METALS

Micro Metals Products

E-MICRO GOLD AND 1,000 OZ. SILVER FUTURES

E-micro Gold futures (MGC) and 1,000-oz. Silver futures (SIL) offer a 10:1 offset with the 100-oz. Gold futures contract and a 5:1 offset with the 5,000-oz. Silver futures contract, respectively. These contracts are tailored to meet the demands of the active individual investor looking for the opportunity to trade physical gold and silver in smaller increments or those seeking a less-expensive alternative to trading the largest, most liquid Gold (GC) and Silver (SI) futures in the world.

Benefits

- Conveniently sized/tailored to the individual investor (1/10 GC futures; 1/5 of SI futures)
- Backed by the safety and security of CME Clearing
- Flexible, affording more time to make strategic market decisions; limiting risk of market timing
- Affordable, requiring lower initial capital outlay, with lower margin and exchange fees
- Part of our micro suite of products, facilitating cross-margining opportunities
- Offers a better hedge for delta and gamma positions
- Accessible virtually around the clock on CME Globex

How the contracts work

Trading takes place on CME Globex electronic trading platform, and may also be conducted through a broker.

The settlement prices each day for the E-micro Gold Futures contract will be identical to that of the Gold Futures contract. The settlement prices each day for the 1,000-oz. Silver Futures contract will be identical to that of the Silver Futures contract.

Original margin for the E-micro Gold Futures contract will be 1/10 the margin rate of the Gold Futures contract. Original margin for the 1,000-oz. Silver Futures contract will be 1/10 the margin rate of the Silver Futures contract. There will be 100 percent margin offsets between 10 E-micro Gold Futures contracts and one (1) Gold Futures contract, if one of the contracts is long and the other contract is short, for the same month. If not the same month, then spread margining is in effect. There will be 100 percent margin offsets between five (5) x 1,000-oz. Silver Futures contracts and one (1) Silver Futures contract, if one of the contracts is long and the other contract is short, for the same month. If not the same month, then spread margining is in effect.

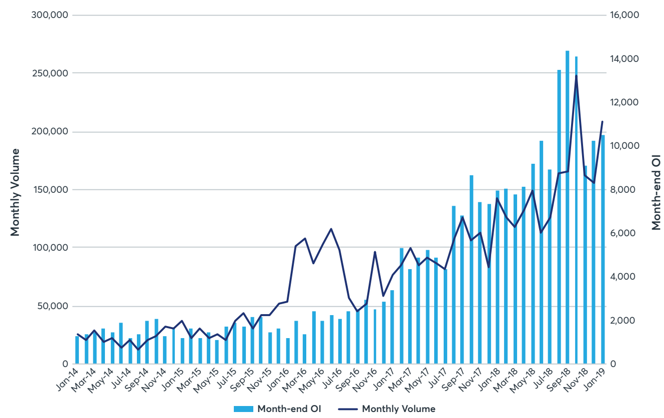
An Accumulated Certificate of Exchange (ACE), created by the CME clearing house, which, for E-micro Gold Futures, represents a 10 percent ownership in one, 100-ozt. COMEX gold warrant, and, for 1,000-oz. Silver Futures, represents a 10 percent ownership in one, 5,000-ozt. COMEX silver warrant. ACEs are backed by physical gold or silver held in an Exchange approved depository.

When 10 ACEs for gold are accumulated, they may be redeemed for one, 100 ozt. COMEX gold warrant. Similarly, for silver, when 5 ACEs are accumulated, they may be redeemed for one 5,000-ozt. COMEX silver warrant.

Delivery

E-micro Gold Futures

E-micro Gold Futures Monthly Volume and Month-end Open Interest

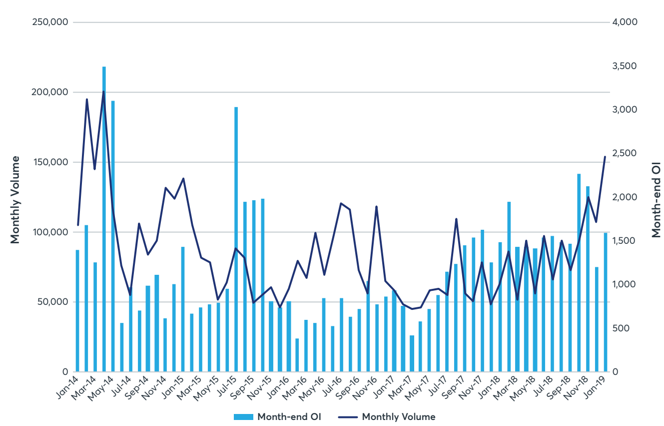


The contract does not represent physical delivery of a 10-oz. bar of gold; rather, it is a smaller-size gold futures contract with the additional feature of allowing for the accumulation of ACEs, which in turn may be converted into a COMEX gold warrant. Conversion into a 100-oz. COMEX gold warrant is not an automatic process. If the individual's intention is to take possession of a 100.-oz. COMEX Gold

warrant, then they must notify their broker of such intention. Because an ACE represents a 1/10 ownership in an actual gold bar held at an Exchange approved depository, a holder must accumulate 10 ACEs prior to requesting conversion.

1,000 oz. Silver Futures

1,000 oz. Silver Futures Monthly Volume and Month-end Open Interest



The contract does not represent physical delivery of a 1,000 troy oz. bar of silver; rather, it is a smaller-size silver Futures contract with the additional feature of allowing for the accumulation of ACEs, which in turn may be converted into a COMEX silver warrant. Conversion into a 5,000-ozt. COMEX gold warrant is not an automatic process. If the individual's intention is to take possession of a 5,000-ozt. COMEX silver warrant, then they must notify their broker of such intention. Because an ACE represents a 1/10 ownership in an actual silver bar held at an Exchange approved depository, a holder must accumulate 5 ACEs prior to requesting conversion.

Only an ACE may be used to satisfy delivery. For example, a short position holder who decides to deliver rather than close out or roll the position will need to convert a COMEX gold warrant into 10 ACEs and then use the appropriate number of created ACEs to deliver against the short position. For example, if an individual is short six (6) E-micro Gold Futures contracts, the individual converts a 100-ozt. COMEX gold warrant into 10 (exact weight) ACEs and delivers six (6) against the contract. The individual then holds the remaining four ACEs in his account, representing 40 percent interest in a 100-oz. COMEX gold warrant, and begins paying storage on these four remaining ACEs – equal to 40 percent of the monthly storage charge.

ACE Conversion

Example: Converting ACEs to a COMEX Gold warrant:
An individual who is long an E-micro Gold Futures contract may opt to take delivery of that futures contract, and will receive an ACE at time of delivery. At any time, thereafter, when the individual has accumulated 10 ACEs, he may convert them into a COMEX Gold warrant. While an individual is holding an ACE, he will be responsible for storage on the amount of gold represented by the ACE. Remember, each ACE represents 1/10 the actual weight of a specific bar of gold held in an Exchange approved depository.

Creating ACEs:
A short position holder, for example, wishing to deliver against his E-micro Gold Futures contract, will instruct his broker to convert his 100-oz. COMEX gold warrant into 10 ACEs in order to effect this conversion. The broker will deposit the COMEX gold warrant with the clearing house. This warrant will be held as collateral; the clearing house will create 10 ACEs and transfer them back to the broker (or clearing firm). Delivery against the E-micro Gold Futures contract is made with these ACEs. A short position holder may rollover or close out their position prior to last trading day, or may deliver an ACE against the short position. ACEs may only be created from existing COMEX gold warrants held in an Exchange approved depository.

The trader will receive a COMEX gold warrant, representing an actual, serial numbered bar of gold in one of the Exchange approved depositories. Once payment is made for the COMEX gold warrant, the individual will own that bar of gold and be responsible for storage charges each month. The clearing member will debit the individual's account each month for the appropriate storage.

Key Takeaways

Explanation of MGC and SIL

- Conveniently sized and tailored to the individual investor at 1/10 of the full-size gold futures contract
- Convertible, with 10 ACEs equivalent to one, 100-ozt.COMEX gold warrant or 5 ACEs equivalent to one, 5,000-ozt. COMEX silver warrant
- Backed by the security of CME Clearing
- Flexible, affording more time to make strategic market decisions; limiting risk of market timing
- Affordable, requiring lower initial capital outlay, with lower margin and Exchange fees
- Offered as part of our micro suite of products, facilitating cross-margining opportunities
- Attractive for gold and silver option traders looking to better hedge delta and gamma positions
- Accessible virtually around the clock on CME Globex

Table: Contract specifications

	MGC	SIL
Product Symbols	CME Globex, CME ClearPort and Clearing: MGC	CME Globex, CME ClearPort and Clearing: SIL
Venue and Hours	CME ClearPort and CME Globex: 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)	CME ClearPort and CME Globex: 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)
Contract Unit	10 troy ounces	1,000 troy ounces
Price Quotation	U.S. dollars and cents per troy ounce	U.S. dollars and cents per troy ounce
Minimum Price Fluctuation	$0.10 per troy ounce	Outright and settlement: $0.001 per troy ounce; Spread: $0.005 per troy ounce
Termination of Trading	Trading terminates on the third last business day of the delivery month	Trading terminates on the third last business day of the delivery month
Listed Contracts	Trading is conducted for delivery in any February, April, June, August, October, and December falling within a 24-month period for which a 100 Troy Ounce Gold Futures contract is listed.	Trading is conducted for delivery in the current month, the next two calendar months and any January, March, May, July, September and December falling within a 12 month period.
Trade at Settlement (TAS)	Trading at Settlement is eligible in the first, second and third active contract month - February, April, June, August, December. Commodity Code: MGT	–
Settlement Type	Physical	Physical
Rulebook Chapter	120	121

Contact a member of the global Metals sales team today to learn more about CME Group futures and options. Metals@cmegroup.com

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