Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

May 30, 2013

VIA E-MAIL

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Rule 40.2(a) Certification. Notification of New Product Listing of Gold Realized Variance Futures and Silver Realized Variance Futures Contracts
COMEX Submission #13-154

Dear Ms. Jurgens:

Commodity Exchange, Inc. ("COMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of two (2) new metals variance futures contracts: Gold Realized Variance Futures contract (Chapter 1233, Codes VGQ, VGS, VGA) and Silver Realized Variance Futures contract (Chapter 1234, Codes VSQ, VSS, VSY) (collectively, the "Contracts") for CME Globex electronic trading and for submission for clearing through CME ClearPort beginning at 6:00 p.m. (Eastern) on Sunday, June 2, 2013, for trade date Monday, June 3, 2013. The rule chapters for the Contracts are provided in Appendix A.

The Exchange notified the Commission in CME/CBOT/NYMEX/COMEX Submission No. 13-182, dated May 16, 2013, that it will permit block trading in the Contracts to be submitted through CME ClearPort. Block transactions are governed by Rule 526.

The contract specifications are as follows:

Rule Chapter Numbers and Contract Titles	Chapter 1233 Gold Realized Variance Futures	Chapter 1234 Silver Realized Variance Futures
Commodity Codes	Gold Realized Variance Futures: VGQ (Quarterly) VGS (Semi-Annual) VGA (Annual)	Silver Realized Variance Futures: VSQ (Quarterly) VSS (Semi-Annual) VSY (Annual)
Contract Size	$1.00 Index Multiplier	$1.00 Index Multiplier
First Listed Month	Second Quarter 2013 First Half 2013 Calendar 2013	Second Quarter 2013 First Half 2013 Calendar 2013
Listing Period	4 consecutive quarters 2 consecutive halves 2 consecutive calendars	4 consecutive quarters 2 consecutive halves 2 consecutive calendars
Termination of Trading	Trading shall cease on the last business day of the contract	Trading shall cease on the last business day of the contract

	month.	month.
Minimum Price Intervals	0.01 index points	0.01 index points
Value per Tick	$0.01	$0.01
Settlement Tick	0.01	0.01

Trading and Clearing Hours:

CME Globex and CME ClearPort**:** Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. Chicago Time/CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT).

Fee Schedule:

Exchange Fees for Gold Variance					
	Member Day	Member	Cross Division	Non-Member	IIP
ClearPort	n/a	$.06	$.08	$.12	
Globex	n/a	$.06	$.08	$.12	n/a
Pit	n/a	n/a	n/a	n/a	

Exchange Fees for Silver Variance					
	Member Day	Member	Cross Division	Non-Member	IIP
ClearPort	n/a	$.15	$.22	$.30	
Globex	n/a	$.16	$.22	$.30	n/a
Pit	n/a	n/a	n/a	n/a	

Processing Fees		
	Member	Non-Member
Cash Settlement	$.02	$.03
Futures from E/A	n/a	n/a
	House Acct	Cust Acct
Options E/A Notice	n/a	n/a
Delivery Notice	n/a	n/a

Additional Fees and Surcharges	
EFS Surcharge	n/a
Block Surcharge	n/a
Facilitation Desk Fee	$.05

ClearPort Volume Discount Program - Exchange Fees			
	Volume Threshold	Disc. Member Rate	Disc. Non-Member Rate
ClearPort	n/a	n/a	n/a

The Exchange is self-certifying the insertion of the non-reviewable ranges ("NRR") for the Contracts into Rule 588.H. This rule amendment is provided in Appendix B. In addition, the Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the new variance futures contracts into 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 NYMEX Rulebook in relation to the listing of the Contracts. These terms and conditions establish the all month/any one month accountability levels, expiration month position limit, reportable level, diminishing balance and aggregation allocation for the new contracts. The terms and conditions establish the all month/any one month accountability levels, expiration month position limit, reportable level and aggregation allocation for the Contracts. This rule amendment is provided in Appendix C under separate cover.

Exchange business staff responsible for the new products and the Exchange legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodities Exchange Act ("CEA" or "Act"). During the review, Exchange staff identified that the new products may have some bearing on the following Core Principles:

- Compliance with Rules: Trading in the Contracts will be subject to the rules in Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in the Contracts will be subject to the full panoply of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new 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.

- Contracts not Readily Subject to Manipulation: These new products are not readily subject to manipulation due to the deep liquidity and robustness in the underlying cash market. These metals contracts are of the most deep- and liquid-markets in the metals marketplace. The average daily volume in the underlying cash market, as evidenced by the average daily volume in futures contracts associated with the cash market, is significant. The settlement price is calculated using the London Gold Market Fixing Prices and the London Silver Market Fixing Prices, which are sub-licensed to COMEX and is not susceptible to manipulation.

- Prevention of Market Disruption**:** Trading in the Contracts will be subject to the Rules of NYMEX, 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 contracts proposed herein will be subject to monitoring and surveillance by CME Group's Market Regulation Department.

- Position Limitations or Accountability: The spot-month speculative position limits for the Contracts are set at less than the threshold of 25% of the deliverable supply in the respective underlying markets.

- Availability of General Information: The Exchange will publish information on the Contracts' specification on its website, together with daily trading volume, open interest and price information.

- Daily Publication of Trading Information: Trading volume, open interest and price information will be published daily on the Exchange's website and via quote vendors.

- Execution of Transactions: The Contracts will be listed for trading on CME Globex and block trades in the Contracts may be submitted for clearing through the CME ClearPort platform. The CME Globex platform provides a transparent, open, and efficient mechanism to electronically execute trades on screen. The CME ClearPort platform provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers.

- Trade Information: All required trade information included in the audit trail and sufficient for the Market Regulation Department to monitor for market abuse.

- Financial Integrity of Contracts: All contracts traded on the Exchange will be cleared by CME Clearing, a derivatives clearing organization registered with the Commodity Futures Trading Commission and subject to all CFTC regulations related thereto.

- Protection of Markets and Market Participants: Chapter 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 the Contracts.

- Disciplinary Procedures: Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the 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 these products are identified.
- Dispute Resolution: Disputes with respect to trading in these 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.

Pursuant to Section 5c(c) of the Act and CFTC Rules 40.2, the Exchange hereby certifies that the Contracts comply with the Act, including regulations under the Act. No substantive opposing views to the listing of the Contracts were expressed to COMEX. A description of the cash market for the Contracts is attached as Appendix D.

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 christopher.bowen@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments:	Appendix A:	Rule Chapters
	Appendix B:	Rule 588.H - Non-reviewable Range Table
	Appendix C:	COMEX Chapter 5 Position Limit Table (attached under separate cover)
	Appendix D:	Cash Market Overview and Analysis of Deliverable Supply

APPENDIX A

Chapter 1233

Gold Realized Variance Futures

1233100. 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.

1233101. CONTRACT SPECIFICATIONS

The Floating Index Price or Realized Variance for each contract shall be calculated as the annualized variance of the continuously compounded percentage returns from one observation point to the next over the life of the contract. The Realized Variance will be calculated by formula. The formula shall be

$$\frac{252}{n} \cdot \sum_{i=1}^{n} [\left(\ln\left(\frac{S_i}{S_{i-1}}\right)\right)^2 * 10{,}000]$$

Rounded to the nearest .01 index point.

Where

n Number of observations taken in the life of the contract

i The period being observed

S_i The P.M. fixing price of the Spot GOLD as reported by the London Bullion Marketing Association.

1233102. TRADING SPECIFICATIONS

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

1233102.A. Trading Schedule

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

1233102.B. Trading Unit

The contract value shall be $1 times the GOLD Floating Variance Index.

1233102.C. Price Increments

Prices shall be quoted in hundredths of index points. The minimum price fluctuation shall be 0.01 index point. There shall be no maximum price fluctuation.

1233102.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.

1233102.E. Termination of Trading

Trading shall cease on the last business day of the contract month.

1233103. 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. The final settlement price will be the Floating Price calculated for each contract month.

1233104. DISCLAIMER

NEITHER COMMODITY EXCHANGE, INC. ("COMEX") NOR ITS AFFILIATES NOR THE LONDON BULLION MARKETING ASSOCIATION GUARANTEES THE ACCURACY OR COMPLETENESS OF THE LONDON BULLION MARKETING ASSOCIATION PRICE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN**.** ALL REFERENCES TO THE LONDON GOLD MARKET FIXING PRICES ARE USED WITH THE PERMISSION OF THE LONDON GOLD MARKET FIXING LIMITED AND HAVE BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY. THE LONDON GOLD MARKET FIXING LIMITED ACCEPTS NO LIABILITY OR RESPONSIBILITY FOR THE ACCURACY OF THE PRICES OR THE UNDERLYING PRODUCT TO WHICH THE PRICES MAY BE REFERENCED.

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Chapter 1234

Silver Realized Variance Futures

1234100. 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.

1234101. CONTRACT SPECIFICATIONS

The Floating Index Price or Realized Variance for each contract shall be calculated as the annualized variance of the continuously compounded percentage returns from one observation point to the next over the life of the contract. The Realized Variance will be calculated by formula. The formula shall be

$$\frac{252}{n} \cdot \sum_{i=1}^{n} [\left(\ln\left(\frac{S_i}{S_{i-1}}\right)\right)^2 * 10{,}000]$$

Rounded to the nearest .01 index point.

Where

n Number of observations taken in the life of the contract

i The period being observed

S_i The fixing price of the Spot SILVER as reported by the London Bullion Marketing Association.

1234102. TRADING SPECIFICATIONS

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

1234102.A. Trading Schedule

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

1234102.B. Trading Unit

The contract value shall be $1 times the SILVER Floating Variance Index.

1234102.C. Price Increments

Prices shall be quoted in hundredths of index points. The minimum price fluctuation shall be 0.01 index point. There shall be no maximum price fluctuation.

1234102.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.

1234102.E. Termination of Trading

Trading shall cease on the last business day of the contract month.

1234103. 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. The final settlement price will be the Floating Price calculated for each contract month.

1234104. DISCLAIMER

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APPENDIX B

Rule 588.H Globex Non-Reviewable Ranges

(Bold/underline Indicates Additions)

Contract	Non-Reviewable Range (NRR) in Globex format	NRR including Unit of Measure	NRR Ticks
Gold Realized Variance Futures (Quarterly)	**50**	**$.50 per variance point**	**50**
Gold Realized Variance Futures (Semi Annual)	**50**	**$.50 per variance point**	**50**
Gold Realized Variance Futures (Annual)	**50**	**$.50 per variance point**	**50**
Silver Realized Variance Futures (Quarterly)	**50**	**$.50 per variance point**	**50**
Silver Realized Variance Futures (Semi Annual)	**50**	**$.50 per variance point**	**50**
Silver Realized Variance Futures (Annual)	**50**	**$.50 per variance point**	**50**

APPENDIX C

COMEX Chapter 5 Position Limit Table

(under separate cover)

APPENDIX D

Cash Market Overview and Analysis of Deliverable Supply

Gold Realized Variance Futures

The Commodity Mercantile Exchange, Inc. ("COMEX" or "Exchange") has undertaken an analysis of deliverable supply for its Gold Futures Contract in connection with efforts to ensure that the deliverable supply estimate reflects current market realities.

The Exchange has not revisited position limits in the Gold contract since 1983. Since that time, key components of the deliverable supply for the Gold Futures contract have evolved. These include the stocks at the Exchange Licensed Depositories ("Depository" or "Depositories"). The flow of material into these Depositories has increased significantly in recent years and, in our view, we believe that deliverable supply estimates be updated and increased. In accordance with Commission precedent, as reflected in the recently adopted CFTC rules for position limits on physical commodity derivatives, COMEX is submitting updated deliverable supply estimates for the Gold Futures contract.

I. Key Components of Supply

A. Production

Gold production and recycling represent additional sources of supply each year. Mine production was estimated at 81.3million ounces in 2011 (average of 67,750 COMEX Gold Futures contract equivalents per month)[1]. Adding secondary production that includes recycling, total 2011 cash market supply was more than 121 million ounces, or 100,833 COMEX Gold Futures contract equivalents per month. [2] Consequently, it can be readily observed that the proposed COMEX position limit is dwarfed by the overall global supply of Gold. The current COMEX Gold Futures spot month position limit of 3,000 contracts represents 1.7% of worldwide gold supply.

B. Depository Stocks

By the rules of the Exchange, each Depository is required to furnish to the Exchange the level of Exchange grade inventory on a daily basis. The level of Exchange gold inventories is made publically available daily on the Exchange website (http://www.cmegroup.com/trading/metals/gold-depositories.html). Further the rules of the Exchange require an independent inventory audit to be performed annually to provide a comprehensive reconciliation of stocks stored in Depositories with records maintained by both the Exchange and the Depository[3]. Registered stock is that material which meets the specifications of the Gold Futures contract for which a warrant has been issued. In addition to the registered stocks, there is an eligible category of stocks which is that material that meets the specifications of the Gold Futures contract, but for which no warrant has been issued. The eligible stocks are readily available to be placed on warrant and readily available to deliver against Gold Futures contracts and, hence, are considered to be a component of deliverable supply.

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[1] CPM Group Gold Yearbook 2012

[2] CPM Group Gold Yearbook 2012,

[3] The Exchange rules require an annual inventory audit in compliance with Exchange procedures to be performed at the Depository by an independent auditor and to prepare and submit to the Exchange an audit report certifying the records of the Depository accurately reflect the Exchange's records.

I. Key Indicators of Supply

A. Cash Market Gold Trading

Gold probably has the longest history of trading of any commodity. An enormous cash and forward market has developed Over-the-Counter (OTC) in various global financial centers, but is centered in London. Stocks held in Depositories actually represent a small total of the cash market for Gold. Predominate cash market is the London Bullion Market Association (LBMA) which was formed in 1987. As market activity in gold grew in the 1980's, an influx of global market participants were drawn to the London market creating the predominant center of OTC gold trading. The concept of "loco London" refers to the London bullion market as the global center for international gold trading. Members of the London bullion market trade with each other and with their clients on a principal-to-principal basis unlike Exchange traded futures. Some OTC gold trading is cleared through the London bullion market clearing system. There are six member firms that offer clearing services to the LBMA. These firms form a company called the London Precious Metals Clearing Limited (LPMCL) and its members include Barclays Bank PLC, the Bank of Nova Scotia-ScotiaMocatta, Deutsche Bank AG – London Branch, HSBC Bank USA National Association – London Branch, JP Morgan Chase Bank, and UBS AG. The unit of delivery in the loco London gold market is a bar of 995 fineness with a weight of close to 400 troy ounces and of London Good Delivery[4]. The LBMA is not an exchange and, therefore, is not required to report turnover volume. The only statistics reported on a regular basis are through the surveys of the six clearing members of the LPMCL. In Table 1 below, the clearing statistics represent ounces transferred during the past five years.

Table 1: LBMA Clearing Statistics[5]

Year	LBMA Clearing Statistics in Ounces (million ounces)
2008	5,605
2009	5,166
2010	4,727
2011	5,204
2012	4,750

Source: London Bullion Market Association

In August 2011, the LBMA conducted a survey of its members' trading volume in the loco London market for the first quarter of 2011. As a result of this study, it was shown that there is a ten to one ratio between the turnover figures and the regularly reported clearing statistics for gold trading. For the purposes of this study, all members of the LBMA were requested to report turnover volume that included spot and forward transactions between members and with other counterparties as well as transactions covering options and bullion related commodity swaps. The average daily trading volume of gold during this period in the London market was 173,713,000 ounces which equates to approximately 1.7 million COMEX Gold Futures contract equivalents per day[6].

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[4] http://www.lbma.org.uk/pages/index.cfm?page_id=29&title=gold_list

[5] London Bullion Market Association (LBMA)
http://www.lbma.org.uk/pages/index.cfm?page_id=50&title=clearing_-_statistical_table

[6] The Alchemist, August 2011

Table 2: Gold Market Trading (millions of ounces)

Year	2006	2007	2008	2009	2010	2011
Physical Market[7]	115.3	126.3	114.7	118.8	998.7	119.9
Exchange Traded Futures and Options[8]	3807.1	4461.3	5899.3	5036.6	5914.1	6680.0
LBMA Clearing Volume	5,413.90	5,130.30	5,605.50	5,166.30	4,727.70	5,204.00
Total	9,336.30	9,717.90	11,619.50	10,321.70	11,640.50	12,003.90

Source: CPM Group

B. Term Contracts

The Bank for International Settlements (BIS) surveys banks on a semi-annual basis, the latest of which was completed as of June 2012. The notional amount outstanding of over-the-counter markets for Gold as of the end of the first half of 2012 was estimated to be $523 billion, as shown in Table 3.

Table 3: Global OTC Gold Market[9]

Period	Notional Value (in billions)
H2 2009	423
H1 2010	417
H2 2010	397

[7] Physical Market – includes total annual mine supply, net exports from transitional economies (Vietnam, North Korea, Russia, Uzbekistan, Kazakhstan, Armenia, Kyrgyzstan, Georgia, Tajikistan, and Cuba), secondary supply (all scrap refined from old jewelry and spent industrial products), and official sector gold sales (included as supply only if annual official transactions indicate aggregate sales).

[8] Exchange Traded Futures and Options – includes gold futures and options (if applicable) volume traded on the following Exchanges: CME Group, Tokyo Commodity Exchange, NYSE Euronext, National Commodity & Derivatives Exchange in India, Dubai Gold and Commodity Exchange, Multi Commodity Exchange, Turkish Derivatives Exchange, Taiwan Futures Exchange, Russian Trading System, Hong Kong Futures Exchange, Shanghai Futures Exchange, Johannesburg Stock Exchange, The Stock Exchange of Thailand, Eurex, Rosario Futures Exchange, Sibiu Financial and Commodity Exchange, Korea Exchange, Singapore Mercantile Exchange, and Mauritius Global Board and Trade.

[9] Bank for International Settlements (http://www.bis.org/publ/otc_hy1111.pdf)

H1 2011	468
H2 2011	521
H1 2012	523

Source: Bank for International Settlements

This would be equivalent to about 3.2 million COMEX Gold Futures contract equivalents. This was up about 12% from the end of the first half of 2011. as Gold became a prominent trading vehicle due to international political and financial crises. These contracts range from physically delivered forward contracts, to financial swaps and physical and financial options.

Term sales often require physical settlement; however, they do not result in reductions to the deliverable supply for Gold Futures. For the most part, Gold is not consumable as industrial uses in 2011 for Gold was 73 million ounces (about 730,000 COMEX Gold Futures contract equivalents). This amounts to only about 60% of incremental supply of 121 million ounces in 2011. The difference results in storage for Central Bank use and investment demand.

III. The Deliverable Supply Estimate Underlying the Existing Position Limit and Market Changes

A. Past Position Limit Approval and Deliverable Supply Estimate

The spot month position limit for Gold is currently set at 3,000 contracts and has been in effect since 1983. The average inventory levels of Gold stored in Exchange Licensed Depositories during 1983 was 25,918 contract equivalents. The position limit of 3,000 contracts represented 11% of the deliverable supply.

B. Market Changes since 2001

There have been many changes in the gold market since the last estimate of deliverable supply in 1983. More recently, just since 2001, the financial and money markets have undergone transformative changes. The world economy has become increasingly focused on hedging financial calamity as well as depreciating currencies. This has led to a surge in Gold mining, recycling, and Central Bank purchases and sales attempting to provide stability. Consequently, deliverable supply has been materially impacted and, in general, has increased. The combination of the significant gap in time since the last estimate as well as the significant market changes which have occurred since 2001 call for updating the deliverable supply analysis.

IV. Updated Deliverable Supply Estimate and Supporting Data

The Exchange believes that reliable and conservative estimates for the deliverable supply come from existing inventories in its Exchange Licensed Depositories ("Depository") for Exchange delivery.

In estimating deliverable supply for Gold Futures, we relied on long-standing precedent, which provides that the key component in estimating deliverable supply is the portion of typical depository stocks that could reasonably be considered to be reliably available for delivery. Most recently, the Commission stated in its final position limit rulemaking that:

In general, the term "deliverable supply" means the quantity of the commodity meeting a derivative 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.[10]

Accordingly, there are two categories of stocks COMEX considered in updating the existing deliverable supply estimates underlying the Gold Futures contract:

[10] Position Limits for Futures and Swaps, Unofficial Notice of Final Rulemaking, p. 28 (publication in Federal Register forthcoming).

A. Approved Depositories

To determine inventory estimates, COMEX reviewed information provided by the Depositories. For Gold, the Depositories include Brinks, HSBC Bank, JP Morgan, Manfra, Tordella & Brookes, Inc., and Scotia Mocatta. These Depositories update their stocks daily Included in the estimates are both Registered and Eligible stock levels.

B. Depository Stocks

In performing our analysis of deliverable supply based on the total gold inventory held in the Depositories, we first reviewed the Depository data to determine monthly averages from daily Depository reports in the last five years. The figures in Table 5 below represent monthly average inventory levels itemized by Registered and Eligible categories. In the evaluation of the gold inventory levels, the material represented by the number of paper warrants still outstanding as of January 2012 by the Depositories was 1,624 COMEX Gold Futures contract equivalents. Since this material is not deliverable in its current form and has remained in its current form for the past three years, it has been excluded from the Eligible and Total levels in Table 5 and, subsequently, from the deliverable supply.

Table 4: Monthly Average Stock Levels in Depositories (COMEX Gold Futures contract equivalents)

Month	Average of Registered	Average of Eligible	Average of Total
Jan-08	35,779	37,147	72,927
Feb-08	34,003	39,396	73,400
Mar-08	30,275	42,993	73,267
Apr-08	35,789	39,174	74,964
May-08	34,012	40,705	74,717
Jun-08	33,627	40,786	74,414
Jul-08	33,990	43,633	77,623
Aug-08	33,331	49,245	82,576
Sep-08	30,802	53,500	84,301
Oct-08	28,144	55,986	84,130
Nov-08	24,860	57,024	81,884
Dec-08	27,068	56,660	83,728
Jan-09	26,478	57,344	83,822
Feb-09	25,837	57,563	83,400
Mar-09	27,512	58,438	85,949
Apr-09	24,529	58,929	83,458
May-09	22,392	60,295	82,687
Jun-09	24,370	61,259	85,629
Jul-09	24,882	63,320	88,202
Aug-09	23,722	66,266	89,988
Sep-09	20,287	70,444	90,731
Oct-09	21,267	70,862	92,129
Nov-09	19,403	74,066	93,468
Dec-09	21,418	74,217	95,635
Jan-10	20,792	76,337	97,130
Feb-10	14,676	82,974	97,650

Mar-10	16,422	82,000	98,422
Apr-10	22,470	76,905	99,375
May-10	24,999	78,133	103,131
Jun-10	27,958	78,569	106,527
Jul-10	25,167	83,593	108,760
Aug-10	25,265	83,094	108,360
Sep-10	24,335	82,135	106,470
Oct-10	27,475	81,762	109,230
Nov-10	25,468	86,206	111,674
Dec-10	29,243	85,127	114,369
Jan-11	28,707	86,040	114,738
Feb-11	25,627	85,403	111,031
Mar-11	22,319	86,700	109,019
Apr-11	20,244	88,484	108,728
May-11	17,297	92,254	109,551
Jun-11	17,141	94,192	111,333
Jul-11	17,089	95,678	112,766
Aug-11	18,227	95,129	113,356
Sep-11	19,174	93,498	112,672
Oct-11	22,835	87,393	110,228
Nov-11	23,715	86,946	110,661
Dec-11	29,940	81,592	111,553
Jan-12	24,599	89,722	114,320
Feb-12	24,673	89,213	113,885
Mar-12	24,740	88,855	113,596
Apr-12	24,720	85,421	110,141
May-12	24,441	85,196	109,636
Jun-12	27,964	81,765	109,729
Jul-12	26,013	81,582	107,595
Aug-12	28,257	80,130	108,388
Sep-12	25,406	83,715	109,121
Oct-12	25,961	85,331	111,292
Nov-12	25,449	86,854	112,303
Dec-12	25,798	85,449	111,247
Avg. 5 yrs	25,306	73,377	98,684
Avg. 3 yrs	23,739	85,372	109,111

Source: CME Group

V. Paper Warrant Conversion to Electronic Delivery System

Beginning in August 2008, COMEX began a conversion from paper warrants as a title of ownership to gold stored in Depositories to an electronic format. As part of this process, all holders of paper warrants were required to return the warrants to the Depository for conversion into electronic format in order to be deliverable against the Exchange’s Gold Futures contract. While the paper warrants would still be recognized as a title of ownership of the gold, they would no longer be acceptable for delivery unless converted to electronic form. Any metal still held in the form of paper warrants is to be reported to the

Exchange as Eligible Stocks on the daily stock report required by each Depository to the Exchange. In January 2013, the Exchange asked the Depositories to provide its record of the current number of paper warrants that are still in existence and have not been converted to electronic format. Table 5below shows a breakdown by each Exchange Licensed Depository as of January 18, 2013 of its outstanding paper warrants and total electronic warrants. As indicated, the paper warrants represent 2.10% of total warrants held by the Depositories. As compared to the total inventory level that includes both Registered and Eligible stocks, the paper warrants represent 0.44% of the gold stock level.

Table 5: Paper Warrants and Electronic Warrants in Exchange Licensed Depositories

Depository	Number of Paper Warrants	Number of Electronic Warrants	Total Warrants	Paper Warrants as a % of Total Warrants	Paper Warrants as a % of Total Inventory
Scotia	261	6,177	6,438	4.10%	0.66%
-					
Manfra, Tordella & Brookes	0	202	202	0.00%	0.00%
-					
Brinks	38	5,167	5,205	0.73%	0.57%
-					
HSBC	193	6,323	6,516	2.96%	0.49%
JP Morgan Chase[11]	n/a	5,012	5,012	n/a	n/a
Total	492	22,881	23,373	2.10%	0.44%

Gold backing outstanding paper warrants meets all contract specifications and thus is reported in the Eligible Stocks category. That being said and with an eye towards being conservative, we have determined that these warrants may not necessarily be intended for Exchange delivery as there has been no conversion of the warrants in over three years since the transition to the electronic system and that the paper warrants are not deliverable in their current form. The paper warrants, representing only 0.44% of the total gold inventory level, have been excluded from the deliverable supply analysis in order to best represent the material that the Exchange considers readily available for delivery against the Exchange's Gold futures contract.

VI. Updated Deliverable Supply Estimate

Based on the above analysis the Exchange estimates the deliverable supply for the Gold Futures contract to be 109,111 gold contract equivalents based on the average total inventory supply in the Depositories in the last three years. Using the most recent three year average, the current spot position limit of 3,000 contracts represents 2.7% of the deliverable supply. Analysis of deliverable supply will be conducted by the Exchange's Research Department on an annual basis.

[11] JP Morgan Chase Bank was approved as an Exchange Licensed Depository in March 2011 and only holds warrants in electronic format.

Silver Realized Variance Futures

The Commodity Exchange, Inc. ("COMEX" or "Exchange") has undertaken an analysis of deliverable supply for its Silver Futures contract in connection with efforts to ensure that the deliverable supply estimate reflects current market realities.

The Exchange has not revisited position limits in the Silver contract since at least 1983. Since that time, key components of the deliverable supply for the Silver Futures contract have evolved. These include the stocks at the Exchange Licensed Depositories ("Depository" or "Depositories"). In accordance with Commission precedent, as reflected in the recently adopted CFTC rules for position limits on physical commodity derivatives, COMEX is submitting updated deliverable supply estimates for the Silver Futures contract.

II. Key Components of Supply

A. Production

Silver mine production represents an additional source of supply each year. Mine production was 775 million ounces in 2011[12] representative of 12,916 COMEX Silver Futures contract equivalents per month. Secondary production including recovery from various industrial uses was estimated to be 281.5 million ounces in 2011 or 4,692COMEX Silver Futures contract equivalents per month.[13] Consequently, it can be readily observed that the proposed COMEX position limit is comparatively small compared to the overall global supply of Silver. The current COMEX Silver Futures spot month position limit of 1,500 contracts represents 8.5% of the worldwide silver supply.

B.. Depository Stocks

By the rules of the Exchange, each Depository is required to furnish to the Exchange the level of Exchange grade inventory on a daily basis. The level of Exchange silver inventories is made publically available daily on the Exchange website (http://www.cmegroup.com/trading/metals/silver-depositories.html). Further, the rules of the Exchange require an independent inventory audit to be performed annually to provide a comprehensive reconciliation of stocks stored in Depositories with records maintained by both the Exchange and the Depository[14]. Registered stock is that material which meets the specifications of the Silver Futures contract for which a warrant has been issued. In addition to the registered stocks, there is an eligible category of stocks which is that material that meets the specifications of the Silver Futures contract, but for which no warrant has been issued. The eligible stocks are readily available to be placed on warrant and readily available to deliver against Silver Futures contracts and, hence, are considered to be a component of deliverable supply.

II. Key Indicators of Supply

A. Cash Market Silver Trading

A cash and forward silver market has developed over-the-counter (OTC) in various global centers, but is centered in London. Stocks held in Depositories actually represent a small total of the cash market for Silver. The preeminent cash market is the London Bullion Market Association (LBMA) which was formed in 1987. As market activity in silver grew in the 1980's, an influx of global market participants were drawn to the London market creating the predominant center of OTC silver trading. The concept of "loco London"

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[12] CPM Group Silver Yearbook 2012

[13] CPM Group Silver Yearbook 2012

[14] The Exchange rules require an annual inventory audit in compliance with Exchange procedures to be performed at the Depository by an independent auditor and to prepare and submit to the Exchange an audit report certifying the records of the Depository accurately reflect the Exchange's records.

refers to the London bullion market as the global center for international silver trading. Members of the London bullion market trade with each other and with their clients on a principal-to-principal basis unlike Exchange traded futures. Some OTC silver trading is cleared through the London bullion market clearing system. There are six member firms that offer clearing services to the LBMA. These firms comprise an entity called the London Precious Metals Clearing Limited (LPMCL) and its members include Barclays Bank PLC, the Bank of Nova Scotia-ScotiaMocatta, Deutsche Bank AG – London Branch, HSBC Bank USA National Association – London Branch, JP Morgan Chase Bank, and UBS AG. The unit of delivery in the loco London silver market is a bar of .999 fineness with a weight close to 1,000 ounces and of London Good Delivery[15]. The LBMA is not an exchange and, therefore, is not required to report turnover volume. The only statistics reported on a regular basis are the surveys of the six clearing members of the LPMCL. In Table 1 below, the clearing statistics represent ounces transferred during the past five years. These volume statistics represent a small portion of the actual turnover volume in the loco London market.

Table 1: LBMA Clearing Statistics[16]

Year	LBMA Clearing Statistics in Ounces
2008	1,509,700,000
2009	1,167,800,000
2010	1,047,100,000
2011	2,084,600,000
2012	1,480,000,000

Source: London Bullion Market Association

Table 2: Silver Market Trading (millions of ounces)

Year	2006	2007	2008	2009	2010	2011
Annual Supply[17]	885.70	894.60	905.40	929.50	965.50	992.30
Exchange Traded Futures and Options[18]	52,458.40	58,725.80	69,661.20	60,462.10	92,894.90	137,905.10
LBMA Clearing Volume	36,784.70	28,951.30	31,517.80	24,454.40	22,515.20	43,498.10

[15] http://www.lbma.org.uk/pages/index.cfm?page_id=29&title=silver_list

[16] London Bullion Market Association (LBMA) http://www.lbma.org.uk/pages/index.cfm?page_id=50&title=clearing_-_statistical_table

[17] Annual Supply - includes total annual mine supply, net exports from transitional economies (Vietnam, North Korea, Russia, Uzbekistan, Kazakhstan, Armenia, Kyrgyzstan, Georgia, Tajikistan, and Cuba) and secondary supply (all scrap refined from old jewelry and spent industrial products)

[18] Exchange Traded Futures and Options – includes silver futures and options (if applicable) volume traded on the following Exchanges: CME Group, Tokyo Commodity Exchange, NYSE Liffe, and Multi Commodity Exchange

Total	90,130.80	88,572.40	102,089.10	85,867.50	116,408.80	182,395.50

Source: CPM Group

B. Term Contracts

The Bank for International Settlements ("BIS") surveys banks on a bi-annual basis, the latest of which was completed as of June 2012). The notional amount outstanding of the over-the-counter markets for Silver was estimated at $1116.0 billion for the first half of 2012[19], as shown in Table 3 below.

Table 3: Global OTC Silver Market[20]

Period	Notional Value (in billions)
H2 2009	94
H1 2010	112
H2 2010	108
H1 2011	127
H2 2011	115
H1 2012	116

Source: Bank for International Settlements

The BIS category for the notional amounts outstanding for precious metals excludes gold, but does not break down the individual statistics for silver, platinum, and palladium. The Exchange extrapolated the notional value for silver, platinum, and palladium futures and options using the open interest and prices for end of Q2 2012 to estimate the silver share of the BIS total amounts outstanding for precious metals (excluding gold). The Exchange estimates that silver represents approximately 87% of the notional amounts outstanding for precious metals (excluding gold).

This would be equivalent to about 725,000 COMEX Silver Futures contract equivalents. This was generally unchanged from the second half of 2011. These contracts range from physically delivered forward contracts to financial swaps and physical and financial options.

III. The Deliverable Supply Estimate Underlying the Existing Position Limit and Market Changes

A. Past Position Limit Approval and Deliverable Supply Estimate

The spot month position limit for Silver is currently set at 1,500 contracts and has been in effect since 1983. The average inventory levels of Silver stored in Exchange Licensed Depositories during 1983 was 21,770 contract equivalents. The position limit of 1,500 contracts represented 7% of the deliverable supply.

[19] The BIS has a total precious metals estimate excluding-gold of $133 billion notional amounts outstanding. The Exchange believes this is primarily Silver, but recognizes Platinum and Palladium would also be included. The Exchange estimates that silver represents about 87% of the notional amounts outstanding for precious metals (excluding gold).

[20] Bank for International Settlements (http://www.bis.org/publ/otc_hy1112.pdf)

B. Market Changes since 2001

There have been many changes in the silver market since the last estimate of deliverable supply prior to 1983. More recently, just since 2001, the financial and money markets have undergone transformative changes. The world economy has become increasingly focused on hedging financial calamity as well as depreciating currencies. This has led to an increase in investment demand in silver as well as an increase in overall fabrication demand, mostly due to growth in the electronics sector. The combination of the significant gap in time since the last estimate as well as the significant market changes which have occurred since 2001 call for updating the deliverable supply analysis.

IV. Updated Deliverable Supply Estimate and Supporting Data

The Exchange believes that reliable and conservative estimates for the deliverable supply come from existing inventories in its Exchange Licensed Depositories ("Depository") for Exchange delivery.

In estimating deliverable supply for Silver Futures, we relied on long-standing precedent, which provides that the key component in estimating deliverable supply is the portion of typical depository stocks that could reasonably be considered to be reliably available for delivery. Most recently, the Commission stated in its final position limit rulemaking that:

In general, the term "deliverable supply" means the quantity of the commodity meeting a derivative 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.[21]

Accordingly, there are two categories of stocks COMEX considered in updating the existing deliverable supply estimates underlying the Silver Futures contract:

A. Approved Depositories

To determine inventory estimates, COMEX reviewed information provided by the Depositories. For Silver, the Depositories include Brinks, HSBC Bank, JP Morgan, Delaware Depository Service Company, CNT Depository, and Scotia Mocatta. These Depositories update their stocks daily. Included in the estimates are both Registered and Eligible stock levels.

B. Depository Stocks

In performing our analysis of deliverable supply based on the total silver inventory held in the Depositories, we first reviewed the Depository data to determine monthly averages from daily Depository reports in the last five years. The figures in Table 4 below represent monthly average inventory levels itemized by Registered and Eligible categories. In the evaluation of the silver inventory levels, the material represented by the number of paper warrants still outstanding as of January 2013 by the Depositories was 1,236 COMEX Silver Futures contract equivalents. As described in more detail later, since this material is not deliverable in its current form and has remained in its current form for the past three years, it has been excluded from the Eligible and Total levels in Table 4 and, subsequently, from the deliverable supply.

Table 4: Monthly Average Stock Levels in Depositories (COMEX Silver Futures contract equivalents)

Month	Average of Registered	Average of Eligible	Average of Total

[21] Position Limits for Futures and Swaps, Unofficial Notice of Final Rulemaking, p. 28 (publication in Federal Register forthcoming).

Jan-08	17,522	9,013	26,539
Feb-08	17,568	9,305	26,847
Mar-08	17,759	9,293	27,052
Apr-08	18,177	8,962	27,132
May-08	17,971	8,832	26,802
Jun-08	16,654	10,337	26,991
Jul-08	16,767	10,630	27,397
Aug-08	17,156	9,664	26,816
Sep-08	17,377	8,957	26,334
Oct-08	16,759	8,777	25,543
Nov-08	16,217	8,515	24,732
Dec-08	14,623	9,762	24,385
Jan-09	13,057	10,933	23,991
Feb-09	13,652	9,879	23,706
Mar-09	13,895	9,948	23,830
Apr-09	12,726	9,432	22,226
May-09	12,715	9,921	22,634
Jun-09	12,698	9,987	22,717
Jul-09	12,560	9,917	22,469
Aug-09	12,460	9,896	22,358
Sep-09	11,892	10,403	22,198
Oct-09	11,266	10,775	22,031
Nov-09	10,522	10,952	21,474
Dec-09	10,765	10,337	21,136
Jan-10	10,155	11,150	21,302
Feb-10	9,465	11,366	20,808
Mar-10	10,722	11,089	21,719
Apr-10	10,167	11,791	21,969
May-10	10,411	11,868	22,279
Jun-10	10,339	11,881	22,251
Jul-10	10,580	10,698	21,216
Aug-10	10,237	10,755	20,988
Sep-10	10,710	10,407	21,108
Oct-10	10,432	10,788	21,213
Nov-10	9,993	10,518	20,535
Dec-10	9,423	10,568	20,029
Jan-11	8,951	10,862	19,811
Feb-11	8,507	10,934	19,423
Mar-11	8,279	11,271	19,545
Apr-11	7,733	11,777	19,530
May-11	6,475	12,676	19,165
Jun-11	5,654	13,187	18,862
Jul-11	5,466	13,700	19,166

Aug-11	5,985	13,968	19,945
Sep-11	6,318	13,508	19,825
Oct-11	6,254	13,872	20,126
Nov-11	6,483	13,901	20,384
Dec-11	6,817	14,455	21,259
Jan-12	7,255	16,989	24,244
Feb-12	7,059	18,026	25,085
Mar-12	7,003	18,784	25,787
Apr-12	6,080	21,086	27,165
May-12	7,145	20,359	27,504
Jun-12	7,182	20,930	28,112
Jul-12	7,912	19,874	27,786
Aug-12	7,260	19,759	27,019
Sep-12	7,917	19,434	27,351
Oct-12	7,691	19,982	27,673
Nov-12	7,168	20,417	27,585
Dec-12	8,300	20,235	28,535
Avg. 5 yrs.	10,771	12,622	23,394
Avg. 3 yrs.	8,154	14,524	22,675

Source: CME Group

V. Paper Warrant Conversion to Electronic Delivery System

Beginning in August 2008, COMEX began a conversion from paper warrants as a title of ownership to silver stored in Depositories to an electronic format. As part of this process, all holders of paper warrants were required to return the warrants to the Depository for conversion into electronic format in order to be deliverable against the Exchange's Silver Futures contract. While the paper warrants would still be recognized as a title of ownership of the silver, they would no longer be acceptable for delivery unless converted to electronic form. Any metal still held in the form of paper warrants is to be reported to the Exchange as Eligible Stocks on the daily stock report required by each Depository to the Exchange. In January 2013, the Exchange asked the Depositories to provide its record of the current number of paper warrants that are still in existence and have not been converted to electronic format. Table 5 below shows a breakdown by each Exchange Licensed Depository as of January 18, 2013 of its outstanding paper warrants and total electronic warrants. As indicated, the paper warrants represent 13.30% of total warrants held by the Depositories. As compared to the total inventory level that includes both Registered and Eligible stocks, the paper warrants represent 4.35% of the silver stock level.

Table 5: Paper Warrants and Electronic Warrants in Exchange Licensed Depositories

Depository	Number of Paper Warrants	Number of Electronic Warrants	Total Warrants	Paper Warrants as a % of Total Warrants	Paper Warrants as a % of Total Inventory
Scotia	234	1,108	1,342	17.43%	4.13%
-					

Delaware Depository Service Company	87	512	599	14.52%	1.71%
-					
Brinks	78	3,183	3,261	2.39%	1.52%
-					
HSBC	837	884	1,721	48.63%	12.60%
JP Morgan Chase[22]	n/a	1,860	1,860	n/a	n/a
CNT Depository[23]	n/a	510	510	n/a	n/a
Total	1,236	8,057	9,293	13.30%	4.35%

Source: CME Group

Silver backing outstanding paper warrants meets all contract specifications and thus is reported in the Eligible Stocks category. That being said and with an eye towards being conservative, we have determined that these warrants may not necessarily be intended for Exchange delivery as there has been no conversion of the warrants in over three years since the transition to the electronic system and that the paper warrants are not deliverable in their current form. The paper warrants, though representing only 4.35% of the total silver inventory level, have been excluded from the deliverable supply analysis in order to best represent the material that the Exchange considers readily available for delivery against the Exchange's Silver futures contract.

VI. Updated Deliverable Supply Estimate

Based on the above analysis the Exchange estimates the deliverable supply for the Silver Futures contract to be 22,675 silver contract equivalents based on the average total inventory supply in the Depositories in the last three years. Using the average silver inventory level in the last three years as the basis for deliverable supply, the current spot month position limit of 1,500 contracts represents 6.6% of the deliverable supply. Analysis of deliverable supply will be conducted by the Exchange's Research Department on an annual basis for global production and supply and the cash market for silver. The Exchange will review the deliverable supply based on Exchange inventory levels on a semi-annual basis.

VII. Position Limits

Industry literature suggests that Variance Futures contracts are equivalent to option straddles at 90% strikes. The below proposed position limits are based on theoretical futures equivalents for 90% strikes. Since futures equivalent Position/Accountability limits are on a futures equivalent ("Delta") basis, the Variance futures equivalents calculations are used based on an equivalent underlying option position. Since on average a 90% straddle would have a call delta of about 0.88 and a put delta of about -.12, this aggregates to about 0.76 futures equivalents for most relevant historical scenarios. To simplify, Futures Position/Accountability limits are then divided by .75 to get the associated futures equivalent.

Further complicating proposed position limits is that the multiplier for these cash settled is proposed to be $1. The small size is intended to allow for granularity against hedging and arbitraging option portfolios. For example, trades of 561 contracts might be used, to hedge a typical option portfolio. Since the notional value of the proposed

[22] JP Morgan Chase Bank was approved as an Exchange Licensed Depository in March 2011 and only holds warrants in electronic format.

[23] CNT Depository was approved as an Exchange Licensed Depository in September 2012 and only holds warrants in electronic format.

contracts is historically so small relative to the underlying options, a scaling factor is being proposed. This scaling factor attempts to equate what is currently allowed under existing option position limits to their equivalent Variance Futures on a notional Value basis. Specifically, the historical (2008-2012) Notional Value of the Underlying Spot/Futures Contracts is divided by the historical notional value of the associated Variance Futures would have been. For example, if the historical futures notional is $100,000 and the historical Variance was $100, the delta adjusted option position limits would be multiplied by 1,000.

In addition, Variance futures months are really subsets of each other. A strip of 4 consecutive quarters is economically equivalent to 1 calendar year Variance Futures. Therefore, All month limits are set equivalently to any one month limit. Moreover, they are proposed to be the same as spot month limits. This is a conservative estimate. This is true because unlike traditional cash settled futures, as the Variance Futures approaches expiration, it is **LESS** likely to be subject to big positions moving the price. The Variance Futures is a realized contract. As time elapses and the contract approaches expiration, more and more of the final settlement is determined. For example, for a quarterly contract, as the contract approaches its "spot" month, 2/3 of the final settlement will already have been determined.

Below is a table demonstrating the current position limits for futures contracts associated with the contracts and the calculation of the equivalent position limits for the variance futures. As these contracts create an entirely new futures model for the Exchange, and to ease the regulatory uncertainty over any unforeseen complications and issues, theoretical calculations for the position limits are rounded down.

Proposed Position/Accountability Limits

	Futures Position Limit	Options Futures Equivalents	Historical Variance Notional	Historical Futures Notional	Prorated Variance Limit	Proposed Rounded Variance Limit	Prorated Variance Reporting Levels
Gold	3,000	4,000	315	135,065	1,716,637	1,000,000	5,000
Silver	1,500	2,000	1,189	125,330	210,741	200,000	5,000

Name	Rule Chapter	Commodity Code	Size	Units
Gold Realized Variance Futures (Quarterly)	1233	VGQ	$1.00	Index Multiplier
Gold Realized Variance Futures (Semi-Annual)	1233	VGS	$1.00	Index Multiplier
Gold Realized Variance Futures (Annual)	1233	VGA	$1.00	Index Multiplier
Silver Realized Variance Futures (Quarterly)	1234	VSQ	$1.00	Index Multiplier
Silver Realized Variance Futures (Semi-Annual)	1234	VSS	$1.00	Index Multiplier
Silver Realized Variance Futures (Annual)	1234	VSY	$1.00	Index Multiplier

Type	Settlement	Group	Diminishing Balance	Reporting Level	Spot-Month position comprised of futures and deliveries	Spot-Month Aggregate Into Futures Equivalent Leg (1)	Spot-Month Aggregate Into Futures Equivalent Leg (2)
Future	Financially Settled Futures	Metals		5,000		VGQ	
Future	Financially Settled Futures	Metals		5,000		VGS	
Future	Financially Settled Futures	Metals		5,000		VGA	
Future	Financially Settled Futures	Metals		5,000		VSQ	
Future	Financially Settled Futures	Metals		5,000		VSS	
Future	Financially Settled Futures	Metals		5,000		VSY	

Spot-Month					
Spot-Month Aggregate Into Ratio Leg (1)	Spot-Month Aggregate Into Ratio Leg (2)	Spot-Month Accountability Level	Initial Spot-Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)	Initial Spot-Month Limit Effective Date	Spot-Month Limit (In Units) Leg (1) / Leg (2)
			1,000,000	First trading day of the expiring month	1,000,000
			1,000,000	First trading day of the expiring month	1,000,000
			1,000,000	First trading day of the expiring month	1,000,000
			200,000	First trading day of the expiring month	200,000
			200,000	First trading day of the expiring month	200,000
			200,000	First trading day of the expiring month	200,000

Single Month						All M		
Single Month Aggregate Into Futures Equivalent Leg (1)	Single Month Aggregate Into Futures Equivalent Leg (2)	Single Month Aggregate Into Ratio Leg (1)	Single Month Aggregate Into Ratio Leg (2)	Single Month Accountability Level Leg (1) / Leg (2)	Single Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)	All Month Aggregate Into Futures Equivalent Leg (1)	All Month Aggregate Into Futures Equivalent Leg (2)	All Month Aggregate Into Ratio Leg (1)
VGQ				1,000,000		VGQ		
VGS				1,000,000		VGS		
VGA				1,000,000		VGA		
VSQ				200,000		VSQ		
VSS				200,000		VSS		
VSY				200,000		VSY		

lonth		
All Month Aggregate Into Ratio Leg (2)	All Month Accountability Level Leg (1) / Leg (2)	All Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
	1,000,000	
	1,000,000	
	1,000,000	
	200,000	
	200,000	
	200,000	