days. For this example, the delivery day for contract day January 9, 2017 will be January 11, 2017.

How does the delivery process work?

Delivery occurs by the transfer of unallocated metal between London bank accounts. At the end of the contract day, holders of open positions must confirm their delivery arrangements with the clearinghouse and their clearing member. On the delivery day, holders of short positions must deliver metal to the account of the clearinghouse, and will receive payment thereafter. Holders of long positions must pay the dollar amount to the clearinghouse on the delivery day, and will subsequently receive delivery of metal from the clearinghouse.

What do customers need to do to start trading Spot Spread?

Customers will need to confirm with their FCMs that they will have access to the new contracts, and they may also need to confirm trading position parameters. Delivery of metal is made to and from London based bank accounts – customers should ensure they have an account that can be used for this purpose. The new contracts are available in CME Group's test environments. Please review Chapter 3 for further information.

What do FCMs need to do to start clearing the Spot Spread?

The exchange has published a description of the clearing and bookkeeping process for the new contracts. Please review Chapter 2 and 3 for detailed information.

Of particular note, clearing firms that wish to be active in the new contracts will need to have or establish unallocated precious metal accounts in London, which will be used to make and take deliveries of gold and silver.

How does an FCM open a Loco London unallocated account?

Five banks offer unallocated Loco London precious metal accounts. These are HSBC Bank, ICBC Standard Bank, JP Morgan, The Bank of Nova Scotia – ScotiaMocatta and UBS. Relevant contact details can be found at London Precious Metals Clearing Limited: lpmcl.com/

What will the charges be? How do they compare to the bilateral charges via an IDB?

CME Group's trading and clearing fees have been set to be transparent. Standard execution fees for London Spot Gold/Silver futures are \$0.25 per lot for COMEX members and \$0.75 for non-members. Delivery fees are \$1 per lot taken to delivery.

We cannot easily compare our fees to charges from an IDB or other arrangements in the OTC market, as these charges will be unique to each customer.

Which banks/depositories offer Loco London unallocated accounts?

Five banks offer unallocated Loco London precious metal accounts. These are HSBC Bank, ICBC Standard Bank, JP Morgan, The Bank of Nova Scotia – ScotiaMocatta and UBS. Relevant contact details can be found at London Precious Metals Clearing Limited: lpmcl.com/, which is the organization that coordinates the London unallocated delivery process.

Will the spot futures operate within Deliveries Plus?

The London Spot Gold futures and London Spot Silver futures will operate in CME Group's Deliveries Plus system, which is used to facilitate the transfer of delivery information between position holders and the clearinghouse.

Will customers be required to open subaccounts in an FCMs Loco London account or can they use their own?

Each FCM will determine its own approach. If the FCM deems it appropriate, it may allow customers to make or take delivery directly from their account.

What are CME Globex and CME Direct?

CME Globex is CME Group's electronic trading platform. CME Globex has an open architecture that allows for a wide range of trading interfaces.

CME Direct is a trading front end that complements CME Globex and provides access to CME Group's markets. Details of these platforms can be found at cmegroup.com

What is CME ClearPort?

CME ClearPort is a system that provides an interface for brokers and traders to submit off-exchange transactions (such as block trades and EFRP trades) to CME Group so that they can be cleared by CME Clearing.

Will there be liquidity in the spot contract or just the spread?

We are first and foremost promoting the Spot Spread, however clients will be able to trade the London Spot Gold or Silver futures if and so required.

How will the settlement price be determined?

Settlement time for the Spot Spread is the same as the respective COMEX futures, i.e. Gold is 13.30 ET and Silver is 13.25 ET. The settlement will follow a waterfall methodology which will take into account of the trade price, ask and bid prices, etc. Detailed settlement procedure can be found at the early part of this guidebook.

Will the standard strategies be available such as icebergs and stop losses? And are there any safeguards in place in the event of out of the ordinary market moves?

The Spot Spread and the London Spot Gold and Spot Silver futures will all be available for trading on CME Globex, which supports a variety of complex order types and functionality. CME Globex also incorporates a range of market protections which are designed to minimize the impact of excessive price moves. Details can be found at cmegroup.com/globex/

CME Clearing also provides safeguards to the holders of open positions.

Will these positions be included in the COTR? If so, will they be listed separately?

As futures contracts, positions in the London Spot Gold and Spot Silver futures over a certain size will be reportable to the CFTC on a weekly basis. The contract may be included in the CFTC's Commitment of Traders Report where a sufficient number of individual positions are reported to the CFTC.

Is delivery guaranteed? If not and I am long and do not receive the metal, what is the compensation for the fail?

Yes, delivery is guaranteed. The guarantee applies to performance with respect to delivery obligations. CME Clearing remains in the delivery chain and will guarantee financial performance at delivery.

Will the spot futures contract stand alone, so that CME Group can generate a synthetic EFP market? Or is it purely an EFP market, so that if no EFP limits have been placed then there is no market?

The Spot Spread will be traded directly on the Central Limited Order Book, but there will also be an independent Spot futures contract available for trading (GSP and SSP), and you could trade these against the prevailing COMEX futures as a synthetic spread.

How will the new products be regulated?

The two new contracts, and the spot spreads, are listed as futures on COMEX in New York. They are regulated in the U.S. under the Commodity Exchange Act and the CFTC's rules.

There will be no direct impact of European regulation, for example MiFID, on the new contracts. The products are regulated as futures contracts, in the same as the COMEX Gold futures (GC) or COMEX Silver futures (SI), and traders and other market participants will need to comply with the same regulation when dealing in the new contracts as they do when dealing in GC and SI.

Only trading on a European exchange will be caught by MiFID II. MiFID II does not apply to U.S. trading venues or clearinghouses.

For more information please visit cmegroup.com/spotsread or contact us at metals@cmegroup.com



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