



Special Executive Report

S- 7334

April 27, 2015

Amendments to NYMEX/COMEX Rule 589 (Special Price Fluctuation Limits) for Certain NYMEX and COMEX Metals Futures and Options Contracts

Effective Sunday, May 10, 2015 for trade date Monday, May 11, 2015, and pending all relevant CFTC regulatory review periods, the New York Mercantile Exchange, Inc. (NYMEX) and Commodity Exchange, Inc. (COMEX) (collectively, the Exchanges) will amend NYMEX/COMEX Rule 589 (Special Price Fluctuation Limits) to modify the monitoring period following a triggering event from five minutes to two minutes for certain metals futures and options contracts. Price fluctuation limits deter sharp price movements that may, for example, be driven by illiquid central limit order books prevailing from time to time in otherwise liquid markets.

Please refer to the following appendixes for details regarding special price fluctuation limits for certain NYMEX/COMEX metals futures and options contracts:

Appendix A: Metals Futures and Options Contracts Subject to NYMEX/COMEX Rule 589

Appendix B: Amendments to NYMEX/COMEX Rule 589 (blackline format)

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Appendix A

NYMEX/COMEX Metals Futures and Options Contracts

Subject to NYMEX/COMEX Rule 589 (Special Price Fluctuation Limits)

Metals Products	NYMEX Rulebook Chapter	Commodity Code	Primary or Associated Contract
Platinum Futures	105	PL	Primary
Platinum Option	360	PO	PL
Palladium Futures	106	PA	Primary
Palladium Option	119	PAO	PA

Metals Products	COMEX Rulebook Chapter	Commodity Code	Primary or Associated Contract
Gold Futures	113	GC	Primary
Gold Option	115	OG	GC
E-micro Gold Futures	120	MGC	GC
COMEX miNY Gold Futures	911	QO	GC
Gold Kilo Futures	114	GCK	GC
Gold Weekly Option	1008	OG1-OG5	GC
Silver Futures	112	SI	Primary
Silver Option	116	SO	SI
1,000-oz. Silver Futures	121	SIL	SI
COMEX miNY Silver Futures	912	QI	SI
Silver Weekly Option	1009	SO1-SO5	SI
Copper Futures	111	HG	Primary
Copper Option	117	HX	HG
E-mini Copper Futures	913	QC	HG
Copper Financial Futures	1190	HGS	HG
Copper Average Price Option	1191	CAP	HG
Copper Weekly Option	1010	H1E-H5E	HG

Appendix B

NYMEX/COMEX Rulebook Amendments

(Additions are underlined; deletions are ~~struck through~~.)

Chapter 5 TRADING QUALIFICATIONS AND PRACTICES

589. SPECIAL PRICE FLUCTUATION LIMITS

The special price fluctuation limits applicable to those contracts with special price fluctuation limits are set forth in the Special Price Fluctuation Limits Table ("Table") in the Interpretations Section at the end of Chapter 5.

Notwithstanding any other provisions of this rule, the GCC may, in its absolute and sole discretion, take any action it determines necessary to protect market integrity. For avoidance of doubt, this authority includes, but is not limited to, modifying or eliminating price fluctuation limits at any time and/or determining whether to halt or not to halt trading. The GCC will promptly issue an alert with respect to actions taken pursuant to this provision.

- A. Initial Price Fluctuation Limits for All Contract Months. At the commencement of each trading day, there shall be initial price fluctuation limits in effect for each futures contract month of the Primary Futures Contract (as identified in the Table) above or below the previous day's settlement price for such contract month set at the first special price fluctuation limit level as provided in the Table.
- B. (i) First Triggering Event and Temporary Trading Halt. If the lead contract month (as identified by the Exchange) of the Primary Futures Contract is bid or offered via Globex at the upper or lower price fluctuation limit at the first special price fluctuation limit level, as applicable, it will be considered a Triggering Event that will begin a ~~five-two (52)~~ minute monitoring period in the lead contract month. If at the end of the ~~five-two (52)~~ minute monitoring period, the lead contract month of the Primary Futures Contract is not bid or offered at the applicable special price fluctuation limit, the special price fluctuation limits shall be expanded an additional increment above and below the previous day's settlement price for all contract months of the Primary Futures Contract as provided in the Table. If, however, at the end of the ~~five-two (52)~~ minute monitoring period, the lead contract month of the Primary Futures Contract is bid or offered at the applicable special price fluctuation limit, a two (2) minute Temporary Trading Halt will commence in all contract months of the Primary Futures Contract as well as in all contract months of Associated Products of the Primary Futures Contract as provided in the Table. In addition, trading in any Associated Product that is an option related to the Primary Futures Contract or in an option contract related to any other Associated Product of the Primary Futures Contract of this rule that may be available for trading on Globex or on the trading floor shall be subject to a coordinated Temporary Trading Halt.
- (ii) Expansion of Limits Following Temporary Trading Halt. Following the end of a Temporary Trading Halt, the affected markets shall re-open simultaneously in all contract months of the Primary Futures Contract as well as in all contract months of Associated Products of the Primary Futures Contract of this rule. When trading resumes, the price fluctuation limits of the Primary Futures Contract shall be expanded an additional increment above and below the previous day's settlement price for all contract months of the Primary Futures Contract as provided in the Table.
- (iii) Each instance in which a Triggering Event occurs, a ~~five-two (52)~~ minute monitoring period will commence as provided in Sections 589.~~B(j)2-(a) and 589.2-(b)~~. In each instance, the price fluctuation limits for each contract month of the Primary Futures Contract shall be expanded by an additional increment as provided in the Table above

and below the previous day's settlement price for such contract month. Following the fourth triggering event, there will be no further limits.

(iv) A Primary Futures Contract shall not be the lead Primary Futures Contract on the contract's last trading day. There shall be no special price fluctuation limits during the period between the first intent day and the last delivery day of an expiring Metals futures contract that serves as a primary futures contract for the purposes of Rule 589. Additionally, there shall be no temporary trading halts or expansion of special price fluctuation limits during the last five (5) minutes of trading during the period between the first intent day and the last delivery day of an expiring Metals futures contract that serves as a primary futures contract for the purposes of Rule 589.

C. Price Fluctuation Limits on Trading Floor (Floor Trading)

(i) The special price fluctuation limits cited in Section 589.[A1](#). of this rule shall be applicable on the trading floor. All markets on the trading floor shall be limited to trading at these special fluctuation price levels (locked limit); however, such trading shall not constitute a Triggering Event for purposes of a Temporary Trading Halt.

(ii) In all instances when a ~~Triggering Event~~[Temporary Trading Halt](#) in the lead contract month of the Primary Futures Contract occurs on Globex, floor trading in all contract months of the Primary Futures Contract and in all contract months of Associated Products of the Primary Futures Contract of this rule shall immediately halt. Additionally, trading in any option related to the Primary Futures Contract or in an option contract related to any Associated Product of the Primary Futures Contract of this rule shall be subject to a coordinated Temporary Trading Halt.

(iii) Whenever Globex markets are re-opened with expanded price limits pursuant to the provisions of Section 589.[2B](#). of this rule, the affected markets on the trading floor shall simultaneously re-open with the expanded limits in place.