

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 22-095 (4 of 10)

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 04/13/22 Filing Description: Initial Listing of Monday and Wednesday Weekly Gold Option Contracts

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:

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

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:

April 13, 2022

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.2(a) Certification. Initial Listing of Monday and Wednesday Weekly Gold Option Contracts.
COMEX Submission No. 22-095 (4 of 10)**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of Monday and Wednesday Weekly Gold Option contracts (the “Contracts”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort, effective Sunday, May 1, 2022 for trade date Monday, May 2, 2022, as more specifically described below.

Contract Title	Gold Weekly Monday Option
	Gold Weekly Wednesday Option
Commodity Code	G1M, G2M, G3M, G4M, G5M
	G1W, G2W, G3W, G4W, G5W
Rulebook Chapter	1008
Underlying Futures Contract	Gold Futures (GC)
Contract Size	100 troy ounces
Price Quotation	US dollars and cents per troy ounce
Minimum Price Fluctuation	\$0.10 per troy ounce
Value per Tick	\$10.00
Option Exercise Style	American - exercises into the underlying futures
Listing Schedule	Weekly contracts listed for 4 weeks. No weekly contract will be listed if the expiration is the same day as the monthly option expiration
Strike Price Increments	Minimum 40 strikes at \$5.00 per troy ounce strike increment above and below the at-the-money strike. Dynamic strikes at \$5.00 per troy ounce strike increment above and below the highest and lowest pre-listed strikes.

Block Trade Minimum Threshold	10 contracts - subject to a 15-minute reporting window
Termination of Trading	Trading terminates on Monday of the contract week
	Trading terminates on Wednesday of the contract week
CME Globex Match Algorithm	K - split FIFO and Pro Rata
Trading and Clearing Hours	<p>CME Globex Pre-open: Sunday 4:00 p.m. - 5:00 p.m. Central Time/CT Monday – Thursday 4:45 p.m. - 5:00 p.m. CT</p> <p>CME Globex Open: Sunday 5:00 p.m. – Friday 4:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT</p> <p>CME ClearPort: Sunday 5:00 p.m. - Friday 4:00 p.m. CT with no reporting Monday - Thursday from 4:00 p.m. – 5:00 p.m. CT</p>

The Exchange reviewed the designated contracts market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Contracts may have some bearing on the following Core Principles:

- **Compliance with Rules:** Trading in the Contracts will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in the Contracts will also be subject to the full panoply of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group’s designated contract markets, activity in the new product will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- **Contract Not Readily Subject to Manipulation:** The Contracts are not readily susceptible to manipulation and are based on the deep liquidity of the underlying futures contracts.
- **Prevention of Market Disruption:** Trading in the Contracts will be subject to the Rules of COMEX which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group’s designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department.
- **Position Limitations or Accountability:** The speculative position limits for the Contracts as demonstrated in this submission are consistent with the Commission’s guidance.
- **Availability of General Information:** The Exchange will publish on its website information regarding contract specifications, terms and conditions, as well as daily trading volume, open interest and price information for the Contracts.
- **Daily Publication of Trading Information:** The Exchange will publish information contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.
- **Execution of Transactions:** The Contracts will be listed for trading on the CME Globex electronic trading and for clearing through CME ClearPort. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.

- **Trade Information:** All required trade information for the Contracts will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Financial Integrity of Contract:** The Contracts will be cleared by the CME Clearing House which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- **Protection of Market Participants:** COMEX Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in these Contracts.
- **Disciplinary Procedures:** Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the rules. Trading in these Contracts will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in these Contracts are identified.
- **Dispute Resolution:** Disputes with respect to trading in the Contracts will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. The rules in Chapter 6 allow all nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to the rules in Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.2(a), the Exchange hereby certifies that listing the Contracts complies with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

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

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
 Managing Director and Chief Regulatory Counsel

- Attachments:
- Exhibit A: COMEX Rulebook Chapter 1008
 - Exhibit B: Position Limits, Position Accountability and Reportable Level Table in Chapter 5 of the COMEX Rulebook (attached under separate cover)
 - Exhibit C: Exchange Fees
 - Exhibit D: COMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table (blackline format)
 - Exhibit E: COMEX Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table
 - Exhibit F: COMEX Rule 300.20. – Strike Price Listing and Exercise Procedures Table
 - Exhibit G: Cash Market Overview and Analysis of Deliverable Supply

Exhibit A

COMEX Rulebook

(additions underscoring; deletions ~~struck through~~)

Chapter 1008 Gold Weekly Option

1008100. SCOPE OF CHAPTER

This chapter is limited in application to weekly put and call options on the Gold Futures contract. In addition to the Rules of this chapter, transactions in the Gold Weekly Monday Option, Gold Weekly Wednesday Option and Gold Weekly Friday Option contracts shall be subject to the general Rules of the Exchange insofar as applicable.

1008101. OPTION CHARACTERISTICS

1008101.A. Trading Schedule

The hours of trading for ~~this contract~~ these contracts shall be determined by the Exchange.

1008101.E. Termination of Trading

~~Options will expire at the close of trading on a Friday schedule. If such Friday is an Exchange holiday, the weekly option will terminate on the business day immediately preceding the Friday.~~

Gold Weekly Monday Option

Options will expire at the close of trading on a Monday schedule. If such Monday is an Exchange holiday, the weekly option will not be listed for trading.

Gold Weekly Wednesday Option

Options will expire at the close of trading on a Wednesday schedule. If such Wednesday is an Exchange holiday, the weekly option will not be listed for trading.

Gold Weekly Friday Option

Options will expire at the close of trading on a Friday schedule. If such Friday is an Exchange holiday, the weekly option will not be listed for trading.

[Remainder of chapter is unchanged]

Exhibit B

**COMEX Rulebook
Chapter 5
("Trading Qualifications and Practices")**

Position Limits, Position Accountability and Reportable Level Table
(attached under separate cover)

**Exhibit C
Exchange Fees**

	Member	Non-Member	
CME Globex	\$0.70	\$1.50	
Block	\$0.80	\$1.65	
EFR/EOO	\$0.85	\$1.55	
Processing Fees		House Account	Customer Account
Option Exercise/Assignment Notice		\$0.40	\$0.85
		Fee	
Facilitation Fee		\$0.50	
Give-Up Surcharge		\$0.05	
Position Adjustment/Position Transfer		\$0.10	

**Exhibit D
COMEX Rulebook
Chapter 5
("Trading Qualifications and Practices")**

Rule 588.H. ("Globex Non-Reviewable Trading Ranges") Table

Metals Options	Globex Symbol	Globex Non-Reviewable Ranges (NRR)
<u>Gold Weekly Monday Option</u>	G1M-G5M	The greater of the following: •Delta multiplied by the underlying futures non-reviewable range •20% of premium up to ¼ of the underlying futures non-reviewable range •2 ticks
<u>Gold Weekly Wednesday Option</u>	G1W-G5W	

Exhibit E
COMEX Rulebook
Chapter 5
(“Trading Qualifications and Practices”)

Rule 589. Special Price Fluctuation Limits and Daily Price Limits Table

Product	Rulebook Chapter	Commodity Code	Primary/Associated	Associated With	Dynamically Calculated Variant	Daily Price Limit
Gold Weekly Monday Option	1008	G1M, G2M, G3M, G4M, G5M	Associated	GC		
Gold Weekly Wednesday Option	1008	G1W, G2W, G3W, G4W, G5W	Associated	GC		

Exhibit F
COMEX Rulebook
Chapter 300
(“Options Contracts”)

Rule 300.20.- Strike Price Listing and Exercise Procedure Table

Commodity Code	CME Globex Code	Product Name	Product Group	Product Subgroup	Exchange	Rulebook Chapter	Strike Price Listing Rule	Option Style	Contrary Instructions	Exact At-The-Money Characteristics	Underlying Commodity Code	Underlying Product Name
G1M-G5M	G1M-G5M	Gold Weekly Monday Option	Metals	Precious	COMEX	1008	Minimum 40 strikes at \$5.00 per troy ounce strike increment above and below the at-the money strike. Dynamic strikes at \$5.00 per troy ounce strike increment above and below the highest and lowest pre-listed strikes.	American	No	Exercise Calls Abandon Puts	GC	Gold Futures
G1W-G5W	G1W-G5W	Gold Weekly Wednesday Option	Metals	Precious	COMEX	1008	Minimum 40 strikes at \$5.00 per troy ounce strike increment above and below the at-the money strike. Dynamic strikes at \$5.00 per troy ounce strike increment above and below the highest and lowest pre-listed strikes.	American	No	Exercise Calls Abandon Puts	GC	Gold Futures

Exhibit G

Cash Market Overview and Analysis of Deliverable Supply

Appendix C to part 38 of the Commission's regulations defines deliverable supply as "the quantity of the commodity meeting the contract's delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce."

The Monday and Wednesday Weekly Gold Option contracts (the "Contracts") are referenced contracts and will be subject to federal position limits during the spot month. The core referenced futures contract is the Gold Futures contract (Commodity Code: GC; Rulebook Chapter 113).

Deliverable supply is defined as material that is readily available and meets the Exchange futures contracts' specifications in terms of shape, weight, and quality. As general practice, COMEX has relied on inventory stored in Exchange approved facilities to support spot month position limits of its physically delivered futures contracts. The proposal for spot month position limits for the weekly option contracts is based on the deliverable supply analysis of their respective futures contracts as the option contracts will aggregate into the futures contracts for position limit purposes.

Approved Depositories and Stock Reporting Requirements

To date, Exchange approved depositories for gold are Brinks, Inc., Delaware Depository Service Company, HSBC Bank, USA, International Depository Services of Delaware, JP Morgan Chase Bank NA, Malca-Amit USA, LLC, Loomis, International and MTB.

Pursuant to the rules of the Exchange, each depository is required to report to the Exchange the level of Exchange grade inventory on a daily basis. The inventory shall include eligible and registered metal. Eligible metal shall mean all such metal that is acceptable for delivery against the respective Exchange futures contract (i.e., which meets the specifications and approved brands of the respective futures contract) for which a warrant has not been issued. Registered metal shall mean eligible metal for which a warrant has been issued. Specifically, on a daily basis, each depository is required to provide the Exchange (1) the total quantity of registered metal stored at the depository, (2) the total quantity of eligible metal stored at the depository, and (3) the quantity of eligible metal and registered metal received and withdrawn from the depository.

The inventory levels at all Exchange-approved depositories for gold are made publicly available daily on the Exchange website.¹ Further, the rules of the Exchange require an independent inventory audit to be performed annually to provide a comprehensive reconciliation of stocks stored at depositories with records maintained by both the Exchange and the depository.²

Deliverable Supply Analysis

The Exchange determined at this time to base its estimates of deliverable supply of gold on registered stock as well as such gold stock meeting all specifications of the Gold Futures contract stored at Exchange approved depositories. The Exchange recognizes that gold is used as an investment vehicle and as such some gold stock may be held as a long-term investment. While surveys conducted indicated no clear consensus as to how much gold is dedicated to long term investments, the Exchange, in an effort to represent a conservative deliverable supply that may be readily available for delivery, made a determination to discount from its estimate of deliverable supply 50% of its reported eligible gold at this time.

¹ <http://www.cmegroup.com/market-data/reports/registrar-reports.html>

² <http://www.cmegroup.com/rulebook/NYMEX/1/7.pdf>

Inventory in Exchange Approved Depositories for Gold

Table 2. below provides the monthly inventory average of registered and eligible gold stored at Exchange approved depositories for the February 2019 through January 2022 period.

Table 2. Monthly Average Stock Levels at Exchange Approved Depositories for Gold (in Contract Equivalents)

Month	Registered (in contract equivalents)	Eligible (with 50% reduction) (in contract equivalents)	Total (in contract equivalents)
Feb-19	7,045	37,871	44,916
Mar-19	3,649	38,406	42,055
Apr-19	3,810	37,742	41,551
May-19	2,078	37,491	39,570
Jun-19	3,057	36,886	39,943
Jul-19	3,338	36,975	40,313
Aug-19	6,067	36,626	42,694
Sep-19	7,629	36,714	44,343
Oct-19	11,503	35,299	46,802
Nov-19	11,246	36,721	47,968
Dec-19	13,418	36,965	50,384
Jan-20	13,588	36,703	50,291
Feb-20	14,376	36,265	50,641
Mar-20	20,124	33,882	54,006
Apr-20	47,819	65,246	113,064
May-20	78,317	80,380	158,697
Jun-20	122,788	90,829	213,617
Jul-20	134,150	104,702	238,852
Aug-20	160,916	104,141	265,058
Sep-20	161,253	102,879	264,131
Oct-20	176,351	99,284	275,635
Nov-20	173,478	100,366	273,844
Dec-20	187,778	94,726	282,504
Jan-21	190,268	97,361	287,630
Feb-21	195,385	99,087	294,472
Mar-21	183,689	98,028	281,718
Apr-21	178,751	88,797	267,548
May-21	176,461	84,526	260,986
Jun-21	185,605	82,265	267,870
Jul-21	186,556	83,709	270,266
Aug-21	187,036	81,271	268,307

Sep-21	182,929	79,071	262,000
Oct-21	176,621	79,775	256,396
Nov-21	176,586	78,369	254,956
Dec-21	177,723	80,997	258,721
Jan-22	175,850	79,716	255,566
3-year average	103,812	68,613	172,425

Source: CME Group

Over the most recent 3-year period, the monthly average of registered gold was 103,812 futures contract equivalents. The monthly average of eligible gold was 68,613 futures contract equivalents accounting for the 50% discount. Based on the foregoing, the Exchange estimates monthly deliverable supply of gold at approximately 172,425 futures contract equivalents. The current spot month position limit of 6,000 contracts represents 3.5% of the estimated monthly deliverable supply. Therefore, the proposed spot month position limit for the Contracts is 6,000 contracts as the Contracts will aggregate into Gold Futures for position limit purposes.