Disclaimer

Neither futures trading nor swaps trading are suitable for all investors, and each involves the risk of loss. Swaps trading should only be undertaken by investors who are Eligible Contract Participants (ECPs) within the meaning of Section 1a(18) of the Commodity Exchange Act. Futures and swaps each are leveraged investments and, because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for either a futures or swaps position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles and only a portion of those funds should be devoted to any one trade because traders cannot expect to profit on every trade.

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# CME Group – Deliverable Precious Metals Products

<table>
<thead>
<tr>
<th>Contract</th>
<th>Gold Futures (GC)</th>
<th>Gold (Enhanced Delivery) (4GC)</th>
<th>Gold Kilo Futures (GCK)</th>
<th>Silver Futures (SI)</th>
<th>Platinum Futures (PL)</th>
<th>Palladium Futures (PA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliverable Product</td>
<td>100 oz. gold bar; 1 kg bar</td>
<td>100 oz. gold bars; 1 kg bar; 400 oz. bar</td>
<td>1 kg gold bar</td>
<td>1000 oz. silver bars</td>
<td>Cast plate and/or ingot</td>
<td>Cast plate and/or ingot</td>
</tr>
<tr>
<td>Number Required per Contract</td>
<td>1 x 100-oz bar or 3 x 1 kg bar</td>
<td>1 x 100-oz bar or 3 x 1 kg bar or 1 x Accumulated Certificate of Exchange (Each 400 oz. bar equivalent to 4 ACEs)</td>
<td>1 x 1 kg bar</td>
<td>5 x 1000-oz bars</td>
<td>1 x 50oz or multiple pieces of cast plates and/or ingots with no piece less than 10 oz.</td>
<td>1 x 100oz or multiple pieces of cast plates and/or ingots with no piece less than 10 oz.</td>
</tr>
<tr>
<td>Weight Tolerance</td>
<td>±5%</td>
<td>12.5% lower and 7.5% higher than contract size (±5% tolerance applies to 100 oz. gold bars)</td>
<td>N/A</td>
<td>±10%</td>
<td>±10%</td>
<td>±10%</td>
</tr>
<tr>
<td>Minimum Fineness</td>
<td>995</td>
<td>995</td>
<td>9999</td>
<td>999</td>
<td>9995</td>
<td>9995</td>
</tr>
<tr>
<td>Facilities Location</td>
<td>New York, Delaware</td>
<td>New York, Delaware</td>
<td>Hong Kong</td>
<td>New York, Delaware, Massachusetts</td>
<td>New York, Delaware, Massachusetts</td>
<td>New York, Delaware, Massachusetts</td>
</tr>
</tbody>
</table>
Three-Day Delivery Cycle

1. Delivery Intention Day
   - **First Intent/Position Day**: 2 business days prior to 1st business day of the contract month
   - **Last Intent/Position Day**: 1 business day prior to last business day of the contract month

2. Notice Day/Invoice Day

3. Delivery Day
Delivery Intention Day

- The Short must submit a notice of intention to deliver in the Deliveries Plus application (a short position holder must have enough open short positions in order to tender).
- On the notice of intent there must be metal warrants selected to match the number of positions the seller wishes to deliver.
- The warrants will include the following information:

  - Allocation notices are sent.
  - Allocation notice indicates:
    - Parties matched for delivery
    - Number of contracts to be delivered
The Next Step: Notice Day/Invoice Day

Notice day is the day on which the invoices are issued by the Clearinghouse to the Buyer and the Seller.

Invoices are issued:

- On the morning of the business day following the intention date
- If issued on the next to last day of the delivery month, they are issued immediately following assignment
Invoice details

The issued invoice specifies:

- Warrant number
- Weight
- Total cost of the warrants based on settlement price on Intention Date
- Seller and buyer firm information
- Approved depository where the metal is stored
- Reimbursement of storage fees that were pre-paid by owner prior to delivery

*Note that The allocation notice and invoice are not transferable*
Delivery Day

Delivery day can occur on ANY business day during the delivery month.

**Seller receives:**
Electronic transfer of funds – banked through Clearing

**Buyer receives:**
Electronic warrant in their Inventory in Deliveries Plus
Gold Futures (GC) Delivery Cycle Example

Client A: Short 1 Feb’20 GC
Client B: Long 1 Feb’20 GC
1 contract – 100 troy ounces
Assume bar has 9999 fineness
Storage Rate: $15.00 per contract
Delivery Out Charge: $30.00

Closing Price of $1600.00 per troy ounce. Client A’s CMF issues notice of intent to deliver (6:00 pm CT) Clearing assigns Client A’s CMF to Client B’s CMF. (8:15-8:30pm CT), Each receive assignment notification

Fine weight of bar: 100 troy ounces x 0.9999; basis for invoice is 99.99

Through Clearing, Client B’s CMF is debited and Client A’s CMF is credited $159,992.28 for delivery,
Charges include
• futures cost $159,984.00 ($1600.00 x 99.99), and
• storage of $8.28 for the remaining 16 days of February ($15/29 days x 16 days)

Once payment is confirmed, the warrant transfers from Client A’s CMF’s inventory to Client B’s CMF’s in Deliveries Plus.

First Intent day FEB
>30 30 31 ...
January

Invoice is issued (2:30-3:00 AM CT)

Last intent day FEB
(8:30 pm CT)

Client A’s CMF debited storage for February: $15.00

Last Position day FEB

Client A delivers to warehouse and is charged Storage cost for remainder of January (fees charged directly to Client A from the depository)
The depository registers the warrant in Deliveries Plus in the name of Client A’s Clearing Member Firm (CMF)

Last delivery day FEB
Client B’s CMF debited storage for March: $15.00

Client B’s CMF requests loads out.

Client B Arranges shipping and satisfies remaining charges with depository Delivery out charge is $30
Unused storage is NOT reimbursed

Last delivery day FEB

Invoice is issued (2:30-3:00 AM CT)

Last delivery day FEB
Gold (Enhanced Delivery) Futures Overview

- Delivery of the **Gold (Enhanced Delivery) Futures** can be effected either through 100 oz bars, kilogram bars or 400 oz bars via Accumulated Certificates of Exchanges (ACEs)
  - 100 oz and kilogram bars delivery mechanism is the same as Gold Futures (GC)
  - 400 oz bars are deliverable as follows:
    - ACEs represent fractional ownership of 400 oz bars, with 4 ACEs issued against each 400 oz bar.
    - 400 oz bars must be eligible for settlement in the wholesale London bullion market, meaning that eligible 400 oz bars need to weigh a minimum of 350 oz and a maximum of 430 oz. ACEs.
    - Therefore, the weight assigned to an ACE ranges between 87.5 oz and 107.5 oz.
  - Once a 400 oz bar is warranted, it can be converted into 4 ACEs.
  - ACEs are used for delivery just like a regular warrant issued against 100 oz bars or kilogram bars
  - A customer holding ACEs can choose to exchange 4 ACEs against a 400 oz bar warrant.
    - It is possible that the cumulative number of ounces represented by those 4 ACEs may not be equal to that of the 400 oz bar warrant received in exchange.
    - In this case, the Clearing House will administer a cash payment (either in favor of the Clearing House or in favor of the submitting Clearing Member) to cover the weight difference
Gold (Enhanced Delivery) Futures – ACE Delivery Process

1. ACEs can be re-used for delivery.... or

2. .... exchanged against a 400 oz bar once 4 ACEs are accumulated

3. In this case, Clearing House administers cash adjustment if weight of 4 ACEs does not match weight of 400 oz bar
Role of Clearing Firms

• Procedures for making and taking delivery on CME Group-listed precious metals futures are established by the Exchange.

• The delivery process takes three business days to accomplish. This provides adequate time for the participants – the seller, the buyer, their respective clearing firms and CME Clearing – to make necessary notifications and arrangements.

• Clearing firms play a central role in the delivery process, because deliveries occur between clearing firms, acting as agents for those who hold accounts with them. Contract deliveries do NOT occur directly between the account holders themselves.

• Each clearing firm is responsible to the Exchange and to CME Clearing for guaranteeing the performance of its account holders in meeting the obligations of delivery:
  
  - The short clearing firm, i.e., the clearing firm making delivery on a short futures position, is responsible for: (a) ascertaining that its account holders who are the ultimate owners of the short position have registered and furnished deliverable grade warrants on time and in sufficient quantity to meet contract requirements; and (b) distributing to those same account holders the funds it receives in payment for the warrants it delivers.
  
  - The long clearing firm, i.e., the clearing firm taking delivery on a long futures position, is responsible for: (a) distributing the warrants that it receives to its account holders who are the ultimate owners of the long contract position; and (b) collecting from those same account holders the funds required to pay the invoice amounts for the warrants delivered.
Role of Clearing Firms … continued

• What are the duties of the Clearing Firms to the Clearing House?

• Documented in Chapter 7, Rule 702, of the Exchange Rulebook

  • Every clearing member carrying open long or short positions shall present an accurate inventory of all open positions to the Clearing House.

  • A clearing member, carrying an account that is required to make or accept delivery, agrees to guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

• What if a Clearing Firm fails to perform its responsibilities and delivery obligations?

  • In this event, such failure may be deemed a default of the Clearing Firm that failed to perform - Rule 802 applies.

• How is the opposite Clearing Firm protected?

  • In a delivery failure, the Clearing House shall ensure the financial performance to the clearing member whose actions or omissions did not cause or contribute to the delivery failure (the “Affected Clearing Member”). In this regard, the Clearing House powers will include, but will not be limited to, the right to sell or liquidate the commodity subject to delivery and to distribute the proceeds as appropriate.

  • “Financial performance” means payment of the commercially reasonable costs of the Affected Clearing Member related to replacement of the failed delivery and includes any related fines, penalties and fees incurred by the Affected Clearing Member and does not include physical performance or legal fees.

  • An Affected Clearing Member seeking financial performance from the Clearing House shall provide prompt notice to the Clearing House of the delivery failure and a good faith estimate of any financial performance being sought no later than 1 hour after the delivery deadline for the respective product, or longer under extenuating circumstances. The Affected Clearing Member seeking financial performance shall provide to the Clearing House a detailed statement, with supporting documentation, of all amounts sought.
# Precious Metals Depositories

<table>
<thead>
<tr>
<th>Location</th>
<th>Depository</th>
<th>Gold</th>
<th>Silver</th>
<th>Platinum</th>
<th>Palladium</th>
<th>Gold Kilo</th>
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<tbody>
<tr>
<td>New York</td>
<td>Brink's Inc.</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>HSBC Bank USA</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>JP Morgan Chase Back NA</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td></td>
<td>Malca-Amit USA, LLC</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Manfra, Tordella &amp; Brookes, Inc.</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bank of Nova Scotia</td>
<td>X</td>
<td>X</td>
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<td>X</td>
<td></td>
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<tr>
<td>Delaware</td>
<td>Delaware Depository</td>
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<tr>
<td></td>
<td>International Depository Services of Delaware</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Massachusetts</td>
<td>CNT Depository, Inc.</td>
<td>X</td>
<td>X</td>
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<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>Brink's Inc.</td>
<td></td>
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<td></td>
<td></td>
<td>X</td>
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<tr>
<td></td>
<td>Loomis International (HK) Ltd.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
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</table>
Role of Market Regulation

The Market Regulation Department at CME Group ensures the integrity of the markets and the delivery process

CME Group's Market Regulation Department ensures that all four (CME, CBOT, NYMEX and COMEX) of our Designated Contract Markets (DCMs) fulfil their self-regulatory responsibilities.

Key Responsibilities

- Approve and inspect facilities for physically settled metal products (and other CME Group products)
- Ensure facilities meet Exchange Rules and remain financially stable
- Publish inventory reports for metals products in Exchange approved facilities
- Issues notices to the market for any changes or new approvals with respect to the facilities
- Approve and monitor deliverable brands for precious metals
## Approved Brands

**Brands List:** [http://www.cmegroup.com/rulebook/files/service-providers.xls](http://www.cmegroup.com/rulebook/files/service-providers.xls)

**Gold Brands List:** 60+ brands approved for deliveries. Only a partial list of approved brands as has been shown here. The current brand list is available via above link.

<table>
<thead>
<tr>
<th>Producer</th>
<th>Refined At</th>
<th>Code</th>
<th>Brand Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engelhard Corporation</td>
<td>Carteret, New Jersey</td>
<td>EMNE</td>
<td>*ENGELHARD (may also be * ENGELHARD NEW JERSEY-U.S.A. or ENGELHARD U.S.A.)</td>
</tr>
<tr>
<td>Engelhard Corporation</td>
<td>Carteret, New Jersey</td>
<td>BAKE</td>
<td>*BAKER (within circle atop triangle)</td>
</tr>
<tr>
<td>Engelhard Corporation</td>
<td>Chessington, England</td>
<td>ENGL</td>
<td>*ENGELHARD LONDON</td>
</tr>
<tr>
<td>Engelhard Corporation</td>
<td>Thomasville, Australia</td>
<td>ENTH</td>
<td>*ENGELHARD AUSTRALIA</td>
</tr>
<tr>
<td>Engelhard Corporation</td>
<td>Aurora, Ontario</td>
<td>ENAU</td>
<td>*ENGELHARD (with circle connected to 1/2 moon to left of name; may also be ENGELHARD INDUSTRIES OF CANADA LTD.)</td>
</tr>
<tr>
<td>Glencore Canada Corporation</td>
<td>Montreal East, Quebec</td>
<td>CCRL</td>
<td>*CANADIAN COPPER REFINERS LIMITED MONTREAL EAST, CANADA (within an oval)</td>
</tr>
<tr>
<td>Glencore Canada Corporation</td>
<td>Montreal East, Quebec</td>
<td>NORA</td>
<td>*NORANDA MINES LIMITED - CCR, MONTREAL EAST, CANADA (within an oval)</td>
</tr>
<tr>
<td>Glencore Canada Corporation</td>
<td>Montreal East, Quebec</td>
<td>NINIC</td>
<td>*NORANDA MINES INC. - CCR, MONTREAL EAST, CANADA (within an oval)</td>
</tr>
<tr>
<td>Golden West Refining Corporation Limited, Handy &amp; Harnan Refining Group Inc.</td>
<td>Attleboro, Massachusetts</td>
<td>GWHH</td>
<td>*HH HANDY &amp; HARNAN REFINING GROUP</td>
</tr>
<tr>
<td>Handy &amp; Harnan</td>
<td>Attleboro, Massachusetts</td>
<td>HAND</td>
<td>*HH HANDY &amp; HARNAN</td>
</tr>
<tr>
<td>Heraeus Deutschland GmbH &amp; Co. KG</td>
<td>Hanau, Germany</td>
<td>HERA</td>
<td>*HERAEUS FEINGOLD (with Heraeus Edelmetalle GmbH Hanau encircling three roses)</td>
</tr>
<tr>
<td>Heraeus Metals New York LLC</td>
<td>Newark, New Jersey</td>
<td>HERB</td>
<td>HERAEUS FEINGOLD (hand holding three roses encircled with <em>Heraeus Edelmetalle GmbH Hanau</em>)</td>
</tr>
<tr>
<td>Heraeus Ltd, Hong Kong</td>
<td>Kowloon, Hong Kong</td>
<td>HERH</td>
<td>HERAEUS FEINGOLD (hand holding three roses encircled with <em>Heraeus Edelmetalle Hanau</em>)</td>
</tr>
<tr>
<td>Homestake Mining Company</td>
<td>Lead, South Dakota</td>
<td>HMCO</td>
<td>*HOMESTAKE MINING COMPANY (with HMC all within circle)</td>
</tr>
<tr>
<td>Istanbul Gold Refinery</td>
<td>Istanbul, Turkey</td>
<td>IGR</td>
<td>IGR (within a circle along with Istanbul Gold Refinery Melter &amp; Assayer)</td>
</tr>
<tr>
<td>Johnson Matthey, Inc.</td>
<td>Winlow, New Jersey</td>
<td>MBUS</td>
<td>*MATTHEY BISHOP U.S.A (within an oval)</td>
</tr>
</tbody>
</table>
Responsible Gold

Physical Gold contracts listed on COMEX are now in compliance with LBMA Responsible Gold Guidance.

• From April 8, 2015, Exchange rules went into effect that require a gold refiner/producer to comply with LBMA Responsible Gold Guidance.

• This is required for a gold producer to obtain and maintain Exchange approval for delivery against any of the Exchange’s physically delivered gold futures contracts.

• The rules on Responsible Gold are intended to render COMEX standards consistent with international standards for conflict-free gold.

• The LBMA Responsible Gold Guidance is intended to assure investors and consumers that COMEX gold stocks are conflict-free due to compliance with an internationally accepted audit process.

• The LBMA Guidance is based on the OECD Due Diligence Guidance as well as Swiss and US KYC, Anti-Money Laundering and Combating Terrorist Financing regulations.

• The rule amendments in relation to Responsible Gold for COMEX gold contracts further adds to the existing requirements of approval for gold producers and refiners.
NYMEX and COMEX Delivery Notices and Stocks


NYMEX, COMEX Delivery Notices & Stocks

COMEX & NYMEX Delivery Notices

- COMEX & NYMEX Metal Delivery Notices
  - Daily
  - Monthly
  - Year-To-Date
- NYMEX Energy Delivery Notice
  - Daily
  - Year-To-Date

Warehouse & Depository Stocks

- Gold Stocks
- Gold Kilo Stocks
- Silver Stocks
- Copper Stocks
- Platinum and Palladium Stocks
- Aluminum Stocks
- Zinc Stocks
- Lead Stocks

Metals Delivery Notices

Daily Metals Inventory Reports

Most Requested

- Energy Market Commentary
- Energy Update - Archive
- Excessive Speculation and Position Limits in Energy Derivatives Markets
- Fee Schedule
- Learn more about CME ClearPort
- Login to CME ClearPort
- Margins / Performance Bonds
- NYMEX Daily Reports
- NYMEX Rulebook
- Product Codes Listing
- Register for CME ClearPort
- Trading Hours
- View CME Clearport product slate
Chain of Integrity

- Exchange rules ensure strict control on the delivery process and the chain of integrity.

- For Gold, the inventory may only be delivered to a COMEX-approved depository using an approved carrier in one of the following ways:
  - Directly from an approved refiner along with the refiner certificates; or
  - Directly from an approved assayer with the assay certificates; or
  - Directly from another COMEX-approved vault.

- Each gold bar is inspected and weighed at the Facility.

- A complete list of approved Carriers and Assayers can be found here http://www.cmegroup.com/rulebook/files/service-providers.xls

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**Approved Carriers for Gold**

- Garda CL Atlantic, Inc.
- Transvalue, Inc.
- Loomis, Fargo & Co.
- Brinks, Inc.
- G4S International, Inc.
- IBI Armored Services, Inc.
- Malca-Amit Armored, Inc.
- Loomis International (USA) Inc.

**Approved Assayers for Gold**

- SGS Lakefield Research Limited
- ALS Inspection UK Ltd.
- Alfred H. Knight International Lt.
- Alex Stewart (Assayers) Inc.
- Ledoux & Company
- Alfred H. Knight North America Ltd.
- AS International Corporation Ltd.
Please contact metals@cme.group.com for inquiries on physical delivery