

June 13, 2012

VIA E-MAIL

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

**Re: Rule 40.6(a) Certification. Notification Regarding an Amendment to the
Short Term Gold Option Contract
COMEX Submission #12-186**

Dear Mr. Stawick,

The Commodity Exchange, Inc. ("COMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to its Short Term Gold Option contract. The amendments are comprised of changes to existing Rule 1067.03 ("Trading Unit") and addition of new Rule 1067.08 ("Absence of Contrary Instructions") so that, upon expiration of the daily option, the option exercises into a futures position instead of settling financially. The rule amendments are presented in black-line format under Appendix A herewith.

The listing schedule for this contract is such that on each business day as each option expires, a new option will be listed with five-business day expiration, unless that expiration day coincides with that of an associated monthly Gold option in which case the daily option will not be listed.

The first daily option contract exercisable into a futures position shall be the July 10, 2012 expiration. The daily option contract expiring on July 10, 2012 will be available for trading on trade date July 3, 2012. The amendments under this submission shall be effective July 2, 2012. Any contracts available for trading and are set to expire prior to July 10, 2012 shall continue to settle financially. Please note that there currently is no open interest in this option contract which is available for trading on CME Globex and the COMEX trading floor and for submission for clearing on CME ClearPort.

As a result of the amendments to the option contract to allow for exercise into a futures position, the option will be subject to the Exchange physical delivery transaction fees. Those fees are presented in Appendix B herewith.

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

- **AVAILABILITY OF GENERAL INFORMATION:** The Exchange will publish information on the contract's specification on its website, together with daily clearing volume, open interest and price information.
- **FINANCIAL INTEGRITY OF CONTRACTS:** Exercising Short-Term Gold options into futures will enhance the financial integrity of the contract. As an option goes into the money, the holder of a short option is exposed to virtually unlimited risk. Typically, this is hedged by taking an offsetting futures position as a defined ratio known as a "delta hedge". As the option expires, the hedge is

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often calculated to completely offset the futures resulting from an option exercise. Under the current financially settled specification, the short option holder does not receive an offsetting futures, but instead must unwind their futures using Trading at Settlement (“TAS”) trades or unwind in the post close electronic trading. Many market participants prefer offsetting their “delta hedges” through a futures exercise mechanism.

Pursuant to Section 5c(c) of the CEA and CFTC Rule 40.6(a), the Exchange hereby certifies that the rule amendments comply with the CEA, including regulations under the CEA. There were no substantive opposing views to this proposal.

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 (312) 930-8167 or Sean.Downey@cmegroup.com.

Sincerely,

/s/Sean M. Downey
Director and Assistant General Counsel

Attachments: Appendix A – Short Term Gold Option Rule Amendment
Appendix B – Revised Fee Schedule

(bold/underline indicates addition; strikethrough indicates deletion)

Chapter 1067 Short-Term Gold Option

1067.03

TRADING UNIT

For option contracts through July 9, 2012 expiration

A Short-Term Gold put option contract traded on the Exchange represents the cash difference between the exercise price and the settlement price for the nearest February, April, June, August, October, or December Gold futures multiplied by 100, or zero, whichever is greater unless such expiration day is after the last trading day of the nearest February, April, June, August, October, or December Gold option contract, in which case it will represent the cash difference between the exercise price and the settlement price for the second nearest February, April, June, August, October, or December Gold futures multiplied by 100, or zero, whichever is greater.

A Short-Term Gold call option contract traded on the Exchange represents the cash difference between the settlement price for the nearest February, April, June, August, October, or December Gold futures and the exercise price multiplied by 100, or zero, whichever is greater unless such expiration day is after the last trading day of the nearest February, April, June, August, October, or December Gold option contract, in which case it will represent the cash difference between the settlement price for the second nearest February, April, June, August, October, or December Gold futures exercise price and multiplied by 100, or zero, whichever is greater.

For option contracts with expiration beginning July 10, 2012 and beyond

A Short-Term Gold call option contract will be exercisable into a long futures position for the closest to expiry February, April, June, August, October, or December Gold futures contract, unless such expiration day is four business days or less prior to the end of the month closest to expiry February, April, June, August, October, or December Gold futures contract. If expiration occurs four business days or less prior to the end of the month closest to expiry, the contract will be exercisable into a long futures in the second closest to expiry February, April, June, August, October, or December Gold futures contract.

A Short-Term Gold put option contract will be exercisable into a short futures position for the closest to expiry February, April, June, August, October, or December Gold futures contract, unless such expiration day is four business days or less prior to the end of the month closest to expiry February, April, June, August, October, or December Gold futures contract. If expiration occurs four business days or less prior to the end of the month closest to expiry, the contract will be exercisable into a short futures in the second closest to expiry February, April, June, August, October, or December Gold futures contract.

1067.08

ABSENCE OF CONTRARY INSTRUCTIONS

For option contracts with expiration beginning July 10, 2012 and beyond

Notwithstanding other general rules of option exercise, Short-Term Gold options are automatically exercised if they are at least \$0.10 in-the-money. No abandonments of in-the-money options and no exercise of out-of-the-money options will be allowed.

[remainder of rule unchanged]

Exchange Fees

Short Term Gold Options

Exchange Fees					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	\$0.45	\$0.70 (EOO \$0.85)	\$0.95	\$1.45	
Globex	\$0.45	\$0.70	\$0.95	\$1.45	NA
ClearPort		\$0.70 (EOO \$0.85)		\$1.45	

Processing Fees			
	Member	Non-Member	
Cash Settlement	NA	NA	<i>*only applies to financially settled contracts</i>
Futures from E/A	NA	NA	<i>*applies to futures contracts</i>
	House Acct	Cust Acct	
Options E/A Notice	0.40	0.85	<i>*applies to physical options</i>
Delivery Notice	NA	NA	<i>*applies to physical futures</i>

Additional Fees and Surcharges		
EFS Surcharge	NA	<i>*\$2.50 fee typically only charged on our core physical contracts</i>
Block Surcharge	NA	<i>*\$0.10 fee charged on block trades</i>
Facilitation Desk Fee	\$0.25	<i>*fee applies to CPC trades entered by ClearPort Market Ops</i>