

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 22-096 (8 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**

- 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 Silver Option Contracts.  
 COMEX Submission No. 22-096 (8 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.

<b>Contract Title</b>	<b>Silver Weekly Monday Option</b>
	<b>Silver Weekly Wednesday Option</b>
<b>Commodity Code</b>	M1S, M2S, M3S, M4S, M5S
	W1S, W2S, W3S, W4S, W5S
<b>Rulebook Chapter</b>	1009
<b>Underlying Futures Contract</b>	Silver Futures (GC)
<b>Contract Size</b>	5,000 troy ounces
<b>Price Quotation</b>	US dollars and cents per troy ounce
<b>Minimum Price Fluctuation</b>	\$0.001 per troy ounce
<b>Value per Tick</b>	\$5.00
<b>Option Exercise Style</b>	American - exercises into the underlying futures
<b>Listing Schedule</b>	Weekly contracts listed for 4 weeks. No weekly contract will be listed if the expiration is the same day as the monthly option expiration
<b>Strike Price Increments</b>	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.

<b>Block Trade Minimum Threshold</b>	10 contracts - subject to a 15-minute reporting window
<b>Termination of Trading</b>	Trading terminates on Monday of the contract week
	Trading terminates on Wednesday of the contract week
<b>CME Globex Match Algorithm</b>	K - split FIFO and Pro Rata
<b>Trading and Clearing Hours</b>	<p><b>CME Globex Pre-open:</b> 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><b>CME Globex Open:</b> 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><b>CME ClearPort:</b> 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](mailto: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

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##### **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**

	<b>Member</b>	<b>Non-Member</b>	
CME Globex	\$0.70	\$1.50	
Block	\$0.80	\$1.65	
EFR/EOO	\$0.85	\$1.55	
<b>Processing Fees</b>		<b>House Account</b>	<b>Customer Account</b>
Option Exercise/Assignment Notice		\$0.40	\$0.85
		<b>Fee</b>	
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**

<b>Metals Options</b>	<b>Globex Symbol</b>	<b>Globex Non-Reviewable Ranges (NRR)</b>
<a href="#"><u>Silver Weekly Monday Option</u></a>	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
<a href="#"><u>Silver Weekly Wednesday Option</u></a>	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
<a href="#">Silver Weekly Monday Option</a>	1009	<a href="#">M1S, M2S, M3S, M4S, M5S</a>	<a href="#">Associated</a>	<a href="#">SI</a>		
<a href="#">Silver Weekly Wednesday Option</a>	1009	<a href="#">W1S, W2S, W3S, W4S, W5S</a>	<a href="#">Associated</a>	<a href="#">SI</a>		

**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.<sup>1</sup> 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.<sup>2</sup>

#### **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

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

<sup>2</sup> <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
<b>3-year average</b>	<b>20,911</b>	<b>23,540</b>	<b>44,451</b>

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.