

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 21-349

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 08/13/21 **Filing Description:** Increase of Spot Month Position Limits and Single Month and All Month Accountability Levels of Shanghai Gold (USD) Futures and Shanghai Gold (CNH) Futures 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 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 |

Official Product Name:

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

- | | | |
|-------------------------------------|---|----------------------|
| <input checked="" 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: See filing.

Rule Numbers: See filing.

August 13, 2021

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 40.6(a) Certification. Increase of the Spot Month Position Limits and Single Month and All Month Accountability Levels for Shanghai Gold (USD) Futures and Shanghai Gold (CNH) Futures Contracts. COMEX Submission No. 21-349

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or the “Commission”) an increase of the spot month position limits and single month and all month accountability levels of Shanghai Gold (USD) Futures and Shanghai Gold (CNH) Futures contracts (the “Contracts”) as noted in Exhibit 1 below, effective on close of business on September 30, 2021 and commencing with the October 2021 contract month and beyond.

**Exhibit 1
 COMEX Rulebook
 Chapter 5
 (“Trading Qualifications and Practices”)
 Position Limit, Position Accountability, and Reportable Level Table
 (additions underscored; deletions ~~struck through~~)**

Contract Title	Rule Chapter	Commodity Code	Reporting Level	Spot-Month Limit (In Net Futures Equivalents)	Single Month Accountability Level (In Net Futures Equivalents)	All Month Accountability Level (In Net Futures Equivalents)
Shanghai Gold (USD) Futures	127	SGU	25	400- 1,500	1,000- 2,000	1,000- 2,000
Shanghai Gold (CNH) Futures	128	SGC	25	400 <u>1,500</u>	1,000- 2,000	1,000- 2,000

The Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the COMEX Rulebook (the “Table”) will be amended to reflect the increased spot month position limits and accountability levels of the Contracts. Exhibit A reflects the amendments to the Table as of August 30, 2021, the effective date of this submission and Exhibit B reflects the amendments to the Table effective on the close of business on September 30,

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2021 (collectively, the “Rule Amendments”). Exhibits A and B are provided in blackline format under separate cover.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“Act”) and identified that the Rule Amendments may have some bearing on the following Core Principle:

Contracts Not Readily Subject to Manipulation: The Contracts are not readily subject to manipulation due to the deep liquidity and robustness in the underlying physical markets.

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 make publicly available the details of the spot month position limit and accountability level increases by publishing a Market Surveillance Notice (“MSN”) to the market. The MSN will also be available on CME Group’s website.

The Exchange certifies that the Rule Amendments comply with the Act and regulations thereunder. There were no opposing views to the amendments to Chapter 5.

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>.

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 – Amendments to COMEX Rulebook Chapter 5 Position Limit, Position Accountability, and Reportable Level Table (August 30, 2021) (under separate cover)
Exhibit B - Amendments to COMEX Rulebook Chapter 5 Position Limit, Position Accountability, and Reportable Level Table (effective close of business September 30, 2021) (under separate cover)
Exhibit C – Cash Market Overview and Analysis of Deliverable Supply

Exhibit A

**COMEX Rulebook
Chapter 5
("Trading Qualifications and Practices")
Position Limit, Position Accountability, and Reportable Level Table**

(under separate cover)

(effective August 30, 2021)

Exhibit B

**COMEX Rulebook
Chapter 5
("Trading Qualifications and Practices")
Position Limit, Position Accountability, and Reportable Level Table**

(under separate cover)

(effective close of business on September 30, 2021)

Exhibit C

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 Exchange proposes to use the trading and delivery volume of the physically delivered gold products on the Shanghai Gold Exchange to determine deliverable supply. The Exchange will use trading volume for these products to most accurately represent the delivery volume of the gold products on the Shanghai Gold Exchange that meets the quality specification of the SGE Gold Benchmark contract. These products are referred to in this analysis as ‘compatible gold products’ and are described in Table 1.

Table 1. Compatible Gold Products

Compatible Gold Products	Product Description
SHAU	SGE Gold Benchmark
Au9999	physically delivered gold contract based on 9999 fine gold produced by SGE certified and/or LBMA certified producers and stored in SGE certified vaults.
Au100g	physically delivered gold contract based on 9999 fine gold produced by SGE certified gold produced or produced by qualified producers certified by LBMA and stored in SGE certified vaults.
iAu9999	physically delivered gold contract based on 9999 fine gold produced by SGE certified and/or LBMA certified producers and stored in SGEI certified vaults.
iAu100g	physically delivered gold contract based on 9999 fine gold produced by SGE certified and/or LBMA certified producers and stored in SGEI international certified vaults.

PAu9999	physically delivered gold contract based on 9999 fine gold produced by SGE Standard Gold Ingots Delivery refiners or by LBMA accredited Good Delivery refiners and stored in SGE certified vaults.
iPAu9999	physically delivered gold contract based on 9999 fine gold produced by SGE Standard Gold Ingots Delivery refiners or by LBMA accredited Good Delivery refiners and stored in SGEI certified vaults.
iPAu100g	physically delivered gold contract based on 9999 fine gold produced by SGE certified gold producers or by qualified producers certified by LBMA and stored in SGEI certified vaults.

Source: SGE

The trading volume for the compatible gold products as mentioned above is detailed in Table 2.

Table 2. Trading Volume for Compatible Gold Products on SGE

Month	Au9999	Au100g	iAu9999	iAu100g	PAu9999	iPAu9999	iPAu100g	SHAU	Total Reported Volume of Compatible Gold Products (double counted)	Total Actual Volume of Compatible Gold Products	Total Volume of All Gold Products (double counted)	Total Actual Volume of All Gold Products
Jun-18	480,505.42	546.20	29,631.32	0.40	4,081,980.00	1,345,490.90	0.00	117,744.00	6,055,898.24	3,027,949.12	7,091,960.84	3,545,980.42
Jul-18	380,468.90	564.00	18,604.30	0.20	4,969,903.00	546,799.94	0.00	156,602.00	6,072,942.34	3,036,471.17	7,173,654.74	3,586,827.37
Aug-18	401,329.04	972.00	66,364.02	0.00	4,768,772.00	425,340.44	0.00	116,766.00	5,779,543.50	2,889,771.75	7,044,756.50	3,522,378.25
Sep-18	349,462.10	722.40	42,265.58	0.00	3,379,068.40	61,345.34	0.00	80,632.00	3,913,495.82	1,956,747.91	4,897,440.38	2,448,720.19
Oct-18	325,475.22	717.00	23,386.56	1.60	3,445,393.20	56,900.00	0.00	112,074.00	3,963,947.58	1,981,973.79	5,206,864.46	2,603,432.23
Nov-18	430,376.60	552.00	59,184.04	0.20	4,584,252.40	70,027.68	0.00	102,074.00	5,246,466.92	2,623,233.46	7,756,586.52	3,878,293.26
Dec-18	511,710.96	561.80	17,085.26	0.00	3,709,477.60	50,745.36	0.00	92,412.00	4,381,992.98	2,190,996.49	5,698,580.28	2,849,290.14
Jan-19	571,962.24	580.60	71,928.44	0.80	2,482,419.80	201,816.14	0.00	85,828.00	3,414,536.02	1,707,268.01	5,157,318.28	2,578,659.14
Feb-19	266,177.24	514.40	82,126.98	0.00	2,035,306.40	100,608.18	0.00	72,362.00	2,557,095.20	1,278,547.60	3,678,213.40	1,839,106.70
Mar-19	554,187.94	576.40	57,877.70	0.20	2,621,375.40	495,523.86	0.00	104,882.00	3,834,423.50	1,917,211.75	5,714,595.26	2,857,297.63
Apr-19	438,971.36	490.00	87,505.34	0.20	1,826,786.20	316,574.62	0.00	144,200.00	2,814,527.72	1,407,263.86	4,522,937.68	2,261,468.84
May-19	371,047.20	506.00	28,155.40	0.20	1,759,028.40	356,492.48	0.00	128,838.00	2,644,067.68	1,322,033.84	4,325,124.32	2,162,562.16
Jun-19	386,721.46	1,201.60	48,824.18	2.40	2,604,009.60	691,332.48	0.00	85,846.00	3,817,937.72	1,908,968.86	6,453,909.00	3,226,954.50
Jul-19	334,207.62	933.60	4,501.22	1.20	5,650,397.00	962,606.16	0.00	109,642.00	7,062,288.80	3,531,144.40	9,886,484.20	4,943,242.10
Aug-19	337,566.04	1,719.20	75,836.04	4.60	3,895,274.40	955,135.02	0.00	103,642.00	5,369,177.30	2,684,588.65	9,078,852.80	4,539,426.40
Sep-19	285,085.16	897.00	37,359.80	0.60	2,361,467.40	769,088.24	0.00	86,338.00	3,540,236.20	1,770,118.10	6,076,691.82	3,038,345.91
Oct-19	221,145.16	403.20	13,490.82	1.20	1,813,434.40	381,401.30	0.00	87,756.00	2,517,632.08	1,258,816.04	4,161,530.34	2,080,765.17
Nov-19	275,900.68	500.00	39,836.44	0.40	2,837,862.80	216,469.64	0.00	87,410.00	3,457,979.96	1,728,989.98	5,175,531.94	2,587,765.97
Dec-19	404,832.92	528.40	18,513.00	0.00	2,165,710.00	192,935.24	0.00	72,220.00	2,854,739.56	1,427,369.78	4,343,168.72	2,171,584.36
Jan-20	287,999.02	664.00	18,322.96	2.60	1,614,195.40	552,725.46	0.00	81,744.00	2,555,653.44	1,277,826.72	3,909,285.10	1,954,642.55
Feb-20	145,049.96	820.80	26,790.56	0.40	1,740,624.60	596,683.86	0.00	54,608.00	2,564,578.18	1,282,289.09	4,306,173.74	2,153,086.87
Mar-20	335,553.42	1,329.00	49,632.38	3.40	3,717,395.00	713,164.30	0.00	44,700.00	4,861,777.50	2,430,888.75	9,826,078.26	4,913,039.13
Apr-20	356,476.82	1,134.40	25,730.26	9.20	2,676,789.00	483,242.46	0.00	53,820.00	3,597,202.14	1,798,601.07	6,233,560.96	3,116,780.48
May-20	243,123.26	699.20	10,528.74	12.20	1,882,934.80	322,230.26	0.00	64,630.00	2,524,158.46	1,262,079.23	4,475,895.40	2,237,947.70
Jun-20	238,684.18	749.60	16,275.44	12.80	2,360,085.20	321,002.46	0.00	92,388.00	3,029,197.68	1,514,598.84	5,064,532.52	2,532,266.26
Jul-20	237,290.56	1,201.20	257.94	9.40	3,014,805.00	146,717.82	0.00	108,966.00	3,509,247.92	1,754,623.96	6,073,721.90	3,036,860.95
Aug-20	260,058.40	1,392.60	330.96	0.60	1,990,646.20	64,130.00	0.00	92,400.00	2,408,958.76	1,204,479.38	5,703,938.44	2,851,969.22
Sep-20	297,269.08	887.80	4.52	1.20	1,861,634.20	103,486.00	0.00	110,390.00	2,373,672.80	1,186,836.40	3,881,332.58	1,940,666.29
Oct-20	200,999.46	451.80	202.02	7.80	1,045,577.00	65,085.54	0.00	71,124.00	1,383,447.62	691,723.81	2,305,356.70	1,152,678.35
Nov-20	271,604.32	814.40	4.18	0.00	1,591,546.20	56,910.16	0.00	102,090.00	2,022,969.26	1,011,484.63	3,475,877.74	1,737,938.87
Dec-20	353,250.14	635.40	11,606.50	1.40	1,312,305.80	72,612.00	0.00	109,794.00	1,860,205.24	930,102.62	3,415,793.66	1,707,896.83
Jan-21	291,509.22	616.60	32,911.92	1.80	1,211,058.00	195,199.04	0.00	92,438.00	1,823,734.58	911,867.29	3,057,558.98	1,528,779.49
Feb-21	223,807.20	585.00	21,978.60	0.00	1,089,460.40	84,272.18	0.00	61,056.00	1,481,159.38	740,579.69	2,289,504.20	1,144,752.10
Mar-21	374,156.02	750.20	28,961.32	0.40	2,153,567.20	171,281.94	0.00	171,281.94	2,899,999.02	1,449,999.51	3,986,303.50	1,993,151.75
Apr-21	287,339.64	538.60	18,769.60	0.60	1,716,133.60	55,394.84	0.00	104,168.00	2,182,344.88	1,091,172.44	3,018,555.02	1,509,277.51
May-21	203,392.06	565.80	36,647.52	0.20	1,636,839.20	75,172.12	0.00	115,612.00	2,068,228.90	1,034,114.45	2,861,491.14	1,430,745.57
Average Jun18-May21	331,519.33	758.95	31,150.89	2.17	2,600,208.76	340,998.43	0.00	96,624.39	3,401,262.91	1,700,631.46	5,203,587.81	2,601,793.91

Note: Since SGE reports volume for both sides of the transaction, this volume is halved to represent actual volume.

The monthly average total actual trading volume for all SGE's physical gold products for the June 2018 – May 2021 period is 2,601,793.91 kg. The monthly average total actual trading volume for SGE's physical gold products with the same quality specifications as the SGE Gold Benchmark for the June 2018 – May 2021 period is 1,700,631.46 kg. The actual trading volume of the compatible gold products for the June 2018 – May 2021 period is, therefore, 65.00% of the total actual trading volume of all SGE gold products.

Delivery volume is provided by SGE as the physical volume of gold going to delivery. The delivery volume for the physical gold products is detailed in Table 3 for the June 2018 – May 2021 period.

Table 3. Delivery Volume

Month	Reported Delivery Volume (double counted)	Actual Delivery Volume
Jun-18	965,100.14	482,550.07
Jul-18	824,325.80	412,162.90
Aug-18	944,412.06	472,206.03
Sep-18	759,427.44	379,713.72
Oct-18	763,974.26	381,987.13
Nov-18	938,869.84	469,434.92
Dec-18	916,535.72	458,267.86
Jan-19	1,106,910.74	553,455.37
Feb-19	719,666.02	359,833.01
Mar-19	1,240,009.60	620,004.80
Apr-19	1,177,922.26	588,961.13
May-19	918,914.44	459,457.22
Jun-19	947,155.52	473,577.76
Jul-19	1,137,887.84	568,943.92
Aug-19	945,214.98	472,607.49
Sep-19	770,313.58	385,156.79
Oct-19	513,484.04	256,742.02
Nov-19	806,819.10	403,409.55
Dec-19	820,264.88	410,132.44
Jan-20	812,898.44	406,449.22
Feb-20	512,947.68	256,473.84
Mar-20	843,079.76	421,539.88
Apr-20	863,431.10	431,715.55
May-20	562,532.94	281,266.47
Jun-20	635,479.06	317,739.53
Jul-20	645,102.88	322,551.44
Aug-20	661,211.24	330,605.62
Sep-20	739,585.58	369,792.79
Oct-20	510,178.36	255,089.18
Nov-20	690,277.78	345,138.89
Dec-20	800,861.26	400,430.63
Jan-21	771,400.34	385,700.17
Feb-21	522,295.02	261,147.51

Mar-21	828,175.16	414,087.58
Apr-21	671,475.18	335,737.59
May-21	620,130.42	310,065.21
Average Jun18- May21	803,007.51	401,503.76

Note: Since SGE reports volume for both sides of the transaction, this volume is halved to represent actual volume.

Delivery volume is published by SGE on an aggregate basis. Since the delivery volume for each product is not available, the Exchange used the average percentage of the actual trading volume of the compatible gold products to estimate deliverable supply for the SGE Gold Benchmark contract. This estimate will provide an indication of the amount of benchmark-compatible gold being physically delivered through the SGE's markets.

The average delivery volume for the June 2018 – May 2021 period is 803,007.51 kg per month. Since SGE reports volume as both sides of the transaction, the actual delivery volume per month would be 401,503.76 kg. Using the same percentage, 65.00%, indicated for compatible products, the average actual delivery volume for the compatible SGE Gold Benchmark gold products would equate to 262,768.22 kg. per month or 13,138 kg per day. Currently the spot month position limit is 400 contracts. The Exchange proposes an increase in the spot month position limit to 1,500 contracts which equates to 11.42% of deliverable supply. Additionally, the single month accountability level and all-month accountability level will increase from 1,000 contracts to 2,000 contracts.