



Special Executive Report

DATE: June 30, 2020

SER#: 8608

SUBJECT: Amendments to the Gold (Enhanced Delivery) Futures Contract to Expand the Allowable Delivery Locations to Include London, UK

Effective Wednesday, July 15, 2020 for trade date Thursday, July 16 2020, and pending all relevant CFTC regulatory review periods, Commodity Exchange, Inc. ("COMEX" or "Exchange") will amend the Gold (Enhanced Delivery) Futures contract (Rulebook Chapter: 126; Commodity Code: 4GC) to expand the allowable delivery locations to include London, UK effective with the September 2020 contract month and beyond. There is currently no open interest in the September 2020 contract month and beyond.

Specifically, COMEX will amend Rule 126103. ("Delivery Procedures and Facilities") of Chapter 126 to include London, UK, as a location for Exchange approved depositories for the Contract. In addition, the Exchange will implement corresponding amendments to Rule 703. ("Designations and Obligations of Metal Service Providers"), Rule 704. ("Storage of Metals"), and Rule 705. ("Metal Warrants") Chapter 7 ("Delivery Facilities and Procedures") (collectively, the "Rule Amendments").

The size of the Contract is 100 troy ounces with 100 troy ounce, kilo bars and 400 troy ounce bars all acceptable for delivery. Gold kilo bars and 400 troy ounce bars have more of a global presence and additional delivery points in London, UK, will provide market participants greater opportunity to make and take delivery.

The Rule Amendments are provided in Exhibit A below in blackline format.

Please refer questions on this subject to:

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EXHIBIT A COMEX Rulebook

(additions underlined; deletions ~~overstruck~~)

Chapter 126 Gold (Enhanced Delivery) Futures (Effective July 16, 2020)

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126103. DELIVERY PROCEDURES AND FACILITIES

(All Contract Months up to and Including August 2020)

Approved delivery facilities and procedures not addressed within this chapter will follow those outlined in Chapter 7 of the COMEX rulebook for the COMEX Gold (GC) contract.

126103. DELIVERY PROCEDURES AND FACILITIES

(All Contract Months Commencing with September 2020 and Beyond)

Approved delivery facilities and procedures not addressed within this chapter will follow those outlined in Chapter 7 of the COMEX rulebook for the COMEX Gold Enhanced Delivery (4GC) contract.

[The remainder of the Rule is unchanged]

Chapter 126 Gold (Enhanced Delivery) Futures (Effective August 28, 2020)

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~~126103. DELIVERY PROCEDURES AND FACILITIES~~

~~(All Contract Months up to and Including August 2020)~~

~~Approved delivery facilities and procedures not addressed within this chapter will follow those outlined in Chapter 7 of the COMEX rulebook for the COMEX Gold (GC) contract.~~

126103. DELIVERY PROCEDURES AND FACILITIES

~~(All Contract Months Commencing with September 2020 and Beyond)~~

Approved delivery facilities and procedures not addressed within this chapter will follow those outlined in Chapter 7 of the COMEX rulebook for the COMEX Gold Enhanced Delivery (4GC) contract.

[The remainder of the Rule is unchanged]

Chapter 7 DELIVERY FACILITIES AND PROCEDURES (Effective July 16, 2020)

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INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 7

PRECIOUS METALS – STORAGE AND HANDLING FEES
BASE METALS – STORAGE AND HANDLING FEES
PRECIOUS METALS – DEPOSITORIES AND WEIGHMASTERS
PRECIOUS METALS – ASSAYERS

PRECIOUS METALS – CARRIERS

GOLD (GC) – BRANDS

GOLD (4GC) – BRANDS

GOLD KILO (GCK) – BRANDS

SILVER – BRANDS

PLATINUM – BRANDS

PALLADIUM – BRANDS

BASE METALS – WAREHOUSES AND WEIGHMASTERS

BASE METALS – ASSAYERS

COPPER – BRANDS

ALUMINUM – BRANDS

LEAD – BRANDS

ZINC – BRANDS

ULSD & RBOB GASOLINE – NY HARBOR REGISTERED DELIVERY TERMINALS

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703. DESIGNATION AND OBLIGATIONS OF METAL SERVICE PROVIDERS

703.A. Conditions for Approval

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(11) The depository shall provide a fully secured indoor facility for the storage of precious metal, as acceptable to the Exchange. The depository for gold, platinum and palladium must be accessible by armored car. The depository for gold deliverable against the Gold futures (GC) contract must qualify and be designated a weighmaster and must be located within a 150-mile radius of the City of New York. The depository for gold deliverable against the Gold (Enhanced Delivery) futures (4GC) contract must qualify and be designated a weighmaster and must be located within a 150-mile radius of the City of New York or in London, UK. The depository for gold deliverable against the Gold Kilo futures (GCK) contract must be located in Hong Kong Special Administrative Region of the People's Republic of China.

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704. STORAGE OF METALS

704.A. Storage and Handling Charges

In the event that a depository or warehouse wishes to change its maximum fees, the depository or warehouse shall make application for the desired change on a form prescribed by the Exchange. The Exchange, in its sole discretion, may determine to not approve the requested changes.

Increases to maximum fees for a depository or warehouse shall be effective ninety (90) days after the Exchange posts a notice that a bona fide application has been approved.

The maximum storage and delivery out charges by a depository shall not exceed the following:

	Maximum Storage	Maximum Delivery Out
Gold (GC) (per contract)	\$15.00	\$35.00
<u>Gold (Enhanced Delivery) (4GC) (per contract)</u>	<u>\$15.00</u>	<u>\$35.00</u>
Gold Kilo (GCK) (per contract)	\$6.50	\$12.50
Silver (SI)	\$8.50	\$35.00

(per bar)		
Platinum (PL) (per contract)	\$20.00	\$30.00
Palladium (PA) (per contract)	\$20.00	\$30.00

For larger palladium units (as defined in NYMEX Chapter 106), the maximum storage and delivery out charges shall be pro-rated from the above table based on the weight of the larger palladium unit. For 400 troy ounce bars deliverable against the Gold (Enhanced Delivery) futures contract, the maximum storage and delivery charges shall be pro-rated from the above table.

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705. METAL WARRANTS

705.A. Procedures for the Issuance of Warrants

A warrant shall mean a document of title under Article 7 of the Uniform Commercial Code ("UCC") issued by a facility demonstrating that the referenced quantity of the covered metal, stored in the facility referenced thereon, meets the specifications of the applicable metal futures contract.

All warrants issued by a facility must be issued in the name of the clearing member (warrant holder) and must be in a format approved by the Exchange. A clearing member shall retain documentation that allows the clearing member to take possession of metal and transfer possession to the owner of the metal. 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 or Gold (Enhanced Delivery) 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. Each 400 troy ounce bar must be eligible for settlement in the wholesale London bullion market.

[Remainder of Chapter unchanged.]