

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 19-007 (1 of 2)

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

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

**Please note - only ONE choice allowed.**

**Filing Date (mm/dd/yy):** 09/11/19    **Filing Description:** Initial Listing of the 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**

- 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:**

September 11, 2019

**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. Notification Regarding the Initial Listing of the Shanghai Gold (USD) Futures and Shanghai Gold (CNH) Futures Contracts. COMEX Submission No. 19-007 (1 of 2)**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying the initial listing of the Shanghai Gold (USD) Futures and Shanghai Gold (CNH) Futures contracts (the “Contracts”) for trading on the CME Globex electronic trading platform and for submission for clearing via CME ClearPort effective Sunday, October 13, 2019 for trade date Monday, October 14, 2019 as more specifically described below:

<b>Contract Title</b>	<b>Shanghai Gold (USD) Futures</b>	<b>Shanghai Gold (CNH) Futures</b>
<b>Rulebook Chapter</b>	127	128
<b>Commodity Code</b>	SGU	SGC
<b>Reference Price</b>	Shanghai Gold Exchange (SGE) Gold Benchmark PM price	Shanghai Gold Exchange (SGE) Gold Benchmark PM price
<b>Listing Schedule</b>	Monthly contracts listed for three consecutive months and all February, April, June, August, October, and December contracts within a 12-month period	Monthly contracts listed for three consecutive months and all February, April, June, August, October, and December contracts within a 12-month period
<b>Contract Size</b>	32.15 troy ounces	1,000 grams
<b>Price Quotation</b>	U.S. dollars and cents (USD) per troy ounce	offshore Chinese Renminbi (CNH) per gram
<b>Minimum Trading Price Fluctuation</b>	\$0.10 per troy ounce	0.05 CNH per gram
<b>Value per Tick</b>	\$3.215	50 CNH
<b>Minimum Daily Settlement Price Fluctuation</b>	\$0.10 per troy ounce	0.05 CNH per gram

<b>Minimum Final Settlement Price Fluctuation</b>	\$0.05 per troy ounce	0.01 CNH per gram
<b>First Listed Contract Month</b>	December 2019	December 2019
<b>CME Globex Match Algorithm</b>	First-In, First-Out (FIFO)	First-In, First-Out (FIFO)
<b>Settlement Method</b>	Financial	Financial
<b>Block Trade Minimum Threshold</b>	5 contracts	5 contracts
<b>Termination of Trading</b>	Trading terminates on the third last U.S. business day of the contract month unless it is not a Chinese business day. If it is not a Chinese business day, trading terminates the previous U.S. and China business day.	Trading terminates on the third last U.S. business day of the contract month unless it is not a Chinese business day. If it is not a Chinese business day, trading terminates the previous U.S. and China business day.

**Trading and Clearing Hours:**

CME Globex and CME ClearPort	Sunday - Friday 6:00 p.m. - 5:00 p.m. Eastern Time/ET (5:00 p.m. - 4:00 p.m. Central Time/CT) with a 60-minute break each day beginning at 5:00 p.m. ET (4:00 p.m. CT)
------------------------------	--

**Exchange Fees:**

	<b>Member Day</b>	<b>Member</b>	<b>Non-Member</b>	<b>International Incentive Programs (IIP/IVIP)</b>
CME Globex	\$0.55	\$0.70	\$1.50	\$0.95
EFP		\$0.85	\$1.50	
Block		\$0.80	\$1.60	
EFR/EOO		\$3.35	\$4.00	

<b>Processing Fees</b>	<b>Member</b>	<b>Non-Member</b>
Cash Settlement	\$0.80	\$1.60
Facilitation Fee	\$0.50	
Give-Up Surcharge	\$0.05	
Position Adjustment/Position Transfer	\$0.10	

The Exchange is also notifying the CFTC that it is self-certifying block trading on the Contracts with a minimum block threshold of 5 contracts.

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:

- **Availability of General Information:** The Exchange will publish information on the changes via a Special Executive Report (“SER”) to notify the marketplace of the Rule Amendments. The SER will also be posted on the CME Group website.
- **Contracts Not Readily Subject to Manipulation:** The Contracts are based on the Shanghai Gold Exchange Benchmark Gold price, which is generated by spot auctions held at the Shanghai Gold Exchange (SGE). This price is reflective of the underlying market and is commonly relied on and used as a reference price by market participants. The SGE Gold Benchmark price is governed by the rules of SGE which is regulated by the People’s Bank of China.
- **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 these Contracts will also be subject to the full panoply of trade practice rules, the majority of which are contained in Chapter 5 of the Rulebook. As with all products listed for trading on one of CME Group’s designated contract markets, activity in these new products 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.
- **Position Limitations or Accountability:** The speculative position limits for the Contracts as demonstrated in this submission are consistent with the Commission’s guidance.
- **Financial Integrity of Contracts:** All contracts traded on the Exchange will be cleared by the Clearing House of the Chicago Mercantile Exchange Inc. which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- **Execution of Transactions:** The Contracts will be listed for trading on CME Globex. The CME Globex platform provides a transparent, open, and efficient mechanism to electronically execute trades on screen.
- **Trade Information:** All required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Protection of Market Participants:** 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 products.
- **Prevention of Market Disruption:** Trading in the Contract will be subject to the Rules of COMEX which include prohibitions on manipulation, price distortion, and disruption to the cash settlement process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the futures Contract proposed herein will be subject to monitoring and surveillance by CME Group’s Market Regulation Department.
- **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 Rulebook. Trading in the 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 this product 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. Chapter 6 allows 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 Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.
- **Daily Publication of Trading Information**: COMEX will comply with this Core Principle by making public daily information on settlement prices, volume, open interest, and opening and closing ranges for the Contracts. This will be accomplished by publishing this information on a daily basis on the Exchange's website.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.2(a), the Exchange certifies that the listing of the Contracts complies with the Act, including regulations under the Act. There were no substantive opposing views to this 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 Amendments  
Exhibit B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the COMEX Rulebook (attached under separate cover)  
Exhibit C: COMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table  
Exhibit D: Cash Market Overview and Analysis of Deliverable Supply

## **Exhibit A**

### **COMEX Rulebook**

#### **Chapter 127 Shanghai Gold (USD) Futures**

**127100. SCOPE OF CHAPTER**

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

**127101. CONTRACT SPECIFICATIONS**

The Floating Price for each contract month shall be the closing price of the Shanghai Gold Benchmark Price PM on the last trading day, as defined in rule 127102.E. The Shanghai Gold Benchmark Price PM shall be converted to US Dollars per troy ounce using the USD/CNH rate as reported by EBS Service Company Limited and using a conversion factor of 32.15 troy ounces per kilogram and rounded to the nearest \$0.05.

**127102. TRADING SPECIFICATIONS**

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

**127102.A. Trading Schedule**

The hours for trading shall be determined by the Exchange.

**127102.B. Trading Unit**

The contract unit shall be one kilogram (32.15 troy ounces).

**127102.C. Price Increments**

The minimum trading price fluctuation shall be ten cents (\$0.10) per troy ounce. The minimum daily settlement price fluctuation shall be ten cents (\$0.10) per troy ounce. The minimum final settlement price fluctuation shall be five cents (\$0.05) per troy ounce. Prices shall be quoted in dollars and cents per troy ounce.

**127102.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.

**127102.E. Termination of Trading**

Trading shall terminate on the third last Exchange business day of the contract month, provided that this is also a Shanghai Gold Exchange business day. If this day is not a Shanghai Gold Exchange business day, trading shall terminate at on the first preceding day that is both an Exchange business day and a Shanghai Gold Exchange business day.

**127103. FINAL SETTLEMENT**

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price.

**127104. DISCLAIMER**

See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.

## Chapter 127 Shanghai Gold (CNH) Futures

### 128100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

### 128101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month shall be the closing price of the Shanghai Gold Benchmark Price PM on the last trading day, as defined in rule 128102.E.

### 128102. TRADING SPECIFICATIONS

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

#### **128102.A. Trading Schedule**

The hours for trading shall be determined by the Exchange.

#### **128102.B. Trading Unit**

The contract unit shall be one kilogram (1,000 grams).

#### **128102.C. Price Increments**

The minimum trading price fluctuation shall be 0.05 CNH per gram. The minimum daily settlement price fluctuation shall be 0.05 CNH per gram. The minimum final settlement price fluctuation shall be 0.01 CNH per gram. Prices shall be quoted in CNH per gram.

#### **128102.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.

#### **128102.E. Termination of Trading**

Trading shall terminate on the third last Exchange business day of the contract month, provided that this is also a Shanghai Gold Exchange business day. If this day is not a Shanghai Gold Exchange business day, trading shall terminate at on the first preceding day that is both an Exchange business day and a Shanghai Gold Exchange business day.

### 128103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price.

### 128104. DISCLAIMER

See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.

**COMEX Rulebook  
Chapter iv.  
("DISCLAIMERS")**

(additions underlined)

**Shanghai Gold Exchange**

Shanghai Gold Exchange, SGE and Shanghai Gold applicable trademarks registered by Shanghai Gold Exchange at the State Administration for Market Regulation of the People's Republic of China (the previous State Administration for Industry & Commerce) and used herein under licensed from Shanghai Gold Exchange ("SGE"). All intellectual property rights and trademarks in Shanghai Gold Benchmark Price belong to SGE and can be only used under license. SGE and its affiliates do not sponsor, initiate, endorse, sell futures contracts, options on futures contracts, swaps, and other over-the-counter products developed on the basis of Shanghai Gold Benchmark Price ("Contract") in any manner, and shall not be liable for the obligations and responsibilities in connection with management, promotion or trading of Contract. SGE makes no warranties or representations whether express or implied including as to the results to be obtained from using Shanghai Gold Benchmark Price and shall have no obligation or liability relating to using Shanghai Gold Benchmark Price to the fullest extent permitted at law.



**Exhibit B**

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

**Position Limits, Position Accountability and Reportable Level Table in  
Chapter 5 of the COMEX Rulebook**

(attached under separate cover)

**Exhibit C**

**COMEX Rulebook  
Chapter 5  
("Trading Qualifications and Practices")  
COMEX Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table**

Instrument Name	Globex Symbol	Outright			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks	NRR: Globex Format	NRR: Minimum Outright Ticks
<a href="#">Shanghai Gold (USD) Futures</a>	<a href="#">SGU</a>	<a href="#">\$10.00 per troy ounce</a>	<a href="#">1000</a>	<a href="#">100</a>	<a href="#">Each leg evaluated as an outright</a>	
<a href="#">Shanghai Gold (CNH) Futures</a>	<a href="#">SGC</a>	<a href="#">2 CNH per gram</a>	<a href="#">200</a>	<a href="#">40</a>	<a href="#">Each leg evaluated as an outright</a>	

Exhibit D

(CONFIDENTIAL TREATMENT REQUESTED)

ADDITIONAL SUPPLEMENTAL MARKET INFORMATION

[REDACTED]