

Micro Metals Futures at CME Group

Make more possible

3

contracts

A fraction of the size of
COMEX Metals futures

Gold • Silver • Palladium

 CME Group



Micro Gold futures (MGC), Micro Silver futures (SIL) and Micro Palladium futures (PAM) contracts are designed for active individual investors looking to trade physical gold, silver, and palladium in smaller increments or those seeking a less-expensive alternative to trading the largest, most liquid Gold (GC), Silver (SI), and Palladium (PA) futures contracts in the world.

Key features

- Conveniently sized to the individual investor (1/10 GC futures; 1/5 of SI futures; 1/10 PA 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 potential cross-margining opportunities
- Offers a more precise 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 also may be conducted through a broker.

The settlement prices each day for the Micro Gold futures contract will be identical to that of the Gold futures contract. The settlement prices each day for the Micro Silver futures contract will be identical to that of the Silver futures contract. The settlement prices each day for the Micro Palladium futures contract will be identical to that of the Palladium Futures contract.

Original margin for the Micro Gold futures contract will be 1/10 the margin rate of the Gold Futures contract; for the Micro Silver futures contract will be 1/5 the margin rate of the Silver Futures contract; and for the Micro Palladium futures contract will be 1/10 the margin rate of the Palladium futures contract. Traders can enjoy 100 percent margin offsets between 10 Micro Gold futures contracts and one Gold futures contract, if one of the contracts is long and the other contract is short, for the same month. If not for the same month, then spread margining is in effect. Traders can enjoy 100 percent margin offsets between five Micro Silver futures contracts and one Silver futures contract, if one of the

contracts is long and the other contract is short, for the same month. If not for the same month, then spread margining is in effect. Traders can enjoy 100 percent margin offsets between 10 Micro Palladium futures contracts and one Palladium futures contract, if one of the contracts is long and the other contract is short, for the same month. If not for the same month, then spread margining is in effect.

An Accumulated Certificate of Exchange (ACE) is created by CME Clearing. For Micro Gold futures, each ACE represents a 10 percent ownership in a COMEX Gold futures warrant; for Micro Silver futures, each ACE represents a 20 percent ownership in a COMEX Silver futures warrant; and for Micro Palladium futures, each ACE represents a 10 percent ownership in a NYMEX Palladium futures warrant.

When 10 ACEs for Gold are accumulated, they may be redeemed for one COMEX Gold futures warrant; when five ACEs for Silver are accumulated, they may be redeemed for one COMEX Silver futures warrant; and when 10 ACEs for Palladium are accumulated, they may be redeemed for one NYMEX Palladium futures warrant.

Delivery

Micro Gold, Micro Silver and Micro Palladium futures contracts do not represent physical delivery of a bar of gold, silver or palladium; rather, they are smaller-sized futures contracts with the additional feature of allowing the accumulation of ACEs, which in turn may be converted into a warrant. Conversion into a warrant is not an automatic process. For example, if the individual's intention is to take possession of a COMEX Gold futures warrant, they must notify their broker of such intention. Since a Micro Gold ACE represents 10 percent ownership in an actual gold bar held at an Exchange approved depository, a holder must accumulate 10 ACEs prior to requesting conversion. This same process is required for Micro Silver (accumulation of five ACEs) and Micro Palladium (accumulation of 10 ACEs) to convert to a warrant for Silver futures or Palladium futures, respectively.

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 Micro Gold futures contracts, the individual converts a COMEX Gold futures warrant into 10 (exact weight) ACEs and delivers six against the contract. The individual then holds the remaining four ACEs in his account, representing 40 percent interest in a COMEX Gold futures warrant, and begins paying storage on these four remaining ACEs – equal to 40 percent of the monthly storage charge.

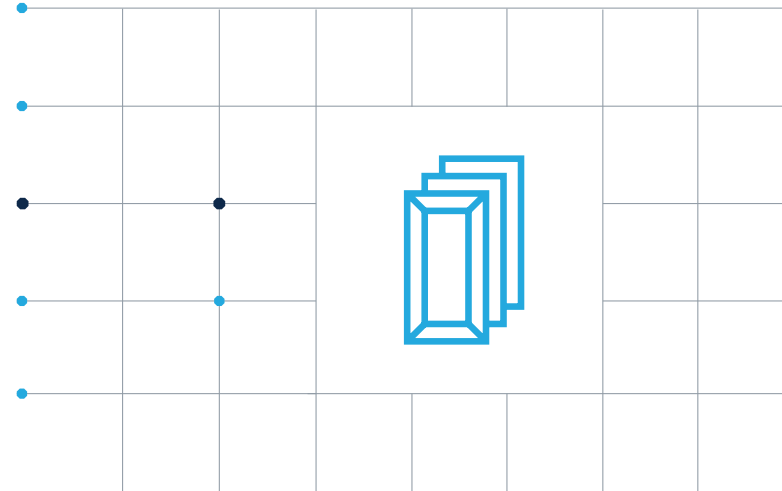


Converting and creating ACEs

An individual who is long a 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.

A short position holder, for example, wishing to deliver against his Micro Gold Futures contract, will instruct his broker to convert his COMEX Gold warrant into 10 ACEs to accomplish this conversion. The broker will deposit the gold warrant with CME Clearing. 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 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 futures warrants held in an Exchange approved depository.

The trader will receive a COMEX Gold futures warrant, representing an actual, serial numbered bar of gold in one of the Exchange approved depositories. Once payment is made for the COMEX Gold futures 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.



Contract specifications

	MGC	SIL	PAM
Product Symbols	CME Globex, CME ClearPort and Clearing		
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)		
Contract Unit	10 troy ounces	1,000 troy ounces	10 troy ounces
Price Quotation	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	\$0.10 per troy ounce
Expiration	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.	Monthly contracts listed for 3 consecutive months and any March, June, September and December in the nearest 15 months.
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		
Rulebook Chapter	120	121	118

To manage exposure in today's vibrant gold markets, turn to the world's largest precious metals marketplace. CME Group delivers price transparency, unparalleled liquidity and security nearly 24 hours a day, via solutions that trade and clear electronically.

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