

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 16-308

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a: **DCM** **SEF** **DCO** **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 09/09/16 **Filing Description:** Amendments to the Platinum Option and Palladium 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: Platinum Option, Palladium Option

Rule Numbers: Chapter 360, Chapter 119

September 9, 2016

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments
to the Platinum Option and Palladium Option Contracts.
NYMEX Submission No. 16-308**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying amendments to the rulebook chapters for the Platinum Option contract (Rulebook Chapter 360; Commodity Code: PO) and the Palladium Option contract (Rulebook Chapter 119; Commodity Code: PAO) (collectively, the “Contracts”), effective on Sunday, September 25, 2016 for trade date Monday, September 26, 2016.

These amendments will harmonize the product chapters with other Exchange option contract chapters. The majority of the revisions are stylistic in nature, but the substantive revisions to these product chapters include the following:

- Product-specific position limits, accountability and reportable levels have been eliminated and been replaced with standardized language that directs the reader to the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of NYMEX Chapter 5.
- The “Scope of Chapter” rule is being added in Chapters 360 and 119 to describe the specific application of the rules of the respective chapters.
- The “Option Characteristics” rule is being added in Chapters 360 and 119 to specify the underlying futures contract.
- Option exercise rules are being restructured for Rules 360101.F. and 119101.F. to provide additional information with respect to timing and process regarding the Contracts. The amendments to the option exercise rules will not impact economic value of the Contracts.

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

- Availability of General Information: NYMEX will issue a Special Executive Report (“SER”) to the marketplace regarding these amendments. The SER will also be posted on the CME Group website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the amendments to the Contracts comply with the Act, including regulations under the Act. There were no substantive opposing views to these amendments.

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 email at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: Amendments to Platinum Option and Palladium Option Rulebook Chapters
(blackline format)
Appendix B: Amended Platinum Option and Palladium Option Rulebook Chapters
(clean version)

Appendix A

NYMEX RULEBOOK

(additions underscored; deletions ~~overstruck~~)

Chapter 360

Platinum Option

360100. SCOPE OF CHAPTER 360.01 EXPIRATION OF PLATINUM OPTION

This chapter is limited in application to put and call options on Platinum futures contracts. In addition to the rules of this chapter, transactions in options on Platinum futures shall be subject to the general rules of the Exchange insofar as applicable.

~~A Platinum Option on the Exchange shall expire at the close of trading on the third Wednesday of the month preceding the option contract month. In the event that such business day precedes an Exchange holiday, the expiration date shall be the preceding business day. The expiration date shall be announced prior to the listing of the option contract.~~

360101. OPTION CHARACTERISTICS

The number of months open for trading at a given time shall be determined by the Exchange.

For each Platinum Option month traded on the Exchange, the underlying Platinum Futures contract month shall be the January, April, July or October Platinum Futures contract, determined as follows:

<u>Option Contract Months Listed</u>	<u>Exercise into Underlying Futures</u>
<u>November, December, January</u>	<u>January</u>
<u>February, March, April</u>	<u>April</u>
<u>May, June, July</u>	<u>July</u>
<u>August, September, October</u>	<u>October</u>

360.02 TRADING UNIT FOR PLATINUM OPTIONS

~~A platinum put or call option contract traded on the Exchange represents an option to assume a short or long position in the underlying futures contract traded on the Exchange.~~

360.03 TRADING MONTHS FOR PLATINUM OPTIONS

~~(A) Trading in Platinum Options shall be conducted in the months as shall be determined by the Board of Directors. Trading shall commence on the day fixed by resolution of the Board of Directors.~~

~~(B) For each Platinum Option month traded on the Exchange, the underlying platinum futures contract month shall be the January, April, July or October platinum futures contract, determined as follows:~~

<u>Option Contract Months Traded</u>	<u>Exercise into Underlying Futures</u>
<u>NOVEMBER, DECEMBER, JANUARY</u>	<u>JANUARY</u>
<u>FEBRUARY, MARCH, APRIL</u>	<u>APRIL</u>
<u>MAY, JUNE, JULY</u>	<u>JULY</u>

AUGUST, SEPTEMBER,
OCTOBER

OCTOBER

360101.A. Trading Schedule

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

360.04 HOURS OF TRADING IN PLATINUM OPTIONS

~~The hours of trading in Platinum Options on the Exchange shall be the same as the hours of trading for platinum futures contracts. All such trading shall take place on the trading floor of the Exchange within the hours prescribed by the Board.~~

360101.B. Trading Unit

A Platinum put or call option contract traded on the Exchange represents an option to assume a short or long position in the underlying futures contract traded on the Exchange.

360101.C. Price Increments

Prices shall be quoted in dollars and cents per ounce. The minimum price increment will be \$0.10 per ounce of Platinum.

360101.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

360101.E. Termination of Trading

A Platinum option shall expire at the close of trading on the third Wednesday of the month preceding the option contract month. In the event that such business day is an Exchange holiday, the expiration date shall be the preceding business day. The expiration date shall be announced prior to the listing of the option contract. In the event that the official Exchange holiday schedule changes subsequent to the listing of a Platinum Option, the originally listed expiration date shall remain in effect. In the event the originally listed expiration day is declared a holiday, expiration will move to the business day immediately prior.

360101.F Exercise

At expiry, a Platinum futures option in the money will be automatically exercised and an out of the money option will be automatically abandoned unless contrary instructions are submitted. A notice of exercise must be given to the Clearing Member no later than 4:30pm EST on the option expiration date.

(a) Notice of exercise of an option shall be presented to the Clearinghouse in accordance with such rules and procedures as the Clearinghouse may adopt.

(b) On the same day the Clearinghouse receives a notice of exercise of an option or automatically exercises an option the Clearinghouse shall allocate exercised options in accordance with its rules. On the following business day the Clearinghouse shall notify clearing members which of its short options were exercised.

(c) Clearing members shall make every effort to notify prior to 9:00 a.m. (New York time) on the following business day the grantor of any option who is allocated an exercised option. Clearing members shall, also, make every effort to notify prior to 9:00 a.m. (New York time) on the business day following the expiration of an option the grantor of any in-the-money option who is not allocated an exercised option.

d) A notice of exercise of a Platinum futures option cannot be transferred or assigned. A member receiving a notice of exercise of a Platinum futures call option shall be entered as the seller of a Platinum

futures contract for delivery in the month corresponding to the option contract month at the strike price of the Platinum futures call option and a member receiving a notice of exercise of a put futures option shall be entered as the purchaser of a Platinum futures contract for the delivery month corresponding to the option contract month at the strike price of the Platinum futures put option.

360101.G. Type of Option

The option is an American-style option which can be exercised on any business day prior to and until expiration day.

360.05-102. STRIKE EXERCISE PRICES FOR PLATINUM OPTIONS

~~(A) Trading shall be conducted for options with strike prices in increments of \$10 per ounce.~~

Trading shall be conducted for options with strike prices in increments as set forth below.

~~(BA) On the first business day of trading in an option contract month, trading shall be at the following thirteen strike prices: (i) the previous day's settlement price for platinum futures contracts in the corresponding delivery month rounded off to the nearest strike price unless such settlement price is precisely midway between two strike prices in which case it shall be rounded off to the lower strike price; (ii) the six strike prices which are six increments higher than the strike price described in (i) ~~of this Rule 360.05(B)02~~; and (iii) the six strike prices which are six increments lower than the strike price described in (i) of this Rule 360.05(B)02.~~

~~(CB) Thereafter, on any business day ~~no later than six days prior to the expiration of the option~~, new consecutive strike prices for both puts and calls will be added such that at all times there will be at least six strike prices above and below the at-the-money strike price available for trading in all options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in ~~subsection (B)(i) of this Rule 360.0502~~. ~~Strike prices will only be added such that additions result in increasing the total number of either the above-the-money or the below-the-money~~ strike prices to three.~~

~~(DC) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in Platinum Option contracts will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Platinum Option contract in which no new strike prices may be introduced..~~

~~Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in platinum futures options will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new options contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a platinum futures option in which no new strike prices may be introduced.~~

360.06 PRICES IN PLATINUM OPTIONS

~~Prices will be quoted in dollars and cents per ounce in multiples of \$0.10 per ounce. A cabinet trade may occur at a price of \$0.02 per ounce, or \$1.00 per contract.~~

360.07-103. SPECIAL PRICE FLUCTUATION LIMITS

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as to set forth in Rule 589. and in the Special Price Fluctuation Limits Table in

the Interpretations & Special Notices Section of Chapter 5.

Chapter 119

Palladium Option

119100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Palladium futures contracts. In addition to the rules of this chapter, transactions in options on Palladium futures shall be subject to the general rules of the Exchange insofar as applicable.

EXPIRATION

~~A Palladium Option on the Exchange shall expire at the close of trading on the third Wednesday of the month preceding the option contract month. In the event that such business day is an Exchange holiday, the expiration date shall be the preceding business day. The expiration date shall be announced prior to the listing of the option contract. In the event that the official Exchange holiday schedule changes subsequent to the listing of a Palladium Option, the originally listed expiration date shall remain in effect. In the event the originally listed expiration day is declared a holiday, expiration will move to the business day immediately prior.~~

119101. OPTION CHARACTERISTICS

The number of months open for trading at a given time shall be determined by the Exchange.

For each Palladium Option month traded on the Exchange, the underlying Palladium Futures contract month shall be the March, June, September or December Palladium Futures contract, determined as follows:

<u>Option Contract Months Listed</u>	<u>Exercise into Underlying Futures</u>
<u>October, November, December</u>	<u>December</u>
<u>January, February, March</u>	<u>March</u>
<u>April, May, June</u>	<u>June</u>
<u>July, August, September</u>	<u>September</u>

119101.A. Trading Schedule

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

~~119.02 ——— TRADING UNIT~~

~~A Palladium put or call option contract traded on the Exchange represents an option to assume a short or long position in the underlying futures contract traded on the Exchange, at the strike price.~~

~~119.03 ——— TRADING MONTHS~~

~~(A) Trading in Palladium Options shall be conducted in the months as shall be determined by the Exchange.~~

~~(B) For each Palladium Option month traded on the Exchange, the underlying Palladium Futures contract month shall be the March, June, September or December Palladium Futures contract, determined as follows:~~

<u>Option Contract Months Traded</u>	<u>Exercise into Underlying Futures</u>
<u>October, November, December</u>	<u>December Futures</u>
<u>January, February, March</u>	<u>March Futures</u>
<u>April, May, June</u>	<u>June Futures</u>

119101.B. Trading Unit

A Palladium put or call option contract traded on the Exchange represents an option to assume a short or long position in the underlying futures contract traded on the Exchange.

119101.C. Price Increments

Prices shall be quoted in dollars and cents per ounce. The minimum price increment will be \$0.01 per ounce of Palladium.

119101.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

119101.E. Termination of Trading

A Palladium Option on the Exchange shall expire at the close of trading on the third Wednesday of the month preceding the option contract month. In the event that such business day is an Exchange holiday, the expiration date shall be the preceding business day. The expiration date shall be announced prior to the listing of the option contract. In the event that the official Exchange holiday schedule changes subsequent to the listing of a Palladium Option, the originally listed expiration date shall remain in effect. In the event the originally listed expiration day is declared a holiday, expiration will move to the business day immediately prior.

119101.F Exercise

At expiry, a Palladium futures option in the money will be automatically exercised and an out of the money option will be automatically abandoned unless contrary instructions are submitted. A notice of exercise must be given to the Clearing Member no later than 4:30pm EST on the option expiration date.

(a) Notice of exercise of an option shall be presented to the Clearinghouse in accordance with such rules and procedures as the Clearinghouse may adopt.

(b) On the same day the Clearinghouse receives a notice of exercise of an option or automatically exercises an option the Clearinghouse shall allocate exercised options in accordance with its rules. On the following business day the Clearinghouse shall notify clearing members which of its short options were exercised.

(c) Clearing members shall make every effort to notify prior to 9:00 a.m. (New York time) on the following business day the grantor of any option who is allocated an exercised option. Clearing members shall, also, make every effort to notify prior to 9:00 a.m. (New York time) on the business day following the expiration of an option the grantor of any in-the-money option who is not allocated an exercised option.

d) A notice of exercise of a Palladium futures option cannot be transferred or assigned. A member receiving a notice of exercise of a Palladium futures call option shall be entered as the seller of a Palladium futures contract for delivery in the month corresponding to the option contract month at the strike price of the Palladium futures call option and a member receiving a notice of exercise of a put futures option shall be entered as the purchaser of a Palladium futures contract for the delivery month corresponding to the option contract month at the strike price of the Palladium futures put option.

119101.G. Type of Option

The option is an American-style option which can be exercised on any business day prior to and until expiration day.

119.04 TRADING HOURS

~~The option contract is available for open outcry trading on the Exchange trading floor between 9:00 a.m. and 2:30 p.m. (New York Prevailing time) Monday through Friday, except on Exchange Holidays.~~

~~The option contract is available for clearing through CME ClearPort[®] from 6:00 p.m. Sundays through 5:15 p.m. Fridays (New York Prevailing time), with a 45-minute break each day between 5:15 p.m. and 6:00 p.m., except on Exchange Holidays.~~

119.05-102. STRIKE EXERCISE PRICES

Trading shall be conducted for options with strike prices in increments as set forth below.

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price of Palladium Futures contracts in the corresponding delivery month rounded off to the nearest five dollar strike price, unless such settlement price is precisely midway between two strike prices in which case it shall be rounded off to the lower strike price and (ii) the five five-dollar increment strike prices which are five increments higher than the strike price described in this Rule 119.05(Aa) and (iii) the five five-dollar increment strike prices which are five increments lower than the strike price described in this Rule 119.05(A).

(B) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least five five-dollar strike prices above and below the at-the-money strike price available for trading.

(A) (C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in Palladium Option contracts will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Palladium Option contract in which no new strike prices may be introduced.

(B) (119.06 PRICES)

~~Prices shall be quoted in dollars and cents per ounce. The minimum price increment will be \$0.01 per ounce, or \$1 per contract.~~

119.107-03 SPECIAL PRICE FLUCTUATION LIMITS

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as to set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

Appendix B

NYMEX RULEBOOK

(additions underscored; deletions ~~everstruck~~)

Chapter 360

Platinum Option

360100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Platinum futures contracts. In addition to the rules of this chapter, transactions in options on Platinum futures shall be subject to the general rules of the Exchange insofar as applicable.

360101. OPTION CHARACTERISTICS

The number of months open for trading at a given time shall be determined by the Exchange.

For each Platinum Option month traded on the Exchange, the underlying Platinum Futures contract month shall be the January, April, July or October Platinum Futures contract, determined as follows:

<u>Option Contract Months Listed</u>	<u>Exercise into Underlying Futures</u>
November, December, January	January
February, March, April	April
May, June, July	July
August, September, October	October

360101.A. Trading Schedule

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

360101.B. Trading Unit

A Platinum put or call option contract traded on the Exchange represents an option to assume a short or long position in the underlying futures contract traded on the Exchange.

360101.C. Price Increments

Prices shall be quoted in dollars and cents per ounce. The minimum price increment will be \$0.10 per ounce of Platinum.

360101.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

360101.E. Termination of Trading

A Platinum option shall expire at the close of trading four business days prior to the end of the month preceding the option contract month; provided, however, that (1) if such day is a Friday, the expiration date shall be the preceding business day or (2) if such day is the day immediately prior to an Exchange holiday, the expiration date shall be the

preceding business day. In the event that the official Exchange holiday schedule changes subsequent to the listing of a Platinum futures option, the originally listed expiration date shall remain in effect. In the event that the originally listed expiration day is declared a holiday, expiration will move to the business day immediately prior.

360101.F. Exercise

At expiry, a Platinum futures option in the money will be automatically exercised and an out of the money option will be automatically abandoned unless contrary instructions are submitted. A notice of exercise must be given to the Clearing Member no later than 4:30 EST on the option expiration date.

(a) Notice of exercise of an option shall be presented to the Clearinghouse in accordance with such rules and procedures as the Clearinghouse may adopt.

(b) On the same day the Clearinghouse receives a notice of exercise of an option or automatically exercises an option the Clearinghouse shall allocate exercised options in accordance with its rules. On the following business day the Clearinghouse shall notify clearing members which of its short options were exercised.

(c) Clearing members shall make every effort to notify prior to 9:00 a.m. (New York time) on the following business day the grantor of any option who is allocated an exercised option. Clearing members shall, also, make every effort to notify prior to 9:00 a.m. (New York time) on the business day following the expiration of an option the grantor of any in-the-money option who is not allocated an exercised option.

d) A notice of exercise of a Platinum futures option cannot be transferred or assigned. A member receiving a notice of exercise of a Platinum futures call option shall be entered as the seller of a Platinum futures contract for delivery in the month corresponding to the option contract month at the strike price of the Platinum futures call option and a member receiving a notice of exercise of a put futures option shall be entered as the purchaser of a Platinum futures contract for the delivery month corresponding to the option contract month at the strike price of the Platinum futures put option.

360101.G. Type of Option

The option is an American-style option which can be exercised on any business day prior to and until expiration day.

360102.

EXERCISE PRICES

(A) On the first business day of trading in an option contract month, trading shall be at the following thirteen strike prices: (i) the previous day's settlement price for platinum futures contracts in the corresponding delivery month rounded off to the nearest strike price unless such settlement price is precisely midway between two strike prices in which case it shall be rounded off to the lower strike price; (ii) the six strike prices which are six increments higher than the strike price described in (i) of this Rule 360102; and (iii) the six strike prices which are six increments lower than the strike price described in (i) of this Rule 360102.

(B) Thereafter, on any business day, new consecutive strike prices for both puts and calls will be added such that at all times there will be at least six strike prices above and below the at-the-money strike price available for trading in all options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in this Rule 360102.

(C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in Platinum Option contracts will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day, or the period preceding the expiration of a Platinum Option contract in which no new strike prices may be introduced.

360103.

SPECIAL PRICE FLUCTUATION LIMITS

At the commencement of each trading day, the contract shall be subject to special fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

Chapter 119

Palladium Option

119100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Palladium futures contracts. In addition to the rules of this chapter, transactions in options on Palladium futures shall be subject to the general rules of the Exchange insofar as applicable.

119101. OPTION CHARACTERISTICS

The number of months open for trading at a given time shall be determined by the Exchange.

For each Palladium Option month traded on the Exchange, the underlying Palladium Futures contract month shall be the March, June, September or December Palladium Futures contract, determined as follows:

<u>Option Contract Months Listed</u>	<u>Exercise into Underlying Futures</u>
October, November, December	December
January, February, March	March
April, May, June	June
July, August, September	September

119101.A. Trading Schedule

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

119101.B. Trading Unit

A Palladium put or call option contract traded on the Exchange represents an option to assume a short or long position in the underlying futures contract traded on the Exchange.

119101.C. Price Increments

Prices shall be quoted in dollars and cents per ounce. The minimum price increment will be \$0.01 per ounce of Palladium.

119101.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

119101.E. Termination of Trading

A Palladium option shall expire at the close of trading four business days prior to the end of the month preceding the option contract month; provided, however, that (1) if such day is a Friday, the expiration date shall be the preceding business day or (2) if such day is the day immediately prior to an Exchange holiday, the expiration date shall be the preceding business day. In the event that the official Exchange holiday schedule changes subsequent to the listing of a Palladium futures option, the originally listed expiration date shall remain in effect. In the event that the originally listed expiration day is declared a holiday, expiration will move to the business day immediately prior.

119101.F. Exercise

At expiry, a Palladium futures option in the money will be automatically exercised and an out of the money option will be automatically abandoned unless contrary instructions are submitted. A notice of exercise must be given to the Clearing Member no later than 4:30 EST on the option expiration date.

(a) Notice of exercise of an option shall be presented to the Clearinghouse in accordance with such rules and procedures as the Clearinghouse may adopt.

(b) On the same day the Clearinghouse receives a notice of exercise of an option or automatically exercises an option the Clearinghouse shall allocate exercised options in accordance with its rules. On the following business day the Clearinghouse shall notify clearing members which of its short options were exercised.

(c) Clearing members shall make every effort to notify prior to 9:00 a.m. (New York time) on the following business day the grantor of any option who is allocated an exercised option. Clearing members shall, also, make every effort to notify prior to 9:00 a.m. (New York time) on the business day following the expiration of an option the grantor of any in-the-money option who is not allocated an exercised option.

d) A notice of exercise of a Palladium futures option cannot be transferred or assigned. A member receiving a notice of exercise of a Palladium futures call option shall be entered as the seller of a Platinum futures contract for delivery in the month corresponding to the option contract month at the strike price of the Palladium futures call option and a member receiving a notice of exercise of a put futures option shall be entered as the purchaser of a Palladium futures contract for the delivery month corresponding to the option contract month at the strike price of the Palladium futures put option.

119101.G. Type of Option

The option is an American-style option which can be exercised on any business day prior to and until expiration day.

119102.

EXERCISE PRICES

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price of Palladium Futures contracts in the corresponding delivery month rounded off to the nearest five dollar strike price, unless such settlement price is precisely midway between two strike prices in which case it shall be rounded off to the lower strike price and (ii) the five five-dollar increment strike prices which are five increments higher than the strike price described in this Rule 119102. and (iii) the five five-dollar increment strike prices which are five increments lower than the strike price described in this Rule 119102.

(B) Thereafter, on any business day, new consecutive strike prices for both puts and calls will be added such that at all times there will be at least five five-dollar strike prices above and below the at-the-money strike price available for trading.

(C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in Palladium Option contracts will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day, or the period preceding the expiration of a Palladium Option contract in which no new strike prices may be introduced.

119103.

SPECIAL PRICE FLUCTUATION LIMITS

At the commencement of each trading day, the contract shall be subject to special fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.