

APPENDIX A

(underline indicates addition; ~~strikethrough~~ indicates deletion)

CHAPTER 7 DELIVERY FACILITIES AND PROCEDURES

703. DESIGNATION AND OBLIGATIONS OF METAL SERVICE PROVIDERS

703.A. Definitions

- "Depository" shall mean a facility approved and declared regular for delivery by the Exchange for the secure storage of Registered and Eligible gold, silver, palladium and/or platinum. ~~A Depository for gold must also qualify and be designated a Weighmaster for gold.~~

[remainder of rule unchanged]

703.B. Conditions for Approval

Service Providers may be declared regular for delivery with the approval of the Exchange. Persons operating facilities who desire to have such facilities made regular for delivery under the Rules of the Exchange shall file an application for an initial Declaration of Approval on a form prescribed by the Exchange.

Service Providers shall be subject to the Rules of the Exchange, the disciplinary procedures set forth in Chapter 4, and the arbitration procedures set forth in Chapter 6, and shall abide by and comply with the terms of any disciplinary decision imposed or any arbitration award issued against it pursuant to the Exchange's Rules.

Service Providers shall consent to the disciplinary jurisdiction of the Exchange for five (5) years after such regularity lapses, for conduct which occurred while the Service Provider was approved.

Facilities that desire to increase their approved capacity during a current term shall make application for the desired amount of total approved capacity on a form prescribed by the Exchange.

Initial regularity and increases in regularity for delivery against a listed futures contract shall be effective either thirty days after the Exchange posts a notice that a bona fide application has been received or the day after the application is approved by the Exchange, whichever is later.

The Exchange may establish such requirements and conditions for approval of regularity as it deems necessary. The application for regularity prescribed by the Exchange shall set forth conditions of regularity as well as other agreements with which the operator of the regular facility shall comply. In addition to any conditions and agreements contained in such application or in the relevant product chapter, the following shall constitute conditions for regularity and requirements with which the operator of a regular facility shall comply:

- Assayers. The Exchange may designate Assayers for metals. Said Assayers shall determine the metallurgical assay of said brands in order to maintain the integrity of said brands deliverable against the metal futures contracts. In the event that the metallurgical assay of any Brand shall be questioned, the Exchange shall refer the matter to said Assayers.
- Producer. The refiner or smelter whose products meet all Exchange requirements and are Eligible.

3. Carriers. Each Carrier shall provide for the secure transportation of gold, platinum and palladium and shall maintain a chain of integrity for each such metal, as described in the applicable metals futures product rule chapter.

4. Weighmaster. Metals shall be weighed only by Weighmasters designated by the Exchange.

5. Facilities.

a. Insurance. No Depository or Warehouse shall be declared regular for the storage of a metal unless it has in force and effect all-risk insurance against loss of the metal in such amount, issued by such insurance companies, and upon such terms and conditions as are satisfactory to the Exchange. No Shed shall be declared regular for the storage of aluminum unless it has in force and effect warehouseman's legal liability insurance issued by such insurance companies and upon such terms and conditions as are satisfactory to the Exchange

All policies evidencing such Facility insurance shall provide for at least ninety (90) days prior written notice, to the Exchange, of cancellation, change in the policy terms and/or premiums. The continued maintenance of such Facility insurance shall be a condition to the continued declaration of regularity. On an annual basis, all Facilities shall provide to the Exchange documents sufficient to satisfy the Exchange that the required insurance is in full force and effect.

b. Financial Assurance. Facilities shall provide such guarantees, bonds or other financial instruments to the Exchange as may be required to guaranty the performance of its obligations pursuant to these Rules and any conditions set forth in the conditions for approval.

c. Reporting of Stocks. All information pursuant to this section shall be transmitted no later than 2:00 p.m., on the business day following the day on which the Facility comes into possession of relevant information. In addition to containing all relevant information for the preceding business day, notifications pursuant to this section sent by 2:00 p.m. on a Tuesday shall include all relevant information for the last business day as well as the Saturday and Sunday immediately preceding the Tuesday on which the notification is made.

In addition, on a daily basis, the Facility shall provide, in an Exchange approved format, the following information regarding its stocks:

1. The total quantity of Registered metal stored at the Facility.
2. The total quantity of Eligible metal stored at the Facility.
3. The quantity of Eligible metal and Registered metal received and shipped from the Facility.

The Facility shall immediately notify the Exchange in writing if the Facility does not have space available for the storage of metal.

d. Annual Inventory Audit. Each Facility, at its sole cost and expense, shall have conducted by an independent auditor an annual audit which shall be in compliance with the procedures established by the Exchange. Each audit report shall be filed with the Exchange within thirty days of the date of the completion of the audit.

e. Recordkeeping. Facilities shall make such reports, keep such records, and permit such visitation as the Exchange and/or the CFTC may prescribe. Such books and records shall be kept for a period of five (5) years from the date thereof or for a longer period if the Exchange and/or the CFTC shall so direct, and such books, records and Facilities shall be open at all times to inspection by any representative of the Exchange, the CFTC or the U.S. Department of Justice.

f. Financial Statements. Financial statements must be audited in accordance with U.S. Generally Accepted Accounting Principles or other international financial standards as deemed acceptable by the Exchange. On an annual basis, the Facility shall provide

the Exchange with copies of audited financial statements of the Facility, and its parent company (as applicable), as the audited financial statements become available. Additionally, the Facility must provide the Exchange with notice of any substantial reduction in capital as compared to the most recent filing of a financial report.

- g. Inspection. The Facility shall permit the Exchange, at any time, to examine any and all books and records of the Facility, for the purpose of ascertaining the stocks relating to metal which may be on hand. The Exchange shall have the authority to determine the quantity of metal in the Facility and to compare the books and records of the Facility with the records of the Exchange.
- h. Confidentiality. All officers, directors, employees and agents of a Facility shall be prohibited from revealing any information regarding customers who have dealings with the Facility or regarding metal deposits or withdrawals to any persons or firms except as permitted by the Exchange.

In the event the Facility or any of its respective parent, subsidiaries or affiliates, engage in any trading activity, whether directly or indirectly, in the metals contract(s) for which the Facility has received approval for regularity, the Facility shall institute such controls as the Exchange, at its discretion, deems necessary to protect the confidentiality of the users of the Facility.

- i. Conveyance. Depositories for gold, platinum and palladium must be accessible by armored car. Warehouses must have direct unobstructed access to both a truck bay and rail. Sheds must have direct unobstructed access to a truck bay and/or rail.
- j. A Depository for gold must qualify and be designated a Weighmaster for gold. A Depository for gold must be located within a 150-mile radius of the City of New York.
- k. A Shed must qualify and be designated a Weighmaster for aluminum.

l. The Facility shall not engage in unethical or inequitable practices, and shall comply with all applicable Federal, State and local laws and regulations and the Rules of the Exchange.

mj. The Facility shall promptly advise the Exchange of any damage to metal held in store by it, whenever such damage shall occur to an extent that will render the metal undeliverable.

nk. The Facility is not required to own the storage facility and may lease the storage facility from the owner upon such terms and conditions as are satisfactory to the Exchange. The Facility may also enter into a service arrangement pursuant to which an agent or contractor performs the daily operations of the storage facility upon such terms and conditions as are satisfactory to the Exchange. The Facility shall be responsible for the conduct of its agents or contractors.

The Service Provider shall immediately notify the Exchange, in writing of any actual change in control or ownership.

The Service Provider represents and warrants that all of the information in its application for regularity is accurate. The Service Provider agrees that it has a continuing obligation to promptly notify the Exchange of any change in the information contained therein.

The Exchange, in its sole discretion, may determine not to approve facilities for regularity, or for increases in regular capacity of existing regular Facilities, regardless of whether such Facilities meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion include, among others, whether warrants issued by such Facilities, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of futures contracts or impair the efficacy of futures trading in the relevant market, or whether the currently regular capacity provides for an adequate deliverable supply.

703.C. Load-Out

The Facility represents and warrants that it shall schedule all shipments into or out of the Facility on a first-come, first served, non-discriminatory basis and that it shall not constrain or promote the movement of Registered metal and Eligible metal into or out of the Facility by:

1. Giving exceptional inducements or imposing unreasonable charges for depositing, storage or removal of metal into or out of the Facility; or
2. Taking or failing to take any action that affects a customer's ability to schedule the delivery or removal of metal from the Facility.
- 3.a. Depository or Warehouse. In the event that a Depository or a Warehouse, as applicable, has not permitted the withdrawal of Registered metal by a Warrant holder within five (5) business days after such instructions for a cancellation of a Warrant for load out have been tendered to the Depository or the Warehouse, as applicable (~~properly endorsed and all applicable storage~~ charges paid) then the Depository or the Warehouse, as applicable, shall immediately notify the Exchange, in writing, of the reason(s) for the delay. Upon receipt of such notification, the Exchange, at its discretion, may direct, in writing, the Depository or the Warehouse, as applicable, not to accept additional metal for deposit until the Exchange directs it to do otherwise.
- 3.b. Shed. In the event that a Shed has not permitted the withdrawal of Registered aluminum by a Warrant holder within twenty (20) business days after such Warrant has been tendered to the Shed (properly endorsed and all storage charges paid) or has not met the minimum daily load out requirement, then the Shed shall immediately notify the Exchange, in writing, of the reason(s) for the delay. Upon receipt of such notification, the Exchange, at its discretion, may direct, in writing, the Shed not to accept additional aluminum for deposit until the Exchange directs it to do otherwise.

If the Shed fails to comply with the aluminum delivery and load-out Rules as prescribed herein, the Shed shall not charge the Warrant holder for additional storage charges, provided, however, that the delay was not caused by the Warrant holder or the Warrant holder's agent.

While minimum guaranteed daily load out rates prescribed in Rule 703.C.3.b.i. below only apply to primary conveyance(s) at the Shed, at all times the Shed shall be required to meet a cumulative minimum guaranteed daily load out rate as prescribed in Rule 703.C.3.b.i. below for all pending load out orders, on a first-come, first-served, non-discriminatory basis.

i. Load-Out Rate via Primary Conveyance: "Primary conveyance" shall mean the conveyance which shall be subject to the minimum guaranteed daily load out rate as prescribed in this subsection 703.C.3.b.i. contingent on any pending conveyance orders submitted prior to the primary conveyance order.

The Shed ~~is required to ship out must be capable of shipping out~~ of the Shed aluminum at a minimum guaranteed daily load out rate of 2% of total aluminum inventory, with a minimum daily load out rate of 1,000 metric tons, for each business day. Total aluminum inventory shall be defined as aluminum inventory (Registered and Eligible) as reported to the Exchange on the first business day of the month.

ii. Alternate Load-Out Instructions via Alternate Conveyance: "Alternate conveyance" shall mean the conveyance which shall be subject to the minimum guaranteed daily

load out rate as prescribed in this subsection 703.C.3.b.ii. contingent on any pending conveyance orders submitted prior to the alternate conveyance order.

A party may elect to load out at the Shed by an alternate conveyance, if available. In electing an alternate conveyance, the minimum guaranteed daily load out rate for the alternate conveyance as published under the Interpretations & Special Notices Related to Chapter 7 shall apply absent any pending conveyance orders submitted prior to the alternate conveyance order.

~~If the Shed fails to comply with the aluminum delivery and Load-Out Rules as prescribed above, the Shed shall not charge the Warrant holder for additional storage charges, provided, however, that the delay was not caused by the Warrant holder or the Warrant holder's agent.~~

4. Failure to comply with the load-out requirements as prescribed in this Rule 703.C. may subject a Facility to Exchange disciplinary action.

[remainder of rule unchanged]

705.

METAL WARRANTS

~~705.A. Existing Paper Warrants Issued by Facilities~~

~~Paper warrants issued by Facilities are not acceptable for delivery against the respective metal futures contracts. Paper warrants must be converted to electronic Warrants for Exchange delivery.~~

~~705.B. Procedures for the Issuance of Warrants~~

All Warrants issued by a Facility must be issued in the name of the clearing member and must be in a format approved by the Exchange. Warrants shall be lettered or numbered consecutively by each Facility and no two Warrants for the same metal shall bear an identical combination of letters and/or numbers. If letters are used, they must not exceed three (3) characters and if used in combination with numbers, they must precede the numbers. The numbers must not exceed 7 digits.

1. Within three (3) business days from receipt of any metal at a Facility, the Facility must (a) determine such metal's Eligibility, (b) advise the owner if the metal is determined to be not Eligible, and (c) if requested by the owner and provided the metal meets the contract specifications, issue a Warrant. In addition, upon receipt of the 100 troy ounce gold bar by the Depository for delivery against the Gold futures contract, the Depository shall weigh each 100 troy ounce gold bar in the lot measured to 1/100 of a troy ounce (two decimal points). In accomplishing such measurement, each bar shall be weighed to the nearest 1/1000 of a troy ounce (three decimal points); weights of 4/1000 of a troy ounce or less shall be rounded down to the nearest 1/100 of a troy ounce and weights of 5/1000 of a troy ounce or more shall be rounded up to the nearest 1/100 of a troy ounce. If, due to capacity limitations or for any other reason, a Facility is unable to meet such requirements, the Facility shall notify the Exchange immediately and shall describe the reason(s) for such delay.
2. In issuing a Warrant, Facility shall be responsible for (a) verifying that the metal meets all of the specifications for the product in accordance with the product's terms and conditions as stated in the Exchange Rules, (b) verifying that the metal is of an approved Brand, and (c) entering all applicable information into the electronic delivery system.
3. A Warrant shall be an electronic document, that is a transferable record under Article 3 of the UCC, and a document of title under Article 7 of the UCC, in a form approved by the Exchange and issued in compliance with this Rule, and shall be supported by such paper or other tangible documents as specified in this Rule. The Facility shall enter in the electronic delivery system a reference to each paper or other tangible document(s) that is related to the Warrant as specified in this Rule.
4. Warrants shall not be issued for more than or less than one contract unit. Each contract unit shall be delivered from a single Facility. A Warrant issued for aluminum shall be from a single

Brand and shall be made up exclusively of the deliverable grades in one of the three shapes as prescribed in the Aluminum futures contract Rules. A Warrant issued for copper shall be from a single Brand. A Warrant may be issued for gold, silver, platinum or palladium that co-mingles Brands, provided such co-mingled Brands are stored within the same Facility.

5. A Warrant shall be of unlimited duration and remain valid until cancelled by the Facility that issued it.
6. The Facility shall be solely responsible for insuring that no duplicate Warrants are issued, printed or released by it.
7. In the event that any paper or other tangible document that supports a Warrant has been damaged, lost, stolen or destroyed, Facility shall issue a replacement document upon completion of its procedures for the replacement thereof.

705.CB. Procedures for the Cancellation of Warrants

A Warrant may be cancelled only by the Facility that issued it and only upon endorsement from the clearing member to such Facility in accordance with these Rules.

Upon request to the clearing member by the owner of the metal for delivery of a metal, the clearing member shall endorse in the electronic delivery system with delivery instructions ("the account of") and shall, upon request by the owner, issue to the owner a physical confirmation of such endorsement.

A Facility shall have and maintain in fireproof secure document storage until five (5) years following cancellation of the applicable Warrant, any documentation associated with such cancelled Warrant as required by the metal futures contract.

708. NEW YORK HARBOR ULSD AND RBOB GASOLINE DELIVERY TERMINALS

708.A. Conditions for Approval

New York Harbor ULSD and RBOB Gasoline terminals may be declared regular for delivery with the approval of the Exchange. Persons operating terminals who desire to have such terminals made regular for delivery under the Rules of the Exchange shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange.

Initial regularity and increases in regularity ~~Regularity for delivery against a listed futures contract~~ shall be effective either thirty days after the Exchange posts a notice that a bona fide application has been received or the day after the application is approved by the Exchange, whichever is later.

[remainder of rule unchanged]

709. ILLINOIS BASIN COAL DELIVERY TERMINALS

709.A. Conditions for Approval

Illinois Basin coal terminals may be declared regular for delivery with the approval of the Exchange. Persons operating terminals who desire to have such terminals made regular for delivery under the Rules of the Exchange shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange.

Initial regularity and increases in regularity ~~Regularity for delivery against a listed futures contract~~ shall be effective either thirty days after the Exchange posts a notice that a bona fide application has been received or the day after the application is approved by the Exchange, whichever is later.

[remainder of rule unchanged]

719. INITIAL REGULARITY FOR DELIVERY AGAINST A NEW FUTURES CONTRACT

Initial regularity for delivery against a new futures contract concurrent with the listing of such new futures contract shall be effective either fifteen days after the Exchange posts a notice that a bona fide application has been received or the day after the application is approved by the Exchange, whichever is later.

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