

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 22-096 (7 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 Silver Option Contracts

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers:

New Product

Please note only ONE product per Submission.

- | | | |
|-------------------------------------|---------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

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

- | | | |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | “Non-Material Agricultural Rule Change” | § 40.4(b)(5) |
| <input type="checkbox"/> | 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 Silver Option Contracts.
 COMEX Submission No. 22-096 (7 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 Silver 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 | Silver Weekly Monday Option |
| | Silver Weekly Wednesday Option |
| Commodity Code | M1S, M2S, M3S, M4S, M5S |
| | W1S, W2S, W3S, W4S, W5S |
| Rulebook Chapter | 1009 |
| Underlying Futures Contract | Silver Futures (GC) |
| Contract Size | 5,000 troy ounces |
| Price Quotation | US dollars and cents per troy ounce |
| Minimum Price Fluctuation | \$0.001 per troy ounce |
| Value per Tick | \$5.00 |
| 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 20 strikes at \$0.05 increments above and below the at-the-money strike and 20 strikes at \$0.25 increments above and below the highest and lowest pre-listed \$0.05 strike increment. Dynamic strikes of \$0.05 per troy ounce strike price 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 1009
 - 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 underscored; deletions ~~struck through~~)

Chapter 1009 Silver Weekly Option

1009100. SCOPE OF CHAPTER

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

1009101. OPTION CHARACTERISTICS

1009101.A. Trading Schedule

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

1009101.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.~~

Silver 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.

Silver 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.

Silver 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>Silver Weekly Monday Option</u> | M1S-M5S | 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>Silver Weekly Wednesday Option</u> | W1S-W5S | |

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 |
|--|------------------|---|----------------------------|--------------------|--------------------------------|-------------------|
| Silver Weekly Monday Option | 1009 | M1S, M2S, M3S, M4S, M5S | Associated | SI | | |
| Silver Weekly Wednesday Option | 1009 | W1S, W2S, W3S, W4S, W5S | Associated | SI | | |

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 |
|----------------|-----------------|--------------------------------|---------------|------------------|----------|------------------|--|--------------|-----------------------|------------------------------------|---------------------------|-------------------------|
| M1S-M5S | M1S-M5S | Silver Weekly Monday Option | Metals | Precious | COMEX | 1009 | Minimum 40 strikes at \$0.05 per troy ounce strike increment above and below the at-the-money strike then 20 strikes at \$0.25 per troy ounce strike increment above and below the highest and lowest pre-listed 0.05 strike increment. Dynamic strikes at \$0.05 per troy ounce strike increment. | American | No | Exercise Calls Abandon Puts | SI | Silver Futures |
| W1S-W5S | W1S-W5S | Silver Weekly Wednesday Option | Metals | Precious | COMEX | 1009 | Minimum 40 strikes at \$0.05 per troy ounce strike increment above and below the at-the-money strike then 20 strikes at \$0.25 per troy ounce strike increment above and below the highest and lowest pre-listed 0.05 strike increment. Dynamic strikes at \$0.05 per troy ounce strike increment. | American | No | Exercise Calls Abandon Puts | SI | Silver 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 Silver Futures contract (Commodity Code: SI; Rulebook Chapter 112).

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 silver are Brinks, Inc., Delaware Depository Service Company, CNT Depository, 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 silver 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 silver on registered stock as well as such silver stock meeting all specifications of the Silver Futures contract stored at Exchange approved depositories. The Exchange recognizes that silver is used as an investment vehicle and as such some silver stock may be held as a long-term investment. While surveys conducted indicated no clear consensus as to how much silver is dedicated to long term investments, the Exchange, in an effort to

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

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

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 silver at this time.

Inventory in Exchange Approved Depositories for Silver

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

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

| Month | Registered (in contract equivalents) | Eligible (with 50% reduction (in contract equivalents)) | Total (in contract equivalents) |
|--------|--------------------------------------|---|---------------------------------|
| Feb-19 | 17,749 | 20,846 | 38,595 |
| Mar-19 | 18,832 | 20,770 | 39,602 |
| Apr-19 | 18,124 | 21,520 | 39,644 |
| May-19 | 18,504 | 21,400 | 39,904 |
| Jun-19 | 17,520 | 21,639 | 39,159 |
| Jul-19 | 18,655 | 21,431 | 40,085 |
| Aug-19 | 18,200 | 22,073 | 40,273 |
| Sep-19 | 16,807 | 23,056 | 39,863 |
| Oct-19 | 16,012 | 23,461 | 39,474 |
| Nov-19 | 15,734 | 23,611 | 39,345 |
| Dec-19 | 17,316 | 22,996 | 40,312 |
| Jan-20 | 16,786 | 23,648 | 40,434 |
| Feb-20 | 16,145 | 24,133 | 40,278 |
| Mar-20 | 16,331 | 24,058 | 40,390 |
| Apr-20 | 16,523 | 23,583 | 40,106 |
| May-20 | 17,898 | 22,359 | 40,257 |
| Jun-20 | 17,993 | 22,654 | 40,647 |
| Jul-20 | 25,700 | 19,929 | 45,629 |
| Aug-20 | 25,900 | 20,929 | 46,829 |
| Sep-20 | 28,089 | 22,281 | 50,371 |
| Oct-20 | 27,754 | 24,221 | 51,974 |
| Nov-20 | 27,967 | 24,453 | 52,420 |
| Dec-20 | 29,965 | 24,386 | 54,351 |
| Jan-21 | 30,052 | 24,685 | 54,738 |
| Feb-21 | 29,113 | 25,087 | 54,200 |
| Mar-21 | 25,628 | 24,939 | 50,567 |
| Apr-21 | 24,084 | 24,448 | 48,532 |
| May-21 | 23,028 | 24,176 | 47,203 |

| | | | |
|---------------------------|---------------|---------------|---------------|
| Jun-21 | 22,120 | 24,402 | 46,522 |
| Jul-21 | 22,152 | 24,115 | 46,268 |
| Aug-21 | 21,516 | 25,339 | 46,855 |
| Sep-21 | 20,651 | 25,761 | 46,412 |
| Oct-21 | 19,691 | 25,933 | 45,624 |
| Nov-21 | 19,459 | 25,566 | 45,025 |
| Dec-21 | 18,430 | 26,291 | 44,721 |
| Jan-22 | 16,364 | 27,265 | 43,628 |
| 3-year average | 20,911 | 23,540 | 44,451 |

Source: CME Group

Over the most recent 3-year period, the monthly average of registered silver was 20,901 futures contract equivalents. The monthly average of eligible silver was 23,540 futures contract equivalents accounting for the 50% discount. Based on the foregoing, the Exchange estimates monthly deliverable supply of silver at approximately 44,451 futures contract equivalents. The current spot month position limit of 3,000 contracts represents 6.7% of the estimated monthly deliverable supply. Therefore, the proposed spot month position limit for the Contracts is 3,000 contracts as the Contracts will aggregate into Silver Futures for position limit purposes.