NYSE Liffe U.S.

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By Electronic Mail
February 6, 2012

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

Re: NYSE Liffe U.S. Submission 2012-104 – Amendments to Rules 1302(e) and 1602(e) (Strike Price Intervals), Revisions to the Months Available for Trading and the Delisting of Certain Months for Full-Sized Precious Metals Options

Dear Mr. Stawick:

I am the Deputy Chief Regulatory Officer of NYSE Liffe US LLC ("NYSE Liffe US" or the "Exchange"). Pursuant to Section 5c(c) of the Commodity Exchange Act, as amended (the "Act"), and U.S. Commodity Futures Trading Commission (the "Commission") Regulations (the "Regulations") Section 40.6(a), I enclose a Cover Sheet for NYSE Liffe US Submission 2012-104 and NYSE Liffe US Notice 4/2012 which announces amendments to NYSE Liffe U.S. Rules 1302(e) and 1602(e), regarding the listing of Strike price intervals for 100 oz Gold Futures Options ("Full-Sized Gold Options") and 5,000 oz Silver Futures Options ("Full-Sized Silver Options") (collectively "Full-Sized Precious Metals Options") and revisions to the months to be made available for trading in Full-Sized Precious Metals Options. The amendments to the rules and the revisions to the months made available for trading will become effective with the February 22, 2012, trading session. The Notice also announces the delisting of certain months in the Full-Sized Precious Metals Options for which there is no open interest.

NYSE Liffe US hereby certifies that: (i) the amendments to the Full-Sized Precious Metals Options comply with the Act and the regulations thereunder and (ii) a notice and copy of this submission has been concurrently posted on the Exchange's web site. Additionally, a concise explanation and analysis of the amendments to the Full-Sized Precious Metals Options and its compliance with applicable provisions of the Act, including core principles and the Commission's regulations thereunder, is attached. No substantive opposing views were expressed by members or others with respect to the market maker programs.

If you have any questions, please call me at (312) 442-7984.

Yours Truly,

Matt Lisle
Enclosures

Designated Contract Market Core Principles Implicated by NYSE Liffe US Submission 2012-104

The CFTC determined that Full-Sized Precious Metals Options comply with the Core Principles in connection with its Order designating the Exchange as a designated contract market.[1] The amendments to rules regarding the Strike price intervals and revisions to the months to be made available for trading in the Full-Sized Precious Metals Options do not substantively alter the Full-Sized Precious Metals Options in any way that would affect the CFTC's previous determination.

CORE PRINCIPLE	ANALYSIS
Core Principle 2: Compliance with Rules	Trading in the Full-Sized Precious Metals Options remain subject to the Chapters 13 and 16 of the Exchange rulebook as well as all existing rules of the Exchange including Chapter 3, governing access to the Exchange's Trading Platform, Chapter 6 governing the business conduct of Exchange members and prohibits, among other things, fraudulent acts, fictitious and pre-arranged trades, market manipulation and acts inconsistent with just and equitable principles of trade. The Exchange monitors its markets on a constant basis in real-time. In addition, through the operation of a regulatory services agreement, the National Futures Association provides to the Exchange comprehensive trade practice and market surveillance services designed to detect activities that are not in compliance with the Act, CFTC Rules, or Exchange rules and policies. Additionally, the Exchange has the authority, through Chapter 7 of its rules, and the capacity to investigate any possible rule violations and, where appropriate, bring disciplinary actions and impose sanctions for any violations. Finally, the Exchange has the authority to carry out international information sharing agreements and has entered into accords such as the Boca Declaration and the Intermarket Surveillance Group Agreement.

[1] See *CFTC Order of Designation as a Contract Market and Approval of Transfer of Metals Contracts*, dated August 21, 2008 (http://www.cftc.gov/ucm/groups/public/@newsroom/documents/file/nyseliffeletter082108.pdf).

CORE PRINCIPLE	ANALYSIS
Core Principle 3: Contracts not Readily Subject to Manipulation	The changes do not alter the trading unit, which is identical to the underlying futures contract. The changes also do not affect the last trading day for the Full-Sized Precious Metals Options, which are established as the fourth business day prior to the first calendar day of the delivery month of the underlying futures contract, unless the last trading day falls on a Friday or immediately prior to an Exchange holiday, in which case the last trading day shall occur on the previous business day. As a result, the Full-Sized Precious Metals Options expire prior to the first delivery notice day for the underlying futures contracts. Accordingly, underlying futures contracts acquired through exercise of a Full-Sized Precious Metals Option, including through automatically exercised options, can be liquidated without affecting the orderly liquidation of futures positions or increasing the susceptibility of the underlying futures contract to manipulation. In addition, the Exchange continues to require any position over the reporting level to be reported to the Exchange, and the Exchange then monitors such position. Furthermore, the changes do not alter the reasonable and appropriate position limits that have been established.
Core Principle 4: Prevention of Market Disruption	The Full-Sized Precious Metals Options will continue to be subject to the existing trade practice and market surveillance policies and procedures of the Exchange. The Exchange has real-time surveillance capabilities involving both human interaction as well as technological tools. Furthermore, the Exchange staff, in coordination with National Futures Association, has the capacity to detect and respond to manipulation and price distortions in the markets. Specifically, the Exchange employs anti-price cascading functionality that tends to prevent price cascades from occurring. Additionally, the Exchange monitors the trading activities of large position holders, particularly during market close. Finally, the Exchange has the ability to provide accurate and complete trade reconstruction.
Core Principle 5: Position Limits or Accountability	The Full-Sized Precious Metals Options remain subject to the same position limits as the underlying futures contracts, on a futures equivalent basis, and traders are required to aggregate their positions in the options with their futures positions for the sake of calculating their position limit. Further, the Exchange plans to make all amendments necessary to its existing position limits to be in compliance with the CFTC's new Part 151 rules, when such rules become effective.

CORE PRINCIPLE	ANALYSIS
Core Principle 6: Emergency Authority	Trading in the Full-Sized Precious Metals Options remains subject to Exchange Rule 425. Exchange Rule 425 provides that the President, or any individual designated by the President and approved by the Board, determines that an Emergency exists, the President or such designee, as the case may be, may take or place into immediate effect a temporary emergency action or Rule, which may remain in effect for up to 30 Business Days, after which time it must be approved by the Board to remain in effect. Any such action or Rule may provide for, or may authorize the Exchange, the Board or any committee thereof to undertake actions necessary or appropriate to respond to the Emergency, including ordering the liquidation or transfer of Contracts, requiring Clearing Members, Members, Customers or Noncustomers to meet special margin requirements; or modifying or suspending any provision of the Rules of the Exchange or the Rules of the Clearing Service Provider.
Core Principle 7: Availability of General Information	The Exchange publishes, maintains and keeps current on its web site the terms and conditions of the Full-Sized Precious Metals Options as well as all rules and mechanisms necessary for executing transactions on or through the Exchange's trading platform and all rules and specifications describing the operation of the Exchange's trade execution facility
Core Principle 8: Daily Publication of Trading Information	The Exchange will publish daily on its web site information regarding the trading volume, open interest and price information regarding the Full-Sized Precious Metals Options.
Core Principle 9: Execution of Transactions	The Full-Sized Precious Metals Options will continue to be offered on the Exchange's Trading Platform, which offers electronic trading in an open, competitive and efficient mechanism for trading in the Full-Sized Precious Metals Options. All orders in the Full-Sized Precious Metals Options are entered into the NYSE Liffe US Trading Platform in accordance with the procedures set forth in Rules 405 and 406 and executed impartially in accordance with the principles set forth, and the procedures referred to, in Rule 407. The Exchange conducts ongoing testing and has implemented review procedures with respect to the Trading Platform. All Members and Registered Users have equal access to the NYSE Liffe US Trading Platform, including information regarding prices, bids and offers. Under Rule 614, pre-arranged trades that are not expressly permitted will be prohibited. The Exchange's rulebook also prohibits trading ahead of or against Customer Orders (Rules 610 and 611) and contains other rules to prevent trading-related abuses. The Exchange will monitor the impact, if any, that the changes have in the Full-Sized Precious Metals Options on trading on the centralized market. In the event the Exchange identifies any deleterious effect to the centralized market, it will take appropriate action.

CORE PRINCIPLE	ANALYSIS
Core Principle 10: Trade Information	The Exchange will continue to record and maintain an audit trail with all trade information regarding the Full-Sized Precious Metals Options necessary to monitor for customer and market abuse.
Core Principle 12: Protection of Markets and Market Participants	The impetus for the revisions included the Exchange's experience with the Full-Sized Precious Metals Options as well as feedback received from the Exchange's Members. Chapter 6 of the Exchange's rulebook governs the business conduct of Exchange members and prohibits, among other things, fraudulent acts, fictitious and pre-arranged trades and other activities that could disadvantage their customers, as well as acts detrimental to the Exchange and inconsistent with just and equitable principles of trade. The Exchange shall monitor for and investigate any possible rule violations and where appropriate bring disciplinary actions and impose sanctions for any violations in respect to trading in the Full-Sized Precious Metals Options.
Core Principle 13: Disciplinary Procedures	Chapter 7 of the Exchange's rulebook provides for disciplinary procedures by which the Exchange may impose sanctions for any violations of the Exchange's rules, including any violations related to trading in the Full-Sized Precious Metals Options.
Core Principle 18: Recordkeeping	Data with regard to the Full-Sized Precious Metals Options, as is all trade data, shall be retained by the Exchange in secured storage for a period of at least five years and be readily accessible and open to review by the CFTC. Additionally, the Exchange has in place business continuity and disaster recovery policies and procedures that provide for back-up and off-site storage of Exchange records.

NYSE Liffe U.S.

NYSE LIFFE U.S. NOTICE No. 4/2012

ISSUE DATE: February 6, 2012
EFFECTIVE DATE: February 22, 2012

Amendments to Rules 1302(e) and 1602(e) (Strike Price Intervals) for Full-Sized Precious Metals Options, Revisions to the Months Made Available for Trading in Full-Sized Precious Metals Options, and Delisting of Certain Months in Full-Sized Precious Metals Options Without Open Interest

Summary

This Notice announces amendments to Exchange Rules 1302(e) and 1602(e) regarding the strike price intervals in 100 oz Gold Futures Options and 5,000 oz Silver Futures Options, respectively and revisions to the months to be made available for trading in these options, effective with the February 22, 2012, trading session. In connection with the foregoing, this Notice also announces the delisting of Full-Sized Precious Metals Options for which there is no open interest as of the close of trading on February 21, 2012.

1. Introduction and Background

1.1 The Exchange currently lists for trading 100 oz Gold Futures Options ("Full-Sized Gold Options") and 5,000 oz Silver Futures Options ("Full-Sized Silver Options") (collectively "Full-Sized Precious Metals Options"). In response to Member feedback and the Exchange's experience with these contracts, the Exchange is simplifying the months made available for trading as well as the strike prices listed for Full-Sized Precious Metals Options.

1.2 In NYSE Liffe US Notice No. 2/2012, the Exchange announced that, commencing with the February 22, 2012, trading session it will begin trading options on the 33.2 Ounce Mini Gold Futures Contract ("Mini-sized Gold Options") and the 1,000 Ounce Mini Silver Futures Contract ("Mini-sized Silver Options") (collectively "Mini-sized Precious Metals Options"). The months made available for trading and the strike price intervals in the Full-Sized Precious Metals Options, as revised, will be consistent with those in the Mini-sized Precious Metals Options.

1.3 In connection with this process, the Exchange will also delist any Full-Sized Precious Metals Options months, beyond those to be made available for trading as described below, for which there is no open interest as of the close of trading on February 21, 2012.

2. Strike Prices

2.1 Exchange Rule 1302(e) currently provides for trading in Full-Sized Gold Options with strikes in integrals of $5, $10, $20, $25 and $50 per troy ounce per Gold futures contract. The Exchange has determined to amend Rule 1302(e) to provide for trading in Full-Sized Gold Options with strike prices in integral multiples of $25 and $50 per troy ounce per Gold futures contract for all months as follows:

a. In integral multiples of $25, at the commencement of trading for an option contract, the following strike prices shall be listed: one with a strike closest to the previous day's settlement price of the underlying Gold futures contract and the next four consecutive higher and the next four consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strike prices, the closest strike price shall be the higher of the two.

b. In integral multiples of $50, at the commencement of trading for an option contract, the following strike prices shall be listed: the next ten consecutive higher strikes above, and the next ten consecutive lower strikes below, the initial band.

2.2 Exchange Rule 1602(e) currently provides for trading in Full-Sized Silver Options with strikes in integrals of $0.10, $0.25, $0.50 and $1 per troy ounce per Silver futures contract. The Exchange has determined to amend Rule 1602(e) to provide for trading in Full-Sized Silver Options with strike prices in integral multiples of $1.00 and $2.50 per troy ounce per Silver futures contract for all months as follows:

a. In integral multiples of $1.00, at the commencement of trading for an option contract, the following strike prices shall be listed: one with a strike closest to the previous day's settlement price of the underlying Silver futures contract and the next five consecutive higher and the next five consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the higher of the two.

b. In integral multiples of $2.50, at the commencement of trading for an option contract, the following strike prices shall be listed: the next six consecutive higher strikes above, and the six consecutive lower strikes below, the initial band.

2.3 Rules 1302(e) and 1602(e), as amended are attached.

3. Contract Months Available for Trading

3.1 Currently, the Exchange lists months in the Full-Sized Precious Metals Options out sixty months from the current month. The further months have historically had very little or no volume.

3.2 As of the February 22, 2012, trading session, the Exchange will make Full-Sized Gold Options available for trading on the following basis. At the opening of trading during the Trading Session following the expiration of an Option, the Exchange may list an additional calendar month so that at the opening of trading for each Trading Session there are Full-Sized Gold Options for three nearby months and the following June and December Months stretching out at least eighteen months and no longer than twenty four months away from the current month available for trading.

3.3 As of the February 22, 2012, trading session the following months will be available for trading in the Full-Sized Gold Options: April 2012, May 2012, June 2012, December 2012, June 2013 and December 2013.

3.4 As of the February 22, 2012, trading session, the Exchange will make Full-Sized Silver Options available for trading on the following basis. At the opening of trading during the Trading Session following the expiration of an Option, the Exchange may list an additional calendar month so that at the opening of trading for each Trading Session there are Full-Sized Silver Options for three nearby months and the following July and December Months stretching out at least eighteen months and no longer than twenty four months away from the current month available for trading.

3.5 As of the February 22, 2012, trading session the following months will be available for trading in the Full-Sized Silver Options, April 2012, May 2012, June 2012, July 2012, December 2012, July 2013 and December 2013.

3.6 The June and December 2014, 2015 and 2016 months in the Full-Sized Gold Options, and the July and December 2014, 2015 and 2016 months in the Full-Sized Silver Options, which are currently available for trading, will be delisted if there is no open interest in these options contract months as of the close of trading on February 21, 2012.

3.7 If there is open interest in any of the months to be delisted as of the close of trading on February 21, 2012, the Exchange will continue to make such months available for trading. If, however, at any time after February 22, 2012, the relevant month ceases to have open interest as of the close of any trading session, the Exchange will delist that month, unless it would have otherwise been made available under the revised listing procedures, i.e., the month is no further than twenty four months away from the current month available for trading.

Members who have questions or seek additional information in respect of this Notice should contact:

New York Office	+1 212 656 4300	nyseliffeus@nyx.com
Chicago Office	+1 312 442 7730	

Attachment to NYSE Liffe U.S. Notice 4/2012
Amendments to NYSE Liffe U.S. Rulebook Rule 1302(e) and 1602(e)
Deleted language is shown in ~~strikeout~~ and added language is <u>underscored</u>

CHAPTER 13
100 OZ. GOLD FUTURES OPTIONS

1301. Scope of Chapter

This chapter is limited in application to put and call options on 100 oz. Gold futures. In addition to the Rules of this chapter, transactions in options on 100 oz. Gold futures shall be subject to the general Rules of the Exchange insofar as applicable.

1302. Options Characteristics

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(e) **Exercise Prices**

Trading shall be conducted for put and call options with striking prices (the "strikes") in integral multiples of ~~$5 per troy ounce per Gold futures contract (i.e., 395, 400, 405, etc.), in integral multiples of $10 per troy ounce per Gold futures contract (i.e., 380, 390, 400, etc.), in integral multiples of $20 per troy ounce per Gold futures contract (i.e. 380, 400, 420 etc.) in integral multiples of~~ $25 per troy ounce per Gold futures contract (i.e., ~~400, 425, 450,~~ <u>1625, 1650, 1675</u> etc.) and in integral multiples of $50 per troy ounce per Gold futures contract (i.e., ~~400, 450, 500,~~<u>1600, 1650, 1700</u> etc.) as follows:

~~(i)~~For <u>all</u> ~~the first six nearby trading~~ months:

(A) In integral multiples of <u>2</u>5 dollars, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike <u>price</u> closest to the previous day's settlement price of the underlying Gold futures contract, the next ~~five~~ <u>four</u> consecutive higher and the next <u>four</u> ~~five~~ consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strike~~s~~ <u>prices</u>, the closest <u>strike</u> price shall be the higher of the two.

(B) In integral multiples of ~~1~~<u>5</u>0 dollars, at the commencement of trading for an option contract, the following strike~~s~~ <u>prices</u> shall be listed: the next ten consecutive higher strikes above, and the next ten consecutive lower strikes below, the initial band.

(C) <u>No new striking prices may be added to an option during the month in which it expires.</u> ~~In integral multiples of 25 dollars, at the commencement of trading for an option contract, the following strikes shall be listed: the next two consecutive higher strikes above, and the next two consecutive lower strikes below, the initial band.~~

<u>(D) Notwithstanding (A), (B) and (C) the Exchange may modify the procedure for listing of strike prices including the integral multiples, the number of strike prices and any period in which new</u>

strike prices may or may not be added, as it deems appropriate to respond to market conditions.

~~(i) For all other months listed:~~

~~(A) In integral multiples of 20 dollars, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Gold futures contract, the next three consecutive higher and the next three consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the higher of the two.~~

~~(B) In integral multiples of 50 dollars, at the commencement of trading for an option contract, the following strikes shall be listed: the next two consecutive higher strikes above, and the next two consecutive lower strikes below, the initial band.~~

~~(C) When a sale in the underlying Gold futures contract occurs at a price greater than or equal to the price which is midway between the third highest and fourth highest striking prices, a new striking price, one increment higher than the highest existing striking price, will be added.~~

~~(D) When a sale in the underlying Gold futures contract occurs at a price which is greater than or equal to the price which is midway between the second and third highest striking prices, two new striking prices, one increment and two increments higher than the highest existing striking price, will be added.~~

~~(E) When a sale in the underlying Gold futures contract occurs at a price less than or equal to the price which is midway between the third lowest and fourth lowest striking prices, a new striking price, one increment lower than the lowest existing striking price, will be added.~~

~~(F) When a sale in the underlying Gold futures contract occurs at a price which is less than or equal to the price which is midway between the second and third lowest striking prices, two new striking prices, one increment and two increments lower than the lowest existing striking price, will be added.~~

~~(G) All new striking prices will be added prior to the opening of trading on the following business day.~~

~~(H) No new striking prices may be added to an option during the month in which it expires. The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions.~~

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CHAPTER 16
5,000 OZ. SILVER FUTURES OPTIONS

1601. Scope of Chapter

This chapter is limited in application to put and call options on 5,000 oz. Silver futures. In addition to the Rules of this chapter, transactions in options on 5,000 oz. Silver futures shall be subject to the general Rules of the Exchange insofar as applicable.

1602. Options Characteristics

* * *

(e) Exercise Prices

Trading shall be conducted for put and call options with striking prices (the "strikes") ~~in integral multiples of 10 cents per troy ounce per Silver futures contract (i.e., 7.00, 7.10, 7.20, etc.),~~ in integral multiples of $1.00 ~~25 cents~~ per troy ounce per Silver futures contract (i.e., ~~6.75, 7.00, 7.25~~32.00, 33.00, 34.00, etc.)~~,~~ and in integral multiples of $2.50 ~~50 cents~~ per troy ounce per Silver futures contract (i.e., ~~6.00, 6.50, 7.00~~32.50, 35.00, 37.50, etc.)~~, and in integral multiples of $1.00 per troy ounce per Silver futures contract (i.e., 5.00, 6.00, 7.00, etc.)~~ as follows:

~~(i)~~For all ~~the first six nearby trading~~ months:

(A) In integral multiples of $1.00 ~~10 cents~~, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike price closest to the previous day's settlement price of the underlying Silver futures contract, the next five ~~six~~ consecutive higher and the next five ~~six~~ consecutive lower strike~~s~~ prices (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the higher of the two.

(B) In integral multiples of $2.50, at the commencement of trading for an option contract, the following strike prices shall be listed: the next six consecutive higher strikes above, and the next six consecutive lower strikes below, the initial band. ~~25 cents, at the commencement of trading for an option contract, the following strikes shall be listed: the next six consecutive higher strikes above, and the next six consecutive lower strikes below, the initial band.~~

(C) No new striking prices may be added to an option during the month in which it expires.

(D) Notwithstanding (A), (B) and (C) the Exchange may modify the procedure for listing of strike prices including the integral multiples, the number of strike prices and any period in which new strike prices may or may not be added, as it deems appropriate to respond to market conditions.

~~(ii) For all months other than the first six nearby months but not greater than 2 years to expiration:~~

~~(A) In integral multiples of 25 cents, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Silver futures contract, the next six consecutive higher and the next six consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the higher of the two.~~

~~(B) In integral multiples of 50 cents, at the commencement of trading for an option contract, the following strikes shall be listed: the next four consecutive higher strikes above, and the next four consecutive lower strikes below, the initial band.~~

~~(iii) For trading months greater than two years to expiration:~~

~~(A) In integral multiples of 50 cents, at the commencement of trading for an option contract, the following strike shall be listed: one with a strike closest to the previous day's settlement price of the underling Silver futures contract, the next two consecutive higher and the next two consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the higher of the two.~~

~~(B) In integral multiples of $1.00, at the commencement of trading for an option contract, the following strikes shall be listed: the next two consecutive higher strikes above, and the next two consecutive lower strikes below, the initial band.~~

~~(C) When a sale in the underlying Silver futures contract occurs at a price greater than or equal to the price which is midway between the third highest and fourth highest striking prices, a new striking price, one increment higher than the highest existing striking price, will be added.~~

~~(D) When a sale in the underlying Silver futures contract occurs at a price which is greater than or equal to the price which is midway between the second and third highest striking prices, two new striking prices, one increment and two increments higher than the highest existing striking price, will be added.~~

~~(E) When a sale in the underlying Silver futures contract occurs at a price less than or equal to the price which is midway between the third lowest and fourth lowest striking prices, a new striking price, one increment lower than the lowest existing striking price, will be added.~~

~~(F) When a sale in the underlying Silver futures contract occurs at a price which is less than or equal to the price which is midway between the second and third lowest striking prices, two new striking prices, one increment and two increments lower than the lowest existing striking price, will be added.~~

~~(G) All new striking prices will be added prior to the opening of trading on the following business day.~~

~~(H) No new striking prices may be added to an option during the month in which it expires. The Exchange may modify the~~

~~procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions.~~

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