

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 19-355

Organization: Commodity Exchange, Inc. ("COMEX")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): September 16, 2019 Filing Description: Implementation of the Shanghai Gold Futures Liquidity Provider Program

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: **Not Applicable**

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Official Product Name:**

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

**Official Name(s) of Product(s) Affected:**

**Rule Numbers:**

September 16, 2019

**VIA ELECTRONIC PORTAL**

Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: Implementation of the Shanghai Gold Futures Liquidity Provider Program  
COMEX Submission No. 19-355**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC” or “Commission”) of plans to implement the Shanghai Gold Futures Liquidity Provider Program (“Program”). The proposed Program will become effective on October 14, 2019.

Exhibit 1 sets forth the terms of the Program.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”). During the review, Exchange staff identified the following Core Principles as potentially being impacted: Monitoring of Trading, Execution of Transactions, Protection of Market Participants, Compliance with Rules, and Recordkeeping.

The Program will not impact the Exchange’s ability to perform its trade practice and market surveillance obligations under the CEA. The Exchange will monitor trading in the Program’s products to prevent manipulative trading and market abuse. Additionally, the Exchange has implemented systems to track Program participants’ volume to ensure proper distribution of earned incentives. The products included in this Program are listed for trading in the open and competitive market. Participants in the Program will be selected by Exchange staff using criteria as further stated in Exhibit 1. Chapter 4 of the Exchange rules includes prohibitions against fraudulent, non-competitive, unfair, or abusive practices. All participants must execute a contractual agreement with the Exchange in which each participant will expressly agree to comply with and be subject to applicable regulations and Exchange rules. The Program is subject to the Exchange’s record retention policies which comply with the CEA.

COMEX certifies that the Program complies with the CEA and the regulations thereunder. There were no substantive opposing views to this Program.

The Exchange certifies that this submission has been concurrently posted on the Exchange’s website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this submission, please e-mail [CMESubmissionInquiry@cmegroup.com](mailto:CMESubmissionInquiry@cmegroup.com) or contact Rachel Johnson at 312-466-4393 or via e-mail at [Rachel.Johnson@cmegroup.com](mailto:Rachel.Johnson@cmegroup.com). Please reference our COMEX Submission No. 19-355 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## Shanghai Gold Futures Liquidity Provider Program

### **Program Purpose**

The purpose of this Program is to incentivize participants to support the launch and development of the products listed below. The resulting additional central limit order book liquidity benefits all participants in the market.

### **Product Scope**

Shanghai Gold (USD) Futures (“SGU”) and Shanghai Gold (CNH) Futures (“SGC”) that are traded on the CME Globex Platform (“Products”).

### **Eligible Participants**

The Exchange may designate up to ten (10) participants in the Program. Participants may be COMEX members or non-members. Potential participants are required to submit an application/bid sheet to the Exchange as part of a competitive application process which is used to determine eligibility. In determining whether or not a prospective participant is selected to participate in the Program, Exchange staff may take into account a variety of factors including the strength of the quoting obligations the prospective participant is willing to commit to provide, whether Exchange staff believes that the prospective participant can maintain such obligations, and historical volume trading COMEX products and similar contracts. The Exchange may, from time to time, add or subtract from the aforementioned requirements as it deems necessary.

### **Program Term**

Start date is October 14, 2019. End date is March 31, 2020.

### **Hours**

RTH and ATH.

### **Obligations**

In order to be eligible to receive the incentives, participants must quote two-sided markets in the Products at predetermined average bid/ask spreads and minimum quote sizes during a certain percentage of time-in-market.

### **Incentives**

Upon meeting all obligations, as determined by the Exchange, participants will be eligible to receive predetermined incentives.

### **Monitoring and Termination of Status**

The Exchange shall monitor trading activity and participants' performance and shall retain the right to revoke participant status if it concludes from review that a participant no longer meets the eligibility requirements or fails to meet the obligations of the Program.