



**NYSE Liffe**  
U.S.

C.F.T.C.  
OFFICE OF THE SECRETARIAT

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2009 DEC 1 AM 11 57

**By Electronic Mail**

November 30, 2009

Mr. David A. Stawick  
Secretary  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street NW  
Washington DC 20581

**Re: 2009-121 NYSE Liffe US LLC – Notice 28/2009: Weekly Notification Pursuant to Rule CFTC Rule 40.6(c)(2)(i)**

Dear Mr. Stawick:

I am the Chief Regulatory Officer of NYSE Liffe US LLC (“NYSE Liffe US” or the “Exchange”). Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”), and U.S. Commodity Futures Trading Commission Regulations (the “Regulations”) Section 40.6(c)(2)(i), I enclose a Cover Sheet for NYSE Liffe US Submission 2009-121, NYSE Liffe US Notice 28/2009 which announces the publication of an updated Rulebook for NYSE Liffe US, and a copy of the updated Rulebook (and a redlined version of the updated Rulebook) which incorporates amendments to the Rules previously certified by the Exchange in Regulation Section 40.6(a) filings with the Commission as well as a nonmaterial revisions to the Rulebook’s text and numbering.

NYSE Liffe US hereby certifies that Notice 28/2009 and revised Rulebook complies with the Act and the Regulations.

If you have any questions, please call me at (212) 656-4568.

With best regards,

Karl D. Cooper

Enclosures



## NYSE LIFFE U.S. NOTICE No. 28/2009

ISSUE DATE: December 1, 2009

**Publication of updated NYSE Liffe US Rulebook**

### Summary

This Notice announces the release of an updated Rulebook for NYSE Liffe US as well as other nonmaterial revisions to the Rulebook.

### 1. Introduction

- 1.1 The Exchange hereby notifies Members of the publication of a revised Rulebook that incorporates rule changes certified by the Exchange with the Commodity Futures Trading Commission from September 2008 through November 2009. The effective dates of these rule amendments are as set forth in the Notices previously published by the Exchange announcing the adoption of such amendments and certification filings. A link to the revised Rulebook is <http://www.nyse.com/pdfs/rulebook.pdf>.
- 1.2 In addition, the Exchange is posting a redlined copy of the updated Rulebook showing the textual and numbering changes from the previously published Rulebook dated August 2008. Additions are underlined and deletions are reflected in ~~striketrough~~. Both versions of the revised Rulebook include annotations citing the adopting Notices and certification filings. A link to the redlined copy is: <http://www.nyse.com/pdfs/rulebookredlined.pdf>.

### 2. Correction to typographical error in Rule 517

- 2.1 Included in the new Rulebook is a change to correct a typographical error contained in Rule 517, wherein the word "at" has been deleted as follows: "... the Customer's account has ~~at~~ equity at least equal to the initial margin requirement level."

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

Karl Cooper

(212) 656-4300

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Web site: [www.nyx.com](http://www.nyx.com)

NYSE Liffe US LLC is NYSE Euronext's U.S. Futures Market, a Commodity Futures Trading Commission designated contract market.

NYSE Liffe US LLC | 20 Broad Street, 10<sup>th</sup> Floor | New York | NY 10005 York | USA



**NYSE Liffe**<sup>SM</sup>  
**U.S.**

## **NYSE LIFFE US**

### **Rulebook**

BY ACCESSING, OR ENTERING ANY ORDER INTO, THE NYSE LIFFE US TRADING PLATFORM, AND WITHOUT ANY NEED FOR ANY FURTHER ACTION, UNDERTAKING OR AGREEMENT, A MEMBER OR REGISTERED USER AGREES (I) TO BE BOUND BY, AND COMPLY WITH, THE RULES OF THE EXCHANGE, THE RULES OF THE CLEARING SERVICE PROVIDER AND APPLICABLE LAW, IN EACH CASE TO THE EXTENT APPLICABLE TO IT, AND (II) TO BECOME SUBJECT TO THE JURISDICTION OF THE EXCHANGE WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS OR OMISSIONS OF SUCH MEMBER OR REGISTERED USER. SEE RULE 308(a) AND THE RELATED DEFINITIONS IN THIS RULEBOOK.

**December 1, 2009**

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**CHAPTER 1**  
**DEFINITIONS AND INTERPRETATION**

**Definitions**

Unless otherwise specifically provided in the Rules of the Exchange or the context otherwise requires, the terms defined in this Chapter have the meanings specified herein for all purposes of the Rules of the Exchange.

**101. Affiliate**

An "Affiliate" of, or a Person "Affiliated" with, another Person is a Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.

**102. Appeals Panel**

The term "Appeals Panel" shall have the meaning set forth in Rule 701.

**103. Applicable Law**

The term "Applicable Law" means, with respect to any Person, any statute, law, regulation, rule or ordinance of any Governmental Authority applicable to such Person, including the CEA, Commission Regulations, NFA rules, margin rules adopted by the Board of Governors of the Federal Reserve System, and any similar foreign laws or regulations.

**104. Average Price System**

The term "Average Price System" means any proprietary system used by a Member that is a registered futures commission merchant to calculate and confirm to its Customers or Noncustomers an average price for any Contract when multiple execution prices are received on any Order or series of Orders for such Contract, *provided* that such system is structured and applied in accordance with Applicable Law.

**105. Block Trade**

The term "Block Trade" has the meaning set forth in Rule 423.

**106. Board**

The term "Board" means the board of directors of the Exchange constituted in accordance with the Limited Liability Company Agreement of the Exchange and these Rules.

**107. Business Day**

The term "Business Day" means any day on which the Exchange is open for trading.

**108. CEA**

The term "CEA" means the Commodity Exchange Act.

**109. Central Depository**

The term "Central Depository" means the vault or other organization as announced by the Exchange, from time to time, that holds, on the Exchange's behalf and as the Exchange's agent, the immobilized vault receipts issued by vaults declared regular by the Exchange that are entered into the NYSE Liffe Guardian Delivery System.<sup>1</sup>

**110. Chairman of the Board**

The term "Chairman of the Board" means the individual serving as chairman of the board of the Exchange from time to time.

**111. Clearing Member**

The term "Clearing Member" means a member or participant of the Clearing Service Provider that is authorized pursuant to the Rules of the Clearing Service Provider to clear trades in any or all Contracts.

**112. Clearing Service Provider**

The term "Clearing Service Provider" means the clearing house or clearing organization designated by the Exchange from time to time.

**113. Combination Trade**

The term "Combination Trade" means a transaction in which two or more Contracts are executed simultaneously at a single price.

**114. Commission**

The term "Commission" means the Commodity Futures Trading Commission.

**115. Commission Regulation**

The term "Commission Regulation" means any rule, regulation, order, directive and any interpretation thereof promulgated by the Commission.

**116. Commodity**

The term "Commodity" has the meaning set forth in Section 1a(4) of the CEA.

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<sup>1</sup> Amendment adding Rule 109 definition. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 7/2009.



**117. Compliance Service Provider**

The term “Compliance Service Provider” means NFA or other entity to which the Exchange delegates, by contract, certain of the compliance, investigatory, surveillance and enforcement functions of the Exchange.

**118. Contract**

The term “Contract” means any Future or Option on Futures.

**119. Control**

The term “Control” means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person. Any Person who owns beneficially, directly or indirectly, more than 20 percent of the voting power in the election of directors of a corporation, or more than 25 percent of the voting power in the election of directors of any other corporation which directly or through one or more Affiliates owns beneficially more than 25 percent of the voting power in the election of directors of such corporation, will be presumed to control such corporation. The terms “controlling” or “controlled” have meanings correlative to the foregoing.

**120. Customer**

The term “Customer” means any Person for whom a Member carries an account (other than such Member, any employee of such Member or any of its Affiliates) or from whom a Member solicits or accepts an Order.

**121. Delaware LLC Act**

The term “Delaware LLC Act” means the Delaware Limited Liability Company Act.

**122. Delivery Month**

The term “Delivery Month” means, with respect to any Contract, the month in which either (i) delivery of an Underlying Commodity is to be made, or (ii) the cash settlement of the Contract is to occur,<sup>2</sup> pursuant to the terms of such Contract.

**123. Disciplinary Panel and Disciplinary Panel Members (DPMs)**

The terms “Disciplinary Panel” and “Disciplinary Panel Members” (“DPMs”) shall have the meanings set forth in Rule 701.

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<sup>2</sup> Text of Rule 122 amended. Effective September 7, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated August 28, 2009. See Notice 19/2009.

## 124. Emergency

The term “Emergency” means any occurrence or circumstance which threatens or may threaten such matters as the fair and orderly trading in, or the liquidation of or delivery pursuant to, any Contracts, and which, in the opinion of the President or his or her designee, requires immediate action, including: any manipulative or attempted manipulative activity; any actual, attempted or threatened corner, squeeze, congestion or undue concentration of positions; any circumstances which may materially affect the performance of agreements, Contracts or transactions traded on the Exchange, including failure of the payment system or the bankruptcy or insolvency of any Member or any other Person; any action taken by any Governmental Authority or any other board of trade, market or facility which may have a direct impact on trading on the Exchange; and any other circumstance which may have a severe, adverse effect upon the functioning of the Exchange.

## 125. Exchange

The term “Exchange” means NYSE Liffe, LLC, a Delaware limited liability company, and when used with reference to the administration of any Rule of the Exchange means either the Board or the officer, employee, agent, committee or delegate to whom appropriate authority to administer such Rule has been delegated.

## 126. Exchange Business

The term “Exchange Business” means any business with respect to which a Member is subject to the Rules of the Exchange, which is purportedly conducted subject to the Rules of the Exchange, or which should have been conducted subject to the Rules of the Exchange.

## 127. Exchange for Related Position<sup>3</sup>

The term “Exchange for Related Position” shall mean a privately negotiated and simultaneous exchange of a futures position for an economically offsetting cash, spot, securities or derivative position (“Related Position”). EFRPs include the following exchanges, defined below:

### (a) Exchange for Physical

The term “Exchange for Physical” (“EFP”) means a privately negotiated and simultaneous exchange of a futures position for a corresponding cash position.

### (b) Exchange for Risk

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<sup>3</sup> Amendment to Rule 127 adding subsections (a) and (b). Effective September 28, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated September 24, 2009. See Notice 21/2009.

The term “Exchange for Risk” (“EFR”) means a privately negotiated and simultaneous exchange of a Futures or Options on Futures position for a corresponding securities, swap or other derivative instrument position.

**128. Futures**

The term “Futures” means any contract for the purchase or sale of any Commodity for future delivery from time to time traded on or subject to the Rules of the Exchange.

**129. Governmental Authority**

The term “Governmental Authority” means any domestic or foreign government (or political subdivision), governmental or regulatory authority, agency, court, commission or other governmental or regulatory entity (including any self-regulatory organization as defined in Commission Regulation §1.3(ee)).

**130. Hearing Panel**

The term “Hearing Panel shall have the meaning set forth in Rule 701.

**131. Market Regulation Department**

The term “Market Regulation Department” means employees of the Exchange designated by the Exchange as members of the Market Regulation Department and agents of the Exchange (including any Compliance Service Provider) that assist the Exchange in the implementation, surveillance, and enforcing of its Rules and related obligations.

**132. Member**

The term “Member” means any Person authorized in accordance with Rule 305 to access the NYSE Liffe US Trading Platform. Members will be deemed to be members of the Exchange for purposes of the CEA and Commission Regulations thereunder. A Member will not be a limited liability company member and will not obtain any equity or other interest in the Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger or consolidation involving the Exchange or otherwise.

**133. NFA**

The term “NFA” means the National Futures Association.

**134. Noncustomer**

The term “Noncustomer” has the meaning assigned to it in the Margins Handbook prepared by the Joint Audit Committee.

**135. NYSE Liffe US**

The term “NYSE Liffe US” means NYSE Liffe, LLC.

**136. NYSE Liffe Guardian Delivery System**

The term “NYSE Liffe Guardian Delivery System” means the delivery system operated by the Exchange or one of its affiliates on the Exchange’s behalf through which physical delivery of Contracts may be effected by Clearing Members.<sup>4</sup>

**137. NYSE Liffe US Holdings<sup>5</sup>**

The term “NYSE Liffe Holdings” means NYSE Liffe Holdings, LLC., a Delaware limited liability company and parent company of NYSE Liffe.

**138. NYSE Liffe US Trading Platform<sup>6</sup>**

The term “NYSE Liffe US Trading Platform” means the electronic systems administered by or on behalf of the Exchange which perform the functions set forth in the Rules of the Exchange, including controlling, monitoring and recording trading through NYSE Liffe US Workstations.

**139. NYSE Liffe US Workstation<sup>7</sup>**

The term “NYSE Liffe US Workstation” means any computer connected to the NYSE Liffe US Trading Platform, including by means of NYSE Liffe US’s application program interface, for the purpose of trading Contracts.

**140. OCC**

The term “OCC” means The Options Clearing Corporation.<sup>8</sup>

**141. Option on Futures**

The term “Option on Futures” means any option from time to time traded subject to the Rules of the Exchange and issued or subject to issuance by the Clearing Service Provider pursuant to the Rules of the Clearing Service Provider, to buy or sell any Future.

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<sup>4</sup> Amendment adding Rule 136 definition. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe dated March 26, 2009. *See* Notice 7/2009.

<sup>5</sup> Amendment to reflect name change. Effective February 10, 2009, pursuant to CFTC Rule 40.6 Rule filing by NYSE Liffe US dated February 10, 2009. *See* Notice 3/2009.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> Amendment adding Rule 140 definition. Effective March 30, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated March 26, 2009. *See* Notice 7/2009.

**142. Order**

The term “Order” means any order to buy or sell a Contract on or subject to the Rules of the Exchange.

**143. Person**

The term “Person” means any natural person, association, partnership, limited liability company, joint venture, trust or corporation.

**144. President**

The term “President” means the individual serving as president of the Exchange from time to time.

**145. Registered User**

The term “Registered User” means any natural person who is a Member or who is an employee or contracted agent of a Member that is authorized by such Member to access the NYSE Liffe US Trading Platform.

**146. Responsible Person**

The term “Responsible Person” has the meaning set forth in Rule 515(a).

**147. Review Panel**

The term “Review Panel” shall have the meaning attributed to it in Rule 701.<sup>9</sup>

**148. Rule of the Clearing Service Provider**

The term “Rule of the Clearing Service Provider” means the certificate of incorporation, by-laws, and any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted from time to time by the Clearing Service Provider and relating to the Exchange or any or all of the Contracts.

**149. Rule of the Exchange**

The term “Rule of the Exchange” means any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, including these Rules, in each case as adopted from time to time by the Exchange.

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<sup>9</sup> Amendment to text of Rule 147. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. *See* Notice 27/2009.

**150. Secretary**

The term “Secretary” means the individual appointed by the Board from time to time to serve as secretary of the Exchange.

**151. Summary Review Panel<sup>10</sup>**

The term “Summary Review Panel” shall have the meaning set forth in Rule 701.

**152. Trading Session**

The term “Trading Session” means, with respect to any Contract, the period of hours on any Business Day during which such Contract is available for trading, as specified in the Rules governing such Contract.

**153. Underlying Commodity**

The term “Underlying Commodity” means, with respect to any Futures or Option on Futures, the Commodity which (or the cash value of which) is required to be delivered pursuant to the terms of such Futures or Option on Futures.

**154. User Information**

The term “User Information” has the meaning set forth in Rule 515(b).

**155. Vice Chairman**

The term “Vice Chairman” means the individual serving as vice chairman of the Exchange from time to time.

**156. Vice President**

The term “Vice President” means any individual appointed by the Board from time to time to serve as a vice president of the Exchange.

**157. WDRs**

The term “WDRs” shall mean warehouse depositary receipts that are created by the Exchange from registered vault receipts issued by vaults which have been declared regular for delivery of Gold or Silver by the Exchange, utilizing the NYSE Liffe Guardian Delivery System.<sup>11</sup>

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<sup>10</sup> Amendment to text of Rule 151. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. *See* Notice 27/2009.

<sup>11</sup> Amendment adding Rule 157 definition. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated March 26, 2009. *See* Notice 7/2009.

## Rules of Interpretation

For all purposes of the Rules of the Exchange, except as otherwise expressly provided:

(a) capitalized terms defined in this Chapter 1 have the meanings assigned to them in this Chapter 1 and include the plural as well as the singular (and vice versa);

(b) any reference to a “day”, “month” or “year” refers to a calendar day, month or year, respectively;

(c) any time period provided for in these Rules which expires on a day which is not a Business Day will expire on the next succeeding Business Day;

(d) all references to “\$” or “Dollars” are to the lawful currency of the United States;

(e) all references to the Rules of the Exchange or Rules of the Clearing Service Provider will be deemed to be to such Rules as amended, modified, supplemented, restated or replaced from time to time;

(f) all references to any statute or regulation will be deemed to be to such statute or regulation as amended, modified, supplemented, restated or replaced from time to time (and, in the case of a statute, will be deemed to include any rules and regulations promulgated thereunder), and all references to any section of any statute or regulation will be deemed to include any successor to such section;

(g) all references to any Governmental Authority will be deemed to include any successor to such Governmental Authority;

(h) the table of contents of these Rules and the various headings contained herein are for reference purposes only and do not limit or otherwise affect any of the provisions hereof;

(i) unless the context otherwise requires, any reference to a “Chapter” or a “Rule” refers to a Chapter of, or a Rule in, as the case may be, these Rules; and

(j) the words “include”, “includes” and “including” will be deemed to be followed by the phrase “without limitation”.

**CHAPTER 2**  
**POWERS OF THE BOARD AND EXCHANGE COMMITTEES**

**201. Certain Powers of the Board**

(a) Unless otherwise specified by the Board, all Rules of the Exchange and amendments thereto from time to time adopted by the Board will become effective on such date (after any required filing with, or approval thereof by, the Commission) as may be determined by the Board.

(b) The Board will determine which Contracts are available from time to time for trading subject to the Rules of the Exchange, and approve Rules of the Exchange containing specifications for such Contracts; *provided* that the Board may delegate the authority to approve such Rules to an Exchange committee or one or more officers of the Exchange; *provided, further*, that certifications or applications with respect to such Rules will be submitted to the Commission as required by the CEA and the Commission Regulations thereunder.

(c) The Board may from time to time cause the Exchange to enter into such agreements with domestic or foreign self-regulatory organizations, other associations, boards of trade and their respective regulators providing for the exchange of information and other forms of mutual assistance for financial surveillance, routine audits, market surveillance, investigative, enforcement and other regulatory purposes as the Board may consider necessary or appropriate or as the Commission may require.

**202. Eligibility**

(a) No Person may serve as a member of the Board, the Disciplinary Panel, or any other disciplinary committee, arbitration panel or oversight panel of the Exchange, if the Person:

(i) was found within the past three years by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission to have committed a disciplinary offense;

(ii) entered into a settlement agreement within the past three years in which any of the findings or, in absence of such findings, any of the acts charged included a disciplinary offense;

(iii) is currently suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

(A) a finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission that such person committed a disciplinary offense; or



(B) a settlement agreement in which any of the findings or, in absence of such findings, any of the acts charged included a disciplinary offense;

(iv) is currently subject to an agreement with the Commission or any self-regulatory organization not to apply for registration with the Commission or membership in any self-regulatory organization;

(v) is currently subject to or has had imposed on him or her within the past three years a Commission registration revocation or suspension in any capacity for any reason, or has been convicted within the past three years of any of the felonies listed in section 8a(2)(D)(ii) through (iv) of the CEA; or

(vi) is currently subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934.

(b) For purposes of Rule 202(a), the terms “self-regulatory organization,” “disciplinary committee,” “arbitration panel,” “oversight panel,” “final decision,” “disciplinary offense,” and “settlement agreement” have the meanings set forth in Commission Regulation § 1.63(a).

(c) *Disclosure.* Upon the occurrence of an event listed in Rule 202(a) with respect to a member of the Board, the Disciplinary Panel, or any other disciplinary committee, arbitration panel or oversight panel of the Exchange, such member shall disclose the occurrence of such event to the Chief Regulatory Officer or his or her designee. In the case of a DPM making such a disclosure, the Chief Regulatory Officer shall remove the DPM from the list of DPMs eligible to sit on Review, Hearing, Appeals and Summary Review Panels, and if the DPM is sitting on a existing panel, inform the other DPMs on such panel and respondents immediately.

## 203. Confidentiality

(a) No member of the Board or any committee established by the Board or by or pursuant to the Rules of the Exchange will use or disclose any material non-public information obtained in connection with such member’s participation in the Board or such committee, for any purpose other than the performance of his or her official duties as a member of the Board or such committee.

(b) No officer, employee or agent of the Exchange will (i) trade in any commodity interest if such officer, employee or agent has access to material non-public information concerning such commodity interest or (ii) disclose to any other Person material non-public information obtained in connection with such employee’s, officer’s or agent’s employment, if such employee, officer or agent could reasonably expect that such information may assist another Person in trading any commodity interest.

(c) For purposes of this Rule 203, the terms “employee,” “material information,” “non-public information” and “commodity interest” have the meanings ascribed to them in Commission Regulation § 1.59.

## 204. Conflicts of Interest

### (a) **Named Party in Interest Conflict.**

(i) *Prohibition.* No member of the Board, any Review Panel, any Hearing, any Appeals Panel, Summary Review Panel or any other “disciplinary committee” or “oversight panel” (both as defined in Commission Regulation § 1.69) of the Exchange will knowingly participate in such body’s deliberations or voting in any matter involving a named party in interest where such member (A) is a named party in interest, (B) is an employer, employee or fellow employee of a named party in interest, (C) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to executing Futures or Options on Futures transactions opposite each other or to clearing Futures or Options on Futures transactions through the same Clearing Members or (D) has a family relationship with a named party in interest.<sup>12</sup> For purposes of this clause (i), a “family relationship” exists between a named party in interest and a member if such party is the member’s spouse, former spouse, parent, stepparent, child, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

(ii) *Disclosure.* Prior to consideration of any matter involving a named party in interest, each member of the deliberating body who does not choose to abstain from deliberations and voting will disclose to the Chief Regulatory Officer whether such member has one of the relationships listed in clause (i) above with a named party in interest.

(iii) *Procedure and Determination.* The Chief Regulatory Officer will determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this paragraph (a). Such determination will be based upon a review of the following information:

(A) information provided by such member pursuant to clause (ii) above; and

(B) any other source of information that is held by and reasonably available to the Exchange.

### (b) **Financial Interest in a Significant Action Conflict.**

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<sup>12</sup> Amendment to text of subsection (a)(i) of Rule 204. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

(i) *Prohibition.* No member of the Board, any Review Panel, any Hearing Panel, any Appeals Panel, or Summary Review Panel or any other “disciplinary committee” or “oversight panel” (both as defined in Commission Regulation § 1.69) of the Exchange will participate in such body’s deliberations and voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the significant action under consideration, as determined pursuant to clause (iii) below. For purposes of this clause (i), the term “significant action” means (A) any action or Rule change that addresses a specific Emergency or (B) any change in margin level that is designed to respond to extraordinary market conditions or that otherwise is likely to have a substantial effect on prices in any Contract.<sup>13</sup>

(ii) *Disclosure.* Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting will disclose to the Chief Regulatory Officer position information (including information regarding positions held by such member, positions held by individuals of such member’s family and positions held by a firm with which such member is affiliated) that is known to such member with respect to any particular month or months that are under consideration, and any other positions which the deliberating body reasonably expects could be affected by the significant action, as follows:

(A) gross positions held at the Exchange in such member’s personal accounts or “controlled accounts,” as defined in Commission Regulation § 1.3(j);

(B) gross positions held at the Exchange in proprietary accounts, as defined in Commission Regulation § 1.17(b)(3), at such member’s affiliated firm;

(C) gross positions held at the Exchange in accounts in which such member is a principal, as defined in Commission Regulation § 3.1(a);

(D) net positions held at the Exchange in Customer accounts, as defined in Commission Regulation § 1.17(b)(2), at such member’s affiliated firm; and

(E) any other types of positions, whether maintained at the Exchange or elsewhere, held in such member’s personal accounts or the proprietary accounts of such member’s affiliated firm, that the Exchange reasonably expects could be affected by the significant action.

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<sup>13</sup> Amendment to text of subsections (b) (i) and (iv) of Rule 204. Effective November 20, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

(iii) *Procedure and Determination.* The Chief Regulatory Officer will determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this paragraph (b). Such determination will be based upon a review of the following information:

(A) the most recent large trader reports and clearing records available to the Exchange;

(B) information provided by such member pursuant to clause (ii) above; and

(C) any other source of information that is held by and reasonably available to the Exchange taking into consideration the exigency of the significant action being contemplated.

Unless the deliberating body establishes a lower position level, a member thereof will be subject to the prohibition set forth in clause (i) above if the review by the Chief Regulatory Officer identifies a position in such member's personal or controlled accounts or accounts in which such member is a principal as specified in subclauses (ii)(A), (C) and (E), in excess of an aggregate number of 10 lots of Futures and Options on Futures converted to Futures equivalents, taken together, or a position in the accounts of such member's affiliated firm as specified in subclauses (ii)(B), (D) and (E), in excess of an aggregate number of 100 lots of Futures and Options on Futures converted to Futures equivalents, taken together.

(iv) *Deliberation Exemption.* Any member of the Board, any Review Panel, any Hearing Panel, any Appeals Panel or Summary Review Panel or any other "disciplinary committee" or "oversight panel" (both as defined in Commission Regulation § 1.69) of the Exchange who would otherwise be required to abstain from deliberations and voting pursuant to clause (i) above may participate in deliberations, but not voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest; *provided, however,* that before reaching any such determination, the deliberating body will fully consider the position information specified in clause (ii) above which is the basis for such member's substantial financial interest in the significant action that is being contemplated. In making its determination, the deliberating body will consider:<sup>14</sup>

(A) whether such member's participation in the deliberations is necessary to achieve a quorum; and

(B) whether such member has unique or special expertise, knowledge or experience in the matter being considered.

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<sup>14</sup> *Id.*

**(c) Documentation.** The minutes of any meeting to which the conflicts determination procedures set forth in this Rule 204 apply will reflect the following information:

(i) the names of all members of the relevant deliberating body who attended such meeting in person or who otherwise participated in such meeting;

(ii) the name of any member of the relevant deliberating body who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated;

(iii) information on the position information that was reviewed for each member of the relevant deliberating body; and

(iv) any determination made in accordance with clause (iv) of paragraph (b) above.

## CHAPTER 3 MEMBERSHIP AND RIGHT TO ACCESS PLATFORM

### General

#### 301. Limited Liability Company Member

All equity interests in the Exchange are and at all times will be held by NYSE Liffe Holdings, the sole limited liability company member of the Exchange, and all voting rights related to such interests will be exercised by NYSE Liffe Holdings, in accordance with the Rules of the Exchange.

#### 302. Members

Each Member will have the right to access the NYSE Liffe US Trading Platform, including the right to place Orders for each of its proprietary accounts and, if otherwise registered in any required capacity and authorized to act on behalf of Customers under the CEA and Commission Regulations thereunder, for the accounts of such Customers. The access rights of a Member hereunder may not be transferred, assigned, sold or leased.

A Member will not be a limited liability company member and will not obtain any equity or other interest in the Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger or consolidation involving the Exchange or otherwise.

#### 303. Registered Users

Each Member may from time to time permit one or more individuals to act as its Registered Users. Each Registered User will satisfy such requirements as may be prescribed by the Exchange from time to time. Without limiting the generality of the foregoing, each Member will ensure on an ongoing basis that (i) none of its Registered Users is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto) and (ii) each of its Registered Users is technically proficient and conducts its business in a fair and equitable manner.

### Members

#### 304. Eligibility

(a) Any Person wishing to be a Member must be of good financial standing and must meet the financial and related reporting requirements of Rules 504 and 505, as applicable. In addition, such Person must be (i) a registered futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker or floor trader, each as defined in Section 1a of the CEA, (ii) a Person authorized to perform functions similar or equivalent to those of any of the Persons enumerated in clause (i) above, whether on a proprietary basis or for the account of Customers, in any jurisdiction outside the United States of America in which the Exchange may be permitted from time to time to operate NYSE Liffe US Workstations

or (iii) any other Person that meets such standards as may be prescribed by the Exchange from time to time; *provided* that any such Person referred to in clause (i), (ii) or (iii) that is not a Clearing Member will be guaranteed by a Clearing Member in the manner described in Rule 1101. The Exchange may impose such additional restrictions or limitations on a Member as it may deem necessary or appropriate.

The Exchange will deny the application of any Person that fails to meet any requirements herein of this Chapter 3.

The Exchange may deny (or may condition) the application of any Person to be a Member, or may prevent a Person from becoming associated (or may condition an association) with a Member for the same reasons for which NFA may deny or revoke registration of such Person as a futures commission merchant.

The Exchange also may deny (or may condition) the application of any Person to be a Member, or may prevent a Person from becoming associated (or may condition an association) with a Member if such Person:

(i) is unable satisfactorily to demonstrate a capacity to adhere to all applicable Rules of the Exchange, Rules of the Clearing Service Provider and Commission Regulations, including those concerning record-keeping, reporting, finance and trading procedures;

(ii) would bring the Exchange into disrepute; or

(iii) for such other cause as the Exchange reasonably may decide.

(b) The Exchange may determine not to permit a Member or any Registered User of a Member to keep its, his or her right to access the NYSE Liffe US Trading Platform or maintain his or her association with a Member, or may condition such right to access or association, as the case may be, if such Member or Registered User:

(i) fails to meet any of the qualification requirements for access or association after such access or association have been approved;

(ii) fails to meet any condition placed by the Exchange on such access or association; or

(iii) violates any agreement with the Exchange.

(c) Any decision made by the Exchange pursuant to this Rule 304 must be consistent with both the provisions of this Rule and the CEA and Commission Regulations thereunder.

Any Person whose application to be a Member or whose association with a Member has been denied or granted only conditionally, pursuant to this Rule 304, and any Member or Registered User of a Member whose access to the NYSE Liffe US Trading Platform is revoked, suspended or conditioned pursuant to this Rule 304, may appeal the Exchange's decision in

accordance with the provisions of Chapter 9. No determination of the Exchange to revoke, suspend or condition a Person's access to the NYSE Liffe US Trading Platform or association with a Member pursuant to this Rule 304 will take effect until the review procedures under Chapter 9 have been exhausted or the time for review has expired.

Any Person whose application to become a Member has been denied pursuant to this Rule 304 will not be eligible for re-application during the six months immediately following such denial.

### **305. Application**

(a) Each Person that applies to become a Member will submit an application to the Exchange in a form and manner prescribed by the Exchange. Each applicant will promptly update the application materials if any of the information provided therein becomes inaccurate or incomplete after the date of submission and prior to any approval of the application. The Exchange will act upon, and approve or disapprove, any such application without unreasonable delay, *provided* that the Exchange may delegate its responsibilities under this Rule 305(a) to its Compliance Service Provider.

(b) Each Person approved as a Member in accordance with paragraph (a) above will:

(i) pay to the Exchange any applicable application fee, in such amount as may be prescribed by the Exchange from time to time; and

(ii) agree in writing to abide by the Rules of the Exchange.

(c) Upon satisfaction of the requirements and procedures set forth in paragraphs (a) and (b) above, the Exchange will grant a Person's application to become a Member. If the application process is not completed within six months of submission of an application and payment of any applicable fee, the application will be deemed to be withdrawn.

### **306. Dues, Assessments and Fees**

(a) The Exchange has the sole power to set the dates and amounts of any dues, assessments or fees to be levied on Members, which dues, assessments or fees will be paid to the Exchange when due.

(b) If a Member fails to pay when due any Exchange dues, assessments or fees levied on such Member, and such payment obligation remains unsatisfied for six consecutive months after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Member's access to the NYSE Liffe US Trading Platform as the Exchange deems necessary or appropriate.



### **307. Limitations**

(a) Notwithstanding anything in Rule 304 to the contrary, the Exchange may at any time revoke, suspend, limit, condition, restrict or qualify a Member's access to the NYSE Liffe US Trading Platform if, in the sole discretion of the Exchange, such action is in the best interests of the Exchange. Any sanction imposed on a Member pursuant to this paragraph (a) may be appealed by such Member in accordance with the provisions of Chapter 9.

(b) If a Clearing Member revokes any authorization granted and guarantee made by it to any Member pursuant to Rule 1101(b), such Member's right to access to the NYSE Liffe US Trading Platform will be automatically terminated, and such Member must obtain another guarantee from a Clearing Member before the Member's right to access to the NYSE Liffe US Trading Platform will be reinstated. If such Member fails to obtain such a replacement guarantee within three months from the revocation of the guarantee by its previous Clearing Member, the Member's status will be automatically terminated.

### **308. Application of Rules and Jurisdiction**

(a) By accessing, or entering any Order into, the NYSE Liffe US Trading Platform, and without any need for any further action, undertaking or agreement, a Member or Registered User agrees (i) to be bound by, and comply with, the Rules of the Exchange, the Rules of the Clearing Service Provider and Applicable Law, in each case to the extent applicable to it, him or her, (ii) to become subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Member or Registered User, and (iii) to the transfer of Member or Registered User data between the Exchange and the European Union, as the Exchange may deem necessary to carry out its functions.<sup>15</sup>

(b) Any Member or Registered User whose right to access the NYSE Liffe US Trading Platform is revoked or terminated, whether pursuant to Rule 307 or Chapter 7, will remain bound by the Rules of the Exchange, the Rules of the Clearing Service Provider and Applicable Law, in each case to the extent applicable, and subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Member or Registered User prior to such revocation or termination.

## **Exchange Communications**

### **309. Recording of Communications**

The Exchange may record conversations and retain copies of electronic communications between officers, employees or agents of the Exchange, on one hand, and Members (including

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<sup>15</sup> Amendment adding sub-section (a)(iii) to Rule 308. Effective September 5, 2008, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated September 3, 2008.

their Related Parties) or Registered Users, on the other hand. Any such recordings or other records may be retained by the Exchange in such manner and for such periods of time as the Exchange may deem necessary or appropriate.

### **310. Notices**

The Exchange will publish a notice with respect to each addition to, modification of, or clarification of the Rules of the Exchange, or of any action taken to implement any Rule of the Exchange, in a form and manner that is reasonably designed to enable each Member to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to, such addition or modification, prior to the effective date thereof; *provided* that any failure of the Exchange to so publish a notice will not affect the effectiveness of the addition or modification in question. Each Member will provide its respective Registered Users with copies of any such notice. For purposes of publication in accordance with the first sentence of this Rule 310, it will be sufficient (without limiting the discretion of the Exchange as to any other reasonable means of communication) if a notice is (a) sent to each Member by mail, recognized courier service, facsimile or electronic mail (including by means of a hyperlink included in an electronic mail message), to the address, facsimile number or electronic mail address (as applicable) provided by such Member for such purpose and (b) published on the Exchange's website.

**CHAPTER 4**  
**TRADING PROCEDURES AND STANDARDS**

**Trading**

**401. Hours**

The Exchange shall determine the hours during which the system shall operate for the trading of each contract or product.

**402. Products**

The Exchange shall determine the contracts and/or products which shall be listed through or listed on the system.

**403. ITMs User IDs**

(a) Each Member will request one or more Individual Trade Mnemonics (ITMs) as needed to accommodate the nature and volume of the Member's business.

(b) Each order entered through an ITM must contain a User ID that identifies the participant who entered the order. Each Member must utilize a client application that automatically populates the User ID for every order based on the client application login.

(c) Members and Registered Users of a Member must have a unique, Exchange assigned, registered User ID. Such participants shall be referred to as Registered Users. The User ID for all other users need not be registered. Each Member shall ensure the accuracy of a Registered User's registration information at all times.

(d) A Registered User shall be subject to the Rules of the Exchange, including, but not limited to, the Rules of this Chapter and Rules relating to order handling, trade practices and disciplinary proceedings. It shall be the duty of the Member that employs the Registered User to supervise such user's compliance with Exchange Rules, and any violation thereof by such Registered User may be considered a violation by the employer.

**404. Opening**

(a) During the Pre-Open period designated by the Exchange, traders may enter only Market on Open orders, Limit orders, GTC Limit orders, Stop Market orders and Stop Limit orders. Order modifiers are not permitted on orders entered during the Pre-Open.

(b) Immediately upon the Market Open, the system will apply an uncrossing algorithm to calculate the price at which the maximum volume will be traded. All orders executed pursuant to the uncrossing algorithm will be executed at a price equal

to or better than that at which they were entered. Market on Open orders are processed immediately after the uncrossing. The Exchange does not guarantee the execution of any order at the opening price.

#### 405. Orders

(a) An order may contain one of the following designations:

(i) *Market orders* – Market orders are executed at the best price or prices available in the order book at the time the order is received until the order has been filled in its entirety. However, a market order will not trade outside of the dynamic price limits and any residual volume from an incomplete market order is canceled. Market orders are rejected if the market is not open.

(ii) *Market on Open (MOO) orders* – Market on open orders can only be submitted for futures products, including strategies. Such orders are accepted only during Pre-Open and are intended for execution at the opening market price. MOO orders will be executed by the Trading Host at the opening price calculated after the uncrossing of limit orders in the market when the market opens. MOO orders can be entered as Standard or Persisted. An expiration date can also be entered for Persisted MOOs. If an opening price cannot be calculated for the market when it opens, all MOO orders will be automatically canceled. Any residual volume from Standard MOO orders that are not matched on the opening will be converted automatically to limit orders at the opening price. Any residual volume from Persisted MOO orders that are not matched on the opening will be converted automatically to Good-Till-Canceled limit orders at the opening price.

(iii) *Limit orders* – Limit orders are orders to buy or sell a stated quantity at a specified price, or at a better price, if obtainable. Unless otherwise specified, any residual volume from an incomplete limit order is retained in the central order book until the end of the day unless it is withdrawn or executed.

(iv) *Good-Till-Canceled Limit (“GTC”) orders* – GTC orders are eligible for execution for the current and all subsequent trade sessions until executed, canceled or the expiry month expires. GTC orders can be given an expiry date and are valid until the end of trading on that date.

(v) *Stop Market and Stop Limit orders* – Buy stop orders will be triggered by a trade at or above the stop trigger price and sell stop orders will be triggered by a trade at or below the stop trigger price. Higher bids/lower offers, as well as off-exchange and strategy leg prices, will not activate stop orders. For a stop market order, once the stop price is triggered, the order is entered into the Trading Host as a market order, which will react to the market as a regular market order. For a stop limit order, once the stop price is

triggered, the order is entered into the Trading Host as a limit order at the trigger price. Valid order time types for stop orders are Good-for-Day and Good-Till-Canceled.

(vi) *Market Making orders (“MMO”)* – MMOs allow a trader to simultaneously submit bids and offers into a single options series or futures month. Volumes for each side do not have to be equal.

(vii) *Clip orders* – Clip orders are designed to provide more functionality for traders that are hedging between two markets. “Clips” are a series of quantity levels that allow the trader to define specific amounts to be traded. The trader specifies a ratio, and the ratio defines the clip size. Clip orders can be described as an Immediate or Cancel order with a time-out value. If the order clip size is not fully matched the remaining volume is canceled. Clip orders will only be permitted for specific products designated by the Exchange.

(b) The following order modifiers are permitted:

(i) *Minimum Volume* – Minimum Volume orders are executed only if there is at least the designated minimum volume available at the stated price or better. If the designated minimum volume cannot be traded, the order is canceled. Any residual volume from a partially executed minimum volume order is retained in the central order book. A Minimum Volume modifier may be used with limit orders, GTC limit orders and market orders.

(ii) *Complete Volume* – Complete Volume orders are executed only if there is sufficient volume available, at the stated price or better, to execute the order in its entirety. If the order cannot be executed in its entirety, the entire order is canceled. A Complete Volume modifier may be used with limit orders and market orders.

(iii) *Immediate & Cancel* – Immediate and Cancel orders are executed against any existing orders at the stated price or better, up to the volume designated on the order. Any residual volume on the order is canceled. An Immediate and Cancel modifier may be used with limit orders.

(c) Strategy Orders and Contingent Multiple Orders:

(i) *Strategy Orders* – NYSE Liffe US allows for the creation of recognized strategies, including delta neutral strategies, and for the submission of orders in such strategies.

(ii) *Contingent Multiple Orders* – A Contingent Multiple Order is an order that contains between two and eight component outright orders in up to two products. The permitted product pairs are pre-defined by the Exchange. Trading of any component order is contingent on all component orders being

fully executed. Only one futures component is permitted if any component is an option. Each component order can be a limit order or a market order.

#### 406. Order Entry

(a) A Member or Registered User who is registered as a floor broker or associated person, or in a comparable capacity under applicable law, may enter discretionary or non-discretionary orders on behalf of any account of a Clearing Member with the prior approval of the Clearing Member responsible to clear such orders.

(b) A Member or Registered User who is not registered as a floor broker or associated person, or in a comparable capacity under applicable law, may enter non-discretionary orders on behalf of customers. Such Member or Registered User may enter discretionary or non-discretionary orders for the account of his employer or for his own account provided he does not enter or handle customer orders.

(c) It shall be the duty of each Member to: (1) submit orders through the system under his registered User ID and (2) input for each order the price, quantity, product, expiration month, correct CTI code, order type, buy or sell, and appropriate account designation and, for options, put or call and strike price. A suspense account may be used at the time of order entry *provided* that a contemporaneous written record of the order in non-erasable ink, with the correct account designation, is made, time-stamped and maintained in accordance with Rule 414, and *provided* that the correct account designation is entered into the clearing system prior to the end of the trading day. A suspense account may also be used at the time of order entry for bunched orders that are eligible for post-trade allocation, and are executed pursuant to and in accordance with CFTC Regulation 1.35(a-1)(5).

(d) With respect to orders received by a Member or Registered User which are immediately entered into the system, no separate record need be made. However, if a Member or Registered User receives an order that is not immediately entered into the system, a record of the order including the order instructions, account designation, date, time of receipt and any other information that is required by the Exchange must be made in non-erasable ink. The order must be entered into the system when it becomes executable.

#### 407. Matching of Orders

Except as otherwise provided in these Rules, following the application of the uncrossing algorithm at Market Open, Orders entered into the NYSE Liffe US Trading Platform will be matched in accordance with one or more algorithms, depending on the Contract<sup>16</sup>, the detailed operation of which shall be set out in a notice issued by the Exchange, as amended from time to time. Market on Open Orders may take priority over Limit Orders submitted during the Pre-

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<sup>16</sup> Amendment effective November 3, 2008, pursuant to CFTC Rule 40.6 filing with the CFTC by NYSE Liffe US dated October 10, 2008. See Notice 11/2008.

Open period, by trading with other Market on Open Orders, where such Limit Orders cannot be executed during the opening algorithm.

The Exchange may at any time use a different matching algorithm for a particular Contract by giving notice of such algorithm to all Members at least 10 days before such algorithm is implemented.

#### **408. Misuse of the System**

Misuse of the system is strictly prohibited. It shall be deemed an act detrimental to the interest and welfare of the Exchange to either willfully or negligently engage in unauthorized access to the system, to assist any individual in obtaining unauthorized access to the system, to trade on the system without the authorization of a Clearing Member, to alter the equipment associated with the system, to interfere with the operation of the system, to use or configure a component of the system in a manner which does not conform to the NYSE Liffe US Interface Sublicense and Connection Agreement, to intercept or interfere with information provided on or through the system, or in any way to use the system in a manner contrary to the Rules of the Exchange.

#### **409. Trading Against Customer Orders and Crossing Orders**

**(a) Trading Against Customer Orders** – During a trading session, a Member or Registered User shall not knowingly cause to be entered or knowingly enter into a transaction in which he takes the opposite side of an Order entered on behalf of a customer, for the Member's or Registered User's own account or his employer's proprietary account unless the customer Order has been entered immediately upon receipt and has first been exposed on the platform for a minimum 5 seconds for futures contracts and a minimum of 15 seconds for options contracts. Such transactions that are unknowingly consummated shall not be considered to have violated this regulation.

**(b) Crossing Orders** – Independently initiated Orders on opposite sides of the market for different beneficial account owners that are immediately executable against each other may be entered without delay *provided*, that the Orders did not involve pre-execution discussions.

Opposite orders for different beneficial accounts that are simultaneously placed by a party with discretion over both accounts may be entered *provided* that one order is exposed on the platform for a minimum of 5 seconds for futures contracts and a minimum of 15 seconds for options contracts.

An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite a second order entered by the same firm only if the second order has been entered immediately upon receipt and has been exposed on the platform for a minimum of 5 seconds for futures contracts and a minimum of 15 seconds for options contracts.

#### **410. Good Faith Bids and Offers**

A Member or Registered User shall not knowingly enter, or cause to be entered, bids or offers into the system other than in good faith for the purpose of executing bona fide transactions.

#### **411. Priority of Execution**

Orders received by a Member or Registered User shall be entered into the system in the sequence received. Orders that cannot be immediately entered into the system must be entered when the orders become executable in the sequence in which the orders were received.

#### **412. Disciplinary Procedures**

All access denials, suspensions, expulsions and other restrictions imposed upon a Member or Registered User by the Exchange pursuant to Exchange disciplinary procedures shall restrict with equal force and effect, access to, and use of, the system.

#### **413. Termination of Connection**

The Exchange, at its sole discretion, shall have the right to summarily terminate the connection of any Member or the access of any ITM. Additionally, the Exchange, at its sole discretion, shall have the right to direct a Member to immediately terminate access to the system of any user.

#### **414. Records of Transactions Effected Through the System**

All written orders and any other original records pertaining to orders entered through the system must be retained for five years and otherwise in accordance with the provisions of Commission Regulation 1.31. For orders entered into the system immediately upon receipt, the data contained in the system shall be deemed the original records of the transaction.

#### **415. Limitation of Liability; Legal Proceedings**

EXCEPT AS OTHERWISE PROVIDED, AND EXCEPT IN INSTANCES WHERE THERE HAS BEEN A FINDING OF FRAUD OR WANTON OR WILLFUL MISCONDUCT, IN WHICH CASE THE PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE 415, NEITHER THE EXCHANGE (INCLUDING ITS AFFILIATES) NOR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS WILL BE LIABLE TO ANY OTHER PERSON, INCLUDING ANY MEMBER, REGISTERED USER, CUSTOMER OR NONCUSTOMER, FOR ANY LOSSES, DAMAGES, COSTS, EXPENSES OR CLAIMS (INCLUDING LOSS OF PROFITS, LOSS OF USE, DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES) (COLLECTIVELY, "LOSSES"), ARISING FROM (A) ANY FAILURE OR MALFUNCTION OF, INCLUDING ANY INABILITY TO ENTER OR CANCEL ORDERS INTO, THE NYSE Liffe US TRADING PLATFORM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE NYSE LIFFE US TRADING PLATFORM, (B) ANY FAULT IN



DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY OR TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF THE NYSE Liffe US TRADING PLATFORM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE NYSE LIFFE US TRADING PLATFORM OR (C) ANY ACTION TAKEN OR OMITTED TO BE TAKEN IN RESPECT TO THE BUSINESS OF THE EXCHANGE, EXCEPT, IN EACH CASE, TO THE EXTENT THAT SUCH LOSSES ARE ATTRIBUTABLE TO THE WILLFUL MISCONDUCT, GROSS NEGLIGENCE OR CRIMINAL ACTS OF THE EXCHANGE (INCLUDING ITS AFFILIATES) OR ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS ACTING WITHIN THE SCOPE OF THEIR RESPECTIVE AUTHORITY. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, AND SUBJECT TO THE SAME EXCEPTION, THE EXCHANGE WILL HAVE NO LIABILITY TO ANY PERSON FOR ANY LOSSES THAT RESULT FROM ANY ERROR, OMISSION OR DELAY IN CALCULATING OR DISSEMINATING ANY CURRENT OR CLOSING VALUE OR ANY REPORTS OF TRANSACTIONS IN OR QUOTATIONS FOR CONTRACTS, INCLUDING UNDERLYING SECURITIES. THE FOREGOING WILL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE.

THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS PROVIDED BY THE EXCHANGE (INCLUDING ITS AFFILIATES) RELATING TO THE NYSE LIFFE US TRADING PLATFORM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE NYSE LIFFE US TRADING PLATFORM, INCLUDING WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE SERVICES OF THE EXCHANGE ARE BEING PROVIDED ON AN "AS IS" BASIS AT EACH MEMBER'S SOLE RISK. NEITHER THE EXCHANGE (INCLUDING ITS AFFILIATES) NOR ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS MAKE ANY WARRANTY WITH RESPECT TO, AND NO SUCH PARTY WILL HAVE ANY LIABILITY TO ANY MEMBER FOR, THE ACCURACY, TIMELINESS, COMPLETENESS, RELIABILITY, PERFORMANCE OR CONTINUED AVAILABILITY OF THE NYSE Liffe US TRADING PLATFORM OR THE EXCHANGE, FOR DELAYS, OMISSIONS OR INTERRUPTIONS THEREIN OR THE CREDITWORTHINESS OF ANY OTHER MEMBER. THE EXCHANGE (INCLUDING ITS AFFILIATES) WILL HAVE NO DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE NYSE Liffe US TRADING PLATFORM OR OTHERWISE. EACH MEMBER ACKNOWLEDGES AND AGREES THAT THE EXCHANGE (INCLUDING ITS AFFILIATES) DOES NOT AND WILL NOT SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY ANY MEMBER AND THAT THE EXCHANGE (INCLUDING ITS AFFILIATES) IS NOT AN ADVISOR OR FIDUCIARY OF ANY MEMBER.

ANY DISPUTE ARISING OUT OF THE USE OF THE NYSE LIFFE US TRADING PLATFORM OR EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE NYSE Liffe US TRADING PLATFORM IN WHICH THE EXCHANGE (INCLUDING ITS AFFILIATES) OR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS IS A PARTY WILL BE SUBJECT TO THE

LAWS OF THE STATE OF ILLINOIS. ANY ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OF THE ABOVE MUST BE BROUGHT, WITHIN TWO YEARS FROM THE TIME THEY FIRST ARISE, IN A FEDERAL COURT LOCATED IN COOK COUNTY, ILLINOIS, OR IF THE REQUIREMENTS FOR FEDERAL SUBJECT MATTER JURISDICTION ARE NOT MET, IN A STATE COURT LOCATED IN COOK COUNTY, ILLINOIS. THIS PROVISION WILL IN NO WAY CREATE A CAUSE OF ACTION AND WILL NOT AUTHORIZE AN ACTION THAT WOULD OTHERWISE BE PROHIBITED BY THE RULES OF THE EXCHANGE.

NO MEMBER OR PERSON ASSOCIATED WITH A MEMBER WILL INSTITUTE A LAWSUIT OR OTHER LEGAL PROCEEDING AGAINST THE EXCHANGE OR ANY DIRECTOR, COMMITTEE MEMBER, OFFICER, EMPLOYEE, AGENT OR CONTRACTOR OF THE EXCHANGE (INCLUDING ITS AFFILIATES), FOR ACTIONS TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH THE OFFICIAL BUSINESS OF THE EXCHANGE (INCLUDING ITS AFFILIATES). THIS PROVISION WILL NOT APPLY TO APPEALS OF DISCIPLINARY ACTIONS OR OTHER ACTIONS BY THE EXCHANGE AS PROVIDED FOR IN THESE RULES.

ANY MEMBER OR PERSON ASSOCIATED WITH A MEMBER WHO FAILS TO PREVAIL IN A LAWSUIT OR OTHER LEGAL PROCEEDING INSTITUTED BY SUCH PERSON AGAINST THE EXCHANGE (INCLUDING ITS AFFILIATES) OR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS, AND RELATED TO THE BUSINESS OF THE EXCHANGE, WILL PAY TO THE EXCHANGE ALL REASONABLE EXPENSES, INCLUDING ATTORNEYS' FEES, INCURRED BY THE EXCHANGE IN THE DEFENSE OF SUCH PROCEEDING TO THE EXTENT THAT SUCH EXPENSES EXCEED FIFTY THOUSAND DOLLARS (\$50,000.00). THIS PROVISION WILL NOT APPLY TO DISCIPLINARY ACTIONS BY THE EXCHANGE, ADMINISTRATIVE APPEALS OF EXCHANGE ACTIONS OR IN ANY SPECIFIC INSTANCE WHERE THE BOARD HAS GRANTED A WAIVER OF THIS PROVISION.

NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 415 WILL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION BY SUCH PERSON OF THE CEA OR THE COMMISSION REGULATIONS THEREUNDER.

#### **416. Error Trade Policy**

In order to ensure fair and orderly market conditions, the Exchange, or designated staff, may cancel a transaction in accordance with the Exchange's Error Trade Policy.\*

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\* Related information available at CFTC Rule 40.6 filing by NYSE Liffe US with the CFTC dated September 5, 2008. See Notice 9/2008.

#### **417. Average Price System**

A Member that is registered with the Commission as a futures commission merchant receiving multiple execution prices on an Order or series of Orders for any Contract may use an Average Price System to calculate and confirm to any Customer or Noncustomer an average price for such Contract, *provided* all of the following requirements are satisfied:

(a) such Customer or Noncustomer must have requested such Member to use an Average Price System; and

(b) each individual transaction with respect to such Contract must be submitted to, and cleared by, the Clearing Service Provider at the price at which it was executed.

#### **418. Errors of Members**

If a Member discovers an error in the handling of an Order for a Customer after the relevant trade is completed, and the Order cannot be executed in the market at a price which is better than or equal to that at which the Order should have been executed, such Member will make cash payments or other adjustments as are appropriate to rectify the error. Any violation of this Rule 418 for the purpose of taking advantage of an Order or Orders will constitute conduct which is inconsistent with just and equitable principles of trade.

#### **Reportable Positions and Position Limits**

##### **419. Reportable Positions**

(a) Each Member required to file any report, statement, form or other information with the Commission pursuant to Commission Regulations Part 15, 17, 18 or 19 concerning any Contract or Commodity underlying a Contract must simultaneously file a copy of such report, statement, form or other information with the Market Regulation Department. Each Member must submit the report, statement, form or other information to the Market Regulation Department in the form and manner designated by the Exchange.

(b) For purposes of filings made or information provided to the Market Regulation Department pursuant to Commission Regulations Part 15, 17 and 18, each Member must report such open contract positions at levels as the Exchange establishes from time to time.

##### **420. Position Limits**

(a) Position limits shall be as established by the Exchange from time to time. Such position limits may be specific to a particular Contract or delivery month or may be established on an aggregate basis among Contracts or delivery months. Except as specified in paragraphs (b) and (c) below, no Person shall control, or trade in, any number of Contracts (in combination of Futures and Options on Futures (converted to Futures equivalents)) that exceed any position limits so established by the Exchange.

Except as specified in paragraphs (b) and (c) below, no Person shall be permitted to enter into any transaction on the Exchange that would cause such Person to exceed any position limits.

(b) Upon application to the Market Regulation Department in accordance with paragraph (d) below, qualified hedge transactions shall automatically be exempt from the position limits that would otherwise apply. For purposes of this Rule 420, the term “qualified hedge transaction” shall include any transaction or position in a particular Contract that represents a substitute for transactions to be made or positions to be taken at a later time in the Commodity underlying such Contract, provided the transaction entered into or position taken on the Exchange is economically appropriate to reduce risks arising from: \*

(i) any potential change in the value of assets that a Person owns, produces, manufactures, processes or merchandises or anticipates owning, producing, manufacturing, processing or merchandising;

(ii) any potential change in the amount of liabilities that a Person owes or anticipates incurring;

(iii) any potential change in the value of services that a Person provides, purchases or anticipates providing or purchasing; or

(iv) any other good cause shown, as determined by the Exchange in its sole discretion.

(c) On the basis of an application to the Market Regulation Department in accordance with paragraph (d) below, and such supplemental information as the Market Regulation Department may request, the Exchange will determine whether to approve a particular transaction as an arbitrage or spread transaction. In granting any such approval, the Exchange may impose such limitations as it may deem necessary or appropriate in light of the liquidity of the markets involved and the Person’s financial condition and business circumstances. Subject to any such limitations, transactions approved in accordance with the immediately preceding sentence shall be exempt from the position limits that would otherwise apply.

(d) Any application for an exemption from position limits for a hedging, arbitrage or spread transaction must be made by the relevant Person to the Market Regulation Department in such form, and within such time limits, as the Exchange may from time to time prescribe. Without limiting the generality of the foregoing, any such application must include the following:

(i) If a qualified hedge transaction, an arbitrage transaction or a spread transaction, a representation that such transaction or position constitutes a

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\* Related information regarding applications for hedge exemptions available at CFTC Rule 40.6 filing by NYSE Liffe US dated September 3, 2008. See Notice 3/2008.

qualified hedge transaction, an arbitrage or a spread transaction, as the case may be, and is not used in an attempt to violate or avoid any Rule of the Exchange;

(ii) If a qualified hedge transaction, a representation that such transaction or position is necessary or advisable as an integral part of the business of such Person, which representation shall also include a description of such business;

(iii) If an arbitrage or spread transaction, an undertaking that the prospective arbitrageur or spreader will specify the extent of the Person's current or planned activity in the cash market underlying the Contract for which such exemption is requested;

(iv) If an arbitrage or spread transaction, a representation that the positions involved are moved in an orderly manner and not initiated or liquidated in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes;

(v) A representation that such Person has complied with any applicable federal requirement relating to hedging, arbitrage or spread transactions, as the case may be, and has obtained any necessary approvals from the Commission;

(vi) A schedule of the maximum number of Contracts, long and short, that such Person intends to enter into for hedging, arbitrage or spread transaction purposes, as the case may be;

(vii) An agreement that such Person will comply with any additional limits on its trading as the Exchange may from time to time impose; and

(viii) An agreement by such Person to promptly submit a supplemental statement explaining any change in circumstances that may affect the nature of its positions.

(e) In determining whether any Person has exceeded the position limits established by the Exchange, all positions in accounts for which such Person, by power of attorney or otherwise, directly or indirectly controls trading (whether on a proprietary basis or on behalf of Customers or Noncustomers) shall be included. Position limits shall apply to positions held by two or more Person acting pursuant to an express or implied agreement or understanding in the same manner as if such positions were held by a single Person.

(f) The Exchange shall have the authority to review and rescind any exemption granted by it pursuant to paragraph (d) above at any time in its sole discretion.

(g) For purposes of paragraph (e) above, “control” exists when the Person in question makes investment decisions for the account or accounts in question or materially influences, directly or indirectly, the actions of any Person who makes such investment decisions. In addition, “control” will be presumed to exist in the following circumstances:

(i) Among all parties to a joint account who have authority to act on behalf of such account;

(ii) Among all general partners to a partnership account;

(iii) If a Person (A) holds an ownership interest of 10 percent or more in the Person holding the account or accounts in question, or (B) shares in 10 percent or more of the profits or losses related to such account or accounts;

(iv) If the Persons holding the account or accounts in question have common directors or management; or

(v) If a Person has the authority to execute transactions in the account or accounts in question.

Any presumption of control on the basis of the foregoing circumstances can be rebutted by proving that such circumstances do not exist or by showing other circumstances which negate the presumption of control. Initial determinations of “control” shall be made by the President or his or her designee.

## **Price Limits**

### **421. Price Limits**

The Rules governing a particular Contract will contain any price limits that apply to trading in such Contract.

## **Off-Exchange Transactions**

### **422. Exchange for Related Positions<sup>17</sup>**

(a) Certain privately negotiated transactions may be executed through the systems of the Exchange, which are generally categorized as Exchange for Related Positions (“EFRPs”). These transactions, generally described in Chapter 1, include EFPs and EFRs and are associated with the simultaneous exchange of cash securities, cash commodities or derivatives, on the one hand, and Futures or Options on Futures on the other:

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<sup>17</sup> Amendment to text and renumbering of subsections (b) and (c) of Rule 422; newly added text contained in subsection (c)(i). Effective September 24, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated September 24, 2009. See Notice 21/2009.

(b) A bona fide EFRP may be entered into with respect to any Contract in accordance with the applicable trading increments set forth in the Rules governing such Contract, at a price mutually agreed upon by the parties to such transaction. Each Exchange for Related Position must contain the following three essential elements:

(i) A Futures or Options on Futures transaction and a related cash commodity, securities or derivative transaction ("Related Transaction") that are integrally related;

(ii) An exchange for the Related Position where the Related Transaction provides for the transfer of ownership of the Related Position to the buyer in the Related Transaction upon performance of the terms of the contractual provisions of the Related Transaction, with, in the case of a cash commodity or securities Related Transaction, delivery to take place within a reasonable time thereafter, in accordance with prevailing cash market practice; and

(iii) Separate Persons, such that the accounts involved on each side of the Exchange for Related Position have different beneficial ownership or are under separate control.

(c) Additional Requirements

(i) For purposes of this Rule, a position is considered a Related Position if it is a cash, securities, swap or derivative position that bears a relationship to the Contract involved in the EFRP. In cases other than cash positions, the position must be derivative, a by-product or related product whose price bears a readily ascertainable relationship to the Contract involved in the EFRP. From time to time, the Exchange may issue guidance on factors that tend to indicate that a position is a Related Position. Notwithstanding, it is a Member's obligation to ensure that the Related Position involved in an EFRP submitted to the Exchange bears an appropriate relationship.

(ii) In every EFRP, one party must be the buyer of the Related Position and the seller of the corresponding Futures and the other party must be the seller of the Related Position and the buyer of the corresponding Futures. Further, the quantity of the Related Position traded in an EFRP must be equivalent to the quantity of the related position represented by the Futures portion of the transaction.

(iii) If the EFRP is agreed upon during a Trading Session, the price of the Contract that is the subject of the EFRP must be within the daily price limit for such Contract during the current Trading Session. If the EFRP is agreed upon after the Exchange's trading hours for such Contract, the price of the Contract that is the subject of the EFRP must be within the daily price limit for such Contract during the next Trading Session.

(iv) EFRP transactions must be reported to the Exchange in a manner prescribed from time to time by the Exchange. EFRP transactions executed during the Exchange Trading Session must be reported to the Exchange within 30 minutes of agreement by the parties and no later than 15 minutes prior to the Contract's Trading Session close time.

(v) EFRP transactions executed after the Exchange's trading hours must be reported within 15 minutes after the opening of the next Trading Session.

(vi) For EFRP transactions between two Members or Customers or Noncustomers of one or both of the Members, the Exchange requires the Members (or Members whose Customer or Noncustomer) is selling the Futures leg of the EFRP to report the transactions.

(d) The Exchange will review the quantity, Contract, Delivery Month, Price and type of Related Transaction information submitted by the reporting Member for the EFRP transaction and will post the transaction to the NYSE Liffe US Trading Platform if the transaction details are complete and accurate in accordance with this Rule. The Exchange will immediately publicize information identifying the transaction as an EFRP trade and identifying the relevant Contract, contract month, quantity and, if applicable, whether the transaction involved is a put or a call and the strike price.

(e) Each Clearing Member involved in any EFRP must maintain records evidencing compliance with the criteria set forth in this Rule 422. Upon request, each such Clearing Member must provide documentation evidencing the Related Transaction to the Exchange or its Compliance Service Provider.

(f) EFRP prices will not trigger unexecuted Orders.

#### **423. Block Trading**

(a) Members may enter into transactions outside the NYSE Liffe US Trading Platform, at prices mutually agreed, with respect to Contracts that have been designated by the Exchange for such purpose, *provided* all of the following conditions are satisfied (such transactions, "Block Trades"):

(i) Each buy or sell order underlying a Block Trade must (A) state explicitly that it is to be, or may be, executed by means of a Block Trade and (B) be for at least such minimum number of Contracts as will from time to time be specified by the Exchange; *provided* that only (x) a commodity trading advisor registered under the CEA, (y) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the CEA and Commission Regulations thereunder and (z) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States in which the Exchange may be permitted from time to time to operate NYSE Liffe US Workstations, in each case with total assets under management exceeding US



\$25 million, may satisfy this requirement by aggregating orders for different accounts.

(ii) Each party to a Block Trade must qualify as an “eligible contract participant” (as such term is defined in Section 1a(12) of the CEA); *provided* that, if the Block Trade is entered into on behalf of Customers by (A) a commodity trading advisor registered under the Act, (B) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the Act and Commission Regulations thereunder or (C) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States in which the Exchange may be permitted from time to time to operate NYSE Liffe US Workstations, in each case with total assets under management exceeding US \$25 million, then only such commodity trading advisor or investment adviser, as the case may be, but not the individual Customers, need to so qualify.

(b) Each party to a Block Trade must comply with all applicable Rules of the Exchange other than those which by their terms only apply to trading through the NYSE Liffe US Trading Platform.

(c) When negotiating or executing a Block Trade, a Member or Registered User must ensure that the price quoted for a Block Trade represents a fair and reasonable price. The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of such Block Trade, (ii) the prices and sizes of other transactions in the same Contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash and futures markets, at the relevant time, and (iv) the circumstances of the parties to such Block Trade.

(d) Block Trades must be reported to the Exchange in a manner prescribed from time to time by the Exchange. Block Trades must be reported to the Exchange within 15 minutes after the completion of negotiations, but may not be submitted any later than 15 minutes prior to the Contract’s Trading Session close time.<sup>18</sup>

(e) For Block Trades between two Members or Customers or Noncustomers of one or both of the Members, the Exchange requires the Members (or Member whose Customer or Noncustomer is) selling the Futures or Options on Futures leg of the EFRP to report the Block Trade.<sup>19</sup>

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<sup>18</sup> Subsection (e) of Rule 423 deleted. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US with CFTC dated March 25, 2009. *See* Notice 6/2009.

<sup>19</sup> Text of subsection (f) of Rule 423 amended and renumbered. Effective September 29, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US filing with CFTC dated September 25, 2009. *See* Notice 23/2009.

(f) The Exchange will review the information submitted by the Member(s) for the Block Trade and will post the Block Trade to the NYSE Liffe US Trading Platform if the details are complete and accurate in accordance with this Rule. The Exchange will immediately publicize information identifying the trade as a Block Trade and identifying the relevant Contract, contract month, price or premium, quantity and, if applicable, whether the transaction involved a put or a call and the strike price.

(g) Block Trade prices will not trigger unexecuted Orders.

(h) Each Member that is party to a Block Trade must record the following details on its order ticket: the Contract (including the Delivery Month) to which such Block Trade relates; the number of Contracts traded; the price of execution or premium; the time of execution; the identity of the counterparty; and, if applicable, details regarding the Customer or Noncustomer for which the Block Trade was executed, the Underlying Commodity, whether the transaction involved a put or a call and the strike price. Upon request by the Exchange, such Member must produce satisfactory evidence, including the order ticket referred to in the preceding sentence that the Block Trade meets the requirements set forth in this Rule 423.

(i) Any Block Trade in violation of these requirements will constitute conduct which is inconsistent with just and equitable principles of trade.

#### 424. Transfers of Positions\*

(a) A Clearing Member may transfer a position on its books to:

(i) correct errors in an existing Contract, *provided* that the original trade documentation confirms the error;

(ii) transfer an existing Contract from one account to another within the same Member where no change in ownership is involved;

(iii) transfer an existing Contract from one Clearing Member to another Clearing Member where no change in ownership occurs; or

(iv) transfer an existing Contract through operation of law from death or bankruptcy.

(b) Upon written request, the Exchange may, in its sole discretion, allow the transfer of a position as a result of a merger, asset purchase, consolidation, or similar non-recurring transaction for a Person that is an organization.

(c) Clearing Members must transfer positions pursuant to this Rule 424 at the same prices that appear on the books of the transferring Clearing Member, and the

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\* Supplemental guidance available in CFTC Rule 40.6 filing by NYSE Liffe US with the CFTC dated January 16, 2009. See Notice 2/2009.

transfer must indicate the date when the original trade was made. Each Clearing Member that is a party to a transfer of positions must make and retain records stating the nature of the transaction and the name of the counter-party Clearing Member. Each Clearing Member that is a party to a transfer of positions must adhere to the Rules of the Clearing Service Provider related to transfers of positions and must provide any information required by the Clearing Service Provider related to such transfer.

#### 425. Emergencies

**(a) General.** If 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. Any such Rule 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 such actions as:

- (i) limiting trading to liquidation only, in whole or in part;
- (ii) changing the Delivery Month or extending or shortening the term of any Contract;
- (iii) changing delivery points or the means of delivery provided in the Rules governing any Contract;
- (iv) imposing or modifying position or price limits with respect to any Contract;
- (v) ordering the liquidation of Contracts, the fixing of a settlement price or any reduction in positions;
- (vi) ordering the transfer of Contracts, and the money, securities, and property securing such Contracts, held on behalf of Customers or Noncustomers by any Member to one or more other Members willing to assume such Contracts or obligated to do so;
- (vii) extending, limiting or changing hours of trading;
- (viii) suspending or curtailing trading in any or all Contracts or modifying circuit breakers;
- (ix) requiring Clearing Members, Members, Customers or Noncustomers to meet special margin requirements; or
- (x) modifying or suspending any provision of the Rules of the Exchange or the Rules of the Clearing Service Provider.

Any such action placed into effect in accordance with the preceding sentence may be reviewed by the Board at any time and may be revoked, suspended or modified by the Board, and any such Rule placed into effect in accordance with the preceding sentence will be reviewed by the Board as soon as practicable under the circumstances, and may be revoked, suspended or modified by the Board.

**(b) Physical Emergency.** If, in the judgment of the President, or any individual designated by the President and approved by the Board, the physical functions of the Exchange are, or are threatened to be, severely and adversely affected by a physical emergency (such as a fire or other casualty, bomb threats, terrorist acts, substantial inclement weather, power failures, communications breakdowns, computer system breakdowns, screen based trading system breakdowns or transportation breakdowns), such Person may take any action that he or she may deem necessary or appropriate to respond to such physical emergency, including closing the Exchange, delaying the opening of trading in one or more Contracts or suspending trading in or extending trading hours for one or more Contracts. In the event that any action has been taken pursuant to the immediately preceding sentence, any Person who is authorized to take such action may order the removal of any restriction previously imposed pursuant to such sentence, upon a determination by such Person that the physical emergency that gave rise to such restriction has sufficiently abated to permit the physical functions of the Exchange to continue in an orderly manner; *provided* that any order pursuant to this sentence will be subject to review, modification or reversal by the Board.

**(c)** In the event that the trading is suspended in any or all Contracts, the Orders for the suspended Contracts that are currently resting in the NYSE Liffe US Trading Platform will automatically be cancelled and would have to be resubmitted by the Members upon resumption of trading in the affected Contracts.

**(d) Notification and Recording.** The Exchange will notify the Commission of any action taken, or proposed to be taken, pursuant to this Rule 425 in accordance with Commission Regulation § 40.6. The decision-making process with respect to, and the reasons for, any such action will be recorded in writing.

**(e) Conflicts of Interest.** The conflict of interest provisions set forth in Rule 204, including the documentation requirements, will apply, with any such modifications or adaptations as may be necessary or appropriate under the circumstances, to the taking of any action under this Rule 425 by the President, or his or her designee.

#### **426. Market Maker Programs**

Exchange Staff shall approve the implementation of market maker programs, pursuant to which market makers would be authorized to maintain two-sided markets in those products designated by the Exchange. To the extent that the terms of any such market maker program may be in conflict with any Rules of the Exchange, such terms shall supersede such Rules.

Nothing in this Rule shall alter or waive a Member's responsibility to comply with provisions of the Commodity Exchange Act or Rules or Regulations of the Commodity Futures Trading Commission unless exempted by the Commission.<sup>20</sup>

**427. Electronic Access for Affiliates<sup>21</sup>**

(a) The Exchange may consider an application from a Member that wishes to obtain direct access to the Exchange for its Affiliate(s). For the purposes of this Rule 427, "Affiliate" means a Person who:

- (i) owns 95 per cent or more of the Member; or
- (ii) is owned 95 per cent or more by the Member; or
- (iii) is owned 95 per cent or more by a third party who also owns 95 per cent or more of the Member.

(b) All successful applicants for affiliate access will be notified in writing by the Exchange. The Exchange will only consider applications of Affiliates located in jurisdictions with satisfactory regulatory arrangements including those in respect of:

- (i) supervision of investment activity; and
- (ii) information sharing and co-operation between the supervisory authority of the jurisdiction concerned and the Commission.

(c) All business undertaken by an Affiliate on the Exchange will be done in the name of the Member and the Member retains full responsibility for the conduct of all such business.

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<sup>20</sup> Information regarding DMM programs available in CFTC Rule 40.6 filing by NYSE Liffe dated September 3, 2008. *See* Notice 5/2008. *See also* Notice 20/2009.

<sup>21</sup> Amendment adding Rule 427. Effective September 5, 2008, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated September 3, 2008.

## CHAPTER 5 OBLIGATIONS OF MEMBERS

### Recordkeeping

#### 501. Books and Records

Each Member, Registered User and Clearing Member must prepare and keep current all books, ledgers and other similar records required to be kept by it pursuant to Applicable Law and the Rules of the Exchange, and must prepare and keep current such other books and records and adopt such forms as the Exchange may from time to time prescribe. Such books and records must be made available to the Exchange, the Commission and the U.S. Department of Justice and their authorized representatives upon request.

#### 502. Inspection and Delivery

Each Member, Registered User and Clearing Member must keep all books and records required to be kept by it pursuant to the Rules of the Exchange for a period of five years from the date on which they are first prepared, unless otherwise provided in the Rules of the Exchange or required by Applicable Law. Such books and records must be readily accessible during the first two years of such five-year period. During such five-year period, all such books and records must be made available for inspection by, and copies thereof must be delivered to, the Exchange, the Commission and the U.S. Department of Justice and their authorized representatives upon request.

#### 503. Member Information

Each Member shall notify the Market Regulation Department promptly in writing whenever the Member becomes aware of\*:

(a) any suspension, expulsion, revocation or restriction of such Member's trading privileges or any fine in excess of \$25,000, through an adverse determination, voluntary settlement or otherwise, by any court, commodity or securities exchange or related clearing organization, the Commission, the Securities and Exchange Commission, or the securities commission or equivalent authority of any state, territory, the District of Columbia or foreign country, the National Futures Association, the Financial Industry Regulatory Authority, or any other regulatory agency or self-regulatory organization;

(b) any indictment of the Member or any of its principals for, any conviction of the Member or any of its principals of, or any confession of guilt or plea of guilty or nolo contendere by the Member or any of its principals to (i) any felony or (ii) any misdemeanor involving, arising from, or related to the purchase or sale of any

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\* Informational guidance regarding notices provided to the Exchange available in CFTC Rule 40.6 filing by NYSE Liffe US dated April 21, 2009. See Notice 13/2009.

commodity, security, futures contract, option or other financial instrument or involving or arising from fraud or moral turpitude; or

(c) any involuntary bankruptcy petition that has been filed against such Member, or in the case of a voluntary bankruptcy proceeding, when such Member has filed or has formed a definite intention to file for bankruptcy.

(d) (i) Each Member will be solely responsible for notifying the Exchange of any and all changes to, or updates of, information given to the Exchange prior to or during the membership application process. After becoming a Member, each Member must promptly notify the Exchange in writing of changes to information on all forms including the (A) Membership Application, (B) Responsible Person, (C) Member Connectivity Administrator, and (D) View Only Key Forms.

(ii) Failure to file a required response to any communication sent to the latest physical address of a Member organization or e-mail use of Key Personnel filed with the Exchange by the Member which is caused by a failure to notify the Exchange in writing of changes in information as set forth in sub-paragraph 503(d)(i) above, may result in an order of default and award of claimed monetary damages or other appropriate order in any Exchange proceeding.

(e) Any Member, other than a natural person, shall notify the Exchange at least ten business days prior to any merger, acquisition, consolidation, combination, sale or other material change of ownership.<sup>22</sup>

Nothing in this Rule is intended to substitute for or limit any other reporting obligations that a Member may have to the Exchange or any other regulatory agency or self regulatory organization.

## **Financial Requirements**

### **504. Minimum Financial and Related Reporting Requirements for Registrants**

Each Member that is registered with the Commission as a futures commission merchant or introducing broker must comply with the provisions of Applicable Law relating to minimum financial and related reporting and recordkeeping requirements. A copy of any notice or written report that a Member is required to file with the Commission pursuant to Commission Regulation § 1.12 must also be filed with the Exchange's Compliance Service Provider. A Member that violates any of the aforementioned Commission Regulations will be deemed to have violated this Rule 504.

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<sup>22</sup> Amendment adding subsections (d) and (e) to Rule 503. Effective April 23, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated April 21, 2009. See Notice 13/2009.

#### **505. Minimum Financial and Related Reporting Requirements for Non-Registrants**

(a) A Member that is not registered with the Commission as a futures commission merchant must:

(i) maintain a net worth (excluding personal assets) of not less than \$250,000; and

(ii) immediately notify the Compliance Service Provider if its net worth (excluding personal assets) declines below \$300,000, and provide the Compliance Service Provider with monthly financial statements by the tenth calendar day of each month thereafter until the Member's net worth exceeds \$300,000 for two consecutive months.

(b) For purposes of this Rule 505, net worth means the Member's total assets (excluding personal assets) less total liabilities as computed by generally accepted accounting principles applied on a consistent basis.

(c) A Member that is an organization but not registered with the Commission must submit to the Compliance Service Provider annual audited financial statements certified by a certified independent public accountant (or by a Person having similar qualifications if the Member's books of account are kept outside the United States) within ninety calendar days of the Member's fiscal year-end.

#### **506. Authority of the President to Impose Restrictions**

Whenever a Member is subject to the early warning requirements set forth in Commission Regulation § 1.12 (or similar requirements of a foreign Governmental Authority to which such Member is subject), the President, or his or her designee, may impose such conditions or restrictions on the business and operations of such Member, as the case may be, as the President, or his or her designee, may deem necessary or appropriate for the protection of Customers, other Members or the Exchange.

#### **507. Treatment of Customer Funds and Securities**

Any Member that is required to be registered with the Commission must comply with the provisions of Applicable Law relating to the treatment of Customer funds and the maintenance of books and records with respect thereto. A Member that violates any of the aforementioned Commission Regulations will be deemed to have violated this Rule 507.

#### **508. Additional Minimum Financial Requirements**

(a) In addition to the minimum financial requirements that a Member that is registered with the Commission as a futures commission merchant or introducing broker must satisfy, each Member will be required to satisfy such minimum financial requirements, and comply with such obligations related thereto, as may be established from time to time by the Exchange.



(b) Each Member must notify the President, or his or her designee, immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it.

(c) Unless and until a Member is able to demonstrate to the Exchange that it is in compliance with the minimum financial requirements applicable to it, such Member may not engage in any transactions subject to the Rules of the Exchange, except for the purpose of closing open positions.

## **Customer Protection**

### **509. Commission Registration**

(a) No Member of the Exchange (including any Person that is affiliated with such Member), may solicit or accept from any other Person an Order for the purchase or sale of a Contract, unless such Member, or its respective affiliated Person, as the case may be, is registered in any required capacity in accordance with Applicable Law.

(b) Any Member that is required to be registered as a futures commission merchant or as an introducing broker must comply with the provisions of Commission Regulations § 155.3, § 155.4 or § 41.42(a), as applicable.

### **510. Confirmations**

Each Member that enters into a trade on behalf of a Customer must promptly furnish, or cause to be furnished, to such Customer, no later than the Business Day immediately following the day on which such trade is entered into, a written confirmation of such trade in such form as the Exchange may from time to time prescribe, indicating the Contract bought or sold, the price, quantity, time of execution and such other information as the Exchange may require.

### **511. Customer Statements**

Each Member that enters into trades on behalf of Customers must furnish, or cause to be furnished, as soon as practicable after the end of each month, a monthly statement of account to each of its Customers. Each such statement must indicate, at a minimum, the Customer's initial balance, closing balance, commissions and fees incurred, income received and trades made.

### **512. Risk Disclosure Statement**

Prior to opening an account for any Customer, a Member that is registered with the Commission as a futures commission merchant or introducing broker must provide such Customer with (a) a written disclosure statement in the form approved by the Exchange for purposes of Commission Regulation § 1.55, (b) the Uniform Electronic Trading and Order Routing System Disclosure Statement required by NFA (or similar disclosure statement required by a foreign Governmental Authority to which such Member is subject), and (c) any other disclosure statement from time to time required by the Exchange.

### **513. Fraudulent or Misleading Communications**

A Member may not make any fraudulent or misleading communications relating to the purchase or sale of any Contract.

### **514. Responsibility for Customer Orders**

A Member handling Orders for Customers must exercise due diligence in the handling and execution of such Orders. Failure to act with due diligence will constitute negligence.

A Member is prohibited from directly or indirectly guaranteeing the execution of an Order or any of its terms such as the quantity or price; *provided* that this sentence will not be construed to prevent a Member from assuming or sharing in any losses resulting from an error or the mishandling of an Order.

A Member shall not adjust the price at which an Order was executed, nor will it be held responsible for executing or failing to execute an Order unless such Member, as the case may be, was negligent or is settling a bona fide dispute regarding negligence, or as otherwise permitted by the Error Trade Policy.

## **System Security**

### **515. System Security**

(a) Each Member must at all times have at least one employee or agent (the "Responsible Person") designated as its administrator with respect to the use of the NYSE Liffe US Trading Platform by such Member (including its Registered Users). The Exchange may prescribe such qualification standards for Responsible Persons as it may from time to time determine necessary or advisable. Among other things, each Responsible Person must (i) have full control over access to the NYSE Liffe US Trading Platform by the Member (including its Registered Users) represented by such Responsible Person and (ii) be able to access, and, if required, modify and withdraw, any and all Orders placed, or purported to be placed, by such Member (including its Registered Users). The Responsible Person or Responsible Persons of any Member will also be solely responsible for any and all communications between the Exchange and such Member, and any and all notices or other communications sent to such Responsible Person or Responsible Persons by the Exchange will be binding on such Member. Each Member must notify the Exchange promptly of any change regarding any of its Responsible Persons.

(b) Each Member will be solely responsible for controlling and monitoring the use of all user identification codes and passwords to access the NYSE Liffe US Trading Platform (collectively, "User Information") issued to its Responsible Person or Responsible Persons by the Exchange, may provide the User Information only to its Registered Users, and must notify the Exchange promptly upon becoming aware of any unauthorized disclosure or use of the User Information or access to the Exchange or of any other reason for deactivating User Information. Each Member will be bound by any actions taken through the use of its User Information (other than any such actions

resulting from the fault or negligence of the Exchange), including the execution of transactions, whether or not such actions were authorized by such Member or any of its directors, officers or employees.

(c) Each Member will be solely responsible for ensuring that NYSE Liffe US Trading Platform access is not granted to any Person located outside the United States, except as otherwise expressly permitted by the Exchange. To the extent necessary to ensure the operational integrity of the NYSE Liffe US Trading Platform, the Exchange may at any time restrict or limit the access of Persons to specified locations, and each Member must ensure prompt compliance by itself and its Registered Users with any such limitation.

## **Customer Margin**

### **516. Customer Margin**

(a) A Member shall not effect a transaction or carry an account for a Customer without obtaining margin at the times, in the amounts, and in the forms required by the Exchange.

(b) The Exchange will publish the minimum initial and maintenance margin requirements for each Contract or combination of Contracts.

(c) Any changes in Contract margin requirements will apply to both new and existing Contracts in a Customer's account.

(d) Unless otherwise stated in these Rules, a Member must use a risk based portfolio margining system acceptable to the Exchange to calculate margin requirements for Customer accounts.

(e) If a Member does not obtain and maintain the required minimum margin deposits for a Customer's account pursuant to this Rule, the Exchange may require the Member to immediately liquidate Contracts in the Customer account to eliminate the margin requirement shortfall.

(f) The Exchange or a Member may impose margin requirements on a Customer that are in excess of the existing margin requirements imposed by this Rule.

(g) Terms used in this Rule, but not otherwise defined by these Rules, carry the meaning set forth in the Joint Audit Committee's Margins Handbook. In addition, a Member must adhere to the procedures specified in the Joint Audit Committee's Margins Handbook for the computation, issuance, collection, and offsets for margin calls and corresponding capital charges for the Member unless the Manual is inconsistent with the Exchange's Rules, in which case the Exchange's Rules will prevail.

(h) A Member must collect at least the minimum margin requirements established by the Exchange for its Contracts in a Customer account.

(i) The full premium value for a long call or put on an Option on a Future Contract must be collected from the Customer.

(j) When additional margin deposits are required pursuant to Exchange Rules, a Member must call for the additional margin in a prompt manner not to be any later than one business day after the event giving rise to the call. The margin call must be sufficient to ensure the Customer's account will at least meet the minimum initial margin requirement (i) when the margin equity in the account initially falls below the minimum maintenance requirements and (ii) subsequently when the margin equity plus existing margin calls on the account are less than the minimum maintenance margin requirements.

(k) The Member must collect the full amount of the margin call from a Customer in a prompt manner and within a reasonable period.

(l) If a margin call is outstanding for an unreasonable time, the Member may only accept Orders from the Customer that will reduce the Customer's margin requirements.

(m) If a Customer fails to deposit the required margin deposit within a reasonable time, the Member may, but is not required to, liquidate all or a portion of the Customer's Contracts to restore the Customer's account to a properly margined level. However, the inability of the Member to liquidate all or a portion of a Customer's Contracts does not affect any liability of the Customer to the Member.

(n) A Member must make and retain a written record of margin calls to Customers that reflects date, amount and other relevant information for all margin calls made (whether made by telephone, in writing or by other means) as well as margin calls reduced, satisfied or relieved.

#### **517. Release of Customer Margin**

A Member may only release free funds in connection with a Customer's account if after the release the Customer's account has equity at least equal to the initial margin requirement level.

#### **518. Omnibus Accounts**

A Member must calculate margin requirements for an omnibus account (whether domestic or foreign) on a gross Contract basis. However, a Member may impose maintenance margin rates for Contracts in the omnibus account. A Member must obtain written representation of spread or hedge positions from an omnibus account in order to afford any Contracts in the account spread or hedge margin treatment.

#### **519. Aggregation**

(a) When determining margin requirements, margin calls and release of margin deposits, a Member may aggregate identically-owned accounts within the same

regulatory account classification of Customer segregated, Customer secured and non-segregated.

(b) In satisfaction of a margin deficiency, a Member may not apply available free funds from an identically-owned account that has a different regulatory classification. The Member must transfer the free-funds from the identically-owned account to the account having the margin deficiency.

(c) Except for omnibus accounts, a Member may calculate margin requirements on a net basis for concurrent long and short Contracts in identically-owned accounts within the same regulatory account classification.

#### **520. Extension of Credit**

A Member shall not extend or maintain credit to or for a Customer to evade or circumvent any requirements of these Rules. A Member may extend or maintain (or arrange for the extension or maintenance of) credit or a loan to or for a Customer to meet the margin requirements of these Rules provided the credit or loan is secured as defined by Commission Regulation § 1.17(c)(3) and the proceeds are treated by the Member in accordance with Commission Regulation § 1.30.

#### **521. Allowable Margin Deposits**

(a) A Member may only accept the following as margin deposits:

(i) U.S. dollars and foreign currencies,

(ii) U.S. government treasury and agency securities,

(iii) Municipal securities,

(iv) Readily marketable securities (which means securities traded on a “ready market” as defined by SEC Rule 15c3-1(c)(11)),

(v) Money market mutual funds that meet the requirements of Commission Regulation § 1.25 (other than securities issued by the Customer or an affiliate of the Customer), and / or

(vi) Irrevocable letters of credit in a form, and issued by banks or trust companies, approved by the Clearing Service Provider (other than letters of credit issued by the Customer or an affiliate of the Customer).

(b) The assets, securities and instruments accepted by a Member to meet a Customer’s margin requirements must be and remain unencumbered by third party claims.

(c) Acceptance of foreign currencies will require a Member to obtain a subordination agreement and value the foreign currencies as required by Commission Interpretation #12 – Deposit of Customer Funds in Foreign Depositories.

(d) Securities must be valued at no greater than their current market value less any haircuts specified by SEC Rule 15c3-1.

(e) No guarantee against a margin deficiency for a Customer account from any party may be considered.

## **CHAPTER 6 BUSINESS CONDUCT**

### **601. Fraudulent Acts**

Neither a Member nor any of its Registered Users may engage in any fraudulent act or engage in any scheme to cheat, defraud or deceive, in connection with or related to any trade on or other activity related to the Exchange or the Clearing Service Provider.

### **602. Fictitious Transactions**

Neither a Member nor any of its Registered Users may create fictitious transactions or execute any Order for a fictitious transaction with knowledge of its nature.

### **603. Market Manipulation or Demoralization**

Any manipulation of the market in any Contract is prohibited. Orders entered into the NYSE Liffe US Trading Platform for the purpose of upsetting the equilibrium of the market in any Contract or creating a condition in which prices do not or will not reflect fair market values are prohibited and any Member (including its Registered Users) who makes or assists in entering any such Order with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to the Exchange.

### **604. Adherence to Law**

No Member (including its Registered Users) may engage in conduct in violation of Applicable Law, the Rules of the Exchange or the Rules of the Clearing Service Provider (insofar as the Rules of the Clearing Service Provider relate to the reporting or clearance of any transaction in Contracts).

### **605. Sales Practice Rules**

Without limiting the generality of Rule 604, each Member (including its Registered Users) must comply with any and all sales practice rules (including those relating to bunched orders, opening and approval of accounts, suitability, use of discretion, supervision of accounts, risk disclosure document delivery, communications, monthly statements and confirmations, registration, qualification and continuing education, customer complaints, prohibition against guarantees and profit sharing and money laundering) from time to time promulgated by NFA (or similar foreign Governmental Authority to which such Member is subject), which rules are hereby incorporated by reference into this Rule 605.

### **606. Prohibition of Misstatements**

It will be an offense to make any misstatement of a material fact to the Exchange, including the Board, any committee thereof or any director, officer or employee of the Exchange.

#### **607. Cooperation in Investigations and Proceedings**

Each Member (and its Registered Users) shall cooperate promptly and fully with the Exchange in any investigation, inquiry, audit, examination or proceeding regarding compliance with Exchange Rules or any Exchange disciplinary or arbitration proceeding. Each Member (and its Registered Users) shall comply with any order issued by the Exchange.

#### **608. Right of Access**

Neither a Member nor any of its Registered Users may use its right to access the NYSE Liffe US Trading Platform in any way which could be expected to bring disrepute upon such Member or the Exchange.

#### **609. Acts Detrimental to the Exchange; Acts Inconsistent with Just and Equitable Principles of Trade**

It will be an offense to violate any Rule of the Exchange or Rule of the Clearing Service Provider regulating the conduct or business of a Member (including its respective Registered Users) or any agreement made with the Exchange, or to engage in any act detrimental to the Exchange or in conduct inconsistent with just and equitable principles of trade.

#### **610. Supervision**

Each Member will be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that its Registered Users comply with Applicable Law, the Rules of the Exchange and the Rules of the Clearing Service Provider, and may be held accountable for the actions of such Registered Users. In addition, each Responsible Person will be responsible for supervising the Registered Users of the Member represented by it, and may be held accountable for the actions of such Registered Users.

#### **611. Priority of Customers' Orders**

(a) No Member (including its Registered Users) may knowingly buy a Contract for a personal or proprietary account of such Member or Registered Users or for an account in which such Member or Registered Users has a proprietary interest, when such Member or Registered Users has in hand Orders to buy the same Contract for any other Person at the same price or at the market price. No Member (including its Registered Users) may knowingly sell a Contract for a personal or proprietary account (including a Noncustomer account) of such Member or Registered Users (including a Noncustomer account of such Member or Registered User) or for an account in which such Member or Registered Users has a proprietary interest (including a Noncustomer account), when such Member or Registered Users has in hand Orders to sell the same Contract for any other Person at the same price or at the market price.

(b) No Member (including its Registered Users) may knowingly execute a discretionary Order for any Contract, including an Order allowing such Member (including its Related Parties) discretion as to time and price, for an immediate family member or for a personal or proprietary account of any other Member or Registered



Users (including Noncustomer accounts), when such Member or Registered Users has in hand any Customer market Order for the same Contract open as to time and price.

(c) A Registered User entering Orders into the NYSE Liffe US Trading Platform must enter all Customer Orders that the NYSE Liffe US Trading Platform is capable of accepting before entering an Order for a personal or proprietary account of such Registered User or the related Member (including a Noncustomer account), an account in which such Registered User or Member has a proprietary interest (including a Noncustomer account) or an Order for a discretionary account, including an Order allowing such Registered User or Member discretion as to time and price, for an immediate family member or for a personal or proprietary account of any other Member or Registered Users (including a Noncustomer account).

(d) For purposes of this Rule 611, no Member that consists of more than one individual, will be deemed to knowingly buy or sell a Contract or execute a discretionary Order if (i) such Member has in place appropriate “firewall” or separation of function procedures and (ii) the individual buying or selling the Contract or executing the discretionary Order in question has no direct knowledge of the Order to buy or sell the same Contract for any other Person at the same price or at the market price or of the Customer Order for the same Contract, as the case may be. Nothing in this Rule 611 limits the ability of an “eligible account manager” to bunch Orders in accordance with Commission Regulation § 1.35(a-1)(5).

## **612. Trading Against Customers’ Orders**

No Member (including its Registered Users) may enter into a transaction on behalf of a Customer in which such Member or Registered Users or any Person trading for an account in which such Member or Registered User has a financial interest (including a Noncustomer account), intentionally assumes the opposite side of the transaction. The foregoing restriction does not prohibit pre-execution discussions conducted in accordance with procedures established by the Exchange from time to time, and does not apply to any Exchange for Physical, any Block Trade or any transaction meeting all of the following criteria (or such other criteria as may be established by the Exchange from time to time):

(a) the Customer has previously consented in writing to such transactions, which consent must have been given or renewed within 12 months of the transaction at issue and may not have been revoked prior thereto;

(b) the Member or Registered Users has waited for a reasonable period of time, as determined by the Exchange, after first entering the Order received from the Customer into the NYSE Liffe US Trading Platform before taking the opposite side of the transaction;

(c) the Member maintains a record that clearly identifies, by appropriate descriptive words, all such transactions, including the time of execution, Commodity, date, price, quantity and delivery month; and

(d) the Member provides a copy of the record referred to in clause (c) above to the Exchange.

**613. Withholding Orders**

No Member (including its Registered Users) may withhold or withdraw from the market any Order or any part of an Order placed by any Customer, unless expressly instructed or authorized to do so by such Customer.

**614. Disclosing Orders**

Except in accordance with any policies or procedures for pre-execution discussions from time to time adopted by the Exchange, no Member (including its Registered Users) may disclose to any Person any Order placed by any other Person, except to the Exchange, the Commission or the United States Department of Justice.

**615. Pre-Arranged Trades**

No Member (including its Registered Users) may enter any Order into the NYSE Liffe US Trading Platform which has been pre-arranged, except as expressly permitted by Rules 422 and 423 or in accordance with any policies or procedures for pre-execution discussions from time to time adopted by the Exchange.

**616. Simultaneous Buying and Selling Orders**

(a) No Member (including its Registered Users) may accept simultaneous buy and sell Orders from the same Customer for the same delivery month of a particular Future.

(b) A Member (including its Registered Users) holding Orders to buy and sell at the same time from different Customers for the same month of a particular Future may enter both Orders into the NYSE Liffe US Trading Platform.

## CHAPTER 7 DISCIPLINE AND ENFORCEMENT

### 701. General

(a) All Members, Registered Users and other Persons within the Exchange's jurisdiction are subject to this Chapter 7 if they are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule of the Exchange or any provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction.

(b) Except when the Board reserves responsibility for an inquiry or investigation to itself or delegates its responsibility to a committee of the Board, the Exchange will conduct inquiries, investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 7.

(c) The Exchange may delegate any or all of its powers or responsibilities under this Chapter 7 to the Market Regulation Department, which may take any actions on behalf of the Exchange that the Exchange is permitted to take hereunder. In the event of any such delegation, references to the Exchange in this Chapter 7 shall be construed to be references to the Market Regulation Department.

(d) No member of the staff of the Exchange will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action. No member of the Board will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action with respect to which the Board member is not a member of the relevant Appeals Panel or Summary Review Panel.

(e) Any Member, Registered User or other Person within the Exchange's jurisdiction may be represented by counsel during any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary actions pursuant to this Chapter 7.

(f) Pursuant to this Chapter 7, the Exchange may hold:

(i) a Member liable for, and impose sanctions against such Member, for such Member's own acts and omissions that constitute a violation;

(ii) a Member liable for, and impose sanctions against such Member, for the acts and omissions of each Registered User authorized by, and each other agent or representative of, such Member that constitute a violation as if such violation were that of the Member;

(iii) a Registered User liable for, and impose sanctions against him or her, for such Registered User's own acts and omissions that constitute a violation; and

(iv) a Registered User liable for, and impose sanctions against him or her, for the acts and omissions of each agent or representative of such Registered User that constitute a violation as if such violation were that of the Registered User.

(g) The Board shall appoint individuals at the recommendation of the Chief Regulatory Officer to serve as participants on Review Panels, Summary Review Panels, Hearing Panels and Appeal Panels as set forth in Chapter 7 of the Rules. The individuals so appointed shall constitute the Disciplinary Panel and be Disciplinary Panel Members ("DPMs"), and shall serve for a one year term from appointment. The Chief Regulatory Officer shall assign DPMs to either industry participant pools or to a public DPM pool, in the case of DPMs who would qualify as public directors, as defined in Subsections 2(ii) and 2(iii) of the Commission's Acceptable Practices found in its *Guidance On, and Acceptable Practices In, Compliance with Core Principle 15* in Appendix B to Part 38 of the Commission's Regulations, 17 C.F.R. Part 38 Appendix B. The Board may re-appoint DPMs to subsequent terms following the expiration of their initial term. The terms of DPMs serving on an active panel do not expire until the panel's proceedings are completed. The Chief Regulatory Officer shall exercise complete discretion in defining the industry participant pools and the assignment of non-public DPMs to such pools. In forming a Review Panel, Summary Review Panel, Hearing Panel or Appeals Panel, the Chief Regulatory Officer shall draw DPMs randomly from the industry participant pools as set forth in Chapter 7 so that any group or class of industry participants is precluded from dominating or exercising disproportionate influence on the panel being formed, and so that at least one person drawn from the public DPM pool is included on the panel.<sup>23</sup>

(h) Exchange disciplinary proceedings will be conducted as set forth in this Chapter 7 by the following panels, which shall be formed in accordance with Rule 701(i):

(i) Appeals Panel

The term "Appeals Panel" means a panel comprised of three individuals, two of whom shall be Members (or officers of Members or affiliates of Members). The Chief Regulatory Officer shall form an Appeals Panel upon the filing of one or more notices of appeal pursuant to Rule 717. The Appeals Panel will consider the appeal or appeals for which it was formed in accordance with Chapter 7.

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<sup>23</sup> Amendment to Rule 701 adding subsection (g). Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

(ii) Hearing Panel

The term “Hearing Panel” means a panel consisting of five individuals. The Chief Regulatory Officer shall form a Hearing Panel upon the service of one or more Notices of Charges pursuant to Rule 708. The Hearing Panel will conduct hearings in connection with any disciplinary proceedings, and make findings and impose sanctions pursuant to Chapter 7.

(iii) Review Panel

The term “Review Panel” means a panel comprised of three individuals, two of whom shall be Members (or officers of Members or affiliates of Members). The Chief Regulatory Officer shall form a Review Panel upon his or her determination to initiate one or more disciplinary proceedings pursuant to Rule 703(b). The Review Panel will commence its deliberations and take the actions it deems appropriate as set forth in Rules 704 and 705 to review investigation reports submitted to it by the Market Regulation Department to determine (a) whether a reasonable basis exists to believe that a violation of a Rule of the Exchange has occurred and (b) whether commencing disciplinary proceedings in respect of such potential violation is warranted.

(iv) Summary Review Panel

The term “Summary Review Panel” means a panel comprised of three individuals, two of whom shall be Members (or officers of Members or affiliates of Members). The Chief Regulatory Officer shall form a Summary Review Panel upon the President or his or her designee’s determination to initiate one or more summary actions pursuant to Rule 719. The Summary Review Panel will commence its deliberations and take the actions it deems appropriate as set forth in Rule 719 to conduct a hearing concerning the summary action.<sup>24</sup>

(i) In forming a Review Panel, Summary Review Panel, Hearing Panel or Appeals Panel, the Chief Regulatory Officer shall draw panel members from the DPMs appointed by the Board. In drawing the individuals to participate on a panel, the Chief Regulatory Officer shall draw individuals randomly from those pools of DPMs that the Chief Regulatory Officer shall create in his or her discretion, so that any group or class of industry participants is precluded from dominating or exercising disproportionate influence on the panel, and so that at least one person drawn from the public DPM pool is included on the panel. If a member randomly drawn (i) has one or more of the prohibited conflicts of interest set forth in Rule 204 based on information available to the Chief Regulatory Officer, (ii) is affiliated with a Member who or whose officers or employees or

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<sup>24</sup> Amendment to Rule 701 adding subsection (h). Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

affiliate's officers and employees have been or are likely to be witnesses in the proceeding or prior panel proceeding, (iii) is affiliated with the same Member as, or closely related to (e.g. spouse, parent or child of), another individual previously selected and serving on the panel, (iv) is ineligible to serve on the panel, or (v) in the case of a Hearing Panel or Appeals Panel, participated on a prior panel proceeding in the same matter, the Chief Regulatory Officer will draw randomly again from the same pool of DPMs. If after being seated, a panel member recuses him or herself or is disqualified, the Chief Regulatory Officer shall randomly draw a replacement panel member from the same pool to which the recused or disqualified panel member is assigned in the manner set forth above, except as otherwise provided in Rule 711(d). If there are no more DPMs eligible to serve on the panel assigned to an industry participant pool, the Chief Regulatory Officer may, in his or her discretion, choose to draw randomly from another industry participant pool or the public pool. A public panelist who recuses him or herself or is disqualified may only be replaced by another DPM drawn from the public DPM pool. After being formed, the members of a panel shall select one member to act as chairman and one of whom will serve as vice-chairman.<sup>25</sup>

## **702. Inquiries and Investigation**

(a) The Market Regulation Department will investigate any matter within the Exchange's disciplinary jurisdiction that is brought to such Department's attention. The Market Regulation Department will determine the nature and scope of its inquiries and investigations within its sole discretion and will function independently of any commercial interests of the Exchange.

(b) The Market Regulation Department has the authority to:

(i) initiate and conduct inquiries and investigations;

(ii) prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;

(iii) prosecute alleged violations within the Exchange's disciplinary jurisdiction; and

(iv) represent the Exchange on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

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<sup>25</sup> Amendment to Rule 701 adding subsection (i). Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

(c) Each Member (including where applicable a Member's officers, employees or agents subject to the Member's control), Registered User and other Person subject to the Exchange's jurisdiction.<sup>26</sup>

(i) is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Market Regulation Department in connection with: (A) any Exchange Business or Rule of the Exchange; (B) any inquiry or investigation; or (C) any preparation by and presentation during a disciplinary proceeding or appeal from a decision in a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by the Exchange;

(ii) is obligated to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Market Regulation Department in connection with: (A) any Exchange Business or Rule of the Exchange; (B) any inquiry or investigation; or (C) any preparation by and presentation during a disciplinary proceeding or appeal from a decision in any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by the Exchange; and

(iii) may not impede or delay any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

### **703. Reports of Investigations**

(a) The Market Regulation Department will maintain a log of all investigations and their disposition. The Market Regulation Department will prepare a written report of investigation when the evidence gathered during any inquiry or investigation forms a reasonable basis to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(b) Any written report of investigation will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, and the recommendation of the Market Regulation Department. For each potential respondent, the Market Regulation Department will recommend either (i) closing the investigation without further action, (ii) resolving the investigation through an informal disposition, including the issuance of a warning letter or (iii) initiating disciplinary proceedings. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction.

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<sup>26</sup> Amendment to text of subsection (c) of Rule 702. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

#### **704. Opportunity to Respond**

(a) After completing its investigation report, the Market Regulation Department may, upon approval of the Review Panel, notify each potential respondent that the Market Regulation Department has recommended formal disciplinary charges against the potential respondent.

(b) The Market Regulation Department may allow a potential respondent to propose a settlement of the matter or to submit a written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought. The potential respondent shall submit such written statement within the time limit established by the Market Regulation Department.

#### **705. Review of Investigative Reports**

(a) The Review Panel will review promptly each completed investigation report to determine whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(b) If the Review Panel determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur, the Review Panel will direct the Market Regulation Department to conduct further investigation.

(c) After receiving notice of completion of an investigation, the Review Panel will determine for each potential respondent whether to authorize:

(i) the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur;

(ii) the informal disposition of the investigation (by issuing a warning letter or otherwise) because disciplinary proceedings are unwarranted or because no reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur; or

(iii) the closing of the investigation without any action because disciplinary proceedings are not warranted or no reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(d) Any member of the Review Panel must promptly recuse himself or herself and notify the Chief Regulatory Officer of the recusal if such member has a



relationship of a type listed in Rule 204(a)(i) with a potential respondent in an investigative report.<sup>27</sup>

#### **706. Notice of Charges**

(a) If the Review Panel authorizes disciplinary proceedings pursuant to Rule 705(c)(i), the Market Regulation Department will prepare, and serve in accordance with Rule 708, a notice of charges.

(b) A notice of charges will:

(i) state the acts, practices or conduct that the respondent is alleged to have engaged in;

(ii) state the Rule of the Exchange or provision of Applicable Law alleged to have been violated or about to be violated;

(iii) state the proposed sanctions;

(iv) advise the respondent of its right to a hearing;

(v) state the period of time within which the respondent can request a hearing on the notice of charges, which will not be less than 20 days after service of the notice of charges;

(vi) advise the respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing; and

(vii) advise the respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted.

#### **707. Answer to Notice of Charges**

(a) If the respondent determines to answer a notice of charges, the respondent must file answers within 20 days after being served with such notice, or within such other time period determined appropriate by the Chairman of the Hearing Panel.<sup>28</sup>

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<sup>27</sup> All references in the Rules to the term "General Counsel" have hereinafter been replaced with the term "Chief Regulatory Officer". Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. *See* Notice 27/2009.

<sup>28</sup> All references in the Rules to the term "Director of Hearings" have hereinafter been replaced with the term "Chairman of the Hearing Panel". Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. *See* Notice 27/2009.

- (b) To answer a notice of charges, the respondent must in writing:
- (i) specify the allegations that the respondent denies or admits;
  - (ii) specify the allegations that the respondent does not have sufficient information to either deny or admit;
  - (iii) specify any specific facts that contradict the notice of charges;
  - (iv) specify any affirmative defenses to the notice of charges; and
  - (v) sign and serve the answer on the Chief Regulatory Officer.

(c) Any failure by the respondent to timely serve an answer to a notice of charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to answer one or more allegations in a notice of charges will be deemed to be an admission of that allegation or those allegations. Any allegation in a notice of charges that the respondent fails to expressly deny will be deemed to be admitted. A general denial by the respondent, without more, will not satisfy the requirements of paragraph (b) above.

#### **708. Service of Notice of Charges**

Any notice of charges or other documents contemplated to be served pursuant to this Chapter 7 may be served upon the respondent either personally or by leaving the same at his or her place of business or by deposit in the United States mail, postage prepaid, via registered or certified mail addressed to the respondent at the address as it appears on the books and records of the Exchange.

#### **709. Settlements**

(a) A respondent or potential respondent may at any time propose in writing an offer of settlement to anticipated or instituted disciplinary proceedings. Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Market Regulation Department. A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings but must accept the jurisdiction of the Exchange over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.

(b) If a respondent or potential respondent submits an offer of settlement in accordance with paragraph (a) above, the Market Regulation Department will forward the offer to the Chief Regulatory Officer or his or her designee with a recommendation on whether to accept or reject the offer. If the Chief Regulatory Officer or his or her designee, as the case may be, conditionally accepts an offer of settlement, the settlement will become final upon the expiration of 20 days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on

the respondent, unless the Board calls the matter for review before the end of the 20-day period.

(c) If an offer of settlement is accepted and the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review and appeal under these Rules.

(d) If the offer of settlement of a respondent or potential respondent is not accepted, fails to become final or is withdrawn by the respondent or potential respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a respondent or potential respondent nor the Market Regulation Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, disciplinary proceedings.

#### **710. Hearing Panel<sup>29</sup>**

Within 10 days of being notified of the initial appointment of a Hearing Panel or the appointment of a replacement panelist pursuant to Rule 701(i), a respondent may seek to disqualify any individual named to the Hearing Panel for the reasons identified in Rule 204 or for any other reasonable grounds, by serving written notice on the Chief Regulatory Officer and providing a copy thereof to the Market Regulation Department. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Hearing Panel. The Chief Regulatory Officer will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

#### **711. Convening Hearings of Disciplinary Proceedings**

(a) All disciplinary proceedings (except for summary impositions of fines pursuant to Rule 718) will be conducted at a hearing before a Hearing Panel. A hearing will be conducted privately and confidentially unless the Hearing Panel decides that the hearing, or any part of it, should be held in public after giving each respondent the opportunity to present its, his or her views on holding a public hearing. Notwithstanding the confidentiality of hearings, a Hearing Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.

(b) After reasonable notice to each respondent, the Hearing Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Market Regulation Department.

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<sup>29</sup> Subsections (a) and (b) of Rule 710 deleted. Text of subsection (c) amended and renumbered. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009.

(c) The chairman of the Hearing Panel may continue, adjourn or otherwise conduct the hearing, as he or she may deem appropriate. The chairman of the Hearing Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the chairman of the Hearing Panel will not be bound by any evidentiary or procedural rules or law. Once admitted during the hearing, the Hearing Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. The Exchange will provide guidance to the chairman of the Hearing Panel on the conduct of the hearing.

(d) Except for procedural and evidentiary matters decided by the chairman of the Hearing Panel pursuant to paragraph (c) above and Rule 712, unless each respondent otherwise consents, the entire Hearing Panel must be present during the entire hearing and any related deliberations.

## **712. Respondent Review of Evidence**

(a) Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of the Exchange that the Market Regulation Department will use to support the allegations and proposed sanctions in the notice of charges or which the chairman of the Hearing Panel deems relevant to the disciplinary proceedings. Notwithstanding the foregoing, no respondent will have the right to review, and the Exchange will have no obligation to disclose, any information protected by attorney-client privilege.

(b) If any books, records, documents, papers, transcripts of testimony, or other tangible evidence contain information that could adversely affect the competitive position of the Person providing the information or if such information might compromise other investigations being conducted by the Market Regulation Department, the Market Regulation Department may redact, edit or code such information before furnishing it to the respondent.

(c) Notwithstanding anything in paragraph (b) above to the contrary, the Market Regulation Department:

(i) will not redact, edit or code competitive or investigative information contained in documents in a manner that would impair the respondent's ability to defend against the allegations or proposed sanctions in the notices of charges, and

(ii) will provide the respondent with access to the information and portions of the documents that the Market Regulation Department intends to rely on to support the allegations or proposed sanctions in the notice of charges.

(d) For purposes of this Rule 712, information that could adversely affect competitive positions include positions in Contracts currently held, trading strategies

employed in establishing or liquidating positions, the identity of Customers, and the personal finances of the Person providing the information.

### **713. Conducting Hearings of Disciplinary Proceedings**

(a) At a hearing conducted in connection with any disciplinary proceedings, the Market Regulation Department will present its case supporting the allegations and proposed sanctions in the notice of charges to the Hearing Panel. If a respondent has timely filed an answer to the notice of charges in accordance with Rule 707, the respondent is entitled to attend and participate in the hearing.

(b) At a hearing conducted in connection with any disciplinary proceedings, the Hearing Panel or the Market Regulation Department and each respondent may:

(i) present evidence and facts determined relevant and admissible by the chairman of the Hearing Panel;

(ii) call and examine witnesses (including employees or agents of the Exchange that form part of the Market Regulation Department); and

(iii) cross-examine witnesses called by other parties.

(c) If the respondent fails to file an answer, has filed a general denial, or if any or all of the allegations in the notice of charges are not expressly denied in the respondent's answer, the chairman of the Hearing Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross-examining witnesses, testifying in defense, presenting evidence concerning the Notice of Charges, or otherwise) unless the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer. If the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer, the Hearing Panel will adjourn the hearing and direct the respondent to promptly file a written answer in accordance with Rule 707.

(d) Any Person entitled, or required or called upon, to attend a hearing before a Hearing Panel pursuant to paragraph (b)(ii) above will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. The Exchange will require Persons within its jurisdiction that are called as witnesses to appear at the hearing and produce evidence. The Exchange will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.

(e) If during any disciplinary proceedings the Hearing Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Rule of the Exchange or a provision of Applicable Law other than the violations alleged in the notice of charges, the Hearing Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional

allegations in accordance with Rule 707. In connection with considering apparent violations pursuant to this paragraph (e), the Hearing Panel may request that the Market Regulation Department provide the Panel with any additional information.

(f) The Hearing Panel may summarily impose sanctions on any Member, Registered User or other Person within the Exchange's jurisdiction that impede or delay the progress of a hearing.

(g) The Exchange will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded hearing verbatim, or substantially verbatim, in a manner capable of accurate transcription. If the respondent requests a copy of all or portions of the recording of a hearing, the chairman of the Hearing Panel may within his or her sole discretion order the respondent to pay the costs for transcribing the recording of the hearing.

(h) No interlocutory appeals of rulings of any Hearing Panel or chairman of the Hearing Panel are permitted.

#### **714. Decision of Hearing Panel**

(a) As promptly as reasonable following a hearing, the Hearing Panel will issue an order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Hearing Panel will constitute the decision of the Hearing Panel.

(b) The Exchange will serve a copy of the order of the disciplinary proceedings on the respondent and the Market Regulation Department. The order will include:

(i) the notice of charges or summary of the allegations;

(ii) the answer, if any, or a summary of the answer;

(iii) a brief summary of the evidence introduced at the hearing;

(iv) findings of fact and conclusions concerning each allegation, including each specific Rule of the Exchange and provision of Applicable Law that the respondent is found to have violated; and

(v) the imposition of sanctions, if any, and the effective date of each sanction.

(c) Unless a timely notice of appeal is filed pursuant to Rule 717, the order of the disciplinary proceedings will become final upon the expiration of 20 days after the order is served on the respondent and a copy thereof is provided to the Market Regulation Department.

## 715. Sanctions

(a) After notice and opportunity for hearing in accordance with these Rules, the Exchange will impose sanctions if a Member, Registered User or other Person within the Exchange's jurisdiction is found to have violated a Rule of the Exchange or provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction. The Exchange may impose one or more of the following sanctions or remedies: (i) censure; (ii) limitation on the Member's right to access the NYSE Liffe US Trading Platform, association with a Member or other activities, functions or operations; (iii) suspension of the Member's right to access the NYSE Liffe US Trading Platform or association with a Member for a period not to exceed 12 months; (iv) fine (subject to paragraph (b) below); (v) restitution or disgorgement; (vi) expulsion or termination of a Member, Registered User or other Person within the Exchange's jurisdiction; or (vii) any other sanction or remedy deemed to be appropriate. If the Exchange determines to suspend or expel a Member that is registered with the Commission as a futures commission merchant, the Exchange shall assure that any customer accounts and customer funds carried by such Member are first transferred to another futures commission merchant, as appropriate and Member shall fully cooperate with the Exchange in effecting any transfers.<sup>30</sup>

(b) The Exchange may impose a fine of up to \$500,000 for each violation. If a fine or other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. The Exchange has sole discretion to select the bank on whose quotations to base the prime rate. Each Member will be responsible for paying any fine or other amount imposed on, but not paid by, any Registered User authorized by, or other agent or representative of, such Member.

## 716. Costs

(a) Regardless of the outcome of any disciplinary proceeding, a Hearing Panel may order a respondent to pay some or all of the costs associated with the disciplinary proceedings, including costs that the Hearing Panel believes were unnecessarily caused by the respondent. Costs may include costs associated with the inquiry or investigation, the prosecution by the Market Regulation Department, legal and professional assistance, the hearing and administrative and other expenses incurred by the Hearing Panel.

(b) A Hearing Panel may only award costs against the Exchange if the Panel concludes that the Exchange has behaved in a manifestly unreasonable manner in the commencement or conduct of the disciplinary proceedings in question. The Hearing Panel must limit any award of costs against the Exchange to an amount that the Panel concludes is reasonable and appropriate, but does not exceed the respondent's costs for external legal or other external professional assistance.

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<sup>30</sup> Text of subsection (a) of Rule 715 amended. Effective November 20, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. *See* Notice 27/2009.

(c) The Hearing Panel may determine the amounts and allocation of costs in any manner it may deem appropriate. The Exchange or the respondent will pay any costs ordered to be paid by it by the Disciplinary Panel within 30 days of the later of either written notice of (i) the amount imposed by the Hearing Panel or (ii) the determination of an appeal by an Appeals Panel against the Hearing Panel's determination.

#### **717. Appeal from Disciplinary Panel Decision**

(a) Each respondent found by a Hearing Panel to have violated a Rule of the Exchange or a provision of Applicable Law may appeal the decision of the Hearing Panel within 20 days of receiving the order of the disciplinary proceedings by filing a notice of appeal with the Chief Regulatory Officer. While an appeal is pending, the effect of the order of disciplinary proceedings (including any sanctions, remedies or costs imposed thereby) is suspended.

(b) In a notice of appeal, the appellant must state in writing the grounds for appeal, including the findings of fact, conclusions or sanctions to which the respondent objects. An appellant may appeal the order of disciplinary proceedings on the grounds that:

(i) the decision was arbitrary, capricious, an abuse of discretion, or not in accordance with the Rules of the Exchange;

(ii) the decision exceeded the authority or jurisdiction of the Hearing Panel or the Exchange;

(iii) the decision failed to observe required procedures;

(iv) the decision was unsupported by the facts or evidence; or

(v) the imposed sanctions, remedies or costs are inappropriate or unsupported by the record.

(c) The Chief Regulatory Officer will forward copies of any notice of appeals received by it to all parties to the disciplinary proceedings in question, except the appellant. On or before the 20th day after filing a notice of appeal, the appellant must file with the Chief Regulatory Officer and serve on the Market Regulation Department a brief supporting the notice of appeal and documents supporting the brief. On or before the 20th day after the date on which the appellant served its, his or her brief, the appellee must file and serve its brief in opposition. On or before the 10th day after the date on which the appellee served its, his or her brief in opposition, the appellant must file and serve a brief in reply.



(d) Within 30 days after the last submission filed pursuant to paragraph (c) above, the Market Regulation Department will appoint, pursuant to Rule 701(i), an Appeals Panel to consider and determine the appeal.<sup>31</sup>

(e) Within 10 days of being notified of the appointment of an Appeals Panel, the appellant may seek to disqualify any individual named to the Appeals Panel for the reasons listed in Rule 204 or for any other reasonable grounds, by serving written notice on the Chief Regulatory Officer. By not timely filing a request for disqualification, the appellant will be deemed to have waived any objection to the composition of the Appeals Panel. The Chief Regulatory Officer will decide the merits of any such objection in his or her sole discretion. Any such decision will be final and not subject to appeal.

(f) An Appeals Panel may hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially unless the Appeals Panel decides that the hearing, or any part of it, should be held in public after giving each appellant the opportunity to present its, his or her views on holding a public hearing. Notwithstanding the confidentiality of hearings, an Appeals Panel may appoint individuals to attend any hearing and assist in the deliberations if such individuals agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeals Panel will not be bound by any evidentiary or procedural rules or law.

(g) The Appeals Panel will only consider on appeal the record before the Hearing Panel, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeals Panel may only consider new evidence when the Panel is satisfied that good cause exists on why the evidence was not introduced during the disciplinary proceedings.

(h) After completing its review, the Appeals Panel may affirm, modify or reverse any order of disciplinary proceedings under appeal in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by the Rules of the Exchange, or remanding the matter to the same or a different Hearing Panel for further disciplinary proceedings. The Appeals Panel may order a new hearing for good cause or if the Panel deems it appropriate.

(i) As promptly as reasonably possible following its review, the Appeals Panel will issue a written decision on appeal rendering its decision based on the weight of the evidence before the Appeals Panel. A decision by a majority of the Appeals Panel will constitute the decision of the Appeals Panel. The decision of the Appeals Panel will include a statement of findings of fact and conclusions for each finding, sanction, remedy and cost reviewed on appeal, including each specific Rule of the

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<sup>31</sup> Subsection (d) of Rule 204 deleted. Text of prior subsection (e) amended and renumbered. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. *See* Notice 27/2009.

Exchange and provision of Applicable Law that the respondent is found to have violated, if any, and the imposition of sanctions, remedies and costs, if any, and the effective date of each sanction, remedy or cost.

(j) An Appeals Panel's written order on appeal (including findings of fact and conclusions and the imposition of sanctions, remedies and costs, and the effective date of any sanction, remedy cost) will be the final action of the Exchange and will not be subject to appeal within the Exchange.

#### **718. Summary Imposition of Fines**

(a) The Market Regulation Department may summarily impose a fine against a Member or Registered User for failing:

(i) to make timely payments of original or variation margin, options premiums, fees, cost, charges or fines to the Exchange or the Clearing Service Provider;

(ii) to make timely and accurate submissions to the Exchange of notices, reports or other information required by the Rules of the Exchange; and

(iii) to keep any books and records required by the Rules of the Exchange.

(b) The Market Regulation Department will give notice of any fine imposed pursuant to this Rule 718 to each Member or Registered User subject thereto. The notice will specify (i) the violations of the Rules of the Exchange for which the fine is being imposed, (ii) the date of the violation for which the fine is being imposed and (iii) the amount of the fine. Within 10 days of serving the notice of fine, the Member or Registered User in question must either pay the fine or submit a written request to the Board for review of the fine that specifies the basis for the requested review. If the Member or Registered User does not request a review within 10 days of service of the notice of fine, the fine becomes final.

(c) Upon a request for review pursuant to paragraph (b) above, the Chief Regulatory Officer will appoint a Summary Review Panel to promptly hear and consider the request for review. At the hearing, (i) the Member or Registered User that is subject to the fine may appear and present evidence to establish that it did not commit the violation for which the fine was imposed, that the fine imposed is excessive, or both, and (ii) the Market Regulation Department may present evidence to establish that the Member or Registered User committed the violation for which the fine was imposed, that the fine imposed is not excessive, or both. In connection with the hearing to review the summary imposition of fines, the Summary Review Panel will not be bound by any law concerning evidence or procedural matters.

(d) As promptly as reasonably possible following the hearing, the Summary Review Panel will issue a written decision and provide copies of that decision to the

Market Regulation Department and the Member or Registered User in question. The written decision shall include

- (i) a description of, and reasons for, the summary action taken;
  - (ii) a brief summary of the evidence introduced at the hearing;
  - (iii) findings of fact and conclusions;
  - (iv) the affirmation, modification or reversal of the summary action;
- and

A decision by a majority of the Summary Review Panel will constitute the decision of the Summary Review Panel. The Summary Review Panel may affirm, modify, increase or decrease any fine imposed pursuant to this Rule 718, subject to the maximum established by the Board pursuant to paragraph (e) below. The Summary Review Panel's decision on review of the summary imposition of fines will be the final action of the Exchange and not subject to appeal.

(e) The Board will set the amount of any fines imposed pursuant to this Rule 718, with the maximum fine for each violation not exceeding \$5,000. Summary imposition of fines pursuant to this Rule 718 will not preclude the Exchange from bringing any other action against the Member or Registered User in question.

#### **719. Summary Suspensions and Other Summary Actions**

(a) Notwithstanding anything in the Rules of the Exchange to the contrary, the President, or his or her designee, may summarily suspend the Member's right to access the NYSE Liffe US Trading Platform or the association of a Registered User with a Member or take other summary action against any Member, Registered User or other Person subject to the Exchange's jurisdiction. To summarily suspend or take summary action, the President, or his or her designee, must reasonably believe that the business, conduct or activities of the Member, Registered User or other Person in question is not in the best interests of the Exchange or the marketplace, including based on any of the following: (i) statutory disqualification from registration as provided in CEA Section 8a(2) or (3); (ii) non-payment of fees, costs, charges, fines or arbitration awards; or (iii) reasonable belief that immediate action is necessary to protect the public or the best interests of the Exchange.

(b) Whenever the President, or his or her designee proposes to take summary action pursuant to paragraph (a) above, the Exchange will, if practicable, provide written notice to the party against whom the action is contemplated. If prior notice is not practicable, the Exchange will give notice at the earliest possible opportunity to the respondent against whom the action is brought. The Market Regulation Department will prepare a notice of summary action (which will state the action, the reasons for the action, and the effective time, date, and duration of the action) and serve the notice on the respondent. Promptly but no later than 20 days after

service of the notice of summary action, a Summary Review Panel will conduct a hearing concerning the summary action.

(c) At the hearing concerning the summary action, the Market Regulation Department will present its case supporting the action and the respondent may present its, his or her case opposing the action and each may present evidence and facts that the Summary Review Panel determines is relevant and admissible and call, examine and cross-examine witnesses. The Exchange will require Persons within its jurisdiction to appear as witnesses and produce evidence if the Summary Review Panel determines that evidence is relevant. During the hearing, the Summary Review Panel will not be bound by any law concerning evidence or procedural matters.

(d) As promptly as reasonably possible after the hearing concerning a summary action, the Summary Review Panel will issue an order rendering its decision based on the weight of the evidence presented at the hearing. The decision of a majority of the Summary Review Panel will be the decision of the Summary Review Panel. The Exchange will serve copies of the order of the Summary Review Panel on the respondent and the Market Regulation Department. The order will include:

- (i) a description of, and reasons for, the summary action taken;
  - (ii) a brief summary of the evidence introduced at the hearing;
  - (iii) findings of fact and conclusions;
  - (iv) the affirmation, modification or reversal of the summary action;
- and
- (v) any further actions to be taken and the effective date and duration of those actions.

(e) Any decision of a Summary Review Panel will become final and not subject to appeal within the Exchange upon serving the respondent with a copy of the decision.

(f) At the request of the Exchange or the Clearing Service Provider, a respondent against whom a summary action is brought pursuant to this Rule 719 must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, the Exchange or the Clearing Service Provider in connection with the enforcement of any Rule of the Exchange or Rule of the Clearing Service Provider.

(g) A respondent whose right to access the NYSE Liffe US Trading Platform, or whose association with a Member, is suspended pursuant to this Rule 719 may apply for reinstatement by filing with the Secretary a written request stating the applicant's reasons for seeking reinstatement. The Exchange will not consider a respondent's request for reinstatement if the respondent (i) owes any fines, fees, charges or costs to the Exchange, (ii) continues to fail to appear at disciplinary

proceedings without good cause or (iii) continues to impede the progress of disciplinary proceedings.

(h) Within a reasonable period after the filing of a request for reinstatement, a Summary Review Panel will conduct a hearing to consider the request. At the hearing for reinstatement, the respondent will present its, his or her case supporting the reinstatement and the Market Regulation Department may, in its discretion, present its case opposing or supporting the reinstatement and each may present relevant and admissible evidence and facts and call, examine and cross-examine witnesses. At the hearing for reinstatement, the Exchange may require Persons within its jurisdiction to appear as witnesses and produce evidence if the Summary Review Panel determines that the evidence is relevant. During any reinstatement hearing, the Summary Review Panel will not be bound by any law concerning evidence or procedural matters.

(i) As promptly as reasonably possible after a reinstatement hearing, the Summary Review Panel will issue an order reinstating, denying the reinstatement, or placing conditions on the reinstatement of the respondent's right to access the NYSE Liffe US Trading Platform, or association with a Member. The order will include a brief summary of the evidence introduced at the reinstatement hearing; and, if applicable, findings of fact and conclusions not contained in the Summary Review Panel's initial order issued pursuant to Rule 719(d) above. The Summary Review Panel's order may be appealed by the respondent pursuant to the appeal procedures outlined in Rule 717 above.

## **720. Rights and Responsibilities after Suspension or Termination**

(a) When the Member's right to access the NYSE Liffe US Trading Platform, or the association of a Registered User with a Member, is suspended for a period of 12 months or less, none of its rights (including the right to hold oneself out to the public as a Member, enter Orders into the NYSE Liffe US Trading Platform and receive Member rates for fees, costs, and charges and deposit margin at Member levels) will apply during the period of the suspension, except for the right of the Member or Registered User in question to assert claims against others as provided in the Rules of the Exchange. Any such suspension will not affect the rights of creditors under the Rules of the Exchange or relieve the Member or Registered User in question of its, his or her obligations under the Rules of the Exchange to perform any Contracts entered into before the suspension, or for any Exchange fees, costs, or charges incurred during the suspension. The Exchange may discipline a suspended Member or Registered User under this Chapter 7 for any violation of a Rule of the Exchange or provision of Applicable Law committed by the Member before, during or after the suspension.

(b) When the Member's right to access the NYSE Liffe US Trading Platform, or the association of a Registered User with a Member, is terminated, all of its rights will terminate, except for the right of the Member or Registered User in question to assert claims against others, as provided in the Rules of the Exchange. Any such termination will not affect the rights of creditors under the Rules of the Exchange. A terminated Member or Registered User may only seek to reinstate its right to access

the NYSE Liffe US Trading Platform by filing an application in accordance with Rule 305. The Exchange will not consider the application of a terminated Member or Registered User if such Member or Registered User continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.

(c) An suspended or terminated Member or Registered User remains subject to the Rules of the Exchange and the jurisdiction of the Exchange for acts and omissions prior to the suspension or termination, and must cooperate in any inquiry, investigation, disciplinary proceeding, appeal of disciplinary proceedings, summary suspension or other summary action as if the suspended or terminated Member or Registered User still had the right to access the NYSE Liffe US Trading Platform or was still associated with a Member, as the case may be.

**721. Notice to the Respondent, the Commission and the Public**

The Exchange will provide written notice of disciplinary proceedings to the parties and the Commission consistent with Commission Regulations. Whenever the Exchange suspends, expels, fines or otherwise disciplines, or denies any Person access, to the Exchange, the Exchange will make the public disclosures required by Commission Regulations.

## CHAPTER 8 ARBITRATION

### 801. General

(a) Except as otherwise provided in the Rules of the Exchange, Members must arbitrate all controversies arising in connection with their Exchange Business between or among themselves.

(b) Except as otherwise provided in the Rules of the Exchange, if required by the applicable Customer agreement to which a Customer has provided its prior written consent in accordance with Commission Regulation § 166.5 or, in the absence of a written agreement, if the relevant Customer otherwise agrees to arbitrate in accordance with Commission Regulation § 166.5 (when applicable), Members must arbitrate all controversies arising in connection with their Exchange Business between themselves and their respective Customers.

(c) Notwithstanding the foregoing, this Rule 801 does not require arbitration of claims alleging employment discrimination (including sexual harassment) in violation of Applicable Law.

### 802. Forum

NFA will conduct any and all arbitrations of a type described in Rule 801; *provided, however*, that, in the event the claim involves Persons that are located outside of the United States, the Exchange may designate another arbitration forum.

### 803. Applicable Rules

Any and all arbitrations of a type described in Rule 801 that involve Customers will be conducted pursuant to NFA's Code of Arbitration. All other arbitrations of a type described in Rule 801 will be conducted pursuant to NFA's Member Arbitration Rules. Notwithstanding the foregoing, if the Exchange designates another arbitration forum in accordance with Rule 802, the arbitration will be conducted pursuant to the rules of such forum.

### 804. Penalties

(a) Any failure on the part of any Member, Registered User or other Person subject to the Exchange's jurisdiction to arbitrate a case subject to arbitration, or the commencement by any such Person of a suit in any court prior to arbitrating a case subject to arbitration, violates the Rules of the Exchange and subjects such Member, Registered User or other Person to disciplinary proceedings pursuant to Chapter 7.

(b) The Exchange may summarily suspend, pursuant to Rule 719, a Member, Registered User or other Person subject to the Exchange's jurisdiction that fails to satisfy an arbitration award rendered in any arbitration pursuant to this Chapter 8.

**CHAPTER 9**  
**RECONSIDERATION REGARDING DENIAL OF ACCESS RIGHTS**

**901. Procedures**

(a) If the Exchange, pursuant to Rule 304, denies a Person's application to become a Member or association with a Member, conditions the right to access the NYSE Liffe US Trading Platform or association, determines not to permit a Person to keep its right to access the NYSE Liffe US Trading Platform or maintain its association, or conditions the right to access the NYSE Liffe US Trading Platform or association of any Person, then, in any such case, the affected applicant, Member or Registered User, as the case may be, within seven days after receiving written notice of such decision, may request in writing that the Exchange provide the reasons therefor in writing. Within 14 days of receiving any such written request, the Exchange will provide the applicant, Member or Registered User, as the case may be, with such reasons in writing. Within 14 days of receiving the Exchange's written response, the applicant, Member or Registered User, as the case may be, may request, in writing, that the Exchange reconsider its initial decision and may provide any written representations or other information that the applicant, Member or Registered User, as the case may be, believes is relevant to the reconsideration.

(b) Within 28 days of receiving either a written request for reconsideration or written representations or information from the applicant, Member or Registered User, as the case may be, or a statement from such Person that no such representation or information is to be made or supplied, a Summary Review Panel will either confirm, reverse or modify the initial decision and will promptly notify the applicant, Member or Registered User, as the case may be, accordingly. The Summary Review Panel may in its discretion schedule a hearing or establish any other process that it believes is necessary and appropriate to consider the request for reconsideration. Any decision by the Summary Review Panel pursuant to this paragraph (b) constitutes the final action of the Exchange with respect to the matter in question and is not subject to appeal.



## **CHAPTER 10 CONTRACTS**

### **1001. Contract Specifications**

Each Contract will meet such specifications, and all trading in such Contract will be subject to such procedures and requirements, as set forth in the Rules governing such Contract.

### **1002. Delivery**

Delivery of the Commodity underlying a Contract upon termination of a Contract, and payment of the price in respect thereof, shall be made in accordance with the Rules of the Exchange and the Clearing Service Provider.

## **CHAPTER 11 CLEARING**

### **1101. Clearing Member Guarantee**

(a) Each Member that is not a Clearing Member and desires to enter into transactions in Contracts must obtain the prior authorization from a Clearing Member who will guarantee such transactions, or enter into an appropriate arrangement with a Person that has such an authorization from a Clearing Member. Each such guarantee or other arrangement must be in form and substance satisfactory to, and approved by, the Exchange. A Clearing Member must guarantee and assume financial responsibility for all Contracts of each Member guaranteed by it, and will be liable for all trades made by such Member.

(b) A Clearing Member may at any time revoke any authorization granted and guarantee made by it to any Member in accordance with paragraph (a) above, by providing written notice of such revocation to the Exchange. The guarantee will remain in effect until the non-Clearing Member has liquidated or transferred all its Customer and proprietary positions and funds to another Clearing Member.

### **1102. Responsibility of Members**

Each Member must assist its Clearing Member and the Clearing Service Provider in the clearing of its transactions in Contracts. Without limiting the generality of the foregoing, each Member must: (a) provide its Clearing Member a telephone number so that such Member may be reached at any time during the day in the event that there is a discrepancy in the clearing of its transactions; and (b) be available to resolve out-trades in Contracts in which such Member executed trades on the previous day in a manner specified by the Exchange from time to time. Members may appoint one or more representatives for the foregoing purposes. If neither the Member nor any such representative is present at the time specified above, such Member's Clearing Member will be authorized to resolve any out-trade in the manner it deems appropriate, but such resolution will not be relevant to the determination of the liability of any party to the out-trade.

### **1103. Clearing Services**

Whenever the Exchange designates a clearing organization other than the Clearing Service Provider for the clearance of Contracts with respect to which there are open positions, each Clearing Member must, as of the close of business on the second Business Day prior to the effective date of such designation, either become a clearing member of such new organization, or cause any such open Contracts carried by it either to be transferred to a clearing member of such new clearing organization or to be liquidated.

### **1104. Rules of the Clearing Service Provider**

(a) The clearing services provided by the Clearing Service Provider with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts (including rights and obligations in respect of clearing and settlement,

variation payments and performance at maturity, and in the case of Options on Futures, upon exercise thereof), will be governed by the Rules of the Clearing Service Provider, except as otherwise provided in the Exchange's Rules or Notices issued from time to time by the Exchange.

(b) Open positions in any Contract may only be offset (1) by opposite transactions in the same Contract that are executed either (A) on the NYSE Liffe US Trading Platform, (B) through Exchange for Physical transactions allowed under Rule 422 and any Notices issued from time to time by the Exchange, or (C) through Block Trade transactions allowed under Rule 423 and any Notices issued from time to time by the Exchange, or (2) as a result of (A) Requests for Offset under the Exchange's Directed Fungibility program that are accepted and processed by the Clearing Service Provider, or (B) a position transfer allowed under Rule 424 and any Notices issued from time to time by the Exchange.

(c) Open positions in Contracts held by Exchange Clearing Members at the Clearing Service Provider shall be segregated from open positions in futures contracts, options on futures, or commodity options traded on boards of trade other than the Exchange, except as otherwise provided by the Exchange's Rules or Notices issued from time to time by the Exchange.<sup>32</sup>

#### **1105. Notice of Arbitration**

In any arbitration concerning an alleged failure of any Member to honor a trade in any Contract, each party to such arbitration must promptly provide copies of all documents filed or received in such arbitration by such party to the Clearing Member that guaranteed such party's transactions in Contracts when the trade allegedly took place.

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<sup>32</sup> Amendment to text of subsection (a) and adding subsections (b) and (c) to Rule 1104. Effective March 30, 2009, pursuant to a CFTC Rule 40.6 filing with CFTC dated February 18, 2009. *See* Notice 4/2009.

## **CHAPTER 12**

### **100 OZ. GOLD FUTURES**

#### **1201. Scope of Chapter**

This chapter is limited in application to trading of 100 oz. Gold futures. The procedures for trading, clearing, inspection, delivery and settlement, and any other matters not specifically covered herein shall be governed by the general Rules of the Exchange.

#### **1202. Contract Specifications**

Each futures contract shall be for 100 fine troy ounces of Gold no less than 995 fineness, cast either in one bar or in three one-kilogram bars.

Variations in the quantity of the delivery unit not in excess of five percent of 100 fine troy ounces shall be permitted.

In accordance with the accepted practices of the trade, each bar for good delivery must be of good appearance, easy to handle, and convenient to stack. The sides and bottom should be reasonably smooth and free from cavities and bubbles. The edges should be rounded and not sharp. Each bar, if not marked with the fineness and stamp of an approved refiner, assayer, or other certifying authority must be accompanied by a certificate issued by an approved refiner, assayer, or other certifying authority, stating the serial number of the bar(s), the weight, and the fineness.

#### **1203. Trading Specifications**

Trading in 100 oz. Gold futures shall be conducted in the current calendar month and any subsequent months. The number of months open for trading at a given time shall be determined by the Exchange.

##### **(a) Trading Schedule**

The hours of trading in 100 oz. Gold futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 1:30 p.m. New York time.

##### **(b) Trading Unit**

The unit of trading shall be 100 fine troy ounces of Gold not less than 0.995 fine, cast either in one bar or in three one-kilogram bars.

##### **(c) Price Increments**

The minimum price fluctuation for 100 oz. Gold futures shall be ten cents (\$0.10) per troy ounce, which is \$10.00 per contract. Contracts shall not be made on any other price basis.

**(d) Reserved**

**(e) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of:

**(i)** 3,000 futures contracts net long or net short in the spot month.

**(ii)** 6,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

**(iii)** 6,000 futures-equivalent contracts net long or net short in all months combined.

Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**(f) Termination of Trading**

No trades in 100 oz. Gold futures deliverable in the current month shall be made during the last two business days of that month. Any contracts remaining open after the last day of trading must be settled by delivery no later than the last business day of the delivery month.<sup>33</sup>

**1204. Refiners, Vaults and Assayers**

Exchange approved refiners, vaults, and assayers may be listed with the Exchange upon approval by the Exchange. The Exchange shall maintain and make available such lists. The addition of refiners and vaults shall be binding upon all contracts outstanding as well as those entered into after approval.

**1205. Brands and Markings of Gold**

Brands and markings deliverable in satisfaction of futures contracts shall be listed with the Exchange upon approval by the Exchange. The Exchange may require such sureties as it deems necessary. The Exchange shall make available a list of the brands and markings of Gold bars which are deliverable. The addition of brands and markings shall be binding upon all such contracts outstanding as well as those entered into after approval.

If at any time a brand or marking fails to meet the requirements adopted by the Exchange or the metallurgical assay of any Gold bars bearing a brand or marking on the official list depreciates below 995 fineness, the Exchange may exclude said brand or marking from the official list unless deliveries of bars bearing said brand or marking are accompanied by certificates of analysis of an official assayer showing a Gold fineness of not less than 995, and

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<sup>33</sup> Section (f) of Rule 1203 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing with CFTC dated February 18, 2009. See Notice 4/2009.

such additional bond as the Exchange may deem necessary. Notice of such action shall be posted by the Exchange and the official list shall indicate the limitation upon deliveries of said brand or marking.

#### **1206. Product Certification and Shipment**

To be eligible for delivery on the Exchange, all Gold must be certified as to fineness and weight by an Exchange approved refiner, assayer, or other Exchange approved certifying authority and must be shipped directly from the Exchange approved refiner, assayer, or certifying authority via Exchange approved carriers to Exchange approved vaults.

If Gold is not continuously in the custody of an Exchange approved vault or carrier, the Exchange may require that it be recertified as to fineness and weight to be eligible for delivery.

The Exchange at its sole discretion shall have the authority at any time to have assayed any Gold bars covered by vault receipts delivered against futures contracts. In such an event, costs are to be borne by the Exchange.

#### **1207. Delivery Points**

Gold located at regular vaults at points approved by the Exchange may be delivered in satisfaction of futures contracts.

#### **1208. Deliveries by Vault Receipts**

##### **(a) Timing of Delivery and Issuance of Vault Receipt\***

**(i)** Where Gold is sold for delivery in a specified month, delivery of such Gold may be made by the seller upon such day of the specified month as the seller may select. If not previously delivered, delivery must be made upon the last business day of the month.

**(ii)** In order to be valid for delivery against a futures contract, a vault receipt in electronic form must be entered on the NYSE Liffe Guardian Delivery System based on the deposit of a vault receipt in paper form issued in accordance with the requirements under Rule 1202. Such paper vault receipt must be issued and deposited with the Exchange's Central Depository before 12:00 p.m. New York time on seller's notice day, which is the second business day prior to the day of delivery; however, in the case of delivery on the last delivery day of the delivery month, such paper vault receipt must be issued before 11:00 a.m. New York time on seller's notice day. Deliveries on Gold futures contracts shall be made by book entry in the NYSE Liffe Guardian Delivery System, reflecting the change in ownership interests in vault receipts

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\* Supplemental guidance regarding creation and withdrawal of vault receipts available in CFTC Rule 40.6 filing by NYSE Liffe US dated November 16, 2009. Effective November 18, 2009. See Notice 25/2009.

in paper form issued by vaults which have been approved and designated as regular vaults by the Exchange for the storage of Gold, using the electronic fields which the Exchange and the Clearing Service Provider require to be completed. Gold in bars must come to the regular vault directly from an approved source or from another regular vault either on NYSE Liffe US or the COMEX Division of the New York Mercantile Exchange, Inc., by insured or bonded carrier.<sup>34</sup>

**(b) Endorsement of Vault Receipts**

(i) In order to effect a valid delivery, each vault receipt must be endorsed by the Clearing Member making the delivery; any transfer by electronic means of a vault receipt as set forth above in subsection (a) of this Rule 1208 constitutes an endorsement with respect to such vault receipt. In the event that a vault receipt is transferred outside of the NYSE Liffe Guardian Delivery System (an “Outside Transfer”), endorsement with respect to such Outside Transfer will be made physically on such vault receipt and, if such vault receipt is subsequently entered into the NYSE Liffe Guardian Delivery System, such endorsement will remain as a record with respect to such Outside Transfer.<sup>35</sup> By any endorsement, the endorser shall be deemed to warrant, to his transferee and each subsequent transferee of the receipt for delivery on Exchange contracts, and their respective immediate principals, the genuineness, validity, and worth of such receipt, the rightfulness and effectiveness of his transfer thereof, and the quantity and quality of the Gold shown on the receipt. Such endorsement shall also constitute a representation that all storage charges have been paid up to and including the business day following the day of delivery. Prepaid storage charges shall be charged to the buyer by the seller for a period extending beyond the business day following the day of delivery (but not in excess of one year) pro rata for the unexpired term and adjustments shall be made upon the invoice thereof.

(ii) In the event such Exchange Member or principal shall claim a breach of such warranty, and such claim relates to the quantity or quality of the Gold, the lot shall be immediately submitted for sampling and assaying to an assayer approved by the Exchange; the Gold must be shipped under bond, and at the owner’s expense, to the assayer. The expense of sampling and assaying shall, in the first instance, be borne by the claimant. If a deficiency in quantity or quality shall be determined by the assayer, the claimant shall have the right to recover the difference in the market value and all expenses incurred in connection with the sampling and assaying and any cost of replacement of the Gold. The claimant may, at his option, proceed directly against the original

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<sup>34</sup> Subsection (a)(ii) amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated March 26, 2009. See Notice 7/2009.

<sup>35</sup> Subsection (b) of Rule 1208 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated March 26, 2009. See Notice 7/2009.

endorser of the vault receipt upon Exchange delivery, or against any endorser prior to claimant without seeking recovery from his immediate deliverer on the Exchange contract, and if the claim is satisfied by the original endorser of the vault receipt, or any other endorser, all the endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from any endorser and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from any endorser prior to him. Such claims as are in dispute between Members of the Exchange may in each case be submitted to arbitration under the Rules of the Exchange.

(iii) The liability of an endorser of a vault receipt as provided herein shall not be deemed to limit the rights of such endorser against any person or party for whose account the endorser acted in making delivery on an Exchange contract. If it shall be determined in such arbitration proceeding that any endorser of a vault receipt or the person or party for whom such endorser acted was aware of the breach of warranty or was involved in a plan or arrangement with the original endorser (or his principal) to place such inferior Gold in store in a regular vault for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty.

**(c) Security Interest in Vault Receipts and WDRs**

(i) Each Clearing Member that has an interest in a vault receipt or a WDR hereby grants a valid and enforceable security interest (the "Exchange Lien") to the Exchange in all of such Clearing Member's vault receipts or WDRs to secure all charges or fees associated with the custody of such vault receipts or WDRs and the Gold underlying such vault receipts or WDRs.

(ii) Each Clearing Member, by entering into the delivery process, understands that, pursuant to an Agreement for Clearing and Settlement Services, dated as of March 9, 2009, between OCC and the Exchange, the Exchange has agreed to maintain as agent on behalf of OCC as Clearing Service Provider any vault receipt or WDR with respect to which a selling Clearing Member has delivered to the Exchange a notice of intent to deliver such vault receipt or WDR in settlement of a Contract (a "Notice of Intent"), from the time of delivery of such Notice of Intent until 11:00 a.m., New York time (the "Cut-Off Time"), on the date of settlement for such vault receipt or WDR, unless the Exchange has received notice from OCC of a default by the relevant selling or purchasing Clearing Member, in which case the Exchange shall continue to maintain such vault receipt or WDR for the benefit of OCC until notified otherwise by OCC and, subject to applicable law, shall deliver such vault receipt or WDR to OCC or its agent upon the instructions of OCC (the "Exchange Services"). Each Clearing Member hereby agrees to the Exchange performing such Exchange Services. Each Clearing Member further understands that the security interest granted by the selling Clearing Member



and the purchasing Clearing Member to OCC in any vault receipt or WDR remains in effect from the time OCC receives (or is deemed to have received by the Rules of OCC) notice that a selling Clearing Member has delivered to the Exchange a Notice of Intent until settlement of the relevant Contract, notwithstanding the electronic book entry in the NYSE Liffe US Trading Platform in favor of the selling Clearing Member. Each Clearing Member also understands that the Exchange has waived its lien in respect of vault receipts or WDRs going to delivery from the date the Exchange provides OCC notice that a Notice of Intent has been delivered, until and including the Cut-Off Time on the date that settlement is supposed to occur (regardless of whether or not settlement does in fact occur) (such period, the "Waiver Period"). Each Clearing Member hereby agrees that the Exchange Lien shall be immediately reinstated without further action after the Waiver Period; provided that, in the event that the Exchange has received notice from OCC of a default as described above, OCC shall have no responsibility for, and the Exchange's lien shall not be reinstated with respect to, any obligations of any person to the Exchange accruing prior to the Cut-Off Time, and OCC shall be responsible to the Exchange, and the Exchange's lien shall attach, only with respect to storage charges accruing after OCC takes possession of the vault receipt or WDR and only with respect to such particular vault receipt or WDR. By going to delivery, each Clearing Member further represents and warrants that there are no liens, encumbrances on or defense to the relevant vault receipts other than that of the Exchange and OCC specified in this Rule 1208.<sup>36</sup>

#### **1209. Storage Charges and Transfer Fees**

Storage charges, transfer fees and in-and-out charges shall be set by each depository vault and the schedule of such charges shall be posted with the Exchange, which shall be notified at least 60 days in advance of any changes in the rate schedule. Except as otherwise provided, all such charges and fees shall remain the responsibility of the seller until payment is made.

#### **1210. Cost of Inspection, Weighing, Storage and Delivery**

All charges associated with the delivery of Gold and all costs associated with inspections, weighing, and Exchange documentations, through the day of delivery, shall be paid by the delivering party. The delivering party shall pay storage charges through the business day following the day of delivery. The receivers shall pay all charges including storage charges incurred after the business day following the day of delivery.

A holder of an Exchange approved vault receipt for Gold may request recertification at his expense at any time while the unit represented by such receipt is in the Exchange approved vault. Such recertification shall be made by an Exchange approved certifying authority or assayer, selected by such holder.

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<sup>36</sup> Amendment adding sub-section (c) to Rule 1208. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 7/2009.

### **1211. Deposit of Gold with Vaults**

Gold in bars shall be placed into a regular vault accompanied by the following information:

- (a) Brand or markings;
- (b) Identification (serial number) of each bar;
- (c) Weight of each bar; and
- (d) Fineness.

### **1212. Issuance of Vault Receipts**

The Exchange and the Clearing Service Provider shall determine the electronic fields which are required to be completed in connection with the issuance of an electronic vault receipt that is deliverable in satisfaction of Gold futures contracts.

### **1213. Payment**

(a) Payment shall be made on the basis of the number of fine troy ounces of Gold contained and delivered. The fine Gold content of a bar for good delivery is calculated to 0.001 of a troy ounce by multiplying the gross weight and fineness as listed on the electronic vault receipt. Fineness in no case will be more than 0.9999.

(b) Payment shall be made utilizing the electronic delivery system via the Clearing Service Provider's online system. Payment will be made the at the Clearing Service Provider's settlement time as defined in its rules for exchange transactions. Thus the cost of the delivery will be debited or credited to a clearing firm's settlement account. Buyers obligated to accept delivery must take delivery and make payment and sellers obligated to make delivery must make delivery during the Clearing Service Provider's settlement process as defined in its rules for exchange transactions, on the day of delivery, except on banking holidays when delivery must be taken or made and payment made during the Clearing Service Provider's settlement process as defined in its rules for exchange transactions, or such other time designated by the Exchange, on the next banking business day.<sup>37</sup>

### **1214. Regularity of Vaults**

#### **(a) Duties of Vault Operators**

It shall be the duty of the operators of all regular vaults:

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<sup>37</sup> Text of subsection (b) of Rule 1213 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated March 26, 2009. See Notice 7/2009.

(i) To accept Gold for delivery on Exchange contracts, provided such Gold is ordered into the vault by a Clearing Member of the Exchange, and all space in such vaults is not already filled or contracted for.

(ii) To notify the Exchange of any change in the condition of their vaults.

(iii) To release to the bearer of the receipt the bars covered by said receipt upon presentation of the receipt and payment of all storage and outloading charges no later than the business day following compliance with these provisions.

(iv) To keep stocks of Gold in storage in balance with Gold represented by its outstanding vault receipts.

**(b) Conditions of Regularity**

Gold may be delivered against a Gold contract from any vault designated by the Exchange specifically for the storage of Gold, and may not be delivered except from such vault. The following shall constitute the requirements for regularity, and by accepting a Declaration of Regularity the vault agrees to abide by these conditions:

(i) The vault must notify the Exchange promptly of any material change in ownership or the condition of its premises.

(ii) The vault is required to submit a certified financial statement within 90 days of the firm's year-end. A letter of attestation must accompany all financial statements signed by the Chief Financial Officer or if there is none, a general partner or executive officer.

(iii) Such vault shall be provided with standard equipment and appliances for the convenient and safe storage of Gold and provide for proper security.

(iv) The operator of such vault shall furnish to the Registrar all needed information to enable the Exchange to keep a correct record and account of all Gold received and delivered by the vault daily and of that remaining in store at the close of each week.

(v) The operator of such vault shall accord every facility to the Exchange for the examination of its books or records for the purpose of ascertaining the stocks of Gold. The Exchange shall have the authority to employ experts to determine the quantity and quality of Gold in said vault.

(vi) No vault operator shall engage in unethical or inequitable practices, or fail to comply with any laws, Federal or State, or Rules or Regulations promulgated under those laws.

(vii) The operator shall make such reports, keep such records, and permit such vault visitation as the Exchange or the Commodity Futures Trading Commission may prescribe, and shall comply with all applicable rules. The vault must keep all such reports, books and records for a period of five years from the date thereof.

(viii) The operator of such vault must give such bonds to the Exchange as may be required by the Exchange.

(ix) The vault shall neither withdraw as a regular vault nor withdraw any regular capacity except after a sixty (60) day notice to the Exchange or having obtained the consent of the Exchange.

(x) The vault shall notify the Exchange at least sixty (60) days in advance of any changes in its maximum storage rates, penalty for late storage payment and handling charges.

(xi) The Exchange may determine not to approve vaults for regularity or increases in regular capacity of existing regular vaults, in its sole discretion, regardless of whether such vaults meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether receipts issued by such vaults, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of Gold futures contracts or impair the efficacy of futures trading in Gold, or whether the currently approved regular capacity provides for an adequate deliverable supply.

**(c) Revocation of Regularity**

Any regular vault may be declared by the Exchange to be irregular at any time if it does not comply with the conditions above set forth, or fails to carry out its prescribed duties. If the designation of a vault as regular shall be revoked a notice shall be posted on the Exchange website announcing such revocation and also the period of time, if any, during which the receipts issued by such vault shall thereafter be deliverable in satisfaction of futures contracts in Gold under the Exchange Rules.

By accepting a Declaration of Regularity the vault agrees, in the event of revocation or expiration or withdrawal of regularity, to bear the expenses of the transfer of Gold under bond to another regular vault satisfactory to the holders of its vault receipts.

**SPECIAL NOTICES RELATING TO CHAPTER 12**

**LICENSED DEPOSITORIES AND ASSAYERS FOR 100 oz. GOLD CONTRACTS**

<b>Depository</b>	<b>Location</b>	<b>Vault Number</b>
Brinks Global Services USA, Inc A Division of Brinks, Inc.	652 Kent Avenue Brooklyn, NY 11211	4001
HSBC Bank USA	452 5th Avenue New York, NY 10018	4008
Scotia Mocatta Depository A Division of Bank of Nova Scotia	26 Broadway New York, NY 10004	3001
	230-59 International Airport Center Blvd., Bldg. C, Suite 120 Jamaica, NY 11412	3002
Manfra, Tordella & Brookes, Inc.	90 Broad St. New York, NY 10004	4500

**ASSAYERS FOR 100 OZ. GOLD CONTRACTS**

Ledoux & Company  
359 Alfred Avenue  
Teaneck, NJ 07666  
(201) 837-7160

**BRANDS APPROVED FOR DELIVERY AGAINST 100 OZ. GOLD CONTRACTS**

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>AGR Joint Venture</b>	Perth, Australia	PMAU	THE PERTH MINT AUSTRALIA (with swan motif mint mark within circle)
<b>Argor, S.A.</b>	Chiasso, Switzerland	ARGO	* ARGOR S.A. CHIASSO-ASA
<b>Argor - Heraeus SA</b>	Mendrisio, Switzerland	ARHE	Argor-HerAeus SA, A-H, Switzerland
<b>ASARCO Incorporated</b>	Amarillo, Texas	ASAT	ASARCO GOLD-AMARILLO, TEXAS
<b>Casa da Moeda do Brasil</b>	Rio de Janeiro, Brazil	CASA	CASA DA MOEDA DO BRASIL-CMB
<b>Compagnie des Metaux Precieux</b>	Ivry, France	CMPP	* COMPAGNIE DES METAUX PRECIEUX PARIS (may also contain letters CMP)
	Ivry, France	SDBS	* SOCIETE DE BANQUE SUISSE
<b>Companhia Real de Metais</b>	Sao Paulo, Brazil	CRDM	CRM

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>Comptoir Lyon-Alemand Louyot</b>	Noisy le Sec, France	CLAL	COMPTOIR-LYON-ALEMAND, LOUYOT-PARIS (with Affineur Fondateur within octagon)
<b>OMG AG &amp; Co. KG</b>	Hanau, Germany	DEGU	*DEGUSSA FEINGOLD (with 1/2 sun and 1/4 moon within diamond)
<b>OMG AG &amp; Co. KG</b>	Burlington, Ontario	DECA	* DEGUSSA CANADA LTD. (with 1/2 sun and 1/4 moon within diamond)
<b>OMG Brasil Ltda.</b>	Guarulhos, Brazil	DEBR	DEGUSSA S.A. (with 1/2 sun and 1/4 moon within diamond)
<b>H. Drijfhout &amp; Zoon's Edelmetaalbedrijven BV</b>	Amsterdam, Netherlands	HDZA	H. DRIJFHOUT & ZOON-AMSTERDAM-MELTERS (within octagon)
<b>Engelhard Corporation</b>	Carteret, N.J. Carteret, N.J. Chessington, England Thomastown, Australia Aurora, Ontario	ENNE BAKE ENCI ENTH ENAU	*ENGELHARD (may also be ENGELHARD NEW JERSEY-U.S.A. or ENGELHARD U.S.A.) * BAKER (within circle atop triangle) * ENGELHARD LONDON * ENGELHARD AUSTRALIA * ENGELHARD (with circle connected to 1/2 moon to left of name; may also be ENGELHARD INDUSTRIES OF CANADA LTD.)
<b>Golden West Refining Corporation Limited, Handy &amp; Harman Refining Group Inc.</b>	Attleboro, Mass	GWHH	* HH HANDY & HARMAN REFINING GROUP
<b>Handy &amp; Harman</b>	Attleboro, Mass	HAND	* HH HANDY & HARMAN
<b>W.C. Heraeus, G.m.b.H.</b>	Hanau, Germany	HERA	HERAEUS FEINGOLD (with Heraeus Edelmetalle GmbH-Hanau encircling three roses)
<b>Heraeus Incorporated</b>	Newark, N.J.	HERI	HERAEUS FEINGOLD (with capital letter "E" preceding serial number)
<b>Heraeus Ltd.</b>	Kowloon, Hong Kong	HERH	HERAEUS FEINGOLD (with capital letter "H" preceding serial number)

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>Homestake Mining Company</b>	Lead, South Dakota	HMCO	*HOMESTAKE MINING COMPANY (with HMC all within circle)
<b>Johnson Matthey, Inc.</b>	Winslow, New Jersey	MBUS	* MATTHEY BISHOP U.S.A. (within an oval)
<b>Johnson Matthey Limited</b>	Brampton, Ontario  Brampton, Ontario Brampton, Ontario	JMMC  JMCA JMJM	* JOHNSON MATTHEY & MALLORY-CANADA (within an oval) * JM (with crossed hammers) JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: J.M. LTD.-CANADA-ASSAY OFFICE)
<b>Johnson Matthey Limited (Australia)</b>	Kogarah, Australia	MGPS	* MATTHEY GARRETT PTY. SYDNEY REFINERS (within an oval)
<b>Johnson Matthey Chemicals Ltd.</b>	Royston, England	JMLO	JOHNSON MATTHEY LONDON (within an oval)
<b>Johnson Matthey &amp; Pauwels S.A.</b>	Brussels, Belgium	JMPA	* JOHNSON MATTHEY & PAUWELS (within an oval)
<b>Johnson Matthey Refining, Inc.</b>	Salt Lake City, Utah	JMRI	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: J.M.R.I. U.S.A.-ASSAY OFFICE)
<b>Kennecott Utah Copper Corporation</b>	Magna, Utah	KUAU	KUC
<b>Metallurgie Hoboken Overpelt S.A.</b>	Hoboken, Belgium	MHOV	* METALLURGIE HOBOKEN OVERPELT
<b>n.v. Union Miniere s.a. – Business Unit Hoboken</b>	Hoboken, Belgium	HOBO	Hoboken 9999
<b>Metalli Preziosi S.p.A.</b>	Milan, Italy	MPSP	METALLI PREZIOSI S.p.A. MILANO-AFFINAZIONE (with MP within a circle)
<b>Metalor Technologies USA Corp.</b>	Attleborough, Mass.  Attleborough, Mass.	MUST  META	METALOR® (with the “MUS” assay mark) *METAUX PRECIEUX SA METALOR-MP (with “MUS” Assay mark)

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>Metaux Precieux S.A. Metalor</b>	Neuchatel, Switzerland	MPSA	METAUX PRECIEUX SA – NEUCHATEL (with MP within a circle)
	Neuchatel, Switzerland	SBCO	SWISS BANK CORPORATION
<b>Mitsubishi Metal Corporation</b>	Osaka, Japan	MMCO	* MITSUBISHI METAL CORPORATION (with three diamond mark within oval)
<b>Mitsubishi Materials Corporation</b>	Kagawa, Japan	MITA	Three diamonds forming a triangle
<b>Noranda Mines Limited, CCR Division</b>	Montreal East, Quebec	CCRL	* CANADIAN COPPER REFINERS LIMITED MONTREAL EAST, CANADA (within an oval)
<b>Noranda Mines Limited, CCR Division</b>	Montreal East, Quebec	NORA	* NORANDA MINES LIMITED – CCR, MONTREAL EAST, CANADA (within an oval)
<b>Noranda Metallurgy Inc. – Copper</b>	Montreal East, Quebec	NINC	NORANDA MINES Inc. –CCR, MONTREAL EAST, CANADA (within an oval)
<b>Norddeutsche Affinerie AG</b>	Hamburg, W. Germany	NAHA	NORDDEUTSCHE AFFINERIE HAMBURG
<b>PAMP, S.A.</b>	Castel S. Pietro,	PAMP	PAMP-SUISSE Produits Artistiques Metaux Precieux Switzerland
<b>Rand Refinery Limited</b>	Germiston Transvaal	RRSA	RAND REFINERY Ltd. SOUTH AFRICA (encircling picture of springbok)
<b>Royal Canadian Mint</b>	Ottawa, Canada	RCMI	ROYAL CANADIAN MINT (encircling a crown)
<b>Sabin Metal Corporation</b>	Scottsville, N.Y.	SABN	SMC
<b>Schone Edelmetaal NV</b>	Amsterdam, Netherlands	GSNV	GUARANTEED BY SCHONE N.V. AMSTERDAM
<b>SheffieldSmelting Co. Ltd.</b>	Sheffield, England	SSCL	* THE SHEFFIELD SMELTING CO. LTD. - LONDON & SHEFFIELD
<b>Tanaka Kikinzoku Kogyo K.K.</b>	Ichikawa, Japan	TTME	TANAKA TOKYO-MELTERS



<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
United States Metals Refining Co., division of Amax Copper, Inc.	Carteret, N.J.	DRW	* DRW
U.S.S.R.	Moscow, U.S.S.R.	CCCP	CCCP (with hammer and sickle)
Valcambi, S.A.	Balerna, Switzerland	CRSU	CREDIT SUISSE

\* Denotes brand is no longer produced.

### **GOLD CHARGES**

<b>Vault</b>	<b>Withdrawal/Bar</b>	<b>Storage/Bar</b>	<b>Contract Size</b>	<b>Time Period</b>
<b>HSBC</b>				
COMEX Gold	\$25.00	\$12.00	100 fine troy ounces (1 bar)	Monthly
NYSE Liffe US Gold	\$15.00	\$7.00	100 fine troy ounces (1 bar)	Monthly
<b>ScotiaMocatta</b>				
COMEX Gold	\$20.00	\$9.00	100 fine troy ounces (1 bar)	Monthly
<b>Brinks</b>				
COMEX Gold	\$25.00	\$12.00	100 fine troy ounces (1 bar)	Monthly

**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**

**(a) Contract Months**

Trading may be conducted in the nearby Gold futures options contract month and any succeeding months *provided, however*, that the Exchange may determine not to list a contract month.

All option contract months shall expire into the nearest of the standard six month contract cycle. For the February, April, June, August, October or December option contracts, the underlying futures contract will be the corresponding February, April, June, August, October or December futures contract. For serial option contracts traded in January, March, May, July, September or November, the underlying futures contract will be the nearest February, April, June, August, October or December futures contract, respectively. For example, the underlying futures contract for a January serial option is the nearest February futures contract.

**(b) Trading Unit**

One 100 oz. Gold futures contract of a specified contract month.

**(c) Minimum Fluctuations**

The premium for Gold futures options shall be in multiples of 10 cents per troy ounce of a 100 oz. Gold futures contract which shall equal \$10 per contract.

However, a position may be initiated or liquidated in 100 oz. Gold futures options at a premium ranging from \$1.00 to \$9.00, in \$1.00 increments per option contract.

**(d) Trading Hours**

The hours of trading for options on 100 oz. Gold futures contracts shall be determined by the Exchange. On the last day of trading in an expiring option, the closing time for such options shall be 1:30 p.m. New York time.

**(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, etc.) and in integral multiples of \$50 per troy ounce per Gold futures contract (i.e., 400, 450, 500, etc.) as follows:

(i) For the first six nearby trading months:

(A) In integral multiples of 5 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 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 10 dollars, at the commencement of trading for an option contract, the following strikes shall be listed: the next ten consecutive higher strikes above, and the next ten consecutive lower strikes below, the initial band.

(C) 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.

(ii) 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.

**(f) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of:

(i) 3,000 futures contracts net long or net short in the spot month.

(ii) 6,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

(iii) 6,000 futures-equivalent contracts net long or net short in all months combined.

Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

(g)     **Reserved**

(h)     **Nature of Options on 100 oz. Gold Futures**

The buyer of one 100 oz. Gold futures put option may exercise his option at any time prior to expiration (subject to Rule 1302), to assume a short position of one 100 oz. Gold futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one 100 oz. Gold futures put option incurs the obligation of assuming a long position of one 100 oz. Gold futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer.

The buyer of one 100 oz. Gold futures call option may exercise his option at any time prior to expiration (subject to Rule 1302), to assume a long position of one 100 oz. Gold futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one 100 oz. Gold futures call option incurs the obligation of assuming a short position of one 100 oz. Gold futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer.

(i)     **Termination of Trading**

The last trading day for standard Gold futures options (Feb, Apr, Jun, Aug, Oct, Dec) shall be the fourth business day prior to the first calendar day of the corresponding Gold futures delivery month.

The last trading day for serial Gold futures options (Jan, Mar, May, Jul, Sep, Nov) shall be the fourth business day prior to the first calendar day of the option month.

If the last trading day falls on a Friday or immediately prior to an Exchange holiday, the last trading day will occur on the previous business day.

(j)     **Contract Modification**

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these Rules, such order, ruling, directive, or law shall be construed to become part of the Rules and all open and new options contracts shall be subject to such government orders.

### **1303. Exercise and Assignment**

The following shall apply to the exercise and assignment of 100 oz. Gold Futures Options.

#### **(a) Exercise of Option**

100 oz. Gold futures options are American-style exercise. The buyer of a Gold futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Service Provider by 7:00 p.m., New York time, or by such other time designated by the Exchange, on such day.

After the close of trading in the expiring options on expiration day, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Service Provider. Notice to cancel automatic exercise shall be given to the Clearing Service Provider by 7:00 p.m., New York time, or by such other time designated by the Exchange, on the last day of trading.

Unexercised Gold futures options shall expire at 8:00 p.m., New York Time, on the last day of trading.

#### **(b) Assignment**

Exercise notices accepted by the Clearing Service Provider shall be assigned through a process of random selection to Clearing Members' open short positions in the same series. A Clearing Member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing Service Provider.

The Clearing Member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The Clearing Member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with the Rules of the Clearing Service Provider on the trading day of acceptance by the Clearing Service Provider of the Exercise Notice.

### **1304. Corrections to Options Exercises**

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing Service Provider after the 7:00 p.m. New York time deadline and up to the beginning of final option expiration processing *provided* that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled exchange option

transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing Service Provider, or the President's designee, and such decision will be final.

### **1305. Payment of Option Premium**

The option premium must be paid in full by each Clearing Member to the Clearing Service Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

## **CHAPTER 14**

### **MINI-SIZED GOLD FUTURES**

#### **1401. Scope of Chapter**

This chapter is limited in application to trading of mini-sized Gold futures. The procedures for trading, clearing, inspection, delivery and settlement, and any other matters not specifically covered herein shall be governed by the general Rules of the Exchange.

#### **1402. Contract Specifications**

Each futures contract shall be for 33.2 fine troy ounces of Gold no less than 995 fineness, contained in no more than one bar.

Variations in the quantity of the delivery unit not in excess of ten percent of 33.2 fine troy ounces shall be permitted.

In accordance with the accepted practices of the trade, each bar for good delivery must be of good appearance, easy to handle, and convenient to stack. The sides and bottom should be reasonably smooth and free from cavities and bubbles. The edges should be rounded and not sharp. Each bar, if not marked with the fineness and stamp of an approved refiner, assayer, or other certifying authority must be accompanied by a certificate issued by an approved refiner, assayer, or other certifying authority, stating the serial number of the bar(s), the weight, and the fineness.

#### **1403. Trading Specifications**

Trading in mini-sized Gold futures shall be conducted in the current calendar month and any subsequent months. The number of months open for trading at a given time shall be determined by the Exchange.

##### **(a) Trading Schedule**

The hours of trading in mini-sized Gold futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 1:30 p.m. New York time.

##### **(b) Trading Unit**

The unit of trading for mini-sized Gold futures shall be for 33.2 fine troy ounces of Gold not less than 0.995 fine contained in one bar.

##### **(c) Price Increments**

The minimum price fluctuation for mini-sized Gold futures shall be ten cents (\$0.10) per troy ounce. Contracts shall not be made on any other price basis.



**(d) Reserved**

**(e) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of:

**(i)** 4,000 contracts net long or net short in the spot month.

**(ii)** 4,000 contracts net long or net short in any single contract month excluding the spot month.

**(iii)** 6,000 contracts net long or net short in all months combined.

Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**(f) Termination of Trading**

No trades in mini-sized Gold futures deliverable in the current month shall be made during the last two business days of that month. Any contracts remaining open after the last day of trading must be settled by delivery no later than the last business day of the delivery month.<sup>38</sup>

**1404. Refiners, Vaults and Assayers**

Exchange approved refiners, vaults, and assayers may be listed with the Exchange upon approval by the Exchange. The Exchange shall maintain and make available such lists. The addition of refiners and vaults shall be binding upon all contracts outstanding as well as those entered into after approval.

**1405. Brands and Markings of Gold**

Brands and markings deliverable in satisfaction of futures contracts shall be listed with the Exchange upon approval by the Exchange. The Exchange may require such sureties as it deems necessary. The Exchange shall make available a list of the brands and markings of Gold bars which are deliverable. The addition of brands and markings shall be binding upon all such contracts outstanding as well as those entered into after approval.

If at any time a brand or marking fails to meet the requirements adopted by the Exchange or the metallurgical assay of any Gold bars bearing a brand or marking on the official list depreciates below 995 fineness, the Exchange may exclude said brand or marking from the official list unless deliveries of bars bearing said brand or marking are

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<sup>38</sup>Amendment effective March 30, 2009, pursuant to CFTC Rule 40.6 filing dated February 18, 2009. See Notice 4/2009.

accompanied by certificates of analysis of an official assayer showing a Gold fineness of not less than 995, and such additional bond as the Exchange may deem necessary. Notice of such action shall be posted by the Exchange and the official list shall indicate the limitation upon deliveries of said brand or marking.

#### **1406. Product Certification and Shipment**

To be eligible for delivery on the Exchange, all Gold must be certified as to fineness and weight by an Exchange approved refiner, assayer, or other Exchange approved certifying authority and must be shipped directly from the Exchange approved refiner, assayer, or certifying authority via Exchange approved carriers to Exchange approved vaults.

If Gold is not continuously in the custody of an Exchange approved vault or carrier, the Exchange may require that it be recertified as to fineness and weight to be eligible for delivery.

The Exchange at its sole discretion shall have the authority at any time to have assayed any Gold bars covered by vault receipts delivered against futures contracts. In such an event, costs are to be borne by the Exchange.

#### **1407. Delivery Points**

Gold located at regular vaults at points approved by the Exchange may be delivered in satisfaction of futures contracts.

#### **1408. Deliveries<sup>39</sup>**

##### **(a) Deliveries by Vault Receipts\***

**(i)** Where Gold is sold for delivery in a specified month, delivery of such Gold may be made by the seller upon such day of the specified month as the seller may select. If not previously delivered, delivery must be made upon the last business day of the month.

**(ii)** In order to be valid for delivery against a futures contract, a vault receipt in electronic form must be entered on the NYSE Liffe Guardian Delivery System based on the deposit of a vault receipt in paper form issued in accordance with the requirements under Rule 1402. Such paper vault receipt must be issued and deposited with the

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<sup>39</sup>Text of subsections (a)(ii), (a)(iii), (b)(i) and (b)(ii) of Rule 1408 amended and effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. *See* Notice 07/2009.

\* Supplemental guidance regarding creation and withdrawal of vault receipts available in CFTC Rule 40.6 filing by NYSE Liffe US, dated November 16, 2009. Effective November 18, 2009. *See* Notice 25/2009.

Exchange's Central Depository before 12:00 a.m. New York time on seller's notice day, which is the second business day prior to the day of delivery; however, in the case of delivery on the last delivery day of the delivery month, such paper vault receipt must be issued before 11:00 a.m. New York time on seller's notice day. Deliveries on mini-sized Gold futures contracts shall be made by book entry in the NYSE Liffe Guardian Delivery System, reflecting the change in ownership interests in vault receipts in paper form issued by vaults which have been approved and designated as regular vaults by the Exchange for the storage of Gold, using the electronic fields which the Exchange and the Clearing Service Provider require to be completed. Gold in bars must come to the regular vault directly from an approved source or from another regular vault either on NYSE Liffe US or the COMEX Division of the New York Mercantile Exchange, Inc., by insured or bonded carrier.<sup>40</sup>

(iii) In order to effect a valid delivery, each vault receipt must be endorsed by the Clearing Member making the delivery; any transfer by electronic means of a vault receipt as set forth above in subsection (a) of this Rule 1408 constitutes an endorsement with respect to such vault receipt. In the event that a vault receipt is transferred outside of the NYSE Liffe Guardian Delivery System (an "Outside Transfer"), endorsement with respect to such Outside Transfer will be made physically on such vault receipt and, if such vault receipt is subsequently entered into the NYSE Liffe Guardian Delivery System, such endorsement will remain as a record with respect to such Outside Transfer. By any endorsement, the endorser shall be deemed to warrant, to his transferee and each subsequent transferee of the receipt for delivery on Exchange contracts, and their respective immediate principals, the genuineness, validity, and worth of such receipt, the rightfulness and effectiveness of his transfer thereof, and the quantity and quality of the Gold shown on the receipt. Such endorsement shall also constitute a representation that all storage charges have been paid up to and including the business day following the day of delivery. Prepaid storage charges shall be charged to the buyer by the seller for a period extending beyond the business day following the day of delivery (but not in excess of one year) pro rata for the unexpired term and adjustments shall be made upon the invoice thereof.<sup>41</sup>

(iv) In the event such Exchange Member or principal shall claim a breach of such warranty, and such claim relates to the quantity or quality of the Gold, the lot shall be immediately submitted for sampling and assaying to an assayer approved by the Exchange; the

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<sup>40</sup> *Id.*

<sup>41</sup> *Id.*

Gold must be shipped under bond, and at the owner's expense, to the assayer. The expense of sampling and assaying shall, in the first instance, be borne by the claimant. If a deficiency in quantity or quality shall be determined by the assayer, the claimant shall have the right to recover the difference in the market value and all expenses incurred in connection with the sampling and assaying and any cost of replacement of the Gold. The claimant may, at his option, proceed directly against the original endorser of the vault receipt upon Exchange delivery, or against any endorser prior to claimant without seeking recovery from his immediate deliverer on the Exchange contract, and if the claim is satisfied by the original endorser of the vault receipt, or any other endorser, all the endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from any endorser and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from any endorser prior to him. Such claims as are in dispute between Members of the Exchange may in each case be submitted to arbitration under the Rules of the Exchange.

(v) The liability of an endorser of a vault receipt as provided herein shall not be deemed to limit the rights of such endorser against any person or party for whose account the endorser acted in making delivery on an Exchange contract. If it shall be determined in such arbitration proceeding that any endorser of a vault receipt or the person or party for whom such endorser acted was aware of the breach of warranty or was involved in a plan or arrangement with the original endorser (or his principal) to place such inferior Gold in store in a regular vault for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty.

**(b) Deliveries by Gold Warehouse Depository Receipts**

(i) Deliveries of NYSE Liffe US mini-sized Gold may be made by delivery of WDRs\* In order to effect a valid delivery, each WDR must be endorsed by the Clearing Member making the delivery; any transfer by electronic means of a WDR in the NYSE Liffe Guardian Delivery System constitutes an endorsement with respect to such WDR. Such endorsement shall constitute a warranty of the genuineness of the WDR and of good title thereto, but shall not constitute a guaranty, by an endorser, of performance by the vault. Such endorsement shall also constitute a representation that all storage

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\* Related operational guidance contained in CFTC Rule 40.6 filing by NYSE Liffe US dated September 5, 2008. See Notice 8/2008.

charges have been paid on the Gold covered by the WDR, in accordance with Rule 1409.

(ii) WDRs may not be cancelled for load-out. Upon the return of three (3) WDRs to the Exchange, and payment of all storage charges pertaining to the Gold represented, for which the Exchange claims a lien, a registered vault receipt in electronic form will be delivered by the Exchange to the holder of the three (3) WDRs, utilizing the electronic delivery system via the Clearing Service Provider's on-line system. Delivery of a vault receipt to the holder of the WDRs shall not constitute a guaranty by the Exchange of performance by the vault.

**(c) Security Interest in Vault Receipts and WDRs<sup>42</sup>**

(i) Each Clearing Member that has an interest in a vault receipt or a WDR hereby grants a valid and enforceable security interest (the "Exchange Lien") to the Exchange in all of such Clearing Member's vault receipts or WDRs to secure all charges or fees associated with the custody of such vault receipts or WDRs and the Gold underlying such vault receipts or WDRs.

(ii) Each Clearing Member, by entering into the delivery process, understands that, pursuant to an Agreement for Clearing and Settlement Services, dated as of March 9, 2009, between OCC and the Exchange, the Exchange has agreed to maintain as agent on behalf of OCC as Clearing Service Provider any vault receipt or WDR with respect to which a selling Clearing Member has delivered to the Exchange a notice of intent to deliver such vault receipt or WDR in settlement of a Contract (a "Notice of Intent"), from the time of delivery of such Notice of Intent until 11:00 a.m., New York time (the "Cut-Off Time"), on the date of settlement for such vault receipt or WDR, unless the Exchange has received notice from OCC of a default by the relevant selling or purchasing Clearing Member, in which case the Exchange shall continue to maintain such vault receipt or WDR for the benefit of OCC until notified otherwise by OCC and, subject to applicable law, shall deliver such vault receipt or WDR to OCC or its agent upon the instructions of OCC (the "Exchange Services"). Each Clearing Member hereby agrees to the Exchange performing such Exchange Services. Each Clearing Member further understands that the security interest granted by the selling Clearing Member and the purchasing Clearing Member to OCC in any vault receipt or WDR remains in effect from the time OCC receives (or is deemed to have received by the Rules of OCC) notice that a selling Clearing Member

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<sup>42</sup> Amendment adding subsection (c) to Rule 1408 effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

has delivered to the Exchange a Notice of Intent until settlement of the relevant Contract, notwithstanding the electronic book entry in the NYSE Liffe US Trading Platform in favor of the selling Clearing Member. Each Clearing Member also understands that the Exchange has waived its lien in respect of vault receipts or WDRs going to delivery from the date the Exchange provides OCC notice that a Notice of Intent has been delivered, until and including the Cut-Off Time on the date on which settlement is supposed to occur (regardless of whether or not such settlement does in fact occur) (such period, the "Waiver Period"). Each Clearing Member hereby agrees that the Exchange Lien shall be immediately reinstated without further action after the Waiver Period; provided that, in the event that the Exchange has received notice from OCC of a default as described above, OCC shall have no responsibility for, and the Exchange's lien shall not be reinstated with respect to, any obligations of any person to the Exchange accruing prior to the Cut-Off Time, and OCC shall be responsible to the Exchange, and the Exchange's lien shall attach, only with respect to storage charges accruing after OCC takes possession of the vault receipt or WDR and only with respect to such particular vault receipt or WDR. By going to delivery, each Clearing Member further represents and warrants that there are no liens, encumbrances on or defense to the relevant vault receipts or WDRs other than that of the Exchange and OCC specified in this Rule 1408.

#### **1409. Storage Charges and Transfer Fees**

Storage charges, transfer fees and in-and-out charges shall be set by each depository vault and the schedule of such charges shall be posted with the Exchange, which shall be notified at least 60 days in advance of any changes in the rate schedule. Except as otherwise provided, all such charges and fees shall remain the responsibility of the seller until payment is made.

#### **1410. Cost of Inspection, Weighing, Storage and Delivery**

All charges associated with the delivery of Gold and all costs associated with inspections, weighing, and Exchange documentations, through the day of delivery, shall be paid by the delivering party. The delivering party shall pay storage charges through the business day following the day of delivery. The receivers shall pay all charges including storage charges incurred after the business day following the day of delivery.

A holder of an Exchange approved vault receipt for Gold may request recertification at his expense at any time while the unit represented by such receipt is in the Exchange approved vault. Such recertification shall be made by an Exchange approved certifying authority or assayer, selected by such holder.

#### **1411. Deposit of Gold with Vaults**

Gold in bars shall be placed into a regular vault accompanied by the following information:

- (a) Brand or markings;
- (b) Identification (serial number) of each bar;
- (c) Weight of each bar; and
- (d) Fineness.

#### **1412. Issuance of Vault Receipts**

The Exchange and the Clearing Service Provider shall determine the electronic fields which are required to be completed in connection with the issuance of an electronic vault receipt that is deliverable in satisfaction of mini-sized Gold futures contracts.

#### **1413. Payment**

(a) Payment shall be made on the basis of the number of fine troy ounces of Gold contained and delivered. The fine Gold content of a bar for good delivery is calculated to 0.001 of a troy ounce by multiplying the gross weight and fineness as listed on the electronic vault receipt. Fineness in no case will be more than 0.9999.

(b) Payment shall be made utilizing the electronic delivery system via the Clearing Service Provider's online system. Payment will be made at the Clearing Service Provider's settlement time as defined in its rules for exchange transactions. Thus the cost of the delivery will be debited or credited to a clearing firm's settlement account. Buyers obligated to accept delivery must take delivery and make payment and sellers obligated to make delivery must make delivery during the Clearing Service Provider's settlement process as defined in its rules for exchange transactions, on the day of delivery, except on banking holidays when delivery must be taken or made and payment made during the Clearing Service Provider's settlement process as defined in its rules for exchange transactions, or such other time designated by the Exchange, on the next banking business day.<sup>43</sup>

#### **1414. Regularity of Vaults**

##### **(a) Duties of Vault Operators**

It shall be the duty of the operators of all regular vaults:

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<sup>43</sup> Subsection (b) to Rule 1413 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

(i) To accept Gold for delivery on NYSE Liffe US contracts, provided such Gold is ordered into the vault by a Clearing Member of the Exchange, and all space in such vaults is not already filled or contracted for.

(ii) To notify the Exchange of any change in the condition of their vaults.

(iii) To release to the bearer of the receipt the bars covered by said receipt upon presentation of the receipt and payment of all storage and outloading charges no later than the business day following compliance with these provisions.

(iv) To keep stocks of Gold in storage in balance with Gold represented by its outstanding vault receipts.

**(b) Conditions of Regularity**

Gold may be delivered against a mini-sized Gold contract from any vault designated by the Exchange specifically for the storage of Gold, and may not be delivered except from such vault. The following shall constitute the requirements for regularity, and by accepting a Declaration of Regularity the vault agrees to abide by these conditions:

(i) The vault must notify the Exchange promptly of any material change in ownership or condition of its premises.

(ii) The vault is required to submit a certified financial statement within 90 days of the firm's year-end. A letter of attestation must accompany all financial statements signed by the Chief Financial Officer or if there is none, a general partner or executive officer.

(iii) Such vault shall be provided with standard equipment and appliances for the convenient and safe storage of Gold and provide for proper security.

(iv) The operator of such vault shall furnish to the Registrar all needed information to enable the Exchange to keep a correct record and account of all Gold received and delivered by the vault daily and of that remaining in store at the close of each week.

(v) The operator of such vault shall accord every facility to the Exchange for the examination of its books or records for the purpose of ascertaining the stocks of Gold. The Exchange shall have the authority to employ experts to determine the quantity and quality of Gold in said vault.



(vi) No vault operator shall engage in unethical or inequitable practices, or fail to comply with any laws, Federal or State, or Rules or Regulations promulgated under those laws.

(vii) The operator shall make such reports, keep such records, and permit such vault visitation as the Exchange or the Commodity Futures Trading Commission may prescribe, and shall comply with all applicable rules. The vault must keep all such reports, books and records for a period of five years from the date thereof.

(viii) The operator of such vault must give such bonds to the Exchange as may be required by the Exchange.

(ix) The vault shall neither withdraw as a regular vault nor withdraw any regular capacity except after a sixty (60) day notice to the Exchange or having obtained the consent of the Exchange.

(x) The vault shall notify the Exchange at least sixty (60) days in advance of any changes in its maximum storage rates, penalty for late storage payment and handling charges.

(xi) The Exchange may determine not to approve vaults for regularity or increases in regular capacity of existing regular vaults, in its sole discretion, regardless of whether such vaults meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether receipts issued by such vaults, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of mini-sized Gold futures contracts or impair the efficacy of futures trading in mini-sized Gold, or whether the currently approved regular capacity provides for an adequate deliverable supply.

**(c) Revocation of Regularity**

Any regular vault may be declared by the Exchange to be irregular at any time if it does not comply with the conditions above set forth, or fails to carry out its prescribed duties. If the designation of a vault as regular shall be revoked a notice shall be posted on the Exchange website announcing such revocation and also the period of time, if any, during which the receipts issued by such vault shall thereafter be deliverable in satisfaction of futures contracts in mini-sized Gold under the Exchange Rules.

By accepting a Declaration of Regularity the vault agrees, in the event of revocation or expiration or withdrawal of regularity, to bear the expenses of the transfer of Gold under bond to another regular vault satisfactory to the holders of its vault receipts.

**SPECIAL NOTES RELATING TO CHAPTER 14**

**LICENSED DEPOSITORIES AND ASSAYERS FOR MINI-SIZED GOLD CONTRACTS**

<b>Depository</b>	<b>Location</b>	<b>Vault Number</b>
Brinks Global Services USA, Inc A Division of Brinks, Inc.	652 Kent Avenue Brooklyn, NY 11211	4001
HSBC Bank USA	452 5th Avenue New York, NY 10018	4008
Scotia Mocatta Depository A Division of Bank of Nova Scotia	26 Broadway New York, NY 10004	3001
	230-59 International Airport Center Blvd., Bldg. C, Suite 120 Jamaica, NY 11412	3002
Manfra, Tordella & Brookes, Inc.	90 Broad St. New York, NY 10004	4500

**ASSAYERS FOR MINI-SIZED GOLD CONTRACTS**

Ledoux & Company  
359 Alfred Avenue  
Teaneck, NJ 07666  
(201) 837-7160

**BRANDS APPROVED FOR DELIVERY AGAINST MINI-SIZED GOLD CONTRACTS**

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>AGR Joint Venture</b>	Perth, Australia	PMAU	THE PERTH MINT AUSTRALIA (with swan motif mint mark within circle)
<b>Argor, S.A.</b>	Chiasso, Switzerland	ARGO	* ARGOR S.A. CHIASSO-ASA
<b>Argor - Heraeus SA</b>	Mendrisio, Switzerland	ARHE	Argor-HerAeus SA, A-H, Switzerland
<b>ASARCO Incorporated</b>	Amarillo, Texas	ASAT	ASARCO GOLD-AMARILLO, TEXAS
<b>Casa da Moeda do Brasil</b>	Rio de Janeiro, Brazil	CASA	CASA DA MOEDA DO BRASIL-CMB
<b>Compagnie des Metaux Precieux</b>	Ivry, France	CMPP	* COMPAGNIE DES METAUX PRECIEUX PARIS (may also contain letters CMP)
	Ivry, France	SDBS	* SOCIETE DE BANQUE SUISSE

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>Companhia Real de Metais</b>	Sao Paulo, Brazil	CRDM	CRM
<b>Comptoir Lyon-Alemand Louyot</b>	Noisy le Sec, France	CLAL	COMPTOIR-LYON-ALEMAND, LOUYOT-PARIS (with Affineur Fondeur within octagon)
<b>OMG AG &amp; Co. KG</b>	Hanau, Germany	DEGU	*DEGUSSA FEINGOLD (with 1/2 sun and 1/4 moon within diamond)
<b>OMG AG &amp; Co. KG</b>	Burmington, Ontario	DECA	* DEGUSSA CANADA LTD. (with 1/2 sun and 1/4 moon within diamond)
<b>OMG Brasil Ltda.</b>	Guarulhos, Brazil	DEBR	DEGUSSA S.A. (with 1/2 sun and 1/4 moon within diamond)
<b>H. Drijfhout &amp; Zoon's Edelmetaalbedrijven BV</b>	Amsterdam, Netherlands	HDZA	H. DRIJFHOUT & ZOON-AMSTERDAM-MELTERS (within octagon)
<b>Engelhard Corporation</b>	Carteret, N.J.	ENNE	*ENGELHARD (may also be ENGELHARD NEW JERSEY-U.S.A. or ENGELHARD U.S.A.)
	Carteret, N.J.	BAKE	* BAKER (within circle atop triangle)
	Chessington, England	ENCI	* ENGELHARD LONDON
	Thomastown, Australia	ENTH	* ENGELHARD AUSTRALIA
	Aurora, Ontario	ENAU	* ENGELHARD (with circle connected to 1/2 moon to left of name; may also be ENGELHARD INDUSTRIES OF CANADA LTD.)
<b>Golden West Refining Corporation Limited, Handy &amp; Harman Refining Group Inc.</b>			
	Attleboro, Mass	GWHH	* HH HANDY & HARMAN REFINING GROUP
<b>Handy &amp; Harman</b>	Attleboro, Mass	HAND	* HH HANDY & HARMAN
<b>W.C. Heraeus, G.m.b.H.</b>	Hanau, Germany	HERA	HERAEUS FEINGOLD (with Heraeus Edelmetalle GmbH-Hanau encircling three roses)
<b>Heraeus Incorporated</b>	Newark, N.J.	HERI	HERAEUS FEINGOLD (with capital letter "E" preceding serial number)
<b>Heraeus Ltd.</b>	Kowloon, Hong Kong	HERH	HERAEUS FEINGOLD (with capital letter "H" preceding serial number)

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>Homestake Mining Company</b>	Lead, South Dakota	HMCO	*HOMESTAKE MINING COMPANY (with HMC all within circle)
<b>Johnson Matthey, Inc.</b>	Winslow, New Jersey	MBUS	* MATTHEY BISHOP U.S.A. (within an oval)
<b>Johnson Matthey Limited</b>	Brampton, Ontario	JMMC	* JOHNSON MATTHEY & MALLORY-CANADA (within an oval)
	Brampton, Ontario	JMCA	* JM (with crossed hammers)
	Brampton, Ontario	JMJM	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: J.M. Ltd.-CANADA-ASSAY OFFICE)
<b>Johnson Matthey Limited (Australia)</b>	Kogarah, Australia	MGPS	* MATTHEY GARRETT PTY. SYDNEY REFINERS (within an oval)
<b>Johnson Matthey Chemicals Ltd.</b>	Royston, England	JMLO	JOHNSON MATTHEY LONDON (within an oval)
<b>Johnson Matthey &amp; Pauwels S.A.</b>	Brussels, Belgium	JMPA	* JOHNSON MATTHEY & PAUWELS (within an oval)
<b>Johnson Matthey Refining, Inc.</b>	Salt Lake City, Utah	JMRI	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: J.M.R.I. U.S.A.-ASSAY OFFICE)
<b>Kennecott Utah Copper Corporation</b>	Magna, Utah	KUAU	KUC
<b>Metallurgie Hoboken Overpelt S.A.</b>	Hoboken, Belgium	MHOV	* METALLURGIE HOBOKEN OVERPELT
<b>n.v. Union Miniere s.a. – Business Unit Hoboken</b>	Hoboken, Belgium	HOBO	Hoboken 9999
<b>Metalli Preziosi S.p.A.</b>	Milan, Italy	MPSP	METALLI PREZIOSI S.p.A. MILANO-AFFINAZIONE (with MP within a circle)
<b>Metalor Technologies USA Corp.</b>	Attleborough, Mass.	MUST	METALOR® (with the “MUS” assay mark)
	Attleborough, Mass.	META	*METAUX PRECIEUX SA METALOR-MP (with “MUS” Assay mark)
<b>Metaux Precieux S.A. Metalor</b>	Neuchatel, Switzerland	MPSA	METAUX PRECIEUX SA – NEUCHATEL (with MP within a circle)
	Neuchatel, Switzerland	SBCO	SWISS BANK CORPORATION

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>Mitsubishi Metal Corporation</b>	Osaka, Japan	MMCO	* MITSUBISHI METAL CORPORATION (with three diamond mark within oval)
<b>Mitsubishi Materials Corporation</b>	Kagawa, Japan	MITA	Three diamonds forming a triangle
<b>Noranda Mines Limited, CCR Division</b>	Montreal East, Quebec	CCRL	* CANADIAN COPPER REFINERS LIMITED MONTREAL EAST, CANADA (within an oval)
<b>Noranda Mines Limited, CCR Division</b>	Montreal East, Quebec	NORA	* NORANDA MINES LIMITED – CCR, MONTREAL EAST, CANADA (within an oval)
<b>Noranda Metallurgy Inc. – Copper</b>	Montreal East, Quebec	NINC	NORANDA MINES Inc. –CCR, MONTREAL EAST, CANADA (within an oval)
<b>Norddeutsche Affinerie AG</b>	Hamburg, W. Germany	NAHA	NORDDEUTSCHE AFFINERIE HAMBURG
<b>PAMP, S.A.</b>	Castel S. Pietro,	PAMP	PAMP-SUISSE Produits Artistiques Metaux Precieux Switzerland
<b>Rand Refinery Limited</b>	Germiston Transvaal	RRSA	RAND REFINERY Ltd. SOUTH AFRICA (encircling picture of springbok)
<b>Royal Canadian Mint</b>	Ottawa, Canada	RCMI	ROYAL CANADIAN MINT (encircling a crown)
<b>Sabin Metal Corporation</b>	Scottsville, N.Y.	SABN	SMC
<b>Schone Edelmetaal NV</b>	Amsterdam, Netherlands	GSNV	GUARANTEED BY SCHONE N.V. AMSTERDAM
<b>SheffieldSmelting Co. Ltd.</b>	Sheffield, England	SSCL	* THE SHEFFIELD SMELTING CO. LTD. - LONDON & SHEFFIELD
<b>Tanaka Kikinzoku Kogyo K.K.</b>	Ichikawa, Japan	TTME	TANAKA TOYOTA-MELTERS
<b>United States Metals Refining Co., division of Amax Copper, Inc.</b>	Carteret, N.J.	DRW	* DRW
<b>U.S.S.R.</b>	Moscow, U.S.S.R.	CCCP	CCCP (with hammer and sickle)
<b>Valcambi, S.A.</b>	Balerna, Switzerland	CRSU	CREDIT SUISSE

\* Denotes brand is no longer produced.

**MINI-SIZED GOLD CHARGES**

<b>Vault</b>	<b>Withdrawal/Bar</b>	<b>Storage/Bar</b>	<b>Contract Size</b>	<b>Time Period</b>
<b><u>HSBC</u></b>				
NYSE Liffe US Mini-sized Gold	\$8.00	\$4.00	1 kilo bar (1/3-sized bar)	Monthly
<b><u>ScotiaMocatta</u></b>				
NYSE Liffe US Mini-sized Gold	\$10.00	\$5.00	1/3-sized bar	Monthly
<b><u>Exchange charges</u></b>				
NYSE Liffe US WDR - Gold	n/a	\$0.20	1/3-sized bar	Daily

**CHAPTER 15**  
**5,000 OZ. SILVER FUTURES**

**1501. Scope of Chapter**

This chapter is limited in application to the trading of 5,000 oz. Silver futures. The procedures for trading, clearing, inspection, delivery and settlement of 5,000 oz. Silver futures, and any other matters not specifically covered herein shall be governed by the general Rules of the Exchange.

**1502. Contract Specifications**

The contract grade for delivery on futures contracts made under these Rules shall be refined Silver in a bar cast in a basic weight of either 1,000 troy ounces or 1,100 troy ounces (each bar may vary no more than 10 percent). The total aggregate weight of the bars underlying the vault receipt may not vary from 5,000 troy ounces by more than 6 percent. Such Silver may not assay less than 999 fineness, and must be made up of one of the brands and markings officially listed by the Exchange as provided in Rule 1304, current at the date of delivery of such Silver.

**1503. Trading Specifications**

Trading in 5,000 oz. Silver futures shall be conducted in the current calendar month and any subsequent months. The number of months open for trading at a given time shall be determined by the Exchange.

**(a) Trading Schedule**

The hours of trading in 5,000 oz. Silver futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 1:25 p.m. New York time.

**(b) Trading Unit**

The unit of trading shall be five thousand troy ounces of contract grade Silver.

**(c) Price Increments**

The minimum price fluctuation for 5,000 oz. Silver futures shall be 10/100 of one cent per troy ounce \$0.001 which is \$5.00 per contract.

**(d) Reserved**

**(e) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of:

(i) 1,500 futures contracts net long or net short in the spot month.

(ii) 6,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

(iii) 6,000 futures-equivalent contracts net long or net short in all months combined.

Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**(f) Termination of Trading**

No trades in 5,000 oz. Silver futures deliverable in the current month shall be made during the last two business days of that month. Any contracts remaining open after the last day of trading must be settled by delivery no later than the last business day of the delivery month.<sup>44</sup>

**1504. Refiners, Vaults and Assayers**

Exchange approved refiners, vaults, and assayers may be listed with the Exchange upon approval by the Exchange. The Exchange shall maintain and make available such lists. The addition of refiners and vaults shall be binding upon all contracts outstanding as well as those entered into after approval.

**1505. Brands and Markings of Silver**

Brands and markings deliverable in satisfaction of futures contracts shall be listed with the Exchange upon approval by the Exchange. The Exchange may require such sureties as it deems necessary. The Exchange shall make available a list of the brands and markings of Silver bars which are deliverable. The addition of brands and markings shall be binding upon all such contracts outstanding as well as those entered into after approval.

If at any time a brand or marking fails to meet the requirements adopted by the Exchange or the metallurgical assay of any Silver bars bearing a brand or marking on the official list depreciates below 999 fineness, the Exchange may exclude said brand or marking from the official list unless deliveries of bars bearing said brand or marking are accompanied by certificates of analysis of an official assayer showing a Silver fineness of not less than 999, and such additional bond as the Exchange may deem necessary. Notice of such action shall be posted by the Exchange and the official list shall indicate the limitation upon deliveries of said brand or marking.

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<sup>44</sup>Amendment effective March 30, 2009, pursuant to CFTC Rule 40.6 filing dated February 18, 2009. See Notice 4/2009.



## **1506. Product Certification and Shipment**

To be eligible, for delivery on the Exchange, all Silver must be certified as to fineness and weight by an Exchange approved refiner, assayer, or other Exchange approved certifying authority and must be shipped directly from the Exchange approved refiner, assayer, or certifying authority via Exchange approved carriers to Exchange approved vaults.

If Silver is not continuously in the custody of an Exchange approved vault or carrier, the Exchange may require that it be recertified as to fineness and weight to be eligible for delivery.

The Exchange at its sole discretion shall have the authority at any time to have assayed any Silver bars covered by vault receipts delivered against futures contracts. In such an event, costs are to be borne by the Exchange.

## **1507. Delivery Points**

Silver located at regular vaults at points approved by the Exchange may be delivered in satisfaction of futures contracts.

## **1508. Deliveries by Vault Receipts\***

### **(a) Timing and Issuance of Vault Receipts**

(i) Where Silver is sold for delivery in a specified month, delivery of such Silver may be made by the seller upon such day of the specified month as the seller may select. If not previously delivered, delivery must be made upon the last business day of the month.

(ii) In order to be valid for delivery against a futures contract, a vault receipt in electronic form must be entered on the NYSE Liffe Guardian Delivery System based on the deposit of a vault receipt in paper form issued in accordance with the requirements under Rule 1502. Such paper vault receipt must be issued and deposited with the Exchange's Central Depository before 12:00 p.m. New York time on seller's notice day, which is the second business day prior to the day of delivery; however, in the case of delivery on the last delivery day of the delivery month, such paper vault receipt must be issued before 11:00 a.m. New York time on seller's notice day. Deliveries on Silver futures contracts shall be made by book entry in the NYSE Liffe Guardian Delivery System, reflecting the change in ownership interests in vault receipts in paper form issued by vaults which have been

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\* Supplemental guidance regarding creation and withdrawal of vault receipts available in CFTC Rule 40.6 filing by NYSE Liffe US dated November 16, 2009. Effective November 18, 2009. See Notice 25/2009.

approved and designated as regular vaults by the Exchange for the storage of Silver, using the electronic fields which the Exchange and the Clearing Service Provider require to be completed. Silver in bars must come to the regular vault directly from an approved source or from another regular vault either on NYSE Liffe US or the COMEX Division of the New York Mercantile Exchange, Inc., by insured or bonded carrier.<sup>45</sup>

**(b) Endorsement of Vault Receipts**

(i) In order to effect a valid delivery, each vault receipt must be endorsed by the Clearing Member making the delivery; any transfer by electronic means of a vault receipt as set forth above in subsection (a) of this Rule 1508 constitutes an endorsement with respect to such vault receipt. In the event that a vault receipt is transferred outside of the NYSE Liffe Guardian Delivery System (an “Outside Transfer”), endorsement with respect to such Outside Transfer will be made physically on such vault receipt and, if such vault receipt is subsequently entered into the NYSE Liffe Guardian Delivery System, such endorsement will remain as a record with respect to such Outside Transfer.<sup>46</sup> By any endorsement, the endorser shall be deemed to warrant, to his transferee and each subsequent transferee of the receipt for delivery on Exchange contracts, and their respective immediate principals, the genuineness, validity, and worth of such receipt, the rightfulness and effectiveness of his transfer thereof, and the quantity and quality of the Silver shown on the receipt. Such endorsement shall also constitute a representation that all storage charges have been paid up to and including the business day following the day of delivery. Prepaid storage charges shall be charged to the buyer by the seller for a period extending beyond the business day following the day of delivery (but not in excess of one year) pro rata for the unexpired term and adjustments shall be made upon the invoice thereof.

(ii) In the event such Exchange Member or principal shall claim a breach of such warranty, and such claim relates to the quantity or quality of the Silver, the lot shall be immediately submitted for sampling and assaying to an assayer approved by the Exchange; the Silver must be shipped under bond, and at the owner’s expense, to the assayer. The expense of sampling and assaying shall, in the first

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<sup>45</sup> Text of subsection (a)(ii) of Rule 1508 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

<sup>46</sup> Text of subsection (b)(i) to Rule 1508 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

instance, be borne by the claimant. If a deficiency in quantity or quality shall be determined by the assayer, the claimant shall have the right to recover the difference in the market value and all expenses incurred in connection with the sampling and assaying and any cost of replacement of the Silver. The claimant may, at his option, proceed directly against the original endorser of the vault receipt upon Exchange delivery, or against any endorser prior to claimant without seeking recovery from his immediate deliverer on the Exchange contract, and if the claim is satisfied by the original endorser of the vault receipt, or any other endorser, all the endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from any endorser and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from any endorser prior to him. Such claims as are in dispute between Members of the Exchange may in each case be submitted to arbitration under the Rules of the Exchange.

(iii) The liability of an endorser of a vault receipt as provided herein shall not be deemed to limit the rights of such endorser against any person or party for whose account the endorser acted in making delivery on an Exchange contract. If it shall be determined in such arbitration proceeding that any endorser of a vault receipt or the person or party for whom such endorser acted was aware of the breach of warranty or was involved in a plan or arrangement with the original endorser (or his principal) to place such inferior Silver in store in a regular vault for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty.

**(c) Security Interest in Vault Receipts<sup>47</sup>**

(i) Each Clearing Member that has an interest in a vault receipt or a WDR hereby grants a valid and enforceable security interest (the "Exchange Lien") to the Exchange in all of such Clearing Member's vault receipts or WDRs to secure all charges or fees associated with the custody of such vault receipts or WDRs and the Silver underlying such vault receipts or WDRs.

(ii) Each Clearing Member, by entering into the delivery process, understands that, pursuant to an Agreement for Clearing and Settlement Services, dated as of March 9, 2009, between OCC and the Exchange, the Exchange has agreed to maintain as agent on behalf of OCC as Clearing Service Provider any vault receipt or WDR with respect to which a selling Clearing Member has delivered to the

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<sup>47</sup> Subsection (c) to Rule 1413 added. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

Exchange a notice of intent to deliver such vault receipt or WDR in settlement of a Contract (a "Notice of Intent"), from the time of delivery of such Notice of Intent until 11:00 a.m., New York time (the "Cut-Off Time"), on the date of settlement for such vault receipt or WDR, unless the Exchange has received notice from OCC of a default by the relevant selling or purchasing Clearing Member, in which case the Exchange shall continue to maintain such vault receipt or WDR for the benefit of OCC until notified otherwise by OCC and, subject to applicable law, shall deliver such vault receipt or WDR to OCC or its agent upon the instructions of OCC (the "Exchange Services"). Each Clearing Member hereby agrees to the Exchange performing such Exchange Services. Each Clearing Member further understands that the security interest granted by the selling Clearing Member and the purchasing Clearing Member to OCC in any vault receipt or WDR remains in effect from the time OCC receives (or is deemed to have received by the Rules of OCC) notice that a selling Clearing Member has delivered to the Exchange a Notice of Intent until settlement of the relevant Contract, notwithstanding the electronic book entry in the NYSE Liffe US Trading Platform in favor of the selling Clearing Member. Each Clearing Member also understands that the Exchange has waived its lien in respect of vault receipts or WDRs going to delivery from the date the Exchange provides OCC notice that a Notice of Intent has been delivered, until and including the Cut-Off Time on the date that settlement is supposed to occur (regardless of whether or not settlement does in fact occur) (such period, the "Waiver Period"). Each Clearing Member hereby agrees that the Exchange Lien shall be immediately reinstated without further action after the Waiver Period; provided that, in the event that the Exchange has received notice from OCC of a default as described above, OCC shall have no responsibility for, and the Exchange's lien shall not be reinstated with respect to, any obligations of any person to the Exchange accruing prior to the Cut-Off Time, and OCC shall be responsible to the Exchange, and the Exchange's lien shall attach, only with respect to storage charges accruing after OCC takes possession of the vault receipt or WDR and only with respect to such particular vault receipt or WDR. By going to delivery, each Clearing Member further represents and warrants that there are no liens, encumbrances on or defense to the relevant vault receipts other than that of the Exchange and OCC specified in this Rule 1508.

#### **1509. Storage Charges and Transfer Fees**

Storage charges, transfer fees and in-and-out charges shall be set by each depository vault and the schedule of such charges shall be posted with the Exchange, which shall be notified at least 60 days in advance of any changes in the rate schedule. Except as otherwise provided, all such charges and fees shall remain the responsibility of the seller until payment is made.

### **1510. Cost of Inspection, Weighing, Storage and Delivery**

All charges associated with the delivery of Silver and all costs associated with inspections, weighing, and Exchange documentations, through the day of delivery, shall be paid by the delivering party. The delivering party shall pay storage charges through the business day following the day of delivery. The receivers shall pay all charges including storage charges incurred after the business day following the day of delivery.

A holder of an Exchange approved vault receipt for Silver may request recertification at his expense at any time while the unit represented by such receipt is in the Exchange approved vault. Such recertification shall be made by an Exchange approved certifying authority or assayer, selected by such holder.

### **1511. Deposit of Silver with Vaults**

Silver in bars shall be placed into a regular vault accompanied by the following information:

- (a) Brand or markings;
- (b) Identification (serial number) of each bar;
- (c) Weight of each bar; and
- (d) Fineness.

### **1512. Issuance of Vault Receipts**

The Exchange and the Clearing Service Provider shall determine the electronic fields which are required to be completed in connection with the issuance of an electronic vault receipt that is deliverable in satisfaction of Silver futures contracts.

### **1513. Payment**

Payment shall be made utilizing the electronic delivery system via the Clearing Service Provider's online system. Payment will be made at the Clearing Service Provider's settlement time as defined in its rules for exchange transactions. Thus the cost of the delivery will be debited or credited to a clearing firm's settlement account. Buyers obligated to accept delivery must take delivery and make payment and sellers obligated to make delivery must make delivery during the Clearing Service Provider's settlement process as defined in its rules for exchange transactions, on the day of delivery, except on banking holidays when delivery must be taken or made and payment made during the Clearing Service Provider's settlement process as defined in its rules for exchange

transactions, or such other time designated by the Exchange, on the next banking business day.<sup>48</sup>

## **1514. Regularity of Vaults**

### **(a) Duties of Vault Operators**

It shall be the duty of the operators of all regular vaults:

(i) To accept Silver for delivery on NYSE Liffe US contracts, provided such Silver is ordered into the vault by a Clearing Member of the Exchange, and all space in such vaults is not already filled or contracted for.

(ii) To notify the Exchange of any change in the condition of their vaults.

(iii) To release to the bearer of the receipt the bars covered by said receipt upon presentation of the receipt and payment of all storage and outloading charges no later than the business day following compliance with these provisions.

(iv) To keep stocks of Silver in storage in balance with Silver represented by its outstanding vault receipts.

### **(b) Conditions of Regularity**

Silver may be delivered against a Silver contract from any vault designated by the Exchange specifically for the storage of Silver, and may not be delivered except from such vault. The following shall constitute the requirements for regularity, and by accepting a Declaration of Regularity the vault agrees to abide by these conditions:

(i) The vault must notify the Exchange promptly of any material change in ownership or the condition of its premises.

(ii) The vault is required to submit a certified financial statement within 90 days of the firm's year-end. A letter of attestation must accompany all financial statements signed by the Chief Financial Officer or if there is none, a general partner or executive officer.

(iii) Such vault shall be provided with standard equipment and appliances for the convenient and safe storage of Silver and provide for proper security.

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<sup>48</sup> Text of Rule 1513 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

(iv) The operator of such vault shall furnish to the Registrar all needed information to enable the Exchange to keep a correct record and account of all Silver received and delivered by the vault daily and of that remaining in store at the close of each week.

(v) The operator of such vault shall accord every facility to the Exchange for the examination of its books or records for the purpose of ascertaining the stocks of Silver. The Exchange shall have the authority to employ experts to determine the quantity and quality of Silver in said vault.

(vi) No vault operator shall engage in unethical or inequitable practices, or fail to comply with any laws, Federal or State, or Rules or Regulations promulgated under those laws.

(vii) The operator shall make such reports, keep such records, and permit such vault visitation as the Exchange or the Commodity Futures Trading Commission may prescribe, and shall comply with all applicable rules. The vault must keep all such reports, books and records for a period of five years from the date thereof.

(viii) The operator of such vault must give such bonds to the Exchange as may be required by the Exchange.

(ix) The vault shall neither withdraw as a regular vault nor withdraw any regular capacity except after a sixty (60) day notice to the Exchange or having obtained the consent of the Exchange.

(x) The vault shall notify the Exchange at least sixty (60) days in advance of any changes in its maximum storage rates, penalty for late storage payment and handling charges.

(xi) The Exchange may determine not to approve vaults for or increases in regular capacity of existing regular vaults, in its sole discretion, regardless of whether such vaults meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether receipts issued by such vaults, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of Silver futures contracts or impair the efficacy of futures trading in Silver, or whether the currently approved regular capacity provides for an adequate deliverable supply.

**(c) Revocation of Regularity**

Any regular vault may be declared by the Exchange to be irregular at any time if it does not comply with the conditions above set forth, or fails to carry out its prescribed duties. If the designation of a vault as regular shall be revoked a

notice shall be posted on the Exchange website announcing such revocation and also the period of time, if any, during which the receipts issued by such vault shall thereafter be deliverable in satisfaction of futures contracts in Silver under the Rules.

By accepting a Declaration of Regularity the vault agrees, in the event of revocation or expiration or withdrawal of regularity, to bear the expenses of the transfer of Silver under bond to another regular vault satisfactory to the holders of its vault receipts.



**SPECIAL NOTICES RELATING TO CHAPTER 15**

**LICENSED DEPOSITORIES AND ASSAYERS  
FOR 5,000 OUNCE SILVER CONTRACTS**

<b>Depository</b>	<b>Location</b>	<b>Vault Number</b>
Brinks Global Services USA, Inc. A Division of Brinks, Inc.	652 Kent Avenue Brooklyn, NY 11211	4001
Delaware Depository Service Company	3601 North Market Street Wilmington, DE 19802	4014
	4200 Governor Printz Blvd. Wilmington, DE 19802	4200
HSBC Bank USA	452 5 <sup>th</sup> Avenue New York, NY 10018	4008
	425 Sawmill River Road Ardsley, NY 10502	4100
Scotia Mocatta Depository A Division of Bank of Nova Scotia	26 Broadway New York, NY 10004	3201
	232-59 International Airport Center Blvd. Bldg. C, Suite 120 Jamaica, NY 11412	3202
<p><b>LICENSED ASSAYER FOR 5,000 OUNCE SILVER</b></p> <p>Ledoux &amp; Company 359 Alfred Avenue Teaneck, NJ 07666 Orders: NJ (201) 837-7160</p>		

**BRANDS APPROVED FOR DELIVERY AGAINST NYSE Liffe US 5,000 OUNCE SILVER  
CONTRACTS**

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>COMPUTER CODE</b>	<b>BRAND MARKS</b>
<b>The Anaconda Company</b>	Perth Amboy, N.J.	UMCO	*UMS CO.
<b>ASARCO Incorporated</b>	Amarillo, Texas	ASAT	ASARCO SILVER – AMARILLO, TEXAS
	Baltimore, MD	ASBA	*ASARCO BALTIMORE, MARYLAND
	Perth Amboy, N.J.	ASCP	*ASARCO.-PERTH AMBOY, N.J.
	Perth Amboy, N.J.	ASPA	*ASARCO-PERTH AMBOY, NEW JERSEY
	Selby, CA	SGSR	*SELBY GOLD & SILVER REFINERY, SAN FRANCISCO, CAL.
<b>Britannia Refined Metals Co.</b>	Northfleet, England	BLCO	BLCo.
<b>Broken Hill Associated Smelters Pty. Ltd.</b>	Port Pirie, Australia	BHAS	BHAS

PRODUCER	REFINED AT	COMPUTER CODE	BRAND MARKS
<b>The Bunker Hill Company</b>	Kellogg, Idaho	HILL	*BUNKER HILL
<b>Cerro de Pasco Corporation</b>	La Oroya, Peru	CDPP	*C de P PERU
<b>Cominco Ltd.</b>	Trail, British Columbia	TADA	TADANAC
<b>Compania de Real Monte y Pachuca</b>	Pachuca, Mexico	RDMM	R del M
<b>Comptoir Lyon-Alemand Louyot</b>	Noisy le Sec, France	CLAP CLAL	*COMPTOIR-LYON-ALEMAND, LOUYOT & CIE-PARIS COMPTOIR-LYON-ALEMAND, LOUYOT-PARIS
<b>OMG AG &amp; Co. KG</b>	Hanau, Germany	DEGU	*DEGUSSA (with ½ sun and ¼ moon within diamond)
<b>OMG AG &amp; Co. KG</b>	South Plainfield, N.J.	METZ	*DEGUSSA (with ½ sun and ¼ moon within diamond, also Metz est. 1921)
<b>Dowa Mining Co. Ltd.</b>	Kosaka City, Japan	DOWA	DOWA (with crossed hammers within circle)
<b>Empresa Minera del Peru S.A.</b>	La Oroya, Peru	CPPE	CP-PERU
<b>Engelhard Corporation</b>			
	Chessington, England Carteret, N.J.	ENCI ENNE	*ENGELHARD LONDON *ENGELHARD
<b>Engelhard Corporation</b>	Ivy, France	ECMP	*ENGELHARD (with Compagnie Des Metaux Precieux-Paris within an oval)
<b>Furukawa Metals Co., Ltd.</b>	Nikko City, Japan	TRIA	OPEN TRIANGLE (like letter A, brand name "Yamaichi")
<b>Golden West Refining Corporation Limited, Handy &amp; Harman Refining Group Inc.</b>	Attleboro, Mass.	GWHH	*HH HANDY & HARMANREFINING GROUP
<b>Handy &amp; Harman</b>	Attleboro, Mass. Fairfield, Conn.	HAND HARM	*HH HANDY & HARMAN SILVER *HH HANDY & HARMAN SILVER (with capital letter F bars produced at Fairfield, Conn.)
<b>INCO Limited</b>	Sudbury, Ontario	ORCO	ORC
<b>Industrial Minera Mexico, S.A.</b>	Monterey, Mexico Monterey, Mexico	ASMO IMMM	*ASARCO-MONTERREY IMM-MONTERREY
<b>Johnson Matthew Limited</b>	Brampton, Ontario  Brampton, Ontario Brampton, Ontario Brampton, Ontario	JMJM  JMCO JMMC JMLT	*JOHNSON MATTHEW-JM (with crossed hammers and assay stamp: JM LTD-CANADA-ASSAY OFFICE) *JM (with crossed hammers) *J.M. & M. Ltd JM and crossed hammers in diamond

PRODUCER	REFINED AT	COMPUTER CODE	BRAND MARKS
			surrounded by JOHNSON MATTHEY CANADA
<b>Johnson Matthew Chemicals Ltd.</b>	Royston, England Royston, England	JMLO JMCF	JOHNSON MATTHEW LONDON *JMCF
<b>Johnson Matthew Refining, Inc.</b>	Salt Lake City, Utah	JMRI	JOHNSON MATTHEW-JM (with crossed hammers and assay stamp: J.M.R.I.-U.S.A.-ASSAY OFFICE)
<b>Kam-Kotia Mines Ltd.</b>	Cobalt, Ontario	CRKO	*CRK
<b>Kennecott Corporation</b>	Magma, Utah	KUEU	KUE
<b>Metalli Preziosi S.p.A.</b>	Milan, Italy	MPSP	METALLI PREZIOSI S.p.A. MILANO (with MP)
<b>n.v. Union Miniere s.a.-Business Unit Hoboken</b>	Hoboken, Belgium Hoboken, Belgium	MHOV hobn	*HOBOKEN 999.7+ HOBOKEN 999+
<b>Metalor Technologies USA Corp.</b>	N. Attleboro, Mass. N. Attleboro, Mass.	MUST META	METALOR® (with "MUS" assay mark) *METAUX PRECIEUX SAMETALOR (in a circle with letters MUS in center)
<b>Metalor Precieux SA Metalor</b>	Neuchatel, Switzerland	MPOR	METAUX PRECIEUX SA METALOR (in a circle with letters MP in center)
<b>Met-Mex Penoles, SA de CV</b>	Monterrey, Mexico Torreon, Mexico	MPSA POPM	*METALURGICA MEXICANA PENOLES S.A. PRODUCT OF PENOLES MEXICO
<b>Mitsubishi Materials Corporation</b>	Kagawa, Japan	DIAM	Three diamonds forming a triangle
<b>No. 1 Mining Corporation</b>	Namtu, Burma	BRMA	BURMA MINES
<b>Noranda Metallurgy Inc. - Copper</b>	Montreal East, Quebec	CCRL	CCR CANADA
<b>Nordeutsche Affinerie A.G.</b>	Hamburg, W. Germany	NAHA	NORDEUTSCHE AFFINERIE HAMBURG
<b>PAMP S.A.</b>	Castel San Pietro, Switzerland	PAMP	PAMP
<b>PGP Industries, Inc.</b>	Duncan, South Carolina	PGPI	PGP
<b>Rand Refinery Limited</b>	Germiston, Transvaal	RRSA	RAND REFINERY LTD. (with RR Ltd. on underside)
<b>Rudarsko Metalursko HERNIJSKI KOMBINAT RPECA</b>	Zvecan, Yugoslavia	TREP	TREPCA
<b>Sabin Metal Corporation</b>			

PRODUCER	REFINED AT	COMPUTER CODE	BRAND MARKS
	Scottsville, N.Y.	SABN	SMC
<b>Sheffield Smelting Co. Ltd.</b>	Sheffield, England	SSCL	*THE SHEFFIELD SMELTING CO. LTD.
<b>United States Assay Office</b>	Denver, Colorado New York, New York Philadelphia, Pa. San Francisco, Cal.	USDE USNY USPH USSF	*SEAL OF UNITED STATES (with year and location of production)
<b>United States Metals Refining Co., division of Amax Copper, Inc.</b>	Carteret, N.J.	DRW	*DRW
<b>U.S. Smelting, Refining &amp; Mining</b>	East Chicago, IN.	USSC	*USSCO
<b>Zakłady Metalurgiczne Trzebinia</b>	Trzebinia, Poland	ZTMP	ZTM

\*Denotes brands are no longer produced.

#### SILVER CHARGES

Vault	Withdrawal/ Receipt	Storage/ Receipt	Contract Size	Time Period
<b>HSBC</b>				
COMEX Silver	\$25.00	\$30.00	5,000 fine troy ounces (5 bars)	Monthly
NYSE Liffe US Silver	\$15.00	\$20.00	5,000 fine troy ounces (5 bars)	Monthly
<b>ScotiaMocatta</b>				
COMEX Silver	\$20.00	\$24.00	5,000 fine troy ounces (5 bars)	Monthly
<b>Brinks</b>				
COMEX Silver	\$20.00	\$24.00	5,000 fine troy ounces (5 bars)	Monthly
<b>Delaware Depository</b>				
COMEX Silver	\$20.00	\$24.00	5,000 fine troy ounces (5 bars)	Monthly
NYSE Liffe US Silver	\$20.00	\$24.00	5,000 fine troy ounces (5 bars)	Monthly

Note: The storage rate for Silver is per 5,000 ounce receipt regardless of the number of bars bundled.

**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**

**(a) Contract Months**

Trading may be conducted in the nearby Silver futures options contract month and any succeeding months *provided, however*, that the Exchange may determine not to list a contract month.

All option contract months shall expire into the nearest of the standard five month contract cycle. For option contracts traded in March, May, July, September or December, the underlying futures contract will be the corresponding March, May, July, September or December futures contract. For serial option contracts traded in January, February, April, June, August, October or November, the underlying futures contract will be the nearest March, May, July, September or December futures contract, respectively. For example, the underlying futures contract for a January serial option is the nearest March futures contract.

**(b) Trading Unit**

One 5,000 oz. Silver futures contract of a specified contract month.

**(c) Minimum Fluctuations**

The premium for 5,000 oz. Silver futures options shall be in multiples of one-tenth of a cent per troy ounce of a 5,000 oz. Silver futures contract which shall equal \$5 per contract.

However, a position may be initiated or liquidated in 5,000 oz. Silver futures options at a premium ranging from \$1.00 to \$4.00, in \$1.00 increments per option contract.

**(d) Trading Hours**

The hours of trading for options on Silver futures contracts shall be determined by the Exchange. On the last day of trading in an expiring option, the closing time for such options shall be 1:25 p.m. New York time.

**(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 25 cents per troy ounce per Silver futures contract (i.e., 6.75, 7.00, 7.25, etc.), in integral multiples of 50 cents per troy ounce per Silver futures contract (i.e., 6.00, 6.50, 7.00, 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 the first six nearby trading months:**

(A) In integral multiples of 10 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 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.

**(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 underlying 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.

**(f) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of:

(i) 1,500 futures contracts net long or net short in the spot month.

(ii) 6,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

(iii) 6,000 futures-equivalent contracts net long or net short in all months combined.

Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**(g) Reserved**

**(h) Nature of 5,000 oz. Silver Futures Options**

The buyer of one 5,000 oz. Silver futures put option may exercise his option at any time prior to expiration (subject to Rule 1602), to assume a short position of one 5,000 oz. Silver futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one 5,000 oz. Silver futures put option incurs the obligation of assuming a long position of one 5,000 oz. Silver futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer.

The buyer of one 5,000 oz. Silver futures call option may exercise his option at any time prior to expiration (subject to Rule 1602), to assume a long position of one 5,000 oz. Silver futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one 5,000 oz. Silver futures call option incurs the obligation of assuming a short position of one 5,000 oz. Silver futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer.

**(i) Termination of Trading**

The last trading day for standard Silver futures options (March, May, July, September, December) shall be the fourth business day prior to the first calendar day of the corresponding Silver futures delivery month.

The last trading day for serial Silver futures options (January, February, April, June, August, October, November) shall be the fourth business day prior to the first calendar day of the option month.



If the last trading day falls on a Friday or immediately prior to an Exchange holiday, last trading day will occur on the previous business day.

**(j) Contract Modification**

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these Rules, such order, ruling, directive, or law shall be construed to become part of the Rules and all open and new options contracts shall be subject to such government orders.

**1603. Exercise and Assignment**

The following shall apply to the exercise and assignment of 5,000 oz. Silver Futures Options.

**(a) Exercise of Option**

Silver futures options are American-style exercise. The buyer of a Silver futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Service Provider by 7:00 p.m., New York time, or by such other time designated by the Exchange, on such day.

After the close of trading in the expiring options on expiration day, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Service Provider. Notice to cancel automatic exercise shall be given to the Clearing Service Provider by 7:00 p.m., New York Time, or by such other time designated by the Exchange, on the last day of trading.

Unexercised 5,000 oz. Silver futures options shall expire at 8:00 p.m., New York Time, on the last day of trading.

**(b) Assignment**

Exercise notices accepted by the Clearing Service Provider shall be assigned through a process of random selection to Clearing Members' open short positions in the same series. A Clearing Member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing Service Provider.

The Clearing Member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The Clearing Member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with the Rules of the Clearing Service Provider on the trading day of acceptance by the Clearing Service Provider of the Exercise Notice.

#### **1604. Corrections to Options Exercises**

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing Service Provider after the 7:00 p.m. New York Time deadline and up to the beginning of final option expiration processing *provided* that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing Service Provider, or the President's designee, and such decision will be final.

#### **1605. Payment of Option Premium**

The option premium must be paid in full by each Clearing Member to the Clearing Service Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

## CHAPTER 17 MINI-SIZED SILVER FUTURES

### 1701. Scope of Chapter

This chapter is limited in application to trading of mini-sized Silver futures. The procedures for trading, clearing, inspection, delivery and settlement of mini-sized Silver futures, and any other matters not specifically covered herein shall be governed by the general Rules of the Exchange.

### 1702. Contract Specifications

The contract grade for delivery on futures contracts made under these Rules shall be refined Silver in a bar cast in a basic weight of either 1,000 troy ounces or 1,100 troy ounces (each bar may vary no more than 10 percent). Such Silver may not assay less than 999 fineness, and must be made up of one of the brands and markings officially listed by the Exchange as provided in Rule 1705, current at the date of delivery of such Silver.

### 1703. Trading Specifications

Trading in mini-sized Silver futures shall be conducted in the current calendar month and any subsequent months. The number of months open for trading at a given time shall be determined by the Exchange.

#### (a) Trading Schedule

The hours of trading in mini-sized Silver futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 1:25 p.m. New York time.

#### (b) Trading Unit

The unit of trading shall be one thousand troy ounces of contract grade Silver.

#### (c) Price Increments

The minimum price fluctuation for mini-sized Silver futures shall be 10/100 of one cent per troy ounce \$0.001 which is \$ 1.00 per contract.

#### (d) Reserved

#### (e) Position Limits

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of:

- (i) 1,500 contracts net long or net short in the spot month.

(ii) 1,500 futures contracts net long or net short in any single contract month excluding the spot month.

(iii) 3,000 futures contracts net long or net short in all months combined.

Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**(f) Termination of Trading**

No trades in mini-sized Silver futures deliverable in the current month shall be made during the last two business days of that month. Any contracts remaining open after the last day of trading must be settled by delivery no later than the last business day of the delivery month<sup>49</sup>

**1704. Refiners, Vaults and Assayers**

Exchange approved refiners, vaults, and assayers may be listed with the Exchange upon approval by the Exchange. The Exchange shall maintain and make available such lists. The addition of refiners and vaults shall be binding upon all contracts outstanding as well as those entered into after approval.

**1705. Brands and Markings of Silver**

Brands and markings deliverable in satisfaction of futures contracts shall be listed with the Exchange upon approval by the Exchange. The Exchange may require such sureties as it deems necessary. The Exchange shall make available a list of the brands and markings of Silver bars which are deliverable. The addition of brands and markings shall be binding upon all such contracts outstanding as well as those entered into after approval

If at any time a brand or marking fails to meet the requirements adopted by the Exchange or the metallurgical assay of any Silver bars bearing a brand or marking on the official list depreciates below 999 fineness, the Exchange may exclude said brand or marking from the official list unless deliveries of bars bearing said brand or marking are accompanied by certificates of analysis of an official assayer showing a Silver fineness of not less than 999, and such additional bond as the Exchange may deem necessary. Notice of such action shall be posted by the Exchange and the official list shall indicate the limitation upon deliveries of said brand or marking.

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<sup>49</sup> Amendment effective March 30, 2009, pursuant to CFTC Rule 40.6 filing dated February 18, 2009. See Notice 4/2009.

## **1706. Product Certification and Shipment**

To be eligible for delivery on the Exchange, all Silver must be certified as to fineness and weight by an Exchange approved refiner, assayer, or other Exchange approved certifying authority and must be shipped directly from the Exchange approved refiner, assayer, or certifying authority via Exchange approved carriers to Exchange approved vaults.

If Silver is not continuously in the custody of an Exchange approved vault or carrier, the Exchange may require that it be recertified as to fineness and weight to be eligible for delivery.

The Exchange at its sole discretion shall have the authority at any time to have assayed any Silver bars covered by vault receipts delivered against futures contracts. In such an event, costs are to be borne by the Exchange.

## **1707. Delivery Points**

Silver located at regular vaults at points approved by the Exchange may be delivered in satisfaction of futures contracts.

## **1708. Deliveries\***

### **(a) Deliveries by Vault Receipts**

(i) Where Silver is sold for delivery in a specified month, delivery of such Silver may be made by the seller upon such day of the specified month as the seller may select. If not previously delivered, delivery must be made upon the last business day of the month.

(ii) In order to be valid for delivery against a futures contract, a vault receipt in electronic form must be entered on the NYSE Liffe Guardian Delivery System based on the deposit of a vault receipt in paper form issued in accordance with the requirements under Rule 1702. Such paper vault receipt must be issued before 12:00 p.m. New York time on seller's notice day, which is the second business day prior to the day of delivery; however, in the case of delivery on the last delivery day of the delivery month, such paper vault receipt must be issued before 11:00 a.m. New York time on seller's notice day. Deliveries on mini-sized Silver futures contracts shall be made by book entry in the NYSE Liffe Guardian Delivery System, reflecting the change in ownership interests in vault receipts in paper form issued by vaults which have been approved and designated as regular vaults by

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\* Supplemental guidance regarding creation and withdrawal of vault receipts available in CFTC Rule 40.6 filing by NYSE Liffe US dated November 16, 2009. Effective November 18, 2009. See Notice 25/2009.

the Exchange for the storage of Silver, using the electronic fields which the Exchange and the Clearing Service Provider require to be completed.<sup>50</sup> Silver in bars must come to the regular vault directly from an approved source or from another regular vault either on NYSE Liffe US or the COMEX Division of the New York Mercantile Exchange, Inc., by insured or bonded carrier.

(iii) In order to effect a valid delivery, each vault receipt must be endorsed by the Clearing Member making the delivery; any transfer by electronic means of a vault receipt as set forth above in sub-section (a) of this Rule 1708 constitutes an endorsement with respect to such vault receipt. In the event that a vault receipt is delivered and a transfer of such vault receipt subsequently occurs off of the NYSE Liffe US Trading Platform (an "Outside Transfer"), endorsement with respect to such Outside Transfer will be made on the face of the vault receipt and, if such vault receipt is subsequently entered into the NYSE Liffe US Trading Platform, such endorsement will remain as a record with respect to such Outside Transfer.<sup>51</sup> By any endorsement, the endorser shall be deemed to warrant, to his transferee and each subsequent transferee of the receipt for delivery on Exchange contracts, and their respective immediate principals, the genuineness, validity, and worth of such receipt, the rightfulness and effectiveness of his transfer thereof, and the quantity and quality of the Silver shown on the receipt. Such endorsement shall also constitute a representation that all storage charges have been paid up to and including the business day following the day of delivery. Prepaid storage charges shall be charged to the buyer by the seller for a period extending beyond the business day following the day of delivery (but not in excess of one year) pro rata for the unexpired term and adjustments shall be made upon the invoice thereof.

(iv) In the event such Exchange Member or principal shall claim a breach of such warranty, and such claim relates to the quantity or quality of the Silver, the lot shall be immediately submitted for sampling and assaying to an assayer approved by the Exchange; the Silver must be shipped under bond, and at the owner's expense, to the assayer. The expense of sampling and assaying shall, in the first instance, be borne by the claimant. If a deficiency in quantity or quality shall be determined by the assayer, the claimant shall have the right to

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<sup>50</sup> Text of subsection (a)(ii) to Rule 1708 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

<sup>51</sup> Text of subsection (a)(iii) to Rule 1708 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

recover the difference in the market value and all expenses incurred in connection with the sampling and assaying and any cost of replacement of the Silver. The claimant may, at his option, proceed directly against the original endorser of the vault receipt upon Exchange delivery, or against any endorser prior to claimant without seeking recovery from his immediate deliverer on the Exchange contract, and if the claim is satisfied by the original endorser of the vault receipt, or any other endorser, all the endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from any endorser and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from any endorser prior to him. Such claims as are in dispute between Members of the Exchange may in each case be submitted to arbitration under the Rules of the Exchange.

(v) The liability of an endorser of a vault receipt as provided herein shall not be deemed to limit the rights of such endorser against any person or party for whose account the endorser acted in making delivery on an Exchange contract. If it shall be determined in such arbitration proceeding that any endorser of a vault receipt or the person or party for whom such endorser acted was aware of the breach of warranty or was involved in a plan or arrangement with the original endorser (or his principal) to place such inferior Silver in store in a regular vault for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty.

**(b) Deliveries by Silver Warehouse Depository Receipts**

(i) Deliveries of NYSE Liffe US mini-sized Silver may be made by delivery of WDRs.\* In order to effect a valid delivery, each WDR must be endorsed by the Clearing Member making the delivery; any transfer by electronic means of a WDR in the NYSE Liffe Guardian Delivery System constitutes an endorsement with respect to such WDR. Such endorsement shall constitute a warranty of the genuineness of the WDR and of good title thereto, but shall not constitute a guaranty, by an endorser, of performance by the vault. Such endorsement shall also constitute a representation that all storage

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\* Related operational guidance contained in CFTC Rule 40.6 filing by NYSE Liffe dated September 5, 2008. See Notice 8/2008.

charges have been paid on the Silver covered by the WDR, in accordance with Rule 1709.<sup>52</sup>

(ii) WDRs may not be cancelled for load-out. Upon return of a WDR to the Exchange, and payment of all storage charges pertaining to the silver represented, for which the Exchange claims a lien, a registered vault receipt in electronic form will be delivered by the Exchange to the holder of the WDR, utilizing the electronic delivery system via the Clearing Service Provider's on-line system. Delivery of a vault receipt to the holder of the WDR shall not constitute a guaranty by the Exchange of performance by the vault.<sup>53</sup>

**(c) Security Interest in Vault Receipts and WDRs<sup>54</sup>**

(i) Each Clearing Member that has an interest in a vault receipt or a WDR hereby grants a valid and enforceable security interest (the "Exchange Lien") to the Exchange in all of such Clearing Member's vault receipts or WDRs to secure all charges or fees associated with the custody of such vault receipts or WDRs and the Silver underlying such vault receipts or WDRs.

(ii) Each Clearing Member, by entering into the delivery process, understands that, pursuant to an Agreement for Clearing and Settlement Services, dated as of March 9, 2009, between OCC and the Exchange, the Exchange has agreed to maintain as agent on behalf of OCC as Clearing Service Provider any vault receipt or WDR with respect to which a selling Clearing Member has delivered to the Exchange a notice of intent to deliver such vault receipt or WDR in settlement of a Contract (a "Notice of Intent"), from the time of delivery of such Notice of Intent until 11:00 a.m., New York time (the "Cut-Off Time"), on the date of settlement for such vault receipt or WDR, unless the Exchange has received notice from OCC of a default by the relevant selling or purchasing Clearing Member, in which case the Exchange shall continue to maintain such vault receipt or WDR for the benefit of OCC until notified otherwise by OCC and, subject to applicable law, shall deliver such vault receipt or WDR to OCC or its agent upon the instructions of OCC (the "Exchange Services"). Each Clearing Member hereby agrees to the Exchange performing such

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<sup>52</sup> Amendment to text of subsection (b)(i) to Rule 1708. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

<sup>53</sup> *Id.*

<sup>54</sup> Amendment, adding Subsection (c) to Rule 1708. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.



Exchange Services. Each Clearing Member further understands that the security interest granted by the selling Clearing Member and the purchasing Clearing Member to OCC in any vault receipt or WDR remains in effect from the time OCC receives (or is deemed to have received by the Rules of OCC) notice that a selling Clearing Member has delivered to the Exchange a Notice of Intent until settlement of the relevant Contract, notwithstanding the electronic book entry in the NYSE Liffe US Trading Platform in favor of the selling Clearing Member. Each Clearing Member also understands that the Exchange has waived its lien in respect of vault receipts or WDRs going to delivery from the date the Exchange provides OCC notice that a Notice of Intent has been delivered, until and including the Cut-Off Time on the date on which settlement is supposed to occur (regardless of whether or not such settlement does in fact occur) (such period, the "Waiver Period"). Each Clearing Member hereby agrees that the Exchange Lien shall be immediately reinstated without further action after the Waiver Period; provided that, in the event that the Exchange has received notice from OCC of a default as described above, OCC shall have no responsibility for, and the Exchange's lien shall not be reinstated with respect to, any obligations of any person to the Exchange accruing prior to the Cut-Off Time, and OCC shall be responsible to the Exchange, and the Exchange's lien shall attach, only with respect to storage charges accruing after OCC takes possession of the vault receipt or WDR and only with respect to such particular vault receipt or WDR. By going to delivery, each Clearing Member further represents and warrants that there are no liens, encumbrances on or defense to the relevant vault receipts or WDRs other than that of the Exchange and OCC specified in this Rule 1708.

#### **1709. Storage Charges and Transfer Fees**

Storage charges, transfer fees and in-and-out charges shall be set by each depository vault and the schedule of such charges shall be posted with the Exchange, which shall be notified at least 60 days in advance of any changes in the rate schedule. Except as otherwise provided, all such charges and fees shall remain the responsibility of the seller until payment is made.

#### **1710. Cost of Inspection, Weighing, Storage and Delivery**

All charges associated with the delivery of Silver and all costs associated with inspections, weighing, and Exchange documentations, through the day of delivery, shall be paid by the delivering party. The delivering party shall pay storage charges through the business day following the day of delivery. The receivers shall pay all charges including storage charges incurred after the business day following the day of delivery.

A holder of an Exchange approved vault receipt for Silver may request recertification at his expense at any time while the unit represented by such receipt is in

the Exchange approved vault. Such recertification shall be made by an Exchange approved certifying authority or assayer, selected by such holder.

#### **1711. Deposit of Silver with Vaults**

Silver in bars shall be placed into a regular vault accompanied by the following information:

- (a) Brand or markings;
- (b) Identification (serial number) of each bar;
- (c) Weight of each bar; and
- (d) Fineness.

#### **1712. Issuance of Vault Receipts**

The Exchange and the Clearing Service Provider shall determine the electronic fields which are required to be completed in connection with the issuance of an electronic vault receipt that is deliverable in satisfaction of mini-sized Silver futures contracts.

#### **1713. Payment**

Payment shall be made utilizing the electronic delivery system via the Clearing Service Provider's online system. Payment will be made at the Clearing Service Provider's settlement time as defined in its rules for exchange transactions. Thus the cost of the delivery will be debited or credited to a clearing firm's settlement account. Buyers obligated to accept delivery must take delivery and make payment and sellers obligated to make delivery must make delivery during the Clearing Service Provider's settlement process as defined in its rules for exchange transactions, on the day of delivery, except on banking holidays when delivery must be taken or made and payment made during the Clearing Service Provider's settlement process as defined in its rules for exchange transactions, or such other time designated by the Exchange, on the next banking business day.<sup>55</sup>

#### **1714. Regularity of Vaults**

##### **(a) Duties of Vault Operators**

It shall be the duty of the operators of all regular vaults:

- (i) To accept Silver for delivery on NYSE Liffe US contracts, provided such Silver is ordered into the vault by a Clearing Member of

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<sup>55</sup> Amendment to the text of Rule 1713. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

the Exchange, and all space in such vaults is not already filled or contracted for.

(ii) To notify the Exchange of any change in the condition of their vaults.

(iii) To release to the bearer of the receipt the bars covered by said receipt upon presentation of the receipt and payment of all storage and outloading charges no later than the business day following compliance with these provisions.

(iv) To keep stocks of Silver in storage in balance with Silver represented by its outstanding vault receipts.

**(b) Conditions of Regularity**

Silver may be delivered against a Silver contract from any vault designated by the Exchange specifically for the storage of Silver, and may not be delivered except from such vault. The following shall constitute the requirements for regularity, and by accepting a Declaration of Regularity the vault agrees to abide by these conditions:

(i) The vault must notify the Exchange promptly of any material change in ownership or the condition of its premises.

(ii) The vault is required to submit a certified financial statement within 90 days of the firm's year-end. A letter of attestation must accompany all financial statements signed by the Chief Financial Officer or if there is none, a general partner or executive officer.

(iii) Such vault shall be provided with standard equipment and appliances for the convenient and safe storage of Silver and provide for proper security.

(iv) The operator of such vault shall furnish to the Registrar all needed information to enable the Exchange to keep a correct record and account of all Silver received and delivered by the vault daily and of that remaining in store at the close of each week.

(v) The operator of such vault shall accord every facility to the Exchange for the examination of its books or records for the purpose of ascertaining the stocks of Silver. The Exchange shall have the authority to employ experts to determine the quantity and quality of Silver in said vault.

(vi) No vault operator shall engage in unethical or inequitable practices, or fail to comply with any laws, Federal or State, or Rules or Regulations promulgated under those laws.

(vii) The operator shall make such reports, keep such records, and permit such vault visitation as the Exchange or the Commodity Futures Trading Commission may prescribe, and shall comply with all applicable rules. The vault must keep all such reports, books and records for a period of five years from the date thereof.

(viii) The operator of such vault must give such bonds to the Exchange as may be required by the Exchange.

(ix) The vault shall neither withdraw as a regular vault nor withdraw any regular capacity except after a sixty (60) day notice to the Exchange or having obtained the consent of the Exchange.

(x) The vault shall notify the Exchange at least sixty (60) days in advance of any changes in its maximum storage rates, penalty for late storage payment and handling charges.

(xi) The Exchange may determine not to approve vaults for regularity or increases in regular capacity of existing regular vaults, in its sole discretion, regardless of whether such vaults meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether receipts issued by such vaults, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of mini-sized Silver futures contracts or impair the efficacy of futures trading in mini-sized Silver, or whether the currently approved regular capacity provides for an adequate deliverable supply.

(c)     **Revocation of Regularity**

Any regular vault may be declared by the Exchange to be irregular at any time if it does not comply with the conditions above set forth, or fails to carry out its prescribed duties. If the designation of a vault as regular shall be revoked a notice shall be posted on the Exchange website announcing such revocation and also the period of time, if any, during which the receipts issued by such vault shall thereafter be deliverable in satisfaction of futures contracts in mini-sized Silver under the Rules.

By accepting a Declaration of Regularity the vault agrees, in the event of revocation or expiration or withdrawal of regularity, to bear the expenses of the transfer of Silver under bond to another regular vault satisfactory to the holders of its vault receipts.

**SPECIAL NOTICES RELATING TO CHAPTER 17**

**LICENSED DEPOSITORIES AND ASSAYERS FOR MINI-SIZED SILVER**

<b>Depository</b>	<b>Location</b>	<b>Vault Number</b>
BRINKS GLOBAL SERVICES USA, INC. A DIVISION OF BRINKS, INC.	652 Kent Avenue Brooklyn, NY 11211	4001
DELAWARE DEPOSITORY SERVICE COMPANY, LLC	3601 North Market Street Wilmington, DE 19802	4014
	4200 Governor Printz Blvd. Wilmington, DE 19802	4200
HSBC BANK USA	452 5 <sup>th</sup> Avenue New York, NY 10018	4008
	425 Sawmill River Road Ardsley, NY 10502	4100
SCOTIA MOCATTA DEPOSITORY, A DIVISION OF THE BANK OF NOVA SCOTIA	26 Broadway New York, NY 10004	3201
	232-59 International Airport Center Blvd. Bldg. C, Suite 120 Jamaica, NY 11412	3202
<p><b>LICENSED ASSAYER FOR 5,000 OUNCE SILVER</b></p> <p>Ledoux &amp; Company 359 Alfred Avenue Teaneck, NJ 07666 Orders: NJ (201) 837-7160</p>		

**BRANDS APPROVED FOR DELIVERY AGAINST MINI-SIZED SILVER CONTRACTS**

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>COMPUTER CODE</b>	<b>BRAND MARKS</b>
<b>The Anaconda Company</b>	Perth Amboy, N.J.	UMCO	*UMS CO.
<b>ASARCO Incorporated</b>	Amarillo, Texas	ASAT	ASARCO SILVER – AMARILLO, TEXAS
	Baltimore, MD	ASBA	*ASARCO BALTIMORE, MARYLAND
	Perth Amboy, N.J.	ASCP	*AS & R CO.-PERTH AMBOY, N.J.
	Perth Amboy, N.J.	ASPA	*ASARCO-PERTH AMBOY, NEW JERSEY
	Selby, CA	SGSR	*SELBY GOLD & SILVER REFINERY, SAN FRANCISCO, CAL.
<b>Britannia Refined Metals Co.</b>			

PRODUCER	REFINED AT	COMPUTER CODE	BRAND MARKS
<b>Broken Hill Associated Smelters Ptr. Ltd.</b>	Northfleet, England	BLCO	BLCO.
	Port Pirie, Australia	BHAS	BHAS
<b>The Bunker Hill Company</b>	Kellogg, Idaho	HILL	*BUNKER HILL
<b>Cerro de Pasco Corporation</b>	La Oroya, Peru	CDPP	*C de P PERU
<b>Cominco Ltd.</b>	Trial, British Columbia	TADA	TADANAC
<b>Compania de Real Monte y Pachuca</b>	Pachuca, Mexico	RDMM	R del M
<b>Comptoir Lyon-Alemand Louyot</b>	Noisy le Sec, France	CLAP	*COMPTOIR-LYON-ALEMAND, LOUYOT & CIE-PARIS
		CLAL	COMPTOIR-LYON-ALEMAND, LOUYOT-PARIS
<b>OMG AG &amp; Co. KG</b>	Hanau, Germany	DEGU	*DEGUSSA (with ½ sun and ¼ moon within diamond)
<b>OMG AG &amp; Co. KG</b>	South Plainfield, N.J.	METZ	*DEGUSSA (with ½ sun and ¼ moon within diamond, also Metz est. 1921)
<b>Dowa Mining Co. Ltd.</b>	Kosaka City, Japan	DOWA	DOWA (with crossed hammers within circle)
<b>Empresa Minera del Peru S.A.</b>	La Oroya, Peru	CPPE	CP-PERU
<b>Engelhard Corporation</b>	Chessington, England	ENCI	*ENGELHARD LONDON
	Carteret, N.J.	ENNE	*ENGELHARD
<b>Engelhard Corporation</b>	Ivy, France	ECMP	*ENGELHARD (with Compagnie Des Metaux Precieux-Paris within an oval)
<b>Furukawa Metals Co., Ltd.</b>	Nikko City, Japan	TRIA	OPEN TRIANGLE (like letter A, brand name "Yamaichi")
<b>Golden West Refining Corporation Limited, Handy &amp; Harman Refining Group Inc.</b>			
	Attleboro, Mass.	GWHH	*HH HANDY & HARMANREFINING GROUP
<b>Handy &amp; Harman</b>	Attleboro, Mass.	HAND	*HH HANDY & HARMAN SILVER
	Fairfield, Conn.	HARM	*HH HANDY & HARMAN SILVER (with capital letter F bars produced at Fairfield, Conn.)
<b>INCO Limited</b>	Sudbury, Ontario	ORCO	ORC
<b>Industrial Minera Mexico, S.A.</b>			

PRODUCER	REFINED AT	COMPUTER CODE	BRAND MARKS
	Monterey, Mexico	ASMO	*ASARCO-MONTERREY
	Monterey, Mexico	IMMM	IMM-MONTERREY
<b>Johnson Matthew Limited</b>	Brampton, Ontario	JMJM	*JOHNSON MATTHEW-JM (with crossed hammers and assay stamp: JM LTD-CANADA-ASSAY OFFICE)
	Brampton, Ontario	JMCO	*JM (with crossed hammers)
	Brampton, Ontario	JMMC	*J.M. & M. Ltd
	Brampton, Ontario	JMLT	JM and crossed hammers in diamond surrounded by JOHNSON MATTHEW CANADA
<b>Johnson Matthew Chemicals Ltd.</b>	Royston, England	JMLO	JOHNSON MATTHEW LONDON
	Royston, England	JMCF	*JMCF
<b>Johnson Matthew Refining, Inc.</b>	Salt Lake City, Utah	JMRI	JOHNSON MATTHEW-JM (with crossed hammers and assay stamp: J.M.R.I.-U.S.A.-ASSAY OFFICE)
<b>Kam-Kotia Mines Ltd.</b>	Cobalt, Ontario	CRKO	*CRK
<b>Kennecott Corporation</b>	Magma, Utah	KUEU	KUE
<b>Metalli Preziosi S.p.A.</b>	Milan, Italy	MPSP	METALLI PREZIOSI S.p.A. MILANO (with MP)
<b>n.v. Union Miniere s.a.-Business Unit Hoboken</b>	Hoboken, Belgium	MHOV	*HOBOKEN 999.7+
	Hoboken, Belgium	hobn	HOBOKEN 999+
<b>Metalor Technologies USA Corp.</b>	N. Attleboro, Mass.	MUST	METALOR® (with "MUS" assay mark)
	N. Attleboro, Mass.	META	*METAUX PRECIEUX SAMETALOR (in a circle with letters MUS in center)
<b>Metalor Precieux SA Metalor</b>	Neuchatel, Switzerland	MPOR	METAUX PRECIEUX SA METALOR (in a circle with letters MP in center)
<b>Met-Mex Penoles, SA de CV</b>	Monterrey, Mexico	MPSA	*METALURGICA MEXICANA PENOLES S.A.
	Torreón, Mexico	POPM	PRODUCT OF PENOLES MEXICO
<b>Mitsubishi Materials Corporation</b>	Kagawa, Japan	DIAM	Three diamonds forming a triangle
<b>No. 1 Mining Corporation</b>	Namtu, Burma	BRMA	BURMA MINES
<b>Noranda Metallurgy Inc. – Copper</b>	Montreal East, Quebec	CCRL	CCR CANADA
<b>Norddeutsche Affinerie A.G.</b>			

PRODUCER	REFINED AT	COMPUTER CODE	BRAND MARKS
	Hamburg, W. Germany	NAHA	NORDEUTSCHE AFFINERIE HAMBURG
<b>PAMP S.A.</b>	Castel San Pietro, Switzerland	PAMP	PAMP
<b>PGP Industries, Inc.</b>	Duncan, South Carolina	PGPI	PGP
<b>Rand Refinery Limited</b>	Germiston, Transvaal	RRSA	RAND REFINERY LTD. (with RR Ltd. On underside)
<b>Rudarsko Metalursko Hernijski Kombinat, Trepca</b>	Zvecan, Yugoslavia	TREP	TREPCA
<b>Sabin Metal Corporation</b>	Scottsville, N.Y.	SABN	SMC
<b>Sheffield Smelting Co. Ltd.</b>	Sheffield, England	SSCL	*THE SHEFFIELD SMELTING CO. LTD.
<b>United States Assay Office</b>	Denver, Colorado	USDE	*SEAL OF UNITED STATES (with year and location of production)
	New York, New York	USNY	
	Philadelphia, Pa.	USPH	
	San Francisco, Cal.	USSF	
<b>United States Metals Refining Co., division of Amax Copper, Inc.</b>	Carteret, N.J.	DRW	*DRW
<b>U.S. Smelting, Refining &amp; Mining</b>	East Chicago, In.	USSC	*USSCO
<b>Zaklady Metalurgiczne Trzebinia</b>	Trzebinia, Poland	ZTMP	ZTM

\*Denotes brands are no longer produced.

#### MINI-SIZED SILVER CHARGES

Vault	Withdrawal/ Bar	Storage/ Bar	Contract Size	Time Period
<b>HSBC</b> NYSE Liffe US Mini-sized Silver	\$15.00	\$4.00	1,000 fine troy ounces (1 bar)	Monthly
<b>Delaware Depository</b> NYSE Liffe US Mini-sized Silver	\$13.00	\$3.70	1,000 fine troy ounces (1 bar)	Monthly
NYSE Liffe US Mini Silver (as of 1/1/08)	\$20.00	\$5.00	1,000 fine troy ounces (1 bar)	Monthly
<b>Exchange charges</b> NYSE Liffe US WDR – Silver	n/a	\$4.00	1000 troy ounces	Monthly



**CHAPTER 18  
THROUGH 29**

**[Reserved]**

**CHAPTER 30**  
**MSCI EAFE Mini Index Futures<sup>56</sup>**

**3001. Scope of Chapter**

This chapter is limited in application to trading of MSCI EAFE Mini Index Futures. The procedures for trading, clearance, settlement, and any other matters not specifically covered herein shall be governed by the general Rule of the Exchange.

**3002. Contract Specifications**

(a) Each futures contract shall be for \$50.00 times the MSCI EAFE Index Value. The MSCI EAFE Index (Europe, Australasia, Far East) is a free-float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada. As of June 2007, the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

(b) The MSCI EAFE Index is subject to change by MSCI, Inc. or any of its relevant affiliates ("MSCI") as set forth in the MSCI Global Investable Market Indices Methodology: *Index Construction Objectives, Guiding Principles and Methodology for the MSCI Global Investable Market Indices* as that document is amended, updated and replaced from time to time. Pursuant to the terms of the license granted by MSCI to the Exchange, under certain circumstances, the Exchange may become responsible for maintaining, changing or amending the index upon which the Futures specified in this Chapter is valued.

(c) The terms and conditions of the Futures specified in this Chapter are deemed to include any relevant governmental, regulatory or court decree or order as recognized by the Exchange in a Notice to Members.

**3003. Trading Specifications**

Trading in MSCI EAFE Mini Index Futures shall be conducted in March, June, September and December delivery months. The number of months open for trading at a given time shall be determined by the Exchange.

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<sup>56</sup> Amendment adding Chapter 30, effective September 7, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing with CFTC dated August 28, 2009. See Notice 19/2009.

(a) **Trading Schedule**

The hours of trading in MSCI EAFE Mini Index Futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 11 a.m. New York time.

(b) **Trading Unit**

The unit of trading shall be \$50.00 times the MSCI EAFE Index.

(c) **Price Increments**

The minimum price fluctuation for the MSCI EAFE Mini Index Futures shall be 0.10 Index Points, which is \$5.00 per contract. Contracts shall not be made on any other price basis.

(d) **Reserved**

(e) **Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of 10,000 futures-equivalent contracts net long or net short in any single contract month or all months combined. Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

(f) **Termination of Trading**

The last day of trading for each MSCI EAFE Mini Index Futures shall be the third Friday of the contract month.

**3004. Cash Settlement Procedures**

(a) **Settlement**

MSCI EAFE Mini Index Futures open at the termination of trading shall be cash settled as set forth in sub-sections (b) and (c) below.

(b) **Final Settlement Value**

The final settlement value for purposes of the contract's cash settlement shall be the MSCI EAFE Index as calculated by MSCI rounded to the nearest 1/100<sup>th</sup> of an index point. This value shall be based on the closing prices of the stocks at their respective primary exchanges on the third Friday of the contract month. Closing prices shall be converted from local currency to U.S. dollars based on the spot exchange rate provided by Reuters at 4:00 pm London time on the day of the final settlement price calculation. If a component stock in the

index does not trade on the day scheduled for determination of the Final Settlement Price while the primary market for that stock is open for trading, the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the most recent closing price of that stock. If one or more primary exchange(s) are not scheduled to be open for trading on the day of the final settlement calculation, the prices of those stocks shall all be based on the most recent closing prices. All closing prices will be converted from local currency to U.S. Dollars based on the spot exchange rate provided by Reuters at 4:00 pm London time on the day of final settlement price calculation. In the event of an unscheduled close of one or more primary exchange(s) due to unforeseen circumstances, MSCI will use the most recent available prices for the purposes of calculating the Final Settlement Price. All prices will be converted from local currency to U.S. Dollars based on the spot exchange rate provided by Reuters at 4:00 pm London time on the day of final settlement price calculation.

**(c) Final Settlement Payment**

Payment in final settlement of an MSCI Mini Index Futures will be made at the Clearing Service Provider's settlement time as defined in its rules for exchange transactions on the business day following the termination of trading by clearing members with open positions at the time of termination of trading of the MSCI Mini Index Futures Contract. The amount of the final settlement payment to be made or received will be calculated based on the final settlement value set forth in sub-paragraph (b) as a normal variation payment.

**3005. Notice**

The MSCI EAFE Mini Index Futures are not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any affiliate of MSCI or any party involved in, or related to, making or compiling any Indexes. The MSCI EAFE Mini Index Futures have not been passed on by MSCI, any of its affiliates or any other party involved in, or related to, making or compiling any Indexes as to their legality or suitability with respect to any person or entity. MSCI, its affiliates and any other party involved in, or related to, making or compiling the MSCI EAFE Index do not guarantee the originality, accuracy and/or completeness of the MSCI EAFE Index or any data included therein. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI EAFE Index makes any express or implied warranties, and expressly disclaims all warranties of merchantability and fitness for a particular purpose or use with respect to the Contract, the MSCI EAFE Index or any data included therein. Without limited any of the foregoing, in no event shall MSCI, any of its affiliates or any other party involved in, or related to, making or compiling the MSCI EAFE Index have any liability for any direct, special, punitive, indirect, or consequential damages, claims, losses or expenses relating to any futures or options contracts or caused by any errors or delays in calculating or disseminating the MSCI EAFE Index. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI EAFE Index has any obligation to take the needs of the issuers of the Contracts, the

owners of the MSCI EAFE Mini Index Futures or the Exchange into consideration in determining, composing or calculating any MSCI Indexes. Neither MSCI, its affiliates nor any other party involved in, or related to, making or compiling the MSCI EAFE Index is responsible for or have participated in the determination of the timing of, prices at, or quantities of the MSCI EAFE Mini Index Futures to be issues or in the determination or calculation of the equation by which the MSCI EAFE Mini Index Futures are redeemable for cash.

## **CHAPTER 31** **MSCI Emerging Markets Mini Index Futures**<sup>57</sup>

### **3101. Scope of Chapter**

This chapter is limited in application to trading of MSCI EMERGING MARKETS Mini Index Futures. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the general Rules of the Exchange.

### **3102. Contract Specifications**

(a) Each futures contract shall be for \$50.00 times the MSCI Emerging Markets Index Value. The MSCI Emerging Markets Index is a free-float-adjusted market capitalization index that is designed to measure the equity market performance of emerging markets. As of June 2009 the MSCI Emerging Markets Index consisted of the following 22 emerging market country indices: Brasil, Chile, China, Columbia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

(b) The MSCI Emerging Markets Index is subject to change by MSCI, Inc. as set forth in the MSCI Global Investable Market Indices Methodology: *Index Construction Objectives, Guiding Principles and Methodology for the MSCI Global Investable Market Indices* as that document is amended, updated and replaced from time-to-time. Pursuant to the terms of the license granted by MSCI to the Exchange, under certain circumstances, the Exchanges may become responsible for maintaining, changing or amending the index upon which the Futures specified in this Chapter is valued.

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<sup>57</sup> Amendment adding Chapter 31, effective September 7, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated August 28, 2009. See Notice 19/2009.

(c) The terms and conditions of the Futures specified in this Chapter are deemed to include any relevant governmental, regulatory or court decree or order as recognized by the Exchange in a Notice to Members.

### **3103. Trading Specifications**

Trading in the MSCI Emerging Markets Mini Index Futures shall be conducted in March, June, September and December delivery months. The number of months open for trading at a given time shall be determined by the Exchange.

#### **(a) Trading Schedule**

The hours of trading in MSCI EMERGING MARKETS Index Futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 4:15 p.m. New York time.

#### **(b) Trading Unit**

The unit of trading shall be \$50.00 times the MSCI Emerging Markets Index.

#### **(c) Price Increments**

The minimum price fluctuation for the MSCI Emerging Markets Index Future shall be 0.10 Index Points, which is \$5.00 per contract. Contracts shall not be made on any other price basis.

#### **(d) [Reserved]**

#### **(e) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of 10,000 futures-equivalent contracts net long or net short in any single contract month or all months combined. Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

#### **(f) Termination of Trading**

The last day of trading for each MSCI Emerging Markets Mini Index Futures shall be the third Friday of the contract month.

### **3104. Cash Settlement Procedures**

#### **(a) Settlement**

MSCI Emerging Markets Mini Index Futures open at the termination of trading shall be cash settled as set forth in sub-sections (b) and (c) below.

**(b) Final Settlement Value**

The final settlement value for purposes of the contract's cash settlement shall be the MSCI Emerging Markets Index as calculated by MSCI rounded to the nearest 1/100<sup>th</sup> of an index point. This value shall be based on the closing prices of the stocks at their respective primary exchanges on the third Friday of the contract month. Closing prices shall be converted from local currency to U.S. Dollars based on the spot exchange rate provided by Reuters at 4:00 pm London time on the day of the final settlement price calculation. If a component stock in the index does not trade on the day scheduled for determination of the Final Settlement Price while the primary market for that stock is open for trading, the price of that stock shall be determined, for purposes of calculating the Final Settlement Price, based on the most recent closing price of that stock. If one or more primary exchange(s) are not scheduled to be open for trading on the day of the final settlement calculation, the prices of those stocks shall be based on the most recent closing prices. All closing prices will be converted from local currency to U.S. Dollars based on the spot exchange rate provided by Reuters at 4:00 pm London time on the day of final settlement price calculation. In the event of an unscheduled close of one or more primary exchange(s) due to unforeseen circumstances, MSCI will use the most recent available prices for the purposes of calculating the Final Settlement Price. All prices will be converted from local currency to U.S. Dollars based on the spot exchange rate provided by Reuters at 4:00 pm London time of the day of final settlement price calculation.

**(c) Final Settlement Payment**

Payment in final settlement of an MSCI Emerging Markets Mini Index Futures will be made at the Clearing Service Provider's settlement time as defined in its rules for exchange transactions on the business day following the termination of trading by clearing members with open positions at the time of termination of trading of the MSCI Mini Index Futures Contract. The amount of the final settlement payment to be made or received will be calculated based on the final settlement value set forth in sub-paragraph (b) as a normal variation payment.

**3105. Notice**

The MSCI Emerging Markets Mini Index Futures are not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any affiliate of MSCI or any other party involved in, or related to, making or compiling any Indexes. The MSCI Emerging Markets Mini Index Futures have not been passed on by MSCI, any of

its affiliates or any other party involved in, or related to, making or compiling any Indexes as to their legality or suitability with respect to any person or entity. MSCI, its affiliates and any other party involved in, or related to, making or compiling the MSCI Emerging Markets Index do not guarantee the originality, accuracy and/or completeness of the MSCI Emerging Markets Index or any data included therein. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI Emerging Markets Index makes any express or implied warranties, and expressly disclaims all warranties of merchantability and fitness for a particular purpose or use with respect to the Contract, the MSCI Emerging Markets Index or any data included therein. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other party involved in, or related to, making or compiling the MSCI Emerging Markets Index have any liability for any direct, special, punitive, indirect, or consequential damages, claims, losses or expenses relating to any futures or options contracts or caused by any errors or delays in calculating or disseminating the MSCI Emerging Markets Index. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI Emerging Markets Index has any obligation to take the needs of the issuers of the Contracts, the owners of the MSCI Emerging Markets Mini Index Futures or the Exchange into consideration in determining, composing or calculating any MSCI Indexes. Neither MSCI its affiliates nor any other party involved in, or related to, making or compiling the MSCI Emerging Markets Index is responsible for or have participated in the determination of the timing of, prices at, or quantities of the MSCI Emerging Markets Mini Index Futures to be issued or in the determination or calculation of the equation by which the MSCI Emerging Markets Mini Index Futures are redeemable for cash.

## **CHAPTER 32** **MSCI USA Mini Index Futures<sup>58</sup>**

### **3201. Scope of Chapter**

This chapter is limited in application to trading of MSCI USA Mini Index Futures. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the general Rules of the Exchange.

### **3202. Contract Specifications**

(a) Each futures contract shall be for \$50.00 times the MSCI USA Index Value. The MSCI USA Index is a free-float-adjusted market

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<sup>58</sup> Amendment adding Chapter 32, effective September 7, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated August 28, 2009. *See* Notice 19/2009.



capitalization index that is designed to measure the equity market performance of the United States of America.

(b) The MSCI USA Index is subject to change by MSCI, Inc. as set forth in the MSCI Global Investable Market Indices Methodology: *Index Construction Objectives, Guiding Principles and Methodology for the MSCI Global Investable Market Indices* as that document is amended, updated and replaced from time-to-time. Pursuant to the terms of the license granted by MSCI to the Exchange, under certain circumstances, the Exchange may become responsible for maintaining, changing or amending the index upon which Futures specified in this Chapter is valued.

(c) The terms and conditions of the Futures specified in this Chapter are deemed to include any relevant governmental, regulatory or court decree or order as recognized by the Exchange in a Notice to Members.

### **3203. Trading Specifications**

Trading in MSCI USA Mini Index Futures shall be conducted in March, June, September and December delivery months. The number of months open for trading at a given time shall be determined by the Exchange.

#### **(a) Trading Schedule**

The hours of trading in MSCI Mini Index Futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 9:30 a.m. New York time.

#### **(b) Trading Unit**

The unit of trading shall be \$50.00 times the MSCI USA Index.

#### **(c) Price Increments**

The minimum price fluctuations for the MSCI USA Mini Index Futures shall be 0.10 Index Points, which is \$5.00 per contract. Contracts shall not be made on any other price basis.

#### **(d) Daily Price Limits**

The Exchange, by Notice to Members, may announce the imposition of daily price limits for the MSCI USA Mini Index Futures, as set forth in this sub-paragraph. For purposes of this sub-paragraph the "Front Month" MSCI Mini Index Future will be such Futures closest to expiration.

(1) If announced by the Exchange, there will be price limits corresponding to declines of 0.10%, 20.0% and 30.0% which are calculated at the beginning of each calendar quarter, based upon the average Settlement Price of the nearest Front Month Futures during the month prior to the beginning of the quarter ("ASP"). The 10.00% price limit will be 10% of the ASP rounded to the nearest integral multiple of ten index points ("First Limit Value"). The 30% price limit shall be three (3) times the First Limit ("Third Limit Value"). For each trading session, the daily price limits corresponding to the First, Second and Third Limit Values' shall equal the previous trading session's Settlement Price less the First, Second and Third Limit Values (respectively, the "First DPL," "Second DPL" and "Third DPL").

(2) If the Exchange determines that the Front Month MSCI USA Mini Index Futures would be traded, or would be offered, at a price that is below the First DPL, trading shall cease in all MSCI USA Mini Index Futures for a period to be determined by the Exchange with notice provided to market participants of the time the market shall reopen. The Second DPL will apply to such reopening. Notwithstanding the foregoing, if the First DPL has not been reached by or after 2:30 p.m. New York Time, the Second DPL becomes the applicable price limit for the remainder of the trading day.

(3) If the Front Month MSCI USA Mini Index Futures would be traded, or would be offered, at a price that is below the Second DPL, trading will cease in all MSCI USA Mini Index Futures for a period to be determined by the Exchange with notice provided to market participants for the time the market shall reopen. The Third DPL will apply to such reopening.

(4) No trade in any MSCI USA Mini Index Futures may occur at a price below the Third DPL for any such Futures.

**(e) Trading Halts on Underlying Securities Exchanges**

On any Business Day when a general trading halt occurs on the New York Stock Exchange, Inc. ("NYSE") pursuant to NYSE Rule 80B,

or any other relevant national securities exchange, trading in the MSCI USA Mini Index Futures shall be halted. Once trading in the primary securities markets resumes after an NYSE Rule 80B trading halt or similar rule on another relevant national securities exchange, trading in the MSCI USA Mini Index Futures Contracts shall resume and the next applicable price limit shall apply.

(f) **Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of 20,000 futures-equivalent contracts net long or net short in any single contract month or all contract months combined. Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

(g) **Termination of Trading**

The last day of trading for each MSCI Mini Index Futures shall be the third Friday of the contract month.

**3204. Cash Settlement Procedures**

(a) **Settlement**

MSCI USA Mini Index Futures open at the termination of trading shall be cash settled as set forth in sub-sections (b) and (c) below.

(b) **Final Settlement Value**

The final settlement value for purposes of the contract's cash settlement shall be the MSCI USA Mini Index as calculated by MSCI rounded to the nearest 1/100<sup>th</sup> of an index point. This value shall be based on a special opening quotation. The Special Opening Quotation shall be a special quotation of the Index based on the opening prices of the component stock in the index, determined on the third Friday of the contract month. If the Index is not scheduled to be published on the third Friday of the contract month, the Special Opening Quotation shall be determined on the first earlier day for which the Index is scheduled to be published. If the primary market for a component stock in the index does not open on the day scheduled for determination of the Special Opening Quotation, then the price of that stock shall be determined, for the purposes of calculating the Special Opening Quotation, based on the opening price of that stock on the next day its primary market is open for trading. If a component stock in the index does not trade on the day scheduled for determination of the

Special Opening Quotation while the primary market for that stock is open for trading, the price of that stock shall be determined, for the purposes of calculating the Special Opening Quotation, based on the last sale price of that stock.

(c) **Final Settlement Payment**

Payment in the final settlement of an MSCI USA Index Futures will be made at the Clearing Service Provider's settlement time as defined in its rules for exchange transactions on the business day following the termination of trading by clearing members with open positions at the time of termination of trading of the MSCI Index Futures Contract. The amount of the final settlement payment to be made or received will be calculated based on the final settlement value set forth in sub-paragraph (b) as a normal variation payment.

### 3205. Notice

The MSCI Mini Index Futures are not sponsored, endorsed, sold, or promoted by MSCI Inc. ("MSCI"), any affiliate of MSCI or any other party involved in, or related to, making or compiling any Indexes. The MSCI USA Mini Index Futures have not been passed on by MSCI, any of its affiliates or any other party involved in, or related to, making or compiling any Indexes as to their legality or suitability with respect to any person or entity. MSCI, its affiliates and any other party involved in, or related to, making or compiling the MSCI USA Index do not guarantee the originality, accuracy and or completeness of the MSCI USA Index or any data included therein. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI USA Index, makes any express or implied warranties, and expressly disclaims all warranties of merchantability and fitness for a particular purpose or use with respect to the Contract, the MSCI USA Index or any data included therein. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other party involved in, or related to, making or compiling the MSCI USA Index have any liability for any direct, special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages, claims losses or expenses relating to any futures or options contracts or caused by any errors or delays in calculating or disseminating the MSCI USA Index. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI USA Index has any obligation to take the needs of the issuers of the Contracts, the owners of the MSCI USA Mini Index Futures or the Exchange into consideration in determining, composing or calculating any MSCI Indexes. Neither MSCI, its affiliates nor any other party involved in, or related to, making or compiling the MSCI USA Index is responsible for or have participated in the determination of the timing of, prices at, or quantities of the MSCI USA Mini Index Futures to be issued or in the determination or calculation of the equation by which the MSCI USA Mini Index Futures are redeemable for cash.

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**NYSE LIFFE US**

**Rulebook**

BY ACCESSING, OR ENTERING ANY ORDER INTO, THE NYSE LIFFE US TRADING PLATFORM, AND WITHOUT ANY NEED FOR ANY FURTHER ACTION, UNDERTAKING OR AGREEMENT, A MEMBER OR REGISTERED USER AGREES (I) TO BE BOUND BY, AND COMPLY WITH, THE RULES OF THE EXCHANGE, THE RULES OF THE CLEARING SERVICE PROVIDER AND APPLICABLE LAW, IN EACH CASE TO THE EXTENT APPLICABLE TO IT, AND (II) TO BECOME SUBJECT TO THE

**December 1, -2009**

JURISDICTION OF THE EXCHANGE WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS OR OMISSIONS OF SUCH MEMBER OR REGISTERED USER. SEE RULE 308(a) AND THE RELATED DEFINITIONS IN THIS RULEBOOK.



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## CHAPTER 1 DEFINITIONS AND INTERPRETATION

### Definitions

Unless otherwise specifically provided in the Rules of the Exchange or the context otherwise requires, the terms defined in this Chapter have the meanings specified herein for all purposes of the Rules of the Exchange.

#### 101. Affiliate

An “Affiliate” of, or a Person “Affiliated” with, another Person is a Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.

#### 102. Appeals Panel

The term “Appeals Panel” shall have the meanings set forth in Rule 701a ~~panel comprised of three Members (or officers of Members), one of whom shall act as chairman and one of whom will serve as vice chairman, and which will consider appeals in accordance with Chapter 7. The members of the Appeals Panel will be appointed by the Board for a term of one year.~~

#### 103. Applicable Law

The term “Applicable Law” means, with respect to any Person, any statute, law, regulation, rule or ordinance of any Governmental Authority applicable to such Person, including the CEA, Commission Regulations, NFA rules, margin rules adopted by the Board of Governors of the Federal Reserve System, and any similar foreign laws or regulations.

#### 104. Average Price System

The term “Average Price System” means any proprietary system used by a Member that is a registered futures commission merchant to calculate and confirm to its Customers or Noncustomers an average price for any Contract when multiple execution prices are received on any Order or series of Orders for such Contract, *provided* that such system is structured and applied in accordance with Applicable Law.

#### 105. Block Trade

The term “Block Trade” has the meaning set forth in Rule 423.

#### 106. Board

The term “Board” means the board of directors of the Exchange constituted in accordance with the Limited Liability Company Agreement of the Exchange and these Rules.

**107. Business Day**

The term “Business Day” means any day on which the Exchange is open for trading.

**108. CEA**

The term “CEA” means the Commodity Exchange Act.

**109. Central Depository**

The term “Central Depository” means the vault or other organization as announced by the Exchange, from time to time, that holds, on the Exchange’s behalf and as the Exchange’s agent, the immobilized vault receipts issued by vaults declared regular by the Exchange that are entered into the NYSE Liffe Guardian Delivery System.<sup>1</sup>

**109110. \_\_\_\_\_ Chairman of the Board**

The term “Chairman of the Board” means the individual serving as chairman of the board of the Exchange from time to time.

**111.111. \_\_\_\_\_ Clearing Member**

The term “Clearing Member” means a member or participant of the Clearing Service Provider that is authorized pursuant to the Rules of the Clearing Service Provider to clear trades in any or all Contracts.

**111112. \_\_\_\_\_ Clearing Service Provider**

The term “Clearing Service Provider” means the clearing house or clearing organization designated by the Exchange from time to time.

**112.113. \_\_\_\_\_ Combination Trade**

The term “Combination Trade” means a transaction in which two or more Contracts are executed simultaneously at a single price.

**113.114. \_\_\_\_\_ Commission**

The term “Commission” means the Commodity Futures Trading Commission.

**114.115. Commission Regulation**

The term “Commission Regulation” means any rule, regulation, order, directive and any interpretation thereof promulgated by the Commission.

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<sup>1</sup> Amendment adding Rule 109 definition. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 7/2009.

**115.116. Commodity**

The term “Commodity” has the meaning set forth in Section 1a(4) of the CEA.

**116.117. Compliance Service Provider**

The term “Compliance Service Provider” means NFA or other entity to which the Exchange delegates, by contract, certain of the compliance, investigatory, surveillance and enforcement functions of the Exchange.

**117.118. Contract**

The term “Contract” means any Future or Option on Futures.

**118.119. Control**

The term “Control” means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person. Any Person who owns beneficially, directly or indirectly, more than 20 percent of the voting power in the election of directors of a corporation, or more than 25 percent of the voting power in the election of directors of any other corporation which directly or through one or more Affiliates owns beneficially more than 25 percent of the voting power in the election of directors of such corporation, will be presumed to control such corporation. The terms “controlling” or “controlled” have meanings correlative to the foregoing.

**119.120. Customer**

The term “Customer” means any Person for whom a Member carries an account (other than such Member, any employee of such Member or any of its Affiliates) or from whom a Member solicits or accepts an Order.

**120.121. Delaware LLC Act**

The term “Delaware LLC Act” means the Delaware Limited Liability Company Act.

**121.122. Delivery Month**

The term “Delivery Month” means, with respect to any Contract, the month in which either (i) delivery of an Underlying Commodity is to be made, or (ii) the cash settlement of the Contract is to occur,<sup>2</sup> pursuant to the terms of such Contract.

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<sup>2</sup> Text of Rule 122 amended. Effective September 7, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated August 28, 2009. See Notice 19/2009.

**123. Director of Hearings**

The term “Director of Hearings” means the individual appointed by the Exchange from time to time to act as its director of hearings.

**123. Disciplinary Panel and Disciplinary Panel Members (DPMs)**

The term “Disciplinary Panel” has the meaning set forth in Rule 710(a). The terms “Disciplinary Panel” and “Disciplinary Panel Members” (“DPMs”) shall have the meanings set forth in Rule 701.

**124. Emergency**

The term “Emergency” means any occurrence or circumstance which threatens or may threaten such matters as the fair and orderly trading in, or the liquidation of or delivery pursuant to, any Contracts, and which, in the opinion of the President or his or her designee, requires immediate action, including: any manipulative or attempted manipulative activity; any actual, attempted or threatened corner, squeeze, congestion or undue concentration of positions; any circumstances which may materially affect the performance of agreements, Contracts or transactions traded on the Exchange, including failure of the payment system or the bankruptcy or insolvency of any Member or any other Person; any action taken by any Governmental Authority or any other board of trade, market or facility which may have a direct impact on trading on the Exchange; and any other circumstance which may have a severe, adverse effect upon the functioning of the Exchange.

**125. Exchange**

The term “Exchange” means NYSE Liffe, LLC, a Delaware limited liability company, and when used with reference to the administration of any Rule of the Exchange means either the Board or the officer, employee, agent, committee or delegate to whom appropriate authority to administer such Rule has been delegated.

**126. Exchange Business**

The term “Exchange Business” means any business with respect to which a Member is subject to the Rules of the Exchange, which is purportedly conducted subject to the Rules of the Exchange, or which should have been conducted subject to the Rules of the Exchange.

**127. Exchange for Related Position<sup>3</sup>Physical**

The term “Exchange for Related Position<sup>3</sup>Physical” shall means a privately negotiated and simultaneous exchange of a futures position for an economically offsetting ~~corresponding~~ cash,

<sup>3</sup> Amendment to Rule 127 adding subsections (a) and (b). Effective September 28, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated September 24, 2009. See Notice 21/2009.

spot, securities or derivative –position (“Related Position”). EFRPs include the following exchanges, defined below:

(a) Exchange for Physical

The term “Exchange for Physical” (“EFP”) means a privately negotiated and simultaneous exchange of a futures position for a corresponding cash position.

(b) Exchange for Risk

The term “Exchange for Risk” (“EFR”) means a privately negotiated and simultaneous exchange of a Futures or Options on Futures position for a corresponding securities, swap or other derivative instrument position.

**128. Futures**

The term “Futures” means any contract for the purchase or sale of any Commodity for future delivery from time to time traded on or subject to the Rules of the Exchange.

**129. Governmental Authority**

The term “Governmental Authority” means any domestic or foreign government (or political subdivision), governmental or regulatory authority, agency, court, commission or other governmental or regulatory entity (including any self-regulatory organization as defined in Commission Regulation §1.3(ee)).

**130. Hearing Panel**

**The term “Hearing Panel shall have the meaning set forth in Rule 701.**

**131. Market Regulation Department**

The term “Market Regulation Department” means employees of the Exchange designated by the Exchange as members of the Market Regulation Department and agents of the Exchange (including any Compliance Service Provider) that assist the Exchange in the implementation, surveillance, and enforcing of its Rules and related obligations.

**132. ~~131.~~ Member**

The term “Member” means any Person authorized in accordance with Rule 305 to access the NYSE Liffe US Trading Platform. Members will be deemed to be members of the Exchange for purposes of the CEA and Commission Regulations thereunder. A Member will not be a limited liability company member and will not obtain any equity or other interest in the Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger or consolidation involving the Exchange or otherwise.

**131.133. NFA**

The term “NFA” means the National Futures Association.

**133.134. Noncustomer**

The term “Noncustomer” has the meaning assigned to it in the Margins Handbook prepared by the Joint Audit Committee.

**134.135. NYSE Liffe US**

The term “NYSE Liffe US” means NYSE Liffe, LLC.

**136. NYSE Liffe Guardian Delivery System**

The term “NYSE Liffe Guardian Delivery System” means the delivery system operated by the Exchange or one of its affiliates on the Exchange’s behalf through which physical delivery of Contracts may be effected by Clearing Members.<sup>4</sup>

**135.137. NYSE Liffe US Holdings<sup>5</sup>**

The term “NYSE Liffe Holdings” means NYSE Liffe Holdings, LLC., a Delaware limited liability company and parent company of NYSE Liffe.

**136.138. NYSE Liffe US Trading Platform<sup>6</sup>**

The term “NYSE Liffe US Trading Platform” means the electronic systems administered by or on behalf of the Exchange which perform the functions set forth in the Rules of the Exchange, including controlling, monitoring and recording trading through NYSE Liffe US Workstations.

**137.139. NYSE Liffe US Workstation<sup>7</sup>**

The term “NYSE Liffe US Workstation” means any computer connected to the NYSE Liffe US Trading Platform, including by means of NYSE Liffe US’s application program interface, for the purpose of trading Contracts.

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<sup>4</sup> Amendment adding Rule 136 definition. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated March 26, 2009. See Notice 7/2009.

<sup>5</sup> Amendment to reflect name change. Effective February 10, 2009, pursuant to CFTC Rule 40.6 Rule filing by NYSE Liffe US dated February 10, 2009. See Notice 3/2009.

<sup>6</sup> Id.

<sup>7</sup> Id.

**140. OCC**

The term “OCC” means The Options Clearing Corporation.<sup>8</sup>

**138.141. Option on Futures**

The term “Option on Futures” means any option from time to time traded subject to the Rules of the Exchange and issued or subject to issuance by the Clearing Service Provider pursuant to the Rules of the Clearing Service Provider, to buy or sell any Future.

**139.142. Order**

The term “Order” means any order to buy or sell a Contract on or subject to the Rules of the Exchange.

**140.143. Person**

The term “Person” means any natural person, association, partnership, limited liability company, joint venture, trust or corporation.

**141.144. President**

The term “President” means the individual serving as president of the Exchange from time to time.

**142.145. Registered User**

The term “Registered User” means any natural person who is a Member or who is an employee or contracted agent of a Member that is authorized by such Member to access the NYSE Liffe US Trading Platform.

**143.146. Responsible Person**

The term “Responsible Person” has the meaning set forth in Rule 515(a).

**144.147. Review Panel**

~~The term “Review Panel” shall have the meanings attributed to it in Rule 701.<sup>9</sup> a panel comprised of three individuals, two of whom shall be Members (or officers of Members), one of whom shall act as chairman and one of whom will serve as vice chairman. The Review Panel will, pursuant to the procedures set forth in Chapter 7, review investigation reports submitted to it by the Market Regulation Department to determine (a) whether a reasonable basis exists to~~

<sup>8</sup> Amendment adding Rule 140 definition. Effective March 30, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated March 26, 2009. See Notice 7/2009.

<sup>9</sup> Amendment to text of Rule 147. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

~~believe that a violation of a Rule of the Exchange has occurred and (b) whether commencing disciplinary proceedings in respect of such potential violation is warranted. The members of the Review Panel will be appointed by the Board for a term of one year.~~

**145.148. \_\_\_\_\_ Rule of the Clearing Service Provider**

The term “Rule of the Clearing Service Provider” means the certificate of incorporation, by-laws, and any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted from time to time by the Clearing Service Provider and relating to the Exchange or any or all of the Contracts.

**146.149. \_\_\_\_\_ Rule of the Exchange**

The term “Rule of the Exchange” means any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, including these Rules, in each case as adopted from time to time by the Exchange.

**147.150. \_\_\_\_\_ Secretary**

The term “Secretary” means the individual appointed by the Board from time to time to serve as secretary of the Exchange.

**148.151. \_\_\_\_\_ Summary Review Panel<sup>10</sup>**

~~The term “Summary Review Panel” shall have the meanings set forth in Rule 701, a panel comprised of three individuals, two of whom shall be Members (or officers of Members), one of whom shall act as chairman and one of whom will serve as vice chairman. The Summary Review Panel will conduct hearings or reviews of summary suspensions and other summary actions pursuant to Rule 719.~~

**149.152. \_\_\_\_\_ Trading Session**

The term “Trading Session” means, with respect to any Contract, the period of hours on any Business Day during which such Contract is available for trading, as specified in the Rules governing such Contract.

**150.153. \_\_\_\_\_ Underlying Commodity**

The term “Underlying Commodity” means, with respect to any Futures or Option on Futures, the Commodity which (or the cash value of which) is required to be delivered pursuant to the terms of such Futures or Option on Futures.

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<sup>10</sup> Amendment to text of Rule 151. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.



**151.154. User Information**

The term “User Information” has the meaning set forth in Rule 515(b).

**152.155. Vice Chairman**

The term “Vice Chairman” means the individual serving as vice chairman of the Exchange from time to time.

**153.156. Vice President**

The term “Vice President” means any individual appointed by the Board from time to time to serve as a vice president of the Exchange.

**157. WDRs**

The term “WDRs” shall mean warehouse depositary receipts that are created by the Exchange from registered vault receipts issued by vaults which have been declared regular for delivery of Gold or Silver by the Exchange, utilizing the NYSE Liffe Guardian Delivery System.<sup>11</sup>

**Rules of Interpretation**

For all purposes of the Rules of the Exchange, except as otherwise expressly provided:

(a) capitalized terms defined in this Chapter 1 have the meanings assigned to them in this Chapter 1 and include the plural as well as the singular (and vice versa);

(b) any reference to a “day”, “month” or “year” refers to a calendar day, month or year, respectively;

(c) any time period provided for in these Rules which expires on a day which is not a Business Day will expire on the next succeeding Business Day;

(d) all references to “\$” or “Dollars” are to the lawful currency of the United States;

(e) all references to the Rules of the Exchange or Rules of the Clearing Service Provider will be deemed to be to such Rules as amended, modified, supplemented, restated or replaced from time to time;

(f) all references to any statute or regulation will be deemed to be to such statute or regulation as amended, modified, supplemented, restated or replaced from time to time (and, in the case of a statute, will be deemed to include any rules and

<sup>11</sup> Amendment adding Rule 157 definition. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated March 26, 2009. See Notice 7/2009.

regulations promulgated thereunder), and all references to any section of any statute or regulation will be deemed to include any successor to such section;

(g) all references to any Governmental Authority will be deemed to include any successor to such Governmental Authority;

(h) the table of contents of these Rules and the various headings contained herein are for reference purposes only and do not limit or otherwise affect any of the provisions hereof;

(i) unless the context otherwise requires, any reference to a “Chapter” or a “Rule” refers to a Chapter of, or a Rule in, as the case may be, these Rules; and

(j) the words “include”, “includes” and “including” will be deemed to be followed by the phrase “without limitation”.

**CHAPTER 2**  
**POWERS OF THE BOARD AND EXCHANGE COMMITTEES**

**201. Certain Powers of the Board**

(a) Unless otherwise specified by the Board, all Rules of the Exchange and amendments thereto from time to time adopted by the Board will become effective on such date (after any required filing with, or approval thereof by, the Commission) as may be determined by the Board.

(b) The Board will determine which Contracts are available from time to time for trading subject to the Rules of the Exchange, and approve Rules of the Exchange containing specifications for such Contracts; *provided* that the Board may delegate the authority to approve such Rules to an Exchange committee or one or more officers of the Exchange; *provided, further*, that certifications or applications with respect to such Rules will be submitted to the Commission as required by the CEA and the Commission Regulations thereunder.

(c) The Board may from time to time cause the Exchange to enter into such agreements with domestic or foreign self-regulatory organizations, other associations, boards of trade and their respective regulators providing for the exchange of information and other forms of mutual assistance for financial surveillance, routine audits, market surveillance, investigative, enforcement and other regulatory purposes as the Board may consider necessary or appropriate or as the Commission may require.

**202. Eligibility**

(a) No Person may serve as a member of the Board, ~~any Review Panel, any the Disciplinary Panel, Appeals Panel~~ or any other disciplinary committee, arbitration panel or oversight panel of the Exchange, if the Person:

(i) was found within the past three years by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission to have committed a disciplinary offense;

(ii) entered into a settlement agreement within the past three years in which any of the findings or, in absence of such findings, any of the acts charged included a disciplinary offense;

(iii) is currently suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

(A) a finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent

jurisdiction or the Commission that such person committed a disciplinary offense; or

(B) a settlement agreement in which any of the findings or, in absence of such findings, any of the acts charged included a disciplinary offense;

(iv) is currently subject to an agreement with the Commission or any self-regulatory organization not to apply for registration with the Commission or membership in any self-regulatory organization;

(v) is currently subject to or has had imposed on him or her within the past three years a Commission registration revocation or suspension in any capacity for any reason, or has been convicted within the past three years of any of the felonies listed in section 8a(2)(D)(ii) through (iv) of the CEA; or

(vi) is currently subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934.

(b) For purposes of Rule 202(a), the terms “self-regulatory organization,” “disciplinary committee,” “arbitration panel,” “oversight panel,” “final decision,” “disciplinary offense,” and “settlement agreement” have the meanings set forth in Commission Regulation § 1.63(a).

(c) *Disclosure.* Upon the occurrence of an event listed in Rule 202(a) with respect to a member of the Board, ~~Review Panel, the~~ Disciplinary Panel, ~~Appeals Panel~~ or any other disciplinary committee, arbitration panel or oversight panel of the Exchange, such member shall disclose the occurrence of such event to the Chief Regulatory Officer or his or her designee. In the case of a DPM making such a disclosure, the Chief Regulatory Officer shall remove the DPM from the list of DPMs eligible to sit on Review, Hearing, Appeals and Summary Review Panels, and if the DPM is sitting on a existing panel, inform the other DPMs on such panel and respondents immediately.

### 203. Confidentiality

(a) No member of the Board or any committee established by the Board or by or pursuant to the Rules of the Exchange will use or disclose any material non-public information obtained in connection with such member’s participation in the Board or such committee, for any purpose other than the performance of his or her official duties as a member of the Board or such committee.

(b) No officer, employee or agent of the Exchange will (i) trade in any commodity interest if such officer, employee or agent has access to material non-public information concerning such commodity interest or (ii) disclose to any other Person

material non-public information obtained in connection with such employee's, officer's or agent's employment, if such employee, officer or agent could reasonably expect that such information may assist another Person in trading any commodity interest.

(c) For purposes of this Rule 203, the terms "employee," "material information," "non-public information" and "commodity interest" have the meanings ascribed to them in Commission Regulation § 1.59.

## 204. Conflicts of Interest

### (a) Named Party in Interest Conflict.

(i) *Prohibition.* No member of the Board, any Review Panel, any ~~Disciplinary Panel~~Hearing, any Appeals Panel, Summary Review Panel or any other "disciplinary committee" or "oversight panel" (both as defined in Commission Regulation § 1.69) of the Exchange will knowingly participate in such body's deliberations or voting in any matter involving a named party in interest where such member (A) is a named party in interest, (B) is an employer, employee or fellow employee of a named party in interest, (C) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to executing Futures or Options on Futures transactions opposite each other or to clearing Futures or Options on Futures transactions through the same Clearing Members or (D) has a family relationship with a named party in interest.<sup>12</sup> For purposes of this clause (i), a "family relationship" exists between a named party in interest and a member if such party is the member's spouse, former spouse, parent, stepparent, child, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

(ii) *Disclosure.* Prior to consideration of any matter involving a named party in interest, each member of the deliberating body who does not choose to abstain from deliberations and voting will disclose to the Chief Regulatory Officer whether such member has one of the relationships listed in clause (i) above with a named party in interest.

(iii) *Procedure and Determination.* The Chief Regulatory Officer will determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this paragraph (a). Such determination will be based upon a review of the following information:

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<sup>12</sup> Amendment to text of subsection (a)(i) of Rule 204. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

(A) information provided by such member pursuant to clause (ii) above; and

(B) any other source of information that is held by and reasonably available to the Exchange.

**(b) Financial Interest in a Significant Action Conflict.**

(i) *Prohibition.* No member of the Board, any Review Panel, any ~~Disciplinary Hearing Panel~~, any Appeals Panel, or Summary Review Panel or any other “disciplinary committee” or “oversight panel” (both as defined in Commission Regulation § 1.69) of the Exchange will participate in such body’s deliberations and voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the significant action under consideration, as determined pursuant to clause (iii) below. For purposes of this clause (i), the term “significant action” means (A) any action or Rule change that addresses a specific Emergency or (B) any change in margin level that is designed to respond to extraordinary market conditions or that otherwise is likely to have a substantial effect on prices in any Contract.<sup>13</sup>

(ii) *Disclosure.* Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting will disclose to the Chief Regulatory Officer position information (including information regarding positions held by such member, positions held by individuals of such member’s family and positions held by a firm with which such member is affiliated) that is known to such member with respect to any particular month or months that are under consideration, and any other positions which the deliberating body reasonably expects could be affected by the significant action, as follows:

(A) gross positions held at the Exchange in such member’s personal accounts or “controlled accounts,” as defined in Commission Regulation § 1.3(j);

(B) gross positions held at the Exchange in proprietary accounts, as defined in Commission Regulation § 1.17(b)(3), at such member’s affiliated firm;

(C) gross positions held at the Exchange in accounts in which such member is a principal, as defined in Commission Regulation § 3.1(a);

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<sup>13</sup> Amendment to text of subsections (b) (i) and (iv) of Rule 204. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

(D) net positions held at the Exchange in Customer accounts, as defined in Commission Regulation § 1.17(b)(2), at such member's affiliated firm; and

(E) any other types of positions, whether maintained at the Exchange or elsewhere, held in such member's personal accounts or the proprietary accounts of such member's affiliated firm, that the Exchange reasonably expects could be affected by the significant action.

*(iii) Procedure and Determination.* The Chief Regulatory Officer will determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this paragraph (b). Such determination will be based upon a review of the following information:

(A) the most recent large trader reports and clearing records available to the Exchange;

(B) information provided by such member pursuant to clause (ii) above; and

(C) any other source of information that is held by and reasonably available to the Exchange taking into consideration the exigency of the significant action being contemplated.

Unless the deliberating body establishes a lower position level, a member thereof will be subject to the prohibition set forth in clause (i) above if the review by the Chief Regulatory Officer identifies a position in such member's personal or controlled accounts or accounts in which such member is a principal as specified in subclauses (ii)(A), (C) and (E), in excess of an aggregate number of 10 lots of Futures and Options on Futures converted to Futures equivalents, taken together, or a position in the accounts of such member's affiliated firm as specified in subclauses (ii)(B), (D) and (E), in excess of an aggregate number of 100 lots of Futures and Options on Futures converted to Futures equivalents, taken together.

*(iv) Deliberation Exemption.* Any member of the Board, any Review Panel, any ~~Disciplinary Hearing~~ Panel, any Appeals Panel or Summary Review Panel or any other "disciplinary committee" or "oversight panel" (both as defined in Commission Regulation § 1.69) of the Exchange who would otherwise be required to abstain from deliberations and voting pursuant to clause (i) above may participate in deliberations, but not voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest; *provided, however,* that before reaching any such determination, the deliberating body will fully consider the position information specified in clause (ii) above which is the basis for such member's substantial financial interest in the significant

action that is being contemplated. In making its determination, the deliberating body will consider:<sup>14</sup>

(A) whether such member's participation in the deliberations is necessary to achieve a quorum; and

(B) whether such member has unique or special expertise, knowledge or experience in the matter being considered.

(c) **Documentation.** The minutes of any meeting to which the conflicts determination procedures set forth in this Rule 204 apply will reflect the following information:

(i) the names of all members of the relevant deliberating body who attended such meeting in person or who otherwise participated in such meeting;

(ii) the name of any member of the relevant deliberating body who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated;

(iii) information on the position information that was reviewed for each member of the relevant deliberating body; and

(iv) any determination made in accordance with clause (iv) of paragraph (b) above.

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<sup>14</sup> *Id.*



## CHAPTER 3 MEMBERSHIP AND RIGHT TO ACCESS PLATFORM

### General

#### 301. Limited Liability Company Member

All equity interests in the Exchange are and at all times will be held by NYSE Liffe Holdings, the sole limited liability company member of the Exchange, and all voting rights related to such interests will be exercised by NYSE Liffe Holdings, in accordance with the Rules of the Exchange.

#### 302. Members

Each Member will have the right to access the NYSE Liffe US Trading Platform, including the right to place Orders for each of its proprietary accounts and, if otherwise registered in any required capacity and authorized to act on behalf of Customers under the CEA and Commission Regulations thereunder, for the accounts of such Customers. The access rights of a Member hereunder may not be transferred, assigned, sold or leased.

A Member will not be a limited liability company member and will not obtain any equity or other interest in the Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger or consolidation involving the Exchange or otherwise.

#### 303. Registered Users

Each Member may from time to time permit one or more individuals to act as its Registered Users. Each Registered User will satisfy such requirements as may be prescribed by the Exchange from time to time. Without limiting the generality of the foregoing, each Member will ensure on an ongoing basis that (i) none of its Registered Users is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto) and (ii) each of its Registered Users is technically proficient and conducts its business in a fair and equitable manner.

### Members

#### 304. Eligibility

(a) Any Person wishing to be a Member must be of good financial standing and must meet the financial and related reporting requirements of Rules 504 and 505, as applicable. In addition, such Person must be (i) a registered futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker or floor trader, each as defined in Section 1a of the CEA, (ii) a Person authorized to perform functions similar or equivalent to those of any of the Persons enumerated in clause (i) above, whether on a proprietary basis or for the account of Customers, in any jurisdiction outside the United States of America in which the

Exchange may be permitted from time to time to operate NYSE Liffe US Workstations or (iii) any other Person that meets such standards as may be prescribed by the Exchange from time to time; *provided* that any such Person referred to in clause (i), (ii) or (iii) that is not a Clearing Member will be guaranteed by a Clearing Member in the manner described in Rule 1101. The Exchange may impose such additional restrictions or limitations on a Member as it may deem necessary or appropriate.

The Exchange will deny the application of any Person that fails to meet any requirements herein of this Chapter 3.

The Exchange may deny (or may condition) the application of any Person to be a Member, or may prevent a Person from becoming associated (or may condition an association) with a Member for the same reasons for which NFA may deny or revoke registration of such Person as a futures commission merchant.

The Exchange also may deny (or may condition) the application of any Person to be a Member, or may prevent a Person from becoming associated (or may condition an association) with a Member if such Person:

(i) is unable satisfactorily to demonstrate a capacity to adhere to all applicable Rules of the Exchange, Rules of the Clearing Service Provider and Commission Regulations, including those concerning record-keeping, reporting, finance and trading procedures;

(ii) would bring the Exchange into disrepute; or

(iii) for such other cause as the Exchange reasonably may decide.

(b) The Exchange may determine not to permit a Member or any Registered User of a Member to keep its, his or her right to access the NYSE Liffe US Trading Platform or maintain his or her association with a Member, or may condition such right to access or association, as the case may be, if such Member or Registered User:

(i) fails to meet any of the qualification requirements for access or association after such access or association have been approved;

(ii) fails to meet any condition placed by the Exchange on such access or association; or

(iii) violates any agreement with the Exchange.

(c) Any decision made by the Exchange pursuant to this Rule 304 must be consistent with both the provisions of this Rule and the CEA and Commission Regulations thereunder.

Any Person whose application to be a Member or whose association with a Member has been denied or granted only conditionally, pursuant to this Rule 304, and any Member or

Registered User of a Member whose access to the NYSE Liffe US Trading Platform is revoked, suspended or conditioned pursuant to this Rule 304, may appeal the Exchange's decision in accordance with the provisions of Chapter 9. No determination of the Exchange to revoke, suspend or condition a Person's access to the NYSE Liffe US Trading Platform or association with a Member pursuant to this Rule 304 will take effect until the review procedures under Chapter 9 have been exhausted or the time for review has expired.

Any Person whose application to become a Member has been denied pursuant to this Rule 304 will not be eligible for re-application during the six months immediately following such denial.

### **305. Application**

(a) Each Person that applies to become a Member will submit an application to the Exchange in a form and manner prescribed by the Exchange. Each applicant will promptly update the application materials if any of the information provided therein becomes inaccurate or incomplete after the date of submission and prior to any approval of the application. The Exchange will act upon, and approve or disapprove, any such application without unreasonable delay, *provided* that the Exchange may delegate its responsibilities under this Rule 305(a) to its Compliance Service Provider.

(b) Each Person approved as a Member in accordance with paragraph (a) above will:

(i) pay to the Exchange any applicable application fee, in such amount as may be prescribed by the Exchange from time to time; and

(ii) agree in writing to abide by the Rules of the Exchange.

(c) Upon satisfaction of the requirements and procedures set forth in paragraphs (a) and (b) above, the Exchange will grant a Person's application to become a Member. If the application process is not completed within six months of submission of an application and payment of any applicable fee, the application will be deemed to be withdrawn.

### **306. Dues, Assessments and Fees**

(a) The Exchange has the sole power to set the dates and amounts of any dues, assessments or fees to be levied on Members, which dues, assessments or fees will be paid to the Exchange when due.

(b) If a Member fails to pay when due any Exchange dues, assessments or fees levied on such Member, and such payment obligation remains unsatisfied for six consecutive months after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Member's access to the NYSE Liffe US Trading Platform as the Exchange deems necessary or appropriate.

### 307. Limitations

(a) Notwithstanding anything in Rule 304 to the contrary, the Exchange may at any time revoke, suspend, limit, condition, restrict or qualify a Member's access to the NYSE Liffe US Trading Platform if, in the sole discretion of the Exchange, such action is in the best interests of the Exchange. Any sanction imposed on a Member pursuant to this paragraph (a) may be appealed by such Member in accordance with the provisions of Chapter 9.

(b) If a Clearing Member revokes any authorization granted and guarantee made by it to any Member pursuant to Rule 1101(b), such Member's right to access to the NYSE Liffe US Trading Platform will be automatically terminated, and such Member must obtain another guarantee from a Clearing Member before the Member's right to access to the NYSE Liffe US Trading Platform will be reinstated. If such Member fails to obtain such a replacement guarantee within three months from the revocation of the guarantee by its previous Clearing Member, the Member's status will be automatically terminated.

### 308. Application of Rules and Jurisdiction

(a) By accessing, or entering any Order into, the NYSE Liffe US Trading Platform, and without any need for any further action, undertaking or agreement, a Member or Registered User agrees (i) to be bound by, and comply with, the Rules of the Exchange, the Rules of the Clearing Service Provider and Applicable Law, in each case to the extent applicable to it, him or her, (ii) to become subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Member or Registered User, and (iii) to the transfer of Member or Registered User data between the Exchange and the European Union, as the Exchange may deem necessary to carry out its functions.<sup>15</sup>

(b) Any Member or Registered User whose right to access the NYSE Liffe US Trading Platform is revoked or terminated, whether pursuant to Rule 307 or Chapter 7, will remain bound by the Rules of the Exchange, the Rules of the Clearing Service Provider and Applicable Law, in each case to the extent applicable, and subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Member or Registered User prior to such revocation or termination.

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<sup>15</sup> Amendment adding sub-section (a)(iii) to Rule 308. Effective September 5, 2008, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated September 3, 2008.

## **Exchange Communications**

### **309. Recording of Communications**

The Exchange may record conversations and retain copies of electronic communications between officers, employees or agents of the Exchange, on one hand, and Members (including their Related Parties) or Registered Users, on the other hand. Any such recordings or other records may be retained by the Exchange in such manner and for such periods of time as the Exchange may deem necessary or appropriate.

### **310. Notices**

The Exchange will publish a notice with respect to each addition to, modification of, or clarification of the Rules of the Exchange, or of any action taken to implement any Rule of the Exchange, in a form and manner that is reasonably designed to enable each Member to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to, such addition or modification, prior to the effective date thereof; *provided* that any failure of the Exchange to so publish a notice will not affect the effectiveness of the addition or modification in question. Each Member will provide its respective Registered Users with copies of any such notice. For purposes of publication in accordance with the first sentence of this Rule 310, it will be sufficient (without limiting the discretion of the Exchange as to any other reasonable means of communication) if a notice is (a) sent to each Member by mail, recognized courier service, facsimile or electronic mail (including by means of a hyperlink included in an electronic mail message), to the address, facsimile number or electronic mail address (as applicable) provided by such Member for such purpose and (b) published on the Exchange's website.

## CHAPTER 4 TRADING PROCEDURES AND STANDARDS

### Trading

#### 401. Hours

The Exchange shall determine the hours during which the system shall operate for the trading of each contract or product.

#### 402. Products

The Exchange shall determine the contracts and/or products which shall be listed through or listed on the system.

#### 403. ITMs User IDs

(a) Each Member will request one or more Individual Trade Mnemonics (ITMs) as needed to accommodate the nature and volume of the Member's business.

(b) Each order entered through an ITM must contain a User ID that identifies the participant who entered the order. Each Member must utilize a client application that automatically populates the User ID for every order based on the client application login.

(c) Members and Registered Users of a Member must have a unique, Exchange assigned, registered User ID. Such participants shall be referred to as Registered Users. The User ID for all other users need not be registered. Each Member shall ensure the accuracy of a Registered User's registration information at all times.

(d) A Registered User shall be subject to the Rules of the Exchange, including, but not limited to, the Rules of this Chapter and Rules relating to order handling, trade practices and disciplinary proceedings. It shall be the duty of the Member that employs the Registered User to supervise such user's compliance with Exchange Rules, and any violation thereof by such Registered User may be considered a violation by the employer.

#### 404. Opening

(a) During the Pre-Open period designated by the Exchange, traders may enter only Market on Open orders, Limit orders, GTC Limit orders, Stop Market orders and Stop Limit orders. Order modifiers are not permitted on orders entered during the Pre-Open.

(b) Immediately upon the Market Open, the system will apply an uncrossing algorithm to calculate the price at which the maximum volume will be traded. All

orders executed pursuant to the uncrossing algorithm will be executed at a price equal to or better than that at which they were entered. Market on Open orders are processed immediately after the uncrossing. The Exchange does not guarantee the execution of any order at the opening price.

#### 405. Orders

(a) An order may contain one of the following designations:

(i) *Market orders* – Market orders are executed at the best price or prices available in the order book at the time the order is received until the order has been filled in its entirety. However, a market order will not trade outside of the dynamic price limits and any residual volume from an incomplete market order is canceled. Market orders are rejected if the market is not open.

(ii) *Market on Open (MOO) orders* – Market on open orders can only be submitted for futures products, including strategies. Such orders are accepted only during Pre-Open and are intended for execution at the opening market price. MOO orders will be executed by the Trading Host at the opening price calculated after the uncrossing of limit orders in the market when the market opens. MOO orders can be entered as Standard or Persisted. An expiration date can also be entered for Persisted MOOs. If an opening price cannot be calculated for the market when it opens, all MOO orders will be automatically canceled. Any residual volume from Standard MOO orders that are not matched on the opening will be converted automatically to limit orders at the opening price. Any residual volume from Persisted MOO orders that are not matched on the opening will be converted automatically to Good-Till-Canceled limit orders at the opening price.

(iii) *Limit orders* – Limit orders are orders to buy or sell a stated quantity at a specified price, or at a better price, if obtainable. Unless otherwise specified, any residual volume from an incomplete limit order is retained in the central order book until the end of the day unless it is withdrawn or executed.

(iv) *Good-Till-Canceled Limit (“GTC”) orders* – GTC orders are eligible for execution for the current and all subsequent trade sessions until executed, canceled or the expiry month expires. GTC orders can be given an expiry date and are valid until the end of trading on that date.

(v) *Stop Market and Stop Limit orders* – Buy stop orders will be triggered by a trade at or above the stop trigger price and sell stop orders will be triggered by a trade at or below the stop trigger price. Higher bids/lower offers, as well as off-exchange and strategy leg prices, will not activate stop orders. For a stop market order, once the stop price is triggered, the order is

entered into the Trading Host as a market order, which will react to the market as a regular market order. For a stop limit order, once the stop price is triggered, the order is entered into the Trading Host as a limit order at the trigger price. Valid order time types for stop orders are Good-for-Day and Good-Till-Canceled.

(vi) *Market Making orders ("MMO")* – MMOs allow a trader to simultaneously submit bids and offers into a single options series or futures month. Volumes for each side do not have to be equal.

(vii) *Clip orders* – Clip orders are designed to provide more functionality for traders that are hedging between two markets. "Clips" are a series of quantity levels that allow the trader to define specific amounts to be traded. The trader specifies a ratio, and the ratio defines the clip size. Clip orders can be described as an Immediate or Cancel order with a time-out value. If the order clip size is not fully matched the remaining volume is canceled. Clip orders will only be permitted for specific products designated by the Exchange.

(b) The following order modifiers are permitted:

(i) *Minimum Volume* – Minimum Volume orders are executed only if there is at least the designated minimum volume available at the stated price or better. If the designated minimum volume cannot be traded, the order is canceled. Any residual volume from a partially executed minimum volume order is retained in the central order book. A Minimum Volume modifier may be used with limit orders, GTC limit orders and market orders.

(ii) *Complete Volume* – Complete Volume orders are executed only if there is sufficient volume available, at the stated price or better, to execute the order in its entirety. If the order cannot be executed in its entirety, the entire order is canceled. A Complete Volume modifier may be used with limit orders and market orders.

(iii) *Immediate & Cancel* – Immediate and Cancel orders are executed against any existing orders at the stated price or better, up to the volume designated on the order. Any residual volume on the order is canceled. An Immediate and Cancel modifier may be used with limit orders.

(c) Strategy Orders and Contingent Multiple Orders:

(i) *Strategy Orders* – NYSE Liffe US allows for the creation of recognized strategies, including delta neutral strategies, and for the submission of orders in such strategies.

(ii) *Contingent Multiple Orders* – A Contingent Multiple Order is an order that contains between two and eight component outright orders in up to



two products. The permitted product pairs are pre-defined by the Exchange. Trading of any component order is contingent on all component orders being fully executed. Only one futures component is permitted if any component is an option. Each component order can be a limit order or a market order.

#### 406. Order Entry

(a) A Member or Registered User who is registered as a floor broker or associated person, or in a comparable capacity under applicable law, may enter discretionary or non-discretionary orders on behalf of any account of a Clearing Member with the prior approval of the Clearing Member responsible to clear such orders.

(b) A Member or Registered User who is not registered as a floor broker or associated person, or in a comparable capacity under applicable law, may enter non-discretionary orders on behalf of customers. Such Member or Registered User may enter discretionary or non-discretionary orders for the account of his employer or for his own account provided he does not enter or handle customer orders.

(c) It shall be the duty of each Member to: (1) submit orders through the system under his registered User ID and (2) input for each order the price, quantity, product, expiration month, correct CTI code, order type, buy or sell, and appropriate account designation and, for options, put or call and strike price. A suspense account may be used at the time of order entry *provided* that a contemporaneous written record of the order in non-erasable ink, with the correct account designation, is made, time-stamped and maintained in accordance with Rule 414, and *provided* that the correct account designation is entered into the clearing system prior to the end of the trading day. A suspense account may also be used at the time of order entry for bunched orders that are eligible for post-trade allocation, and are executed pursuant to and in accordance with CFTC Regulation 1.35(a-1)(5).

(d) With respect to orders received by a Member or Registered User which are immediately entered into the system, no separate record need be made. However, if a Member or Registered User receives an order that is not immediately entered into the system, a record of the order including the order instructions, account designation, date, time of receipt and any other information that is required by the Exchange must be made in non-erasable ink. The order must be entered into the system when it becomes executable.

#### 407. Matching of Orders

Except as otherwise provided in these Rules, following the application of the uncrossing algorithm at Market Open, Orders entered into the NYSE Liffe US Trading Platform will be matched in accordance with ~~a Priority Pro Rata~~ one or more algorithms, depending on the

Contract<sup>16</sup>, the detailed operation of which shall be set out in a notice issued by the Exchange, as amended from time to time. Market on Open Orders may take priority over Limit Orders submitted during the Pre-Open period, by trading with other Market on Open Orders, where such Limit Orders cannot be executed during the opening algorithm.

The Exchange may at any time use a different matching algorithm for a particular Contract by giving notice of such algorithm to all Members at least 10 days before such algorithm is implemented.

#### **408. Misuse of the System**

Misuse of the system is strictly prohibited. It shall be deemed an act detrimental to the interest and welfare of the Exchange to either willfully or negligently engage in unauthorized access to the system, to assist any individual in obtaining unauthorized access to the system, to trade on the system without the authorization of a Clearing Member, to alter the equipment associated with the system, to interfere with the operation of the system, to use or configure a component of the system in a manner which does not conform to the NYSE Liffe US Interface Sublicense and Connection Agreement, to intercept or interfere with information provided on or through the system, or in any way to use the system in a manner contrary to the Rules of the Exchange.

#### **409. Trading Against Customer Orders and Crossing Orders**

**(a) Trading Against Customer Orders** – During a trading session, a Member or Registered User shall not knowingly cause to be entered or knowingly enter into a transaction in which he takes the opposite side of an Order entered on behalf of a customer, for the Member's or Registered User's own account or his employer's proprietary account unless the customer Order has been entered immediately upon receipt and has first been exposed on the platform for a minimum 5 seconds for futures contracts and a minimum of 15 seconds for options contracts. Such transactions that are unknowingly consummated shall not be considered to have violated this regulation.

**(b) Crossing Orders** – Independently initiated Orders on opposite sides of the market for different beneficial account owners that are immediately executable against each other may be entered without delay *provided*, that the Orders did not involve pre-execution discussions.

Opposite orders for different beneficial accounts that are simultaneously placed by a party with discretion over both accounts may be entered *provided* that one order is exposed on the platform for a minimum of 5 seconds for futures contracts and a minimum of 15 seconds for options contracts.

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<sup>16</sup> Amendment effective November 3, 2008, pursuant to CFTC Rule 40.6 filing with the CFTC by NYSE Liffe US dated October 10, 2008. *See* Notice 11/2008.

An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite a second order entered by the same firm only if the second order has been entered immediately upon receipt and has been exposed on the platform for a minimum of 5 seconds for futures contracts and a minimum of 15 seconds for options contracts.

#### **410. Good Faith Bids and Offers**

A Member or Registered User shall not knowingly enter, or cause to be entered, bids or offers into the system other than in good faith for the purpose of executing bona fide transactions.

#### **411. Priority of Execution**

Orders received by a Member or Registered User shall be entered into the system in the sequence received. Orders that cannot be immediately entered into the system must be entered when the orders become executable in the sequence in which the orders were received.

#### **412. Disciplinary Procedures**

All access denials, suspensions, expulsions and other restrictions imposed upon a Member or Registered User by the Exchange pursuant to Exchange disciplinary procedures shall restrict with equal force and effect, access to, and use of, the system.

#### **413. Termination of Connection**

The Exchange, at its sole discretion, shall have the right to summarily terminate the connection of any Member or the access of any ITM. Additionally, the Exchange, at its sole discretion, shall have the right to direct a Member to immediately terminate access to the system of any user.

#### **414. Records of Transactions Effected Through the System**

All written orders and any other original records pertaining to orders entered through the system must be retained for five years and otherwise in accordance with the provisions of Commission Regulation 1.31. For orders entered into the system immediately upon receipt, the data contained in the system shall be deemed the original records of the transaction.

#### **415. Limitation of Liability; Legal Proceedings**

EXCEPT AS OTHERWISE PROVIDED, AND EXCEPT IN INSTANCES WHERE THERE HAS BEEN A FINDING OF FRAUD OR WANTON OR WILLFUL MISCONDUCT, IN WHICH CASE THE PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE 415, NEITHER THE EXCHANGE (INCLUDING ITS AFFILIATES) NOR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS WILL BE LIABLE TO ANY OTHER PERSON, INCLUDING ANY MEMBER,

REGISTERED USER, CUSTOMER OR NONCUSTOMER, FOR ANY LOSSES, DAMAGES, COSTS, EXPENSES OR CLAIMS (INCLUDING LOSS OF PROFITS, LOSS OF USE, DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES) (COLLECTIVELY, "LOSSES"), ARISING FROM (A) ANY FAILURE OR MALFUNCTION OF, INCLUDING ANY INABILITY TO ENTER OR CANCEL ORDERS INTO, THE NYSE Liffe US TRADING PLATFORM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE NYSE LIFFE US TRADING PLATFORM, (B) ANY FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY OR TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF THE NYSE Liffe US TRADING PLATFORM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE NYSE LIFFE US TRADING PLATFORM OR (C) ANY ACTION TAKEN OR OMITTED TO BE TAKEN IN RESPECT TO THE BUSINESS OF THE EXCHANGE, EXCEPT, IN EACH CASE, TO THE EXTENT THAT SUCH LOSSES ARE ATTRIBUTABLE TO THE WILLFUL MISCONDUCT, GROSS NEGLIGENCE OR CRIMINAL ACTS OF THE EXCHANGE (INCLUDING ITS AFFILIATES) OR ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS ACTING WITHIN THE SCOPE OF THEIR RESPECTIVE AUTHORITY. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, AND SUBJECT TO THE SAME EXCEPTION, THE EXCHANGE WILL HAVE NO LIABILITY TO ANY PERSON FOR ANY LOSSES THAT RESULT FROM ANY ERROR, OMISSION OR DELAY IN CALCULATING OR DISSEMINATING ANY CURRENT OR CLOSING VALUE OR ANY REPORTS OF TRANSACTIONS IN OR QUOTATIONS FOR CONTRACTS, INCLUDING UNDERLYING SECURITIES. THE FOREGOING WILL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE.

THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS PROVIDED BY THE EXCHANGE (INCLUDING ITS AFFILIATES) RELATING TO THE NYSE LIFFE US TRADING PLATFORM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE NYSE LIFFE US TRADING PLATFORM, INCLUDING WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE SERVICES OF THE EXCHANGE ARE BEING PROVIDED ON AN "AS IS" BASIS AT EACH MEMBER'S SOLE RISK. NEITHER THE EXCHANGE (INCLUDING ITS AFFILIATES) NOR ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS MAKE ANY WARRANTY WITH RESPECT TO, AND NO SUCH PARTY WILL HAVE ANY LIABILITY TO ANY MEMBER FOR, THE ACCURACY, TIMELINESS, COMPLETENESS, RELIABILITY, PERFORMANCE OR CONTINUED AVAILABILITY OF THE NYSE Liffe US TRADING PLATFORM OR THE EXCHANGE, FOR DELAYS, OMISSIONS OR INTERRUPTIONS THEREIN OR THE CREDITWORTHINESS OF ANY OTHER MEMBER. THE EXCHANGE (INCLUDING ITS AFFILIATES) WILL HAVE NO DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE NYSE Liffe US TRADING PLATFORM OR OTHERWISE. EACH MEMBER ACKNOWLEDGES AND AGREES THAT THE EXCHANGE (INCLUDING ITS AFFILIATES) DOES NOT AND WILL NOT SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY ANY

MEMBER AND THAT THE EXCHANGE (INCLUDING ITS AFFILIATES) IS NOT AN ADVISOR OR FIDUCIARY OF ANY MEMBER.

ANY DISPUTE ARISING OUT OF THE USE OF THE NYSE LIFFE US TRADING PLATFORM OR EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE NYSE Liffe US TRADING PLATFORM IN WHICH THE EXCHANGE (INCLUDING ITS AFFILIATES) OR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS IS A PARTY WILL BE SUBJECT TO THE LAWS OF THE STATE OF ILLINOIS. ANY ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OF THE ABOVE MUST BE BROUGHT, WITHIN TWO YEARS FROM THE TIME THEY FIRST ARISE, IN A FEDERAL COURT LOCATED IN COOK COUNTY, ILLINOIS, OR IF THE REQUIREMENTS FOR FEDERAL SUBJECT MATTER JURISDICTION ARE NOT MET, IN A STATE COURT LOCATED IN COOK COUNTY, ILLINOIS. THIS PROVISION WILL IN NO WAY CREATE A CAUSE OF ACTION AND WILL NOT AUTHORIZE AN ACTION THAT WOULD OTHERWISE BE PROHIBITED BY THE RULES OF THE EXCHANGE.

NO MEMBER OR PERSON ASSOCIATED WITH A MEMBER WILL INSTITUTE A LAWSUIT OR OTHER LEGAL PROCEEDING AGAINST THE EXCHANGE OR ANY DIRECTOR, COMMITTEE MEMBER, OFFICER, EMPLOYEE, AGENT OR CONTRACTOR OF THE EXCHANGE (INCLUDING ITS AFFILIATES), FOR ACTIONS TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH THE OFFICIAL BUSINESS OF THE EXCHANGE (INCLUDING ITS AFFILIATES). THIS PROVISION WILL NOT APPLY TO APPEALS OF DISCIPLINARY ACTIONS OR OTHER ACTIONS BY THE EXCHANGE AS PROVIDED FOR IN THESE RULES.

ANY MEMBER OR PERSON ASSOCIATED WITH A MEMBER WHO FAILS TO PREVAIL IN A LAWSUIT OR OTHER LEGAL PROCEEDING INSTITUTED BY SUCH PERSON AGAINST THE EXCHANGE (INCLUDING ITS AFFILIATES) OR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS, AND RELATED TO THE BUSINESS OF THE EXCHANGE, WILL PAY TO THE EXCHANGE ALL REASONABLE EXPENSES, INCLUDING ATTORNEYS' FEES, INCURRED BY THE EXCHANGE IN THE DEFENSE OF SUCH PROCEEDING TO THE EXTENT THAT SUCH EXPENSES EXCEED FIFTY THOUSAND DOLLARS (\$50,000.00). THIS PROVISION WILL NOT APPLY TO DISCIPLINARY ACTIONS BY THE EXCHANGE, ADMINISTRATIVE APPEALS OF EXCHANGE ACTIONS OR IN ANY SPECIFIC INSTANCE WHERE THE BOARD HAS GRANTED A WAIVER OF THIS PROVISION.

NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 415 WILL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION BY SUCH PERSON OF THE CEA OR THE COMMISSION REGULATIONS THEREUNDER.

#### **416. Error Trade Policy**

In order to ensure fair and orderly market conditions, the Exchange, or designated staff, may cancel a transaction in accordance with the Exchange's Error Trade Policy.\*

#### **417. Average Price System**

A Member that is registered with the Commission as a futures commission merchant receiving multiple execution prices on an Order or series of Orders for any Contract may use an Average Price System to calculate and confirm to any Customer or Noncustomer an average price for such Contract, *provided* all of the following requirements are satisfied:

(a) such Customer or Noncustomer must have requested such Member to use an Average Price System; and

(b) each individual transaction with respect to such Contract must be submitted to, and cleared by, the Clearing Service Provider at the price at which it was executed.

#### **418. Errors of Members**

If a Member discovers an error in the handling of an Order for a Customer after the relevant trade is completed, and the Order cannot be executed in the market at a price which is better than or equal to that at which the Order should have been executed, such Member will make cash payments or other adjustments as are appropriate to rectify the error. Any violation of this Rule 418 for the purpose of taking advantage of an Order or Orders will constitute conduct which is inconsistent with just and equitable principles of trade.

#### **Reportable Positions and Position Limits**

#### **419. Reportable Positions**

(a) Each Member required to file any report, statement, form or other information with the Commission pursuant to Commission Regulations Part 15, 17, 18 or 19 concerning any Contract or Commodity underlying a Contract must simultaneously file a copy of such report, statement, form or other information with the Market Regulation Department. Each Member must submit the report, statement, form or other information to the Market Regulation Department in the form and manner designated by the Exchange.

(b) For purposes of filings made or information provided to the Market Regulation Department pursuant to Commission Regulations Part 15, 17 and 18, each

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\* Related information available at CFTC Rule 40.6 filing by NYSE Liffe US with the CFTC dated September 5, 2008. See Notice 9/2008.

Member must report such open contract positions at levels as the Exchange establishes from time to time.

#### **420. Position Limits**

(a) Position limits shall be as established by the Exchange from time to time. Such position limits may be specific to a particular Contract or delivery month or may be established on an aggregate basis among Contracts or delivery months. Except as specified in paragraphs (b) and (c) below, no Person shall control, or trade in, any number of Contracts (in combination of Futures and Options on Futures (converted to Futures equivalents)) that exceed any position limits so established by the Exchange. Except as specified in paragraphs (b) and (c) below, no Person shall be permitted to enter into any transaction on the Exchange that would cause such Person to exceed any position limits.

(b) Upon application to the Market Regulation Department in accordance with paragraph (d) below, qualified hedge transactions shall automatically be exempt from the position limits that would otherwise apply. For purposes of this Rule 420, the term "qualified hedge transaction" shall include any transaction or position in a particular Contract that represents a substitute for transactions to be made or positions to be taken at a later time in the Commodity underlying such Contract, provided the transaction entered into or position taken on the Exchange is economically appropriate to reduce risks arising from: \*

(i) any potential change in the value of assets that a Person owns, produces, manufactures, processes or merchandises or anticipates owning, producing, manufacturing, processing or merchandising;

(ii) any potential change in the amount of liabilities that a Person owes or anticipates incurring;

(iii) any potential change in the value of services that a Person provides, purchases or anticipates providing or purchasing; or

(iv) any other good cause shown, as determined by the Exchange in its sole discretion.

(c) On the basis of an application to the Market Regulation Department in accordance with paragraph (d) below, and such supplemental information as the Market Regulation Department may request, the Exchange will determine whether to approve a particular transaction as an arbitrage or spread transaction. In granting any such approval, the Exchange may impose such limitations as it may deem necessary or appropriate in light of the liquidity of the markets involved and the Person's financial

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\* Related information regarding applications for hedge exemptions available at CFTC Rule 40.6 filing by NYSE Liffe US dated September 3, 2008. See Notice 3/2008.

condition and business circumstances. Subject to any such limitations, transactions approved in accordance with the immediately preceding sentence shall be exempt from the position limits that would otherwise apply.

(d) Any application for an exemption from position limits for a hedging, arbitrage or spread transaction must be made by the relevant Person to the Market Regulation Department in such form, and within such time limits, as the Exchange may from time to time prescribe. Without limiting the generality of the foregoing, any such application must include the following:

(i) If a qualified hedge transaction, an arbitrage transaction or a spread transaction, a representation that such transaction or position constitutes a qualified hedge transaction, an arbitrage or a spread transaction, as the case may be, and is not used in an attempt to violate or avoid any Rule of the Exchange;

(ii) If a qualified hedge transaction, a representation that such transaction or position is necessary or advisable as an integral part of the business of such Person, which representation shall also include a description of such business;

(iii) If an arbitrage or spread transaction, an undertaking that the prospective arbitrageur or spreader will specify the extent of the Person's current or planned activity in the cash market underlying the Contract for which such exemption is requested;

(iv) If an arbitrage or spread transaction, a representation that the positions involved are moved in an orderly manner and not initiated or liquidated in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes;

(v) A representation that such Person has complied with any applicable federal requirement relating to hedging, arbitrage or spread transactions, as the case may be, and has obtained any necessary approvals from the Commission;

(vi) A schedule of the maximum number of Contracts, long and short, that such Person intends to enter into for hedging, arbitrage or spread transaction purposes, as the case may be;

(vii) An agreement that such Person will comply with any additional limits on its trading as the Exchange may from time to time impose; and

(viii) An agreement by such Person to promptly submit a supplemental statement explaining any change in circumstances that may affect the nature of its positions.



(e) In determining whether any Person has exceeded the position limits established by the Exchange, all positions in accounts for which such Person, by power of attorney or otherwise, directly or indirectly controls trading (whether on a proprietary basis or on behalf of Customers or Noncustomers) shall be included. Position limits shall apply to positions held by two or more Person acting pursuant to an express or implied agreement or understanding in the same manner as if such positions were held by a single Person.

(f) The Exchange shall have the authority to review and rescind any exemption granted by it pursuant to paragraph (d) above at any time in its sole discretion.

(g) For purposes of paragraph (e) above, "control" exists when the Person in question makes investment decisions for the account or accounts in question or materially influences, directly or indirectly, the actions of any Person who makes such investment decisions. In addition, "control" will be presumed to exist in the following circumstances:

(i) Among all parties to a joint account who have authority to act on behalf of such account;

(ii) Among all general partners to a partnership account;

(iii) If a Person (A) holds an ownership interest of 10 percent or more in the Person holding the account or accounts in question, or (B) shares in 10 percent or more of the profits or losses related to such account or accounts;

(iv) If the Persons holding the account or accounts in question have common directors or management; or

(v) If a Person has the authority to execute transactions in the account or accounts in question.

Any presumption of control on the basis of the foregoing circumstances can be rebutted by proving that such circumstances do not exist or by showing other circumstances which negate the presumption of control. Initial determinations of "control" shall be made by the President or his or her designee.

## **Price Limits**

### **421. Price Limits**

The Rules governing a particular Contract will contain any price limits that apply to trading in such Contract.

## Off-Exchange Transactions

### 422. Exchange for Related Positions~~Physical~~<sup>17</sup>

(a) Certain privately negotiated transactions may be executed through the systems of the Exchange, which are generally categorized as Exchange for Related Positions (“EFRPs”). These transactions, generally described in Chapter 1, include EFPs and EFRs and are associated with the simultaneous exchange of cash securities, cash commodities or derivatives, on the one hand, and Futures or Options on Futures on the other:

~~(a)(b)~~ A bona fide ~~EFRP~~exchange for Physical may be entered into with respect to any Contract in accordance with the applicable trading increments set forth in the Rules governing such Contract, at a price mutually agreed upon by the parties to such transaction. Each Exchange for Related Position~~Physical~~ must contain the following three essential elements:

(i) A Futures or Options on Futures transaction and a related cash commodity, securities or derivative transaction (“Related Transaction”) that are integrally related; ~~(“Related Transaction”);~~

(ii) Any exchanges for the ~~Related Position Underlying Commodity~~ where the Related Transaction Commodity contract provides for the transfer of ownership of the Related Position Commodity to the cash buyer in the Related Transaction upon performance of the terms of such contract the contractual provisions of the Related Transaction, with, in the case of a cash commodity or securities Related Transaction, delivery to take place within a reasonable time thereafter, in accordance with prevailing cash market practice; and

(iii) Separate Persons, such that the accounts involved on each side of the Exchange for Related Position~~Physical~~ have different beneficial ownership or are under separate control.

#### (c) Additional Requirements

(i) For purposes of this Rule, a position is considered a Related Position if it is a cash, securities, swap or derivative position that bears a relationship to the Contract involved in the EFRP. In cases other than cash positions, the position must be derivative, a by-product or related product whose price bears a readily ascertainable relationship to the Contract involved in the EFRP. From time to time, the Exchange may issue guidance on

<sup>17</sup> Amendment to text and renumbering of subsections (b) and (c) of Rule 422; newly added text contained in subsection (c)(i). Effective September 24, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated September 24, 2009. See Notice 21/2009.

factors that tend to indicate that a position is a Related Position<sup>2</sup>. Notwithstanding, it is a Member's obligation to ensure that the ~~Related pPosition~~ involved in an EFRP submitted to the Exchange bears an appropriate relationship.

(ii) In every ~~EFRP~~ exchange for Physical, one party must be the buyer of the ~~Related pPosition Commodity~~ and the seller of the corresponding Futures and the other party must be the seller of the ~~Related pPosition Commodity~~ and the buyer of the ~~corresponding Futures~~ corresponding Futures. Further, the quantity of the ~~Related pPosition Commodity~~ traded in an ~~EFRP~~ exchange for Physical must be equivalent to the quantity of the related position Commodity represented by the Futures portion of the transaction.

(e)(iii) If the ~~EFRP~~ exchange for Physical is agreed upon during a Trading Session, the price of the Contract that is the subject of the ~~EFRP~~ exchange for Physical must be within the daily price limit for such Contract during the current Trading Session. If the ~~EFRP~~ exchange for Physical is agreed upon after the Exchange's trading hours for such Contract, the price of the Contract that is the subject of the ~~EFRP~~ exchange for Physical must be within the daily price limit for such Contract during the next Trading Session.

(d)(iv) ~~EFRP~~ exchange for Physical transactions must be reported to the Exchange in a manner prescribed from time to time by the Exchange. ~~EFRP~~ exchange for Physical transactions executed during the Exchange Trading Session must be reported to the Exchange within 30 minutes of agreement by the parties and no later than 15 minutes prior to the Contract's Trading Session close time.

(e)(v) ~~EFRP~~ exchange for Physical transactions executed after the Exchange's trading hours must be reported within 15 minutes after the opening of the next Trading Session.

(f)(vi) For ~~EFRP~~ exchange for Physical transactions between two Members or Customers or Noncustomers of one or both of the Members, the Exchange requires both the Members (or Members whose Customer or Noncustomer) is selling the Futures leg of the EFRP to report the transactions.

(g)(d) The Exchange will review the quantity, Contract, Delivery Month, Price and type of Related Transaction information submitted by the reporting Member(s) for the ~~EFRP~~ exchange for Physical transaction and will post the transaction to the NYSE Liffe US Trading Platform if the transaction details are complete and accurate in accordance with this Rule. The Exchange will immediately publicize information identifying the transaction as an ~~EFRP~~ exchange for Physical trade and

identifying the relevant Contract, contract month, quantity and, if applicable, whether the transaction involved is a put or a call and the strike price.

~~(h)(e)~~ Each Clearing Member involved in any ~~EFRP~~ exchange for Physical must maintain records evidencing compliance with the criteria set forth in this Rule 422. Upon request, each such Clearing Member must provide documentation evidencing the Related Transaction ~~underlying cash transaction~~ to the Exchange or its Compliance Service Provider.

~~(i)(f)~~ ~~EFRP~~ exchange for Physical prices will not trigger unexecuted Orders.

#### 423. Block Trading

(a) Members may enter into transactions outside the NYSE Liffe US Trading Platform, at prices mutually agreed, with respect to Contracts that have been designated by the Exchange for such purpose, *provided* all of the following conditions are satisfied (such transactions, “Block Trades”):

(i) Each buy or sell order underlying a Block Trade must (A) state explicitly that it is to be, or may be, executed by means of a Block Trade and (B) be for at least such minimum number of Contracts as will from time to time be specified by the Exchange; *provided* that only (x) a commodity trading advisor registered under the CEA, (y) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the CEA and Commission Regulations thereunder and (z) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States in which the Exchange may be permitted from time to time to operate NYSE Liffe US Workstations, in each case with total assets under management exceeding US \$25 million, may satisfy this requirement by aggregating orders for different accounts.

(ii) Each party to a Block Trade must qualify as an “eligible contract participant” (as such term is defined in Section 1a(12) of the CEA); *provided* that, if the Block Trade is entered into on behalf of Customers by (A) a commodity trading advisor registered under the Act, (B) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the Act and Commission Regulations thereunder or (C) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States in which the Exchange may be permitted from time to time to operate NYSE Liffe US Workstations, in each case with total assets under management exceeding US \$25 million, then only such commodity trading advisor or investment adviser, as the case may be, but not the individual Customers, need to so qualify.

(b) Each party to a Block Trade must comply with all applicable Rules of the Exchange other than those which by their terms only apply to trading through the NYSE Liffe US Trading Platform.

(c) When negotiating or executing a Block Trade, a Member or Registered User must ensure that the price quoted for a Block Trade represents a fair and reasonable price. The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of such Block Trade, (ii) the prices and sizes of other transactions in the same Contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash and futures markets, at the relevant time, and (iv) the circumstances of the parties to such Block Trade.

(d) Block Trades must be reported to the Exchange in a manner prescribed from time to time by the Exchange. Block Trades must be reported to the Exchange within 15 minutes after the completion of negotiations, but may not be submitted any later than 15 minutes prior to the Contract's Trading Session close time.

~~(e) Block Trades executed after the Exchange's trading hours must be reported within 15 minutes after the opening of the next Trading Session.<sup>18</sup>~~

~~(f)~~(e) For Block Trades between two Members or Customers or Noncustomers of one or both of the Members, the Exchange requires ~~both the Members (or Member whose Customer or Noncustomer is) selling the Futures or Options on Futures leg of the EFRP~~ to report the Block Trade.<sup>19</sup>

~~(g)~~(f) The Exchange will review the information submitted by the Member(s) for the Block Trade and will post the Block Trade to the NYSE Liffe US Trading Platform if the details are complete and accurate in accordance with this Rule. The Exchange will immediately publicize information identifying the trade as a Block Trade and identifying the relevant Contract, contract month, price or premium, quantity and, if applicable, whether the transaction involved a put or a call and the strike price.

~~(h)~~(g) Block Trade prices will not trigger unexecuted Orders.

~~(i)~~(h) Each Member that is party to a Block Trade must record the following details on its order ticket: the Contract (including the Delivery Month) to which such Block Trade relates; the number of Contracts traded; the price of execution or premium; the time of execution; the identity of the counterparty; and, if applicable, details regarding the Customer or Noncustomer for which the Block Trade was executed, the

<sup>18</sup> Subsection (e) of Rule 423 deleted. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US with CFTC dated March 25, 2009. See Notice 6/2009.

<sup>19</sup> Text of subsection (f) of Rule 423 amended and renumbered. Effective September 29, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US filing with CFTC dated September 25, 2009. See Notice 23/2009.

Underlying Commodity, whether the transaction involved a put or a call and the strike price. Upon request by the Exchange, such Member must produce satisfactory evidence, including the order ticket referred to in the preceding sentence that the Block Trade meets the requirements set forth in this Rule 423.

~~(i)~~ Any Block Trade in violation of these requirements will constitute conduct which is inconsistent with just and equitable principles of trade.

#### 424. Transfers of Positions\*

(a) A Clearing Member may transfer a position on its books to:

(i) correct errors in an existing Contract, *provided* that the original trade documentation confirms the error;

(ii) transfer an existing Contract from one account to another within the same Member where no change in ownership is involved;

(iii) transfer an existing Contract from one Clearing Member to another Clearing Member where no change in ownership occurs; or

(iv) transfer an existing Contract through operation of law from death or bankruptcy.

(b) Upon written request, the Exchange may, in its sole discretion, allow the transfer of a position as a result of a merger, asset purchase, consolidation, or similar non-recurring transaction for a Person that is an organization.

(c) Clearing Members must transfer positions pursuant to this Rule 424 at the same prices that appear on the books of the transferring Clearing Member, and the transfer must indicate the date when the original trade was made. Each Clearing Member that is a party to a transfer of positions must make and retain records stating the nature of the transaction and the name of the counter-party Clearing Member. Each Clearing Member that is a party to a transfer of positions must adhere to the Rules of the Clearing Service Provider related to transfers of positions and must provide any information required by the Clearing Service Provider related to such transfer.

#### 425. Emergencies

(a) **General.** If 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. Any such Rule may remain in effect for up to 30 Business

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\* Supplemental guidance available in CFTC Rule 40.6 filing by NYSE Liffe US with the CFTC dated January 16, 2009. *See* Notice 2/2009.

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 such actions as:

- (i) limiting trading to liquidation only, in whole or in part;
- (ii) changing the Delivery Month or extending or shortening the term of any Contract;
- (iii) changing delivery points or the means of delivery provided in the Rules governing any Contract;
- (iv) imposing or modifying position or price limits with respect to any Contract;
- (v) ordering the liquidation of Contracts, the fixing of a settlement price or any reduction in positions;
- (vi) ordering the transfer of Contracts, and the money, securities, and property securing such Contracts, held on behalf of Customers or Noncustomers by any Member to one or more other Members willing to assume such Contracts or obligated to do so;
- (vii) extending, limiting or changing hours of trading;
- (viii) suspending or curtailing trading in any or all Contracts or modifying circuit breakers;
- (ix) requiring Clearing Members, Members, Customers or Noncustomers to meet special margin requirements; or
- (x) modifying or suspending any provision of the Rules of the Exchange or the Rules of the Clearing Service Provider.

Any such action placed into effect in accordance with the preceding sentence may be reviewed by the Board at any time and may be revoked, suspended or modified by the Board, and any such Rule placed into effect in accordance with the preceding sentence will be reviewed by the Board as soon as practicable under the circumstances, and may be revoked, suspended or modified by the Board.

**(b) Physical Emergency.** If, in the judgment of the President, or any individual designated by the President and approved by the Board, the physical functions of the Exchange are, or are threatened to be, severely and adversely affected by a physical emergency (such as a fire or other casualty, bomb threats, terrorist acts, substantial inclement weather, power failures, communications breakdowns, computer

system breakdowns, screen based trading system breakdowns or transportation breakdowns), such Person may take any action that he or she may deem necessary or appropriate to respond to such physical emergency, including closing the Exchange, delaying the opening of trading in one or more Contracts or suspending trading in or extending trading hours for one or more Contracts. In the event that any action has been taken pursuant to the immediately preceding sentence, any Person who is authorized to take such action may order the removal of any restriction previously imposed pursuant to such sentence, upon a determination by such Person that the physical emergency that gave rise to such restriction has sufficiently abated to permit the physical functions of the Exchange to continue in an orderly manner; *provided* that any order pursuant to this sentence will be subject to review, modification or reversal by the Board.

(c) In the event that the trading is suspended in any or all Contracts, the Orders for the suspended Contracts that are currently resting in the NYSE Liffe US Trading Platform will automatically be cancelled and would have to be resubmitted by the Members upon resumption of trading in the affected Contracts.

(d) **Notification and Recording.** The Exchange will notify the Commission of any action taken, or proposed to be taken, pursuant to this Rule 425 in accordance with Commission Regulation § 40.6. The decision-making process with respect to, and the reasons for, any such action will be recorded in writing.

(e) **Conflicts of Interest.** The conflict of interest provisions set forth in Rule 204, including the documentation requirements, will apply, with any such modifications or adaptations as may be necessary or appropriate under the circumstances, to the taking of any action under this Rule 425 by the President, or his or her designee.

#### **426. Market Maker Programs**

Exchange Staff shall approve the implementation of market maker programs, pursuant to which market makers would be authorized to maintain two-sided markets in those products designated by the Exchange. To the extent that the terms of any such market maker program may be in conflict with any Rules of the Exchange, such terms shall supersede such Rules. Nothing in this Rule shall alter or waive a Member's responsibility to comply with provisions of the Commodity Exchange Act or Rules or Regulations of the Commodity Futures Trading Commission unless exempted by the Commission.<sup>20</sup>

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<sup>20</sup> Information regarding DMM programs available in CFTC Rule 40.6 filing by NYSE Liffe dated September 3, 2008. See Notice 5/2008. See also Notice 20/2009.



**427. Electronic Access for Affiliates**<sup>21</sup>

(a) The Exchange may consider an application from a Member that wishes to obtain direct access to the Exchange for its Affiliate(s). For the purposes of this Rule 427, "Affiliate" means a Person who:

(i) owns 95 per cent or more of the Member; or

(ii) is owned 95 per cent or more by the Member; or

(iii) is owned 95 per cent or more by a third party who also owns 95 per cent or more of the Member.

(b) All successful applicants for affiliate access will be notified in writing by the Exchange. The Exchange will only consider applications of Affiliates located in jurisdictions with satisfactory regulatory arrangements including those in respect of:

(i) supervision of investment activity; and

(ii) information sharing and co-operation between the supervisory authority of the jurisdiction concerned and the Commission.

(c) All business undertaken by an Affiliate on the Exchange will be done in the name of the Member and the Member retains full responsibility for the conduct of all such business.

<sup>21</sup> Amendment adding Rule 427. Effective September 5, 2008, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated September 3, 2008.

## CHAPTER 5 OBLIGATIONS OF MEMBERS

### Recordkeeping

#### 501. Books and Records

Each Member, Registered User and Clearing Member must prepare and keep current all books, ledgers and other similar records required to be kept by it pursuant to Applicable Law and the Rules of the Exchange, and must prepare and keep current such other books and records and adopt such forms as the Exchange may from time to time prescribe. Such books and records must be made available to the Exchange, the Commission and the U.S. Department of Justice and their authorized representatives upon request.

#### 502. Inspection and Delivery

Each Member, Registered User and Clearing Member must keep all books and records required to be kept by it pursuant to the Rules of the Exchange for a period of five years from the date on which they are first prepared, unless otherwise provided in the Rules of the Exchange or required by Applicable Law. Such books and records must be readily accessible during the first two years of such five-year period. During such five-year period, all such books and records must be made available for inspection by, and copies thereof must be delivered to, the Exchange, the Commission and the U.S. Department of Justice and their authorized representatives upon request.

#### 503. Member Information

Each Member shall notify the Market Regulation Department promptly in writing whenever the Member becomes aware of<sup>2</sup>:

(a) any suspension, expulsion, revocation or restriction of such Member's trading privileges or any fine in excess of \$25,000, through an adverse determination, voluntary settlement or otherwise, by any court, commodity or securities exchange or related clearing organization, the Commission, the Securities and Exchange Commission, or the securities commission or equivalent authority of any state, territory, the District of Columbia or foreign country, the National Futures Association, the Financial Industry Regulatory Authority, or any other regulatory agency or self-regulatory organization;

(b) any indictment of the Member or any of its principals for, any conviction of the Member or any of its principals of, or any confession of guilt or plea of guilty or nolo contendere by the Member or any of its principals to (i) any felony or

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\* Informational guidance regarding notices available in CFTC Rule 40.6 filing by NYSE Liffe US dated April 21, 2009. See Notice 13/2009.

(ii) any misdemeanor involving, arising from, or related to the purchase or sale of any commodity, security, futures contract, option or other financial instrument or involving or arising from fraud or moral turpitude; or

(c) any involuntary bankruptcy petition that has been filed against such Member, or in the case of a voluntary bankruptcy proceeding, when such Member has filed or has formed a definite intention to file for bankruptcy.

(d) (i) Each Member will be solely responsible for notifying the Exchange of any and all changes to, or updates of, information given to the Exchange prior to or during the membership application process. After becoming a Member, each Member must promptly notify the Exchange in writing of changes to information on all forms including the (A) Membership Application, (B) Responsible Person, (C) Member Connectivity Administrator, and (D) View Only Key Forms.

(ii) Failure to file a required response to any communication sent to the latest physical address of a Member organization or e-mail use of Key Personnel filed with the Exchange by the Member which is caused by a failure to notify the Exchange in writing of changes in information as set forth in sub-paragraph 503(d)(i) above, may result in an order of default and award of claimed monetary damages or other appropriate order in any Exchange proceeding.

(e) Any Member, other than a natural person, shall notify the Exchange at least ten business days prior to any merger, acquisition, consolidation, combination, sale or other material change of ownership.<sup>22</sup>

Nothing in this Rule is intended to substitute for or limit any other reporting obligations that a Member may have to the Exchange or any other regulatory agency or self regulatory organization.

## **Financial Requirements**

### **504. Minimum Financial and Related Reporting Requirements for Registrants**

Each Member that is registered with the Commission as a futures commission merchant or introducing broker must comply with the provisions of Applicable Law relating to minimum financial and related reporting and recordkeeping requirements. A copy of any notice or written report that a Member is required to file with the Commission pursuant to Commission Regulation § 1.12 must also be filed with the Exchange's Compliance Service Provider. A Member that violates any of the aforementioned Commission Regulations will be deemed to have violated this Rule 504.

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<sup>22</sup> Amendment adding subsections (d) and (e) to Rule 503. Effective April 23, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated April 21, 2009. See Notice 13/2009.

## **505. Minimum Financial and Related Reporting Requirements for Non-Registrants**

(a) A Member that is not registered with the Commission as a futures commission merchant must:

(i) maintain a net worth (excluding personal assets) of not less than \$250,000; and

(ii) immediately notify the Compliance Service Provider if its net worth (excluding personal assets) declines below \$300,000, and provide the Compliance Service Provider with monthly financial statements by the tenth calendar day of each month thereafter until the Member's net worth exceeds \$300,000 for two consecutive months.

(b) For purposes of this Rule 505, net worth means the Member's total assets (excluding personal assets) less total liabilities as computed by generally accepted accounting principles applied on a consistent basis.

(c) A Member that is an organization but not registered with the Commission must submit to the Compliance Service Provider annual audited financial statements certified by a certified independent public accountant (or by a Person having similar qualifications if the Member's books of account are kept outside the United States) within ninety calendar days of the Member's fiscal year-end.

## **506. Authority of the President to Impose Restrictions**

Whenever a Member is subject to the early warning requirements set forth in Commission Regulation § 1.12 (or similar requirements of a foreign Governmental Authority to which such Member is subject), the President, or his or her designee, may impose such conditions or restrictions on the business and operations of such Member, as the case may be, as the President, or his or her designee, may deem necessary or appropriate for the protection of Customers, other Members or the Exchange.

## **507. Treatment of Customer Funds and Securities**

Any Member that is required to be registered with the Commission must comply with the provisions of Applicable Law relating to the treatment of Customer funds and the maintenance of books and records with respect thereto. A Member that violates any of the aforementioned Commission Regulations will be deemed to have violated this Rule 507.

## **508. Additional Minimum Financial Requirements**

(a) In addition to the minimum financial requirements that a Member that is registered with the Commission as a futures commission merchant or introducing broker must satisfy, each Member will be required to satisfy such minimum financial requirements, and comply with such obligations related thereto, as may be established from time to time by the Exchange.

(b) Each Member must notify the President, or his or her designee, immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it.

(c) Unless and until a Member is able to demonstrate to the Exchange that it is in compliance with the minimum financial requirements applicable to it, such Member may not engage in any transactions subject to the Rules of the Exchange, except for the purpose of closing open positions.

## **Customer Protection**

### **509. Commission Registration**

(a) No Member of the Exchange (including any Person that is affiliated with such Member), may solicit or accept from any other Person an Order for the purchase or sale of a Contract, unless such Member, or its respective affiliated Person, as the case may be, is registered in any required capacity in accordance with Applicable Law.

(b) Any Member that is required to be registered as a futures commission merchant or as an introducing broker must comply with the provisions of Commission Regulations § 155.3, § 155.4 or § 41.42(a), as applicable.

### **510. Confirmations**

Each Member that enters into a trade on behalf of a Customer must promptly furnish, or cause to be furnished, to such Customer, no later than the Business Day immediately following the day on which such trade is entered into, a written confirmation of such trade in such form as the Exchange may from time to time prescribe, indicating the Contract bought or sold, the price, quantity, time of execution and such other information as the Exchange may require.

### **511. Customer Statements**

Each Member that enters into trades on behalf of Customers must furnish, or cause to be furnished, as soon as practicable after the end of each month, a monthly statement of account to each of its Customers. Each such statement must indicate, at a minimum, the Customer's initial balance, closing balance, commissions and fees incurred, income received and trades made.

### **512. Risk Disclosure Statement**

Prior to opening an account for any Customer, a Member that is registered with the Commission as a futures commission merchant or introducing broker must provide such Customer with (a) a written disclosure statement in the form approved by the Exchange for purposes of Commission Regulation § 1.55, (b) the Uniform Electronic Trading and Order Routing System Disclosure Statement required by NFA (or similar disclosure statement required by a foreign Governmental Authority to which such Member is subject), and (c) any other disclosure statement from time to time required by the Exchange.

### **513. Fraudulent or Misleading Communications**

A Member may not make any fraudulent or misleading communications relating to the purchase or sale of any Contract.

### **514. Responsibility for Customer Orders**

A Member handling Orders for Customers must exercise due diligence in the handling and execution of such Orders. Failure to act with due diligence will constitute negligence.

A Member is prohibited from directly or indirectly guaranteeing the execution of an Order or any of its terms such as the quantity or price; *provided* that this sentence will not be construed to prevent a Member from assuming or sharing in any losses resulting from an error or the mishandling of an Order.

A Member shall not adjust the price at which an Order was executed, nor will it be held responsible for executing or failing to execute an Order unless such Member, as the case may be, was negligent or is settling a bona fide dispute regarding negligence, or as otherwise permitted by the Error Trade Policy.

## **System Security**

### **515. System Security**

(a) Each Member must at all times have at least one employee or agent (the “Responsible Person”) designated as its administrator with respect to the use of the NYSE Liffe US Trading Platform by such Member (including its Registered Users). The Exchange may prescribe such qualification standards for Responsible Persons as it may from time to time determine necessary or advisable. Among other things, each Responsible Person must (i) have full control over access to the NYSE Liffe US Trading Platform by the Member (including its Registered Users) represented by such Responsible Person and (ii) be able to access, and, if required, modify and withdraw, any and all Orders placed, or purported to be placed, by such Member (including its Registered Users). The Responsible Person or Responsible Persons of any Member will also be solely responsible for any and all communications between the Exchange and such Member, and any and all notices or other communications sent to such Responsible Person or Responsible Persons by the Exchange will be binding on such Member. Each Member must notify the Exchange promptly of any change regarding any of its Responsible Persons.

(b) Each Member will be solely responsible for controlling and monitoring the use of all user identification codes and passwords to access the NYSE Liffe US Trading Platform (collectively, “User Information”) issued to its Responsible Person or Responsible Persons by the Exchange, may provide the User Information only to its Registered Users, and must notify the Exchange promptly upon becoming aware of any unauthorized disclosure or use of the User Information or access to the Exchange or of any other reason for deactivating User Information. Each Member will be bound by

any actions taken through the use of its User Information (other than any such actions resulting from the fault or negligence of the Exchange), including the execution of transactions, whether or not such actions were authorized by such Member or any of its directors, officers or employees.

(c) Each Member will be solely responsible for ensuring that NYSE Liffe US Trading Platform access is not granted to any Person located outside the United States, except as otherwise expressly permitted by the Exchange. To the extent necessary to ensure the operational integrity of the NYSE Liffe US Trading Platform, the Exchange may at any time restrict or limit the access of Persons to specified locations, and each Member must ensure prompt compliance by itself and its Registered Users with any such limitation.

## **Customer Margin**

### **516. Customer Margin**

(a) A Member shall not effect a transaction or carry an account for a Customer without obtaining margin at the times, in the amounts, and in the forms required by the Exchange.

(b) The Exchange will publish the minimum initial and maintenance margin requirements for each Contract or combination of Contracts.

(c) Any changes in Contract margin requirements will apply to both new and existing Contracts in a Customer's account.

(d) Unless otherwise stated in these Rules, a Member must use a risk based portfolio margining system acceptable to the Exchange to calculate margin requirements for Customer accounts.

(e) If a Member does not obtain and maintain the required minimum margin deposits for a Customer's account pursuant to this Rule, the Exchange may require the Member to immediately liquidate Contracts in the Customer account to eliminate the margin requirement shortfall.

(f) The Exchange or a Member may impose margin requirements on a Customer that are in excess of the existing margin requirements imposed by this Rule.

(g) Terms used in this Rule, but not otherwise defined by these Rules, carry the meaning set forth in the Joint Audit Committee's Margins Handbook. In addition, a Member must adhere to the procedures specified in the Joint Audit Committee's Margins Handbook for the computation, issuance, collection, and offsets for margin calls and corresponding capital charges for the Member unless the Manual is inconsistent with the Exchange's Rules, in which case the Exchange's Rules will prevail.

(h) A Member must collect at least the minimum margin requirements established by the Exchange for its Contracts in a Customer account.

(i) The full premium value for a long call or put on an Option on a Future Contract must be collected from the Customer.

(j) When additional margin deposits are required pursuant to Exchange Rules, a Member must call for the additional margin in a prompt manner not to be any later than one business day after the event giving rise to the call. The margin call must be sufficient to ensure the Customer's account will at least meet the minimum initial margin requirement (i) when the margin equity in the account initially falls below the minimum maintenance requirements and (ii) subsequently when the margin equity plus existing margin calls on the account are less than the minimum maintenance margin requirements.

(k) The Member must collect the full amount of the margin call from a Customer in a prompt manner and within a reasonable period.

(l) If a margin call is outstanding for an unreasonable time, the Member may only accept Orders from the Customer that will reduce the Customer's margin requirements.

(m) If a Customer fails to deposit the required margin deposit within a reasonable time, the Member may, but is not required to, liquidate all or a portion of the Customer's Contracts to restore the Customer's account to a properly margined level. However, the inability of the Member to liquidate all or a portion of a Customer's Contracts does not affect any liability of the Customer to the Member.

(n) A Member must make and retain a written record of margin calls to Customers that reflects date, amount and other relevant information for all margin calls made (whether made by telephone, in writing or by other means) as well as margin calls reduced, satisfied or relieved.

#### **517. Release of Customer Margin**

A Member may only release free funds in connection with a Customer's account if after the release the Customer's account has ~~at~~ equity at least equal to the initial margin requirement level.

#### **518. Omnibus Accounts**

A Member must calculate margin requirements for an omnibus account (whether domestic or foreign) on a gross Contract basis. However, a Member may impose maintenance margin rates for Contracts in the omnibus account. A Member must obtain written representation of spread or hedge positions from an omnibus account in order to afford any Contracts in the account spread or hedge margin treatment.



## 519. Aggregation

(a) When determining margin requirements, margin calls and release of margin deposits, a Member may aggregate identically-owned accounts within the same regulatory account classification of Customer segregated, Customer secured and non-segregated.

(b) In satisfaction of a margin deficiency, a Member may not apply available free funds from an identically-owned account that has a different regulatory classification. The Member must transfer the free-funds from the identically-owned account to the account having the margin deficiency.

(c) Except for omnibus accounts, a Member may calculate margin requirements on a net basis for concurrent long and short Contracts in identically-owned accounts within the same regulatory account classification.

## 520. Extension of Credit

A Member shall not extend or maintain credit to or for a Customer to evade or circumvent any requirements of these Rules. A Member may extend or maintain (or arrange for the extension or maintenance of) credit or a loan to or for a Customer to meet the margin requirements of these Rules provided the credit or loan is secured as defined by Commission Regulation § 1.17(c)(3) and the proceeds are treated by the Member in accordance with Commission Regulation § 1.30.

## 521. Allowable Margin Deposits

(a) A Member may only accept the following as margin deposits:

(i) U.S. dollars and foreign currencies,

(ii) U.S. government treasury and agency securities,

(iii) Municipal securities,

(iv) Readily marketable securities (which means securities traded on a “ready market” as defined by SEC Rule 15c3-1(c)(11)),

(v) Money market mutual funds that meet the requirements of Commission Regulation § 1.25 (other than securities issued by the Customer or an affiliate of the Customer), and / or

(vi) Irrevocable letters of credit in a form, and issued by banks or trust companies, approved by the Clearing Service Provider (other than letters of credit issued by the Customer or an affiliate of the Customer).

(b) The assets, securities and instruments accepted by a Member to meet a Customer's margin requirements must be and remain unencumbered by third party claims.

(c) Acceptance of foreign currencies will require a Member to obtain a subordination agreement and value the foreign currencies as required by Commission Interpretation #12 – Deposit of Customer Funds in Foreign Depositories.

(d) Securities must be valued at no greater than their current market value less any haircuts specified by SEC Rule 15c3-1.

(e) No guarantee against a margin deficiency for a Customer account from any party may be considered.

## **CHAPTER 6 BUSINESS CONDUCT**

### **601. Fraudulent Acts**

Neither a Member nor any of its Registered Users may engage in any fraudulent act or engage in any scheme to cheat, defraud or deceive, in connection with or related to any trade on or other activity related to the Exchange or the Clearing Service Provider.

### **602. Fictitious Transactions**

Neither a Member nor any of its Registered Users may create fictitious transactions or execute any Order for a fictitious transaction with knowledge of its nature.

### **603. Market Manipulation or Demoralization**

Any manipulation of the market in any Contract is prohibited. Orders entered into the NYSE Liffe US Trading Platform for the purpose of upsetting the equilibrium of the market in any Contract or creating a condition in which prices do not or will not reflect fair market values are prohibited and any Member (including its Registered Users) who makes or assists in entering any such Order with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to the Exchange.

### **604. Adherence to Law**

No Member (including its Registered Users) may engage in conduct in violation of Applicable Law, the Rules of the Exchange or the Rules of the Clearing Service Provider (insofar as the Rules of the Clearing Service Provider relate to the reporting or clearance of any transaction in Contracts).

### **605. Sales Practice Rules**

Without limiting the generality of Rule 604, each Member (including its Registered Users) must comply with any and all sales practice rules (including those relating to bunched orders, opening and approval of accounts, suitability, use of discretion, supervision of accounts, risk disclosure document delivery, communications, monthly statements and confirmations, registration, qualification and continuing education, customer complaints, prohibition against guarantees and profit sharing and money laundering) from time to time promulgated by NFA (or similar foreign Governmental Authority to which such Member is subject), which rules are hereby incorporated by reference into this Rule 605.

### **606. Prohibition of Misstatements**

It will be an offense to make any misstatement of a material fact to the Exchange, including the Board, any committee thereof or any director, officer or employee of the Exchange.

#### **607. Cooperation in Investigations and Proceedings**

Each Member (and its Registered Users) shall cooperate promptly and fully with the Exchange in any investigation, inquiry, audit, examination or proceeding regarding compliance with Exchange Rules or any Exchange disciplinary or arbitration proceeding. Each Member (and its Registered Users) shall comply with any order issued by the Exchange.

#### **608. Right of Access**

Neither a Member nor any of its Registered Users may use its right to access the NYSE Liffe US Trading Platform in any way which could be expected to bring disrepute upon such Member or the Exchange.

#### **609. Acts Detrimental to the Exchange; Acts Inconsistent with Just and Equitable Principles of Trade**

It will be an offense to violate any Rule of the Exchange or Rule of the Clearing Service Provider regulating the conduct or business of a Member (including its respective Registered Users) or any agreement made with the Exchange, or to engage in any act detrimental to the Exchange or in conduct inconsistent with just and equitable principles of trade.

#### **610. Supervision**

Each Member will be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that its Registered Users comply with Applicable Law, the Rules of the Exchange and the Rules of the Clearing Service Provider, and may be held accountable for the actions of such Registered Users. In addition, each Responsible Person will be responsible for supervising the Registered Users of the Member represented by it, and may be held accountable for the actions of such Registered Users.

#### **611. Priority of Customers' Orders**

(a) No Member (including its Registered Users) may knowingly buy a Contract for a personal or proprietary account of such Member or Registered Users or for an account in which such Member or Registered Users has a proprietary interest, when such Member or Registered Users has in hand Orders to buy the same Contract for any other Person at the same price or at the market price. No Member (including its Registered Users) may knowingly sell a Contract for a personal or proprietary account (including a Noncustomer account) of such Member or Registered Users (including a Noncustomer account of such Member or Registered User) or for an account in which such Member or Registered Users has a proprietary interest (including a Noncustomer account), when such Member or Registered Users has in hand Orders to sell the same Contract for any other Person at the same price or at the market price.

(b) No Member (including its Registered Users) may knowingly execute a discretionary Order for any Contract, including an Order allowing such Member (including its Related Parties) discretion as to time and price, for an immediate family

member or for a personal or proprietary account of any other Member or Registered Users (including Noncustomer accounts), when such Member or Registered Users has in hand any Customer market Order for the same Contract open as to time and price.

(c) A Registered User entering Orders into the NYSE Liffe US Trading Platform must enter all Customer Orders that the NYSE Liffe US Trading Platform is capable of accepting before entering an Order for a personal or proprietary account of such Registered User or the related Member (including a Noncustomer account), an account in which such Registered User or Member has a proprietary interest (including a Noncustomer account) or an Order for a discretionary account, including an Order allowing such Registered User or Member discretion as to time and price, for an immediate family member or for a personal or proprietary account of any other Member or Registered Users (including a Noncustomer account).

(d) For purposes of this Rule 611, no Member that consists of more than one individual, will be deemed to knowingly buy or sell a Contract or execute a discretionary Order if (i) such Member has in place appropriate “firewall” or separation of function procedures and (ii) the individual buying or selling the Contract or executing the discretionary Order in question has no direct knowledge of the Order to buy or sell the same Contract for any other Person at the same price or at the market price or of the Customer Order for the same Contract, as the case may be. Nothing in this Rule 611 limits the ability of an “eligible account manager” to bunch Orders in accordance with Commission Regulation § 1.35(a-1)(5).

## **612. Trading Against Customers’ Orders**

No Member (including its Registered Users) may enter into a transaction on behalf of a Customer in which such Member or Registered Users or any Person trading for an account in which such Member or Registered User has a financial interest (including a Noncustomer account), intentionally assumes the opposite side of the transaction. The foregoing restriction does not prohibit pre-execution discussions conducted in accordance with procedures established by the Exchange from time to time, and does not apply to any Exchange for Physical, any Block Trade or any transaction meeting all of the following criteria (or such other criteria as may be established by the Exchange from time to time):

(a) the Customer has previously consented in writing to such transactions, which consent must have been given or renewed within 12 months of the transaction at issue and may not have been revoked prior thereto;

(b) the Member or Registered Users has waited for a reasonable period of time, as determined by the Exchange, after first entering the Order received from the Customer into the NYSE Liffe US Trading Platform before taking the opposite side of the transaction;

(c) the Member maintains a record that clearly identifies, by appropriate descriptive words, all such transactions, including the time of execution, Commodity, date, price, quantity and delivery month; and

(d) the Member provides a copy of the record referred to in clause (c) above to the Exchange.

### **613. Withholding Orders**

No Member (including its Registered Users) may withhold or withdraw from the market any Order or any part of an Order placed by any Customer, unless expressly instructed or authorized to do so by such Customer.

### **614. Disclosing Orders**

Except in accordance with any policies or procedures for pre-execution discussions from time to time adopted by the Exchange, no Member (including its Registered Users) may disclose to any Person any Order placed by any other Person, except to the Exchange, the Commission or the United States Department of Justice.

### **615. Pre-Arranged Trades**

No Member (including its Registered Users) may enter any Order into the NYSE Liffe US Trading Platform which has been pre-arranged, except as expressly permitted by Rules 422 and 423 or in accordance with any policies or procedures for pre-execution discussions from time to time adopted by the Exchange.

### **616. Simultaneous Buying and Selling Orders**

(a) No Member (including its Registered Users) may accept simultaneous buy and sell Orders from the same Customer for the same delivery month of a particular Future.

(b) A Member (including its Registered Users) holding Orders to buy and sell at the same time from different Customers for the same month of a particular Future may enter both Orders into the NYSE Liffe US Trading Platform.

## CHAPTER 7 DISCIPLINE AND ENFORCEMENT

### 701. General

(a) All Members, Registered Users and other Persons within the Exchange's jurisdiction are subject to this Chapter 7 if they are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule of the Exchange or any provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction.

(b) Except when the Board reserves responsibility for an inquiry or investigation to itself or delegates its responsibility to a committee of the Board, the Exchange will conduct inquiries, investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 7.

(c) The Exchange may delegate any or all of its powers or responsibilities under this Chapter 7 to the Market Regulation Department, which may take any actions on behalf of the Exchange that the Exchange is permitted to take hereunder. In the event of any such delegation, references to the Exchange in this Chapter 7 shall be construed to be references to the Market Regulation Department.

(d) No member of the staff of the Exchange will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action. No member of the Board will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action with respect to which the Board member is not a member of the relevant Appeals Panel or Summary Review Panel.

(e) Any Member, Registered User or other Person within the Exchange's jurisdiction may be represented by counsel during any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary actions pursuant to this Chapter 7.

(f) Pursuant to this Chapter 7, the Exchange may hold:

(i) a Member liable for, and impose sanctions against such Member, for such Member's own acts and omissions that constitute a violation;

(ii) a Member liable for, and impose sanctions against such Member, for the acts and omissions of each Registered User authorized by, and each other agent or representative of, such Member that constitute a violation as if such violation were that of the Member;

(iii) a Registered User liable for, and impose sanctions against him or her, for such Registered User's own acts and omissions that constitute a violation; and

(iv) a Registered User liable for, and impose sanctions against him or her, for the acts and omissions of each agent or representative of such Registered User that constitute a violation as if such violation were that of the Registered User.

(g) The Board shall appoint individuals at the recommendation of the Chief Regulatory Officer to serve as participants on Review Panels, Summary Review Panels, Hearing Panels and Appeal Panels as set forth in Chapter 7 of the Rules. The individuals so appointed shall constitute the Disciplinary Panel and be Disciplinary Panel Members ("DPMs"), and shall serve for a one year term from appointment. The Chief Regulatory Officer shall assign DPMs to either industry participant pools or to a public DPM pool, in the case of DPMs who would qualify as public directors, as defined in Subsections 2(ii) and 2(iii) of the Commission's Acceptable Practices found in its *Guidance On, and Acceptable Practices In, Compliance with Core Principle 15* in Appendix B to Part 38 of the Commission's Regulations, 17 C.F.R. Part 38 Appendix B. The Board may re-appoint DPMs to subsequent terms following the expiration of their initial term. The terms of DPMs serving on an active panel do not expire until the panel's proceedings are completed. The Chief Regulatory Officer shall exercise complete discretion in defining the industry participant pools and the assignment of non-public DPMs to such pools. In forming a Review Panel, Summary Review Panel, Hearing Panel or Appeals Panel, the Chief Regulatory Officer shall draw DPMs randomly from the industry participant pools as set forth in Chapter 7 so that any group or class of industry participants is precluded from dominating or exercising disproportionate influence on the panel being formed, and so that at least one person drawn from the public DPM pool is included on the panel.<sup>23</sup>

(h) Exchange disciplinary proceedings will be conducted as set forth in this Chapter 7 by the following panels, which shall be formed in accordance with Rule 701(i):

(i) Appeals Panel

The term "Appeals Panel" means a panel comprised of three individuals, two of whom shall be Members (or officers of Members or affiliates of Members). The Chief Regulatory Officer shall form an Appeals Panel upon the filing of one or more notices of appeal pursuant to Rule 717. The Appeals Panel will consider the appeal or appeals for which it was formed in accordance with Chapter 7.

<sup>23</sup> Amendment to Rule 701 adding subsection (g). Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.



(ii) Hearing Panel

The term "Hearing Panel" means a panel consisting of five individuals. The Chief Regulatory Officer shall form a Hearing Panel upon the service of one or more Notices of Charges pursuant to Rule 708. The Hearing Panel will conduct hearings in connection with any disciplinary proceedings, and make findings and impose sanctions pursuant to Chapter 7.

(iii) Review Panel

The term "Review Panel" means a panel comprised of three individuals, two of whom shall be Members (or officers of Members or affiliates of Members). The Chief Regulatory Officer shall form a Review Panel upon his or her determination to initiate one or more disciplinary proceedings pursuant to Rule 703(b). The Review Panel will commence its deliberations and take the actions it deems appropriate as set forth in Rules 704 and 705 to review investigation reports submitted to it by the Market Regulation Department to determine (a) whether a reasonable basis exists to believe that a violation of a Rule of the Exchange has occurred and (b) whether commencing disciplinary proceedings in respect of such potential violation is warranted.

(iv) Summary Review Panel

The term "Summary Review Panel" means a panel comprised of three individuals, two of whom shall be Members (or officers of Members or affiliates of Members). The Chief Regulatory Officer shall form a Summary Review Panel upon the President or his or her designee's determination to initiate one or more summary actions pursuant to Rule 719. The Summary Review Panel will commence its deliberations and take the actions it deems appropriate as set forth in Rule 719 to conduct a hearing concerning the summary action.<sup>24</sup>

(i) In forming a Review Panel, Summary Review Panel, Hearing Panel or Appeals Panel, the Chief Regulatory Officer shall draw panel members from the DPMs appointed by the Board. In drawing the individuals to participate on a panel, the Chief Regulatory Officer shall draw individuals randomly from those pools of DPMs that the Chief Regulatory Officer shall create in his or her discretion, so that any group or class of industry participants is precluded from dominating or exercising disproportionate influence on the panel, and so that at least one person drawn from the public DPM pool is included on the panel. If a member randomly drawn (i) has one or more of the prohibited conflicts of interest set forth in Rule 204 based on information available to the Chief Regulatory

<sup>24</sup> Amendment to Rule 701 adding subsection (h). Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

Officer, (ii) is affiliated with a Member who or whose officers or employees or affiliate's officers and employees have been or are likely to be witnesses in the proceeding or prior panel proceeding, (iii) is affiliated with the same Member as, or closely related to (e.g. spouse, parent or child of), another individual previously selected and serving on the panel, (iv) is ineligible to serve on the panel, or (v) in the case of a Hearing Panel or Appeals Panel, participated on a prior panel proceeding in the same matter, the Chief Regulatory Officer will draw randomly again from the same pool of DPMs. If after being seated, a panel member recuses him or herself or is disqualified, the Chief Regulatory Officer shall randomly draw a replacement panel member from the same pool to which the recused or disqualified panel member is assigned in the manner set forth above, except as otherwise provided in Rule 711(d). If there are no more DPMs eligible to serve on the panel assigned to an industry participant pool, the Chief Regulatory Officer may, in his or her discretion, choose to draw randomly from another industry participant pool or the public pool. A public panelist who recuses him or herself or is disqualified may only be replaced by another DPM drawn from the public DPM pool. After being formed, the members of a panel shall select one member to act as chairman and one of whom will serve as vice-chairman.<sup>25</sup>

## **702. Inquiries and Investigation**

(a) The Market Regulation Department will investigate any matter within the Exchange's disciplinary jurisdiction that is brought to such Department's attention. The Market Regulation Department will determine the nature and scope of its inquiries and investigations within its sole discretion and will function independently of any commercial interests of the Exchange.

(b) The Market Regulation Department has the authority to:

(i) initiate and conduct inquiries and investigations;

(ii) prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;

(iii) prosecute alleged violations within the Exchange's disciplinary jurisdiction; and

(iv) represent the Exchange on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

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<sup>25</sup> Amendment to Rule 701 adding subsection (i). Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

(c) Each Member (including where applicable a Member's officers, employees or agents subject to the Member's control), Registered User and other Person subject to the Exchange's jurisdiction.<sup>26</sup>

(i) is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Market Regulation Department in connection with: (A) any Exchange Business or Rule of the Exchange; (B) any inquiry or investigation; or (C) any preparation by and presentation during a disciplinary proceeding or appeal from a decision in a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by the Exchange;

(ii) is obligated to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Market Regulation Department in connection with: (A) any Exchange Business or Rule of the Exchange; (B) any inquiry or investigation; or (C) any preparation by and presentation during a disciplinary proceeding or appeal from a decision in any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by the Exchange; and

(iii) may not impede or delay any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

### **703. Reports of Investigations**

(a) The Market Regulation Department will maintain a log of all investigations and their disposition. The Market Regulation Department will prepare a written report of investigation when the evidence gathered during any inquiry or investigation forms a reasonable basis to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(b) Any written report of investigation will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, and the recommendation of the Market Regulation Department. For each potential respondent, the Market Regulation Department will recommend either (i) closing the investigation without further action, (ii) resolving the investigation through an informal disposition, including the issuance of a warning letter or (iii) initiating disciplinary proceedings. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction.

<sup>26</sup> Amendment to text of subsection (c) of Rule 702. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

#### 704. Opportunity to Respond

(a) After completing its investigation report, the Market Regulation Department may, upon approval of the Review Panel, notify each potential respondent that the Market Regulation Department has recommended formal disciplinary charges against the potential respondent.

(b) The Market Regulation Department may allow a potential respondent to propose a settlement of the matter or to submit a written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought. The potential respondent shall submit such written statement within the time limit established by the Market Regulation Department.

#### 705. Review of Investigative Reports

(a) The Review Panel will review promptly each completed investigation report to determine whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(b) If the Review Panel determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur, the Review Panel will direct the Market Regulation Department to conduct further investigation.

(c) After receiving notice of completion of an investigation, the Review Panel will determine for each potential respondent whether to authorize:

(i) the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur;

(ii) the informal disposition of the investigation (by issuing a warning letter or otherwise) because disciplinary proceedings are unwarranted or because no reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur; or

(iii) the closing of the investigation without any action because disciplinary proceedings are not warranted or no reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(d) Any member of the Review Panel must promptly recuse himself or herself and notify the ~~General Counsel~~ Chief Regulatory Officer of the recusal if such

member has a relationship of a type listed in Rule 204(a)(i) with a potential respondent in an investigative report.<sup>27</sup>

#### **706. Notice of Charges**

(a) If the Review Panel authorizes disciplinary proceedings pursuant to Rule 705(c)(i), the Market Regulation Department will prepare, and serve in accordance with Rule 708, a notice of charges.

(b) A notice of charges will:

(i) state the acts, practices or conduct that the respondent is alleged to have engaged in;

(ii) state the Rule of the Exchange or provision of Applicable Law alleged to have been violated or about to be violated;

(iii) state the proposed sanctions;

(iv) advise the respondent of its right to a hearing;

(v) state the period of time within which the respondent can request a hearing on the notice of charges, which will not be less than 20 days after service of the notice of charges;

(vi) advise the respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing; and

(vii) advise the respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted.

#### **707. Answer to Notice of Charges**

(a) If the respondent determines to answer a notice of charges, the respondent must file answers within 20 days after being served with such notice, or within such other time period determined appropriate by the ~~Director~~ chairman of the ~~Hearings~~ Hearing Panel.<sup>28</sup>

<sup>27</sup> All references in the Rules to the term "General Counsel" have hereinafter been replaced with the term "Chief Regulatory Officer". Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

<sup>28</sup> All references in the Rules to the term "Director of Hearings" have hereinafter been replaced with the term "Chairman of the Hearing Panel". Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

- (b) To answer a notice of charges, the respondent must in writing:
- (i) specify the allegations that the respondent denies or admits;
  - (ii) specify the allegations that the respondent does not have sufficient information to either deny or admit;
  - (iii) specify any specific facts that contradict the notice of charges;
  - (iv) specify any affirmative defenses to the notice of charges; and
  - (v) sign and serve the answer on the ~~Director of Hearings~~ Chief Regulatory Officer.

(c) Any failure by the respondent to timely serve an answer to a notice of charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to answer one or more allegations in a notice of charges will be deemed to be an admission of that allegation or those allegations. Any allegation in a notice of charges that the respondent fails to expressly deny will be deemed to be admitted. A general denial by the respondent, without more, will not satisfy the requirements of paragraph (b) above.

#### **708. Service of Notice of Charges**

Any notice of charges or other documents contemplated to be served pursuant to this Chapter 7 may be served upon the respondent either personally or by leaving the same at his or her place of business or by deposit in the United States mail, postage prepaid, via registered or certified mail addressed to the respondent at the address as it appears on the books and records of the Exchange.

#### **709. Settlements**

(a) A respondent or potential respondent may at any time propose in writing an offer of settlement to anticipated or instituted disciplinary proceedings. Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Market Regulation Department. A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings but must accept the jurisdiction of the Exchange over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.

(b) If a respondent or potential respondent submits an offer of settlement in accordance with paragraph (a) above, the Market Regulation Department will forward the offer to the ~~General Counsel~~ Chief Regulatory Officer or his or her designee with a recommendation on whether to accept or reject the offer. If the ~~General Counsel~~ Chief Regulatory Officer or his or her designee, as the case may be, conditionally accepts an

offer of settlement, the settlement will become final upon the expiration of 20 days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the respondent, unless the Board calls the matter for review before the end of the 20-day period.

(c) If an offer of settlement is accepted and the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review and appeal under these Rules.

(d) If the offer of settlement of a respondent or potential respondent is not accepted, fails to become final or is withdrawn by the respondent or potential respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a respondent or potential respondent nor the Market Regulation Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, disciplinary proceedings.

#### 710. ~~Disciplinary Hearing Panel~~<sup>29</sup>

~~(a) Subject to subsection (b) of this Section 710, the Board will appoint a "Disciplinary Panel" consisting of five Members (with one member acting as chairman). The Disciplinary Panel will conduct hearings in connection with any disciplinary proceedings, to make findings and impose sanctions pursuant to this Chapter 7.~~

~~(b) Any of the functions of the Exchange or the Director of Hearings under this Chapter 7 may be performed by a Compliance Service Provider pursuant to a delegation of such functions by the Exchange, and references to the Director of Hearings or the Disciplinary Panel, as appropriate, shall be deemed to be references to such Compliance Service Provider.~~

~~(c) Within 10 days of being notified of the initial appointment of a Disciplinary Hearing Panel or the appointment of a replacement panelist pursuant to Rule 701(i), a respondent may seek to disqualify any individual named to the Disciplinary Hearing Panel for the reasons identified in Rule 204 or for any other reasonable grounds, by serving written notice on the General Counsel Chief Regulatory Officer and providing a copy thereof to the Market Regulation Department Director of Hearings. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Disciplinary Hearing Panel. The Chief Regulatory Officer General Counsel will decide the merits of any~~

<sup>29</sup> Subsections (a) and (b) of Rule 710 deleted. Text of subsection (c) amended and renumbered. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

#### **711. Convening Hearings of Disciplinary Proceedings**

(a) All disciplinary proceedings (except for summary impositions of fines pursuant to Rule 718) will be conducted at a hearing before a ~~Disciplinary-Hearing~~ Panel. A hearing will be conducted privately and confidentially unless the ~~Disciplinary-Hearing~~ Panel decides that the hearing, or any part of it, should be held in public after giving each respondent the opportunity to present its, his or her views on holding a public hearing. Notwithstanding the confidentiality of hearings, a ~~Hearing~~ ~~Disciplinary~~-Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.

(b) After reasonable notice to each respondent, the ~~Disciplinary-Hearing~~ Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Market Regulation Department.

(c) The chairman of the ~~Disciplinary-Hearing~~ Panel may continue, adjourn or otherwise conduct the hearing, as he or she may deem appropriate. The chairman of the ~~Disciplinary-Hearing~~ Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the chairman of the ~~Disciplinary-Hearing~~ Panel will not be bound by any evidentiary or procedural rules or law. Once admitted during the hearing, the ~~Disciplinary-Hearing~~ Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. The Exchange will provide guidance to the chairman of the ~~Disciplinary-Hearing~~ Panel on the conduct of the hearing.

(d) Except for procedural and evidentiary matters decided by the chairman of the ~~Disciplinary-Hearing~~ Panel pursuant to paragraph (c) above and Rule 712, unless each respondent otherwise consents, the entire ~~Disciplinary-Hearing~~ Panel must be present during the entire hearing and any related deliberations.

#### **712. Respondent Review of Evidence**

(a) Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of the Exchange that the Market Regulation Department will use to support the allegations and proposed sanctions in the notice of charges or which the chairman of the ~~Hearing~~ ~~Disciplinary~~-Panel deems relevant to the disciplinary proceedings. Notwithstanding the foregoing, no respondent will have the right to review, and the Exchange will have no obligation to disclose, any information protected by attorney-client privilege.



(b) If any books, records, documents, papers, transcripts of testimony, or other tangible evidence contain information that could adversely affect the competitive position of the Person providing the information or if such information might compromise other investigations being conducted by the Market Regulation Department, the Market Regulation Department may redact, edit or code such information before furnishing it to the respondent.

(c) Notwithstanding anything in paragraph (b) above to the contrary, the Market Regulation Department:

(i) will not redact, edit or code competitive or investigative information contained in documents in a manner that would impair the respondent's ability to defend against the allegations or proposed sanctions in the notices of charges, and

(ii) will provide the respondent with access to the information and portions of the documents that the Market Regulation Department intends to rely on to support the allegations or proposed sanctions in the notice of charges.

(d) For purposes of this Rule 712, information that could adversely affect competitive positions include positions in Contracts currently held, trading strategies employed in establishing or liquidating positions, the identity of Customers, and the personal finances of the Person providing the information.

### **713. Conducting Hearings of Disciplinary Proceedings**

(a) At a hearing conducted in connection with any disciplinary proceedings, the Market Regulation Department will present its case supporting the allegations and proposed sanctions in the notice of charges to the ~~Disciplinary Hearing~~ Panel. If a respondent has timely filed an answer to the notice of charges in accordance with Rule 707, the respondent is entitled to attend and participate in the hearing.

(b) At a hearing conducted in connection with any disciplinary proceedings, the ~~Disciplinary Hearing~~ Panel or the Market Regulation Department and each respondent may:

(i) present evidence and facts determined relevant and admissible by the chairman of the ~~Disciplinary Hearing~~ Panel;

(ii) call and examine witnesses (including employees or agents of the Exchange that form part of the Market Regulation Department); and

(iii) cross-examine witnesses called by other parties.

(c) If the respondent fails to file an answer, has filed a general denial, or if any or all of the allegations in the notice of charges are not expressly denied in the

respondent's answer, the chairman of the ~~Disciplinary-Hearing~~ Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross-examining witnesses, testifying in defense, presenting evidence concerning the Notice of Charges, or otherwise) unless the ~~Disciplinary-Hearing~~ Panel determines that the respondent had a compelling reason for failing to timely file an answer. If the ~~Disciplinary-Hearing~~ Panel determines that the respondent had a compelling reason for failing to timely file an answer, the ~~Disciplinary-Hearing~~ Panel will adjourn the hearing and direct the respondent to promptly file a written answer in accordance with Rule 707.

(d) Any Person entitled, or required or called upon, to attend a hearing before a ~~Disciplinary-Hearing~~ Panel pursuant to paragraph (b)(ii) above will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. The Exchange will require Persons within its jurisdiction that are called as witnesses to appear at the hearing and produce evidence. The Exchange will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.

(e) If during any disciplinary proceedings the ~~Disciplinary-Hearing~~ Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Rule of the Exchange or a provision of Applicable Law other than the violations alleged in the notice of charges, the ~~Disciplinary-Hearing~~ Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule 707. In connection with considering apparent violations pursuant to this paragraph (e), the ~~Disciplinary-Hearing~~ Panel may request that the Market Regulation Department provide the Panel with any additional information.

(f) The ~~Disciplinary-Hearing~~ Panel may summarily impose sanctions on any Member, Registered User or other Person within the Exchange's jurisdiction that impede or delay the progress of a hearing.

(g) The Exchange will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded hearing verbatim, or substantially verbatim, in a manner capable of accurate transcription. If the respondent requests a copy of all or portions of the recording of a hearing, the chairman of the ~~Hearing Disciplinary~~ Panel may within his or her sole discretion order the respondent to pay the costs for transcribing the recording of the hearing.

(h) No interlocutory appeals of rulings of any ~~Disciplinary-Hearing~~ Panel or chairman of the ~~Disciplinary-Hearing~~ Panel are permitted.

**714. Decision of ~~Disciplinary Hearing~~ Panel**

(a) As promptly as reasonable following a hearing, the ~~Disciplinary Hearing~~ Panel will issue an order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the ~~Disciplinary Hearing~~ Panel will constitute the decision of the ~~Hearing Disciplinary~~ Panel.

(b) The Exchange will serve a copy of the order of the disciplinary proceedings on the respondent and the Market Regulation Department. The order will include:

(i) the notice of charges or summary of the allegations;

(ii) the answer, if any, or a summary of the answer;

(iii) a brief summary of the evidence introduced at the hearing;

(iv) findings of fact and conclusions concerning each allegation, including each specific Rule of the Exchange and provision of Applicable Law that the respondent is found to have violated; and

(v) the imposition of sanctions, if any, and the effective date of each sanction.

(c) Unless a timely notice of appeal is filed pursuant to Rule 717, the order of the disciplinary proceedings will become final upon the expiration of 20 days after the order is served on the respondent and a copy thereof is provided to the Market Regulation Department.

**715. Sanctions**

(a) After notice and opportunity for hearing in accordance with these Rules, the Exchange will impose sanctions if a Member, Registered User or other Person within the Exchange's jurisdiction is found to have violated a Rule of the Exchange or provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction. The Exchange may impose one or more of the following sanctions or remedies: (i) censure; (ii) limitation on the Member's right to access the NYSE Liffe US Trading Platform, association with a Member or other activities, functions or operations; (iii) suspension of the Member's right to access the NYSE Liffe US Trading Platform or association with a Member for a period not to exceed 12 months; (iv) fine (subject to paragraph (b) below); (v) restitution or disgorgement; (vi) expulsion or termination of a Member, Registered User or other Person within the Exchange's jurisdiction; or (vii) any other sanction or remedy deemed to be appropriate. If the Exchange determines to suspend or expel a Member that is registered with the Commission as a futures commission merchant, the Exchange shall assure that any customer accounts and customer funds carried by such Member are first transferred to

another futures commission merchant, as appropriate and Member shall fully cooperate with the Exchange in effecting any transfers.<sup>30</sup>

(b) The Exchange may impose a fine of up to \$500,000 for each violation. If a fine or other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. The Exchange has sole discretion to select the bank on whose quotations to base the prime rate. Each Member will be responsible for paying any fine or other amount imposed on, but not paid by, any Registered User authorized by, or other agent or representative of, such Member.

#### 716. Costs

(a) Regardless of the outcome of any disciplinary proceeding, a ~~Disciplinary Hearing~~ Panel may order a respondent to pay some or all of the costs associated with the disciplinary proceedings, including costs that the ~~Hearing Disciplinary~~ Panel believes were unnecessarily caused by the respondent. Costs may include costs associated with the inquiry or investigation, the prosecution by the Market Regulation Department, legal and professional assistance, the hearing and administrative and other expenses incurred by the ~~Hearing Disciplinary~~ Panel.

(b) A ~~Disciplinary Hearing~~ Panel may only award costs against the Exchange if the Panel concludes that the Exchange has behaved in a manifestly unreasonable manner in the commencement or conduct of the disciplinary proceedings in question. The ~~Disciplinary Hearing~~ Panel must limit any award of costs against the Exchange to an amount that the Panel concludes is reasonable and appropriate, but does not exceed the respondent's costs for external legal or other external professional assistance.

(c) The ~~Disciplinary Hearing~~ Panel may determine the amounts and allocation of costs in any manner it may deem appropriate. The Exchange or the respondent will pay any costs ordered to be paid by it by the Disciplinary Panel within 30 days of the later of either written notice of (i) the amount imposed by the ~~Hearing Disciplinary~~ Panel or (ii) the determination of an appeal by an Appeals Panel against the ~~Hearing Disciplinary~~ Panel's determination.

#### 717. Appeal from Disciplinary Panel Decision

(a) Each respondent found by a ~~Disciplinary Hearing~~ Panel to have violated a Rule of the Exchange or a provision of Applicable Law may appeal the decision of the ~~Disciplinary Hearing~~ Panel within 20 days of receiving the order of the disciplinary proceedings by filing a notice of appeal with the ~~Chief Regulatory Officer~~ Secretary.

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<sup>30</sup> Text of subsection (a) of Rule 715 amended. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

While an appeal is pending, the effect of the order of disciplinary proceedings (including any sanctions, remedies or costs imposed thereby) is suspended.

(b) In a notice of appeal, the appellant must state in writing the grounds for appeal, including the findings of fact, conclusions or sanctions to which the respondent objects. An appellant may appeal the order of disciplinary proceedings on the grounds that:

(i) the decision was arbitrary, capricious, an abuse of discretion, or not in accordance with the Rules of the Exchange;

(ii) the decision exceeded the authority or jurisdiction of the Hearing Disciplinary Panel or the Exchange;

(iii) the decision failed to observe required procedures;

(iv) the decision was unsupported by the facts or evidence; or

(v) the imposed sanctions, remedies or costs are inappropriate or unsupported by the record.

(c) The ~~Secretary~~ Chief Regulatory Officer will forward copies of any notice of appeals received by it to all parties to the disciplinary proceedings in question, except the appellant. On or before the 20th day after filing a notice of appeal, the appellant must file with the Chief Regulatory Officer ~~Secretary~~ and serve on the Market Regulation Department a brief supporting the notice of appeal and documents supporting the brief. On or before the 20th day after the date on which the appellant served its, his or her brief, the appellee must file and serve its brief in opposition. On or before the 10th day after the date on which the appellee served its, his or her brief in opposition, the appellant must file and serve a brief in reply.

~~(d) In connection with any appeal, the Market Regulation Department will furnish to the Board a transcript of the hearing, any exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.~~

~~(e)~~ (d) Within 30 days after the last submission filed pursuant to paragraph (c) above, the ~~Board~~ Market Regulation Department will appoint, pursuant to Rule 701(i), an Appeals Panel to consider and determine the appeal.<sup>31</sup> ~~An individual may not serve on an Appeals Panel if the individual has a relationship of a type described in Rule 204 or if the individual served on the Disciplinary Panel related to, or otherwise participated in, any stage of the disciplinary proceedings on appeal.~~

<sup>31</sup> Subsection (d) of Rule 204 deleted. Text of prior subsection (e) amended and renumbered. Effective November 20, 2009 pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated November 17, 2009. See Notice 27/2009.

~~(f)~~(e) Within 10 days of being notified of the appointment of an Appeals Panel, the appellant may seek to disqualify any individual named to the Appeals Panel for the reasons listed in Rule 204 or for any other reasonable grounds, by serving written notice on the ~~General Counsel~~ Chief Regulatory Officer. By not timely filing a request for disqualification, the appellant will be deemed to have waived any objection to the composition of the Appeals Panel. The ~~Chief Regulatory Officer~~ General Counsel will decide the merits of any such objection in his or her sole discretion. Any such decision will be final and not subject to appeal.

~~(g)~~(f) An Appeals Panel may hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially unless the Appeals Panel decides that the hearing, or any part of it, should be held in public after giving each appellant the opportunity to present its, his or her views on holding a public hearing. Notwithstanding the confidentiality of hearings, an Appeals Panel may appoint individuals to attend any hearing and assist in the deliberations if such individuals agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeals Panel will not be bound by any evidentiary or procedural rules or law.

~~(h)~~(g) The Appeals Panel will only consider on appeal the record before the ~~Hearing Disciplinary~~ Panel, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeals Panel may only consider new evidence when the Panel is satisfied that good cause exists on why the evidence was not introduced during the disciplinary proceedings.

~~(i)~~(h) After completing its review, the Appeals Panel may affirm, modify or reverse any order of disciplinary proceedings under appeal in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by the Rules of the Exchange, or remanding the matter to the same or a different ~~Hearing Disciplinary~~ Panel for further disciplinary proceedings. The Appeals Panel may order a new hearing for good cause or if the Panel deems it appropriate.

~~(j)~~(i) As promptly as reasonably possible following its review, the Appeals Panel will issue a written decision on appeal rendering its decision based on the weight of the evidence before the Appeals Panel. A decision by a majority of the Appeals Panel will constitute the decision of the Appeals Panel. The decision of the Appeals Panel will include a statement of findings of fact and conclusions for each finding, sanction, remedy and cost reviewed on appeal, including each specific Rule of the Exchange and provision of Applicable Law that the respondent is found to have violated, if any, and the imposition of sanctions, remedies and costs, if any, and the effective date of each sanction, remedy or cost.

~~(k)~~(j) An Appeals Panel's written order on appeal (including findings of fact and conclusions and the imposition of sanctions, remedies and costs, and the effective

date of any sanction, remedy cost) will be the final action of the Exchange and will not be subject to appeal within the Exchange.

## **718. Summary Imposition of Fines**

(a) The Market Regulation Department may summarily impose a fine against a Member or Registered User for failing:

(i) to make timely payments of original or variation margin, options premiums, fees, cost, charges or fines to the Exchange or the Clearing Service Provider;

(ii) to make timely and accurate submissions to the Exchange of notices, reports or other information required by the Rules of the Exchange; and

(iii) to keep any books and records required by the Rules of the Exchange.

(b) The Market Regulation Department will give notice of any fine imposed pursuant to this Rule 718 to each Member or Registered User subject thereto. The notice will specify (i) the violations of the Rules of the Exchange for which the fine is being imposed, (ii) the date of the violation for which the fine is being imposed and (iii) the amount of the fine. Within 10 days of serving the notice of fine, the Member or Registered User in question must either pay the fine or submit a written request to the Board for review of the fine that specifies the basis for the requested review. If the Member or Registered User does not request a review within 10 days of service of the notice of fine, the fine becomes final.

(c) Upon a request for review pursuant to paragraph (b) above, the Chief Regulatory Officer~~Board~~ will appoint a Summary Review Panel to promptly hear and consider the request for review. At the hearing, (i) the Member or Registered User that is subject to the fine may appear and present evidence to establish that it did not commit the violation for which the fine was imposed, that the fine imposed is excessive, or both, and (ii) the Market Regulation Department may present evidence to establish that the Member or Registered User committed the violation for which the fine was imposed, that the fine imposed is not excessive, or both. In connection with the hearing to review the summary imposition of fines, the Summary Review Panel will not be bound by any law concerning evidence or procedural matters.

(d) As promptly as reasonably possible following the hearing, the Summary Review Panel will issue a written decision and provide copies of that decision to the Market Regulation Department and the Member or Registered User in question. The written decision shall include

(i) a description of, and reasons for, the summary action taken;

- (ii) a brief summary of the evidence introduced at the hearing;
  - (iii) findings of fact and conclusions;
  - (iv) the affirmation, modification or reversal of the summary action;
- and

A decision by a majority of the Summary Review Panel will constitute the decision of the Summary Review Panel. The Summary Review Panel may affirm, modify, increase or decrease any fine imposed pursuant to this Rule 718, subject to the maximum established by the Board pursuant to paragraph (e) below. The Summary Review Panel's decision on review of the summary imposition of fines will be the final action of the Exchange and not subject to appeal.

(e) The Board will set the amount of any fines imposed pursuant to this Rule 718, with the maximum fine for each violation not exceeding \$5,000. Summary imposition of fines pursuant to this Rule 718 will not preclude the Exchange from bringing any other action against the Member or Registered User in question.

#### **719. Summary Suspensions and Other Summary Actions**

(a) Notwithstanding anything in the Rules of the Exchange to the contrary, the President, or his or her designee, may summarily suspend the Member's right to access the NYSE Liffe US Trading Platform or the association of a Registered User with a Member or take other summary action against any Member, Registered User or other Person subject to the Exchange's jurisdiction. To summarily suspend or take summary action, the President, or his or her designee, must reasonably believe that the business, conduct or activities of the Member, Registered User or other Person in question is not in the best interests of the Exchange or the marketplace, including based on any of the following: (i) statutory disqualification from registration as provided in CEA Section 8a(2) or (3); (ii) non-payment of fees, costs, charges, fines or arbitration awards; or (iii) reasonable belief that immediate action is necessary to protect the public or the best interests of the Exchange.

(b) Whenever the President, or his or her designee proposes to take summary action pursuant to paragraph (a) above, the Exchange will, if practicable, provide written notice to the party against whom the action is contemplated. If prior notice is not practicable, the Exchange will give notice at the earliest possible opportunity to the respondent against whom the action is brought. The Market Regulation Department will prepare a notice of summary action (which will state the action, the reasons for the action, and the effective time, date, and duration of the action) and serve the notice on the respondent. Promptly but no later than 20 days after service of the notice of summary action, a Summary Review Panel will conduct a hearing concerning the summary action.

(c) At the hearing concerning the summary action, the Market Regulation Department will present its case supporting the action and the respondent may present



its, his or her case opposing the action and each may present evidence and facts that the Summary Review Panel determines is relevant and admissible and call, examine and cross-examine witnesses. The Exchange will require Persons within its jurisdiction to appear as witnesses and produce evidence if the Summary Review Panel determines that evidence is relevant. During the hearing, the Summary Review Panel will not be bound by any law concerning evidence or procedural matters.

(d) As promptly as reasonably possible after the hearing concerning a summary action, the Summary Review Panel will issue an order rendering its decision based on the weight of the evidence presented at the hearing. The decision of a majority of the Summary Review Panel will be the decision of the Summary Review Panel. The Exchange will serve copies of the order of the Summary Review Panel on the respondent and the Market Regulation Department. The order will include:

(i) a description of, and reasons for, the summary action taken;

(ii) a brief summary of the evidence introduced at the hearing;

(iii) findings of fact and conclusions;

(iv) the affirmation, modification or reversal of the summary action;  
and

(v) any further actions to be taken and the effective date and duration of those actions.

(e) Any decision of a Summary Review Panel will become final and not subject to appeal within the Exchange upon serving the respondent with a copy of the decision.

(f) At the request of the Exchange or the Clearing Service Provider, a respondent against whom a summary action is brought pursuant to this Rule 719 must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, the Exchange or the Clearing Service Provider in connection with the enforcement of any Rule of the Exchange or Rule of the Clearing Service Provider.

(g) A respondent whose right to access the NYSE Liffe US Trading Platform, or whose association with a Member, is suspended pursuant to this Rule 719 may apply for reinstatement by filing with the Secretary a written request stating the applicant's reasons for seeking reinstatement. The Exchange will not consider a respondent's request for reinstatement if the respondent (i) owes any fines, fees, charges or costs to the Exchange, (ii) continues to fail to appear at disciplinary proceedings without good cause or (iii) continues to impede the progress of disciplinary proceedings.

(h) Within a reasonable period after the filing of a request for reinstatement, a Summary Review Panel will conduct a hearing to consider the request. At the hearing for reinstatement, the respondent will present its, his or her case supporting the reinstatement and the Market Regulation Department may, in its discretion, present its case opposing or supporting the reinstatement and each may present relevant and admissible evidence and facts and call, examine and cross-examine witnesses. At the hearing for reinstatement, the Exchange may require Persons within its jurisdiction to appear as witnesses and produce evidence if the Summary Review Panel determines that the evidence is relevant. During any reinstatement hearing, the Summary Review Panel will not be bound by any law concerning evidence or procedural matters.

(i) As promptly as reasonably possible after a reinstatement hearing, the Summary Review Panel will issue an order reinstating, denying the reinstatement, or placing conditions on the reinstatement of the respondent's right to access the NYSE Liffe US Trading Platform, or association with a Member. The order will include a brief summary of the evidence introduced at the reinstatement hearing; and, if applicable, findings of fact and conclusions not contained in the Summary Review Panel's initial order issued pursuant to Rule 719(d) above. The Summary Review Panel's order may be appealed by the respondent pursuant to the appeal procedures outlined in Rule 717 above.

## **720. Rights and Responsibilities after Suspension or Termination**

(a) When the Member's right to access the NYSE Liffe US Trading Platform, or the association of a Registered User with a Member, is suspended for a period of 12 months or less, none of its rights (including the right to hold oneself out to the public as a Member, enter Orders into the NYSE Liffe US Trading Platform and receive Member rates for fees, costs, and charges and deposit margin at Member levels) will apply during the period of the suspension, except for the right of the Member or Registered User in question to assert claims against others as provided in the Rules of the Exchange. Any such suspension will not affect the rights of creditors under the Rules of the Exchange or relieve the Member or Registered User in question of its, his or her obligations under the Rules of the Exchange to perform any Contracts entered into before the suspension, or for any Exchange fees, costs, or charges incurred during the suspension. The Exchange may discipline a suspended Member or Registered User under this Chapter 7 for any violation of a Rule of the Exchange or provision of Applicable Law committed by the Member before, during or after the suspension.

(b) When the Member's right to access the NYSE Liffe US Trading Platform, or the association of a Registered User with a Member, is terminated, all of its rights will terminate, except for the right of the Member or Registered User in question to assert claims against others, as provided in the Rules of the Exchange. Any such termination will not affect the rights of creditors under the Rules of the Exchange. A terminated Member or Registered User may only seek to reinstate its right to access the NYSE Liffe US Trading Platform by filing an application in accordance with Rule 305. The Exchange will not consider the application of a terminated Member or

Registered User if such Member or Registered User continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.

(c) An suspended or terminated Member or Registered User remains subject to the Rules of the Exchange and the jurisdiction of the Exchange for acts and omissions prior to the suspension or termination, and must cooperate in any inquiry, investigation, disciplinary proceeding, appeal of disciplinary proceedings, summary suspension or other summary action as if the suspended or terminated Member or Registered User still had the right to access the NYSE Liffe US Trading Platform or was still associated with a Member, as the case may be.

**721. Notice to the Respondent, the Commission and the Public**

The Exchange will provide written notice of disciplinary proceedings to the parties and the Commission consistent with Commission Regulations. Whenever the Exchange suspends, expels, fines or otherwise disciplines, or denies any Person access, to the Exchange, the Exchange will make the public disclosures required by Commission Regulations.

## CHAPTER 8 ARBITRATION

### 801. General

(a) Except as otherwise provided in the Rules of the Exchange, Members must arbitrate all controversies arising in connection with their Exchange Business between or among themselves.

(b) Except as otherwise provided in the Rules of the Exchange, if required by the applicable Customer agreement to which a Customer has provided its prior written consent in accordance with Commission Regulation § 166.5 or, in the absence of a written agreement, if the relevant Customer otherwise agrees to arbitrate in accordance with Commission Regulation § 166.5 (when applicable), Members must arbitrate all controversies arising in connection with their Exchange Business between themselves and their respective Customers.

(c) Notwithstanding the foregoing, this Rule 801 does not require arbitration of claims alleging employment discrimination (including sexual harassment) in violation of Applicable Law.

### 802. Forum

NFA will conduct any and all arbitrations of a type described in Rule 801; *provided, however*, that, in the event the claim involves Persons that are located outside of the United States, the Exchange may designate another arbitration forum.

### 803. Applicable Rules

Any and all arbitrations of a type described in Rule 801 that involve Customers will be conducted pursuant to NFA's Code of Arbitration. All other arbitrations of a type described in Rule 801 will be conducted pursuant to NFA's Member Arbitration Rules. Notwithstanding the foregoing, if the Exchange designates another arbitration forum in accordance with Rule 802, the arbitration will be conducted pursuant to the rules of such forum.

### 804. Penalties

(a) Any failure on the part of any Member, Registered User or other Person subject to the Exchange's jurisdiction to arbitrate a case subject to arbitration, or the commencement by any such Person of a suit in any court prior to arbitrating a case subject to arbitration, violates the Rules of the Exchange and subjects such Member, Registered User or other Person to disciplinary proceedings pursuant to Chapter 7.

(b) The Exchange may summarily suspend, pursuant to Rule 719, a Member, Registered User or other Person subject to the Exchange's jurisdiction that fails to satisfy an arbitration award rendered in any arbitration pursuant to this Chapter 8.



**CHAPTER 9**  
**RECONSIDERATION REGARDING DENIAL OF ACCESS RIGHTS**

**901. Procedures**

(a) If the Exchange, pursuant to Rule 304, denies a Person's application to become a Member or association with a Member, conditions the right to access the NYSE Liffe US Trading Platform or association, determines not to permit a Person to keep its right to access the NYSE Liffe US Trading Platform or maintain its association, or conditions the right to access the NYSE Liffe US Trading Platform or association of any Person, then, in any such case, the affected applicant, Member or Registered User, as the case may be, within seven days after receiving written notice of such decision, may request in writing that the Exchange provide the reasons therefor in writing. Within 14 days of receiving any such written request, the Exchange will provide the applicant, Member or Registered User, as the case may be, with such reasons in writing. Within 14 days of receiving the Exchange's written response, the applicant, Member or Registered User, as the case may be, may request, in writing, that the Exchange reconsider its initial decision and may provide any written representations or other information that the applicant, Member or Registered User, as the case may be, believes is relevant to the reconsideration.

(b) Within 28 days of receiving either a written request for reconsideration or written representations or information from the applicant, Member or Registered User, as the case may be, or a statement from such Person that no such representation or information is to be made or supplied, a Summary Review Panel will either confirm, reverse or modify the initial decision and will promptly notify the applicant, Member or Registered User, as the case may be, accordingly. The Summary Review Panel may in its discretion schedule a hearing or establish any other process that it believes is necessary and appropriate to consider the request for reconsideration. Any decision by the Summary Review Panel pursuant to this paragraph (b) constitutes the final action of the Exchange with respect to the matter in question and is not subject to appeal.

## **CHAPTER 10 CONTRACTS**

### **1001. Contract Specifications**

Each Contract will meet such specifications, and all trading in such Contract will be subject to such procedures and requirements, as set forth in the Rules governing such Contract.

### **1002. Delivery**

Delivery of the Commodity underlying a Contract upon termination of a Contract, and payment of the price in respect thereof, shall be made in accordance with the Rules of the Exchange and the Clearing Service Provider.

## **CHAPTER 11 CLEARING**

### **1101. Clearing Member Guarantee**

(a) Each Member that is not a Clearing Member and desires to enter into transactions in Contracts must obtain the prior authorization from a Clearing Member who will guarantee such transactions, or enter into an appropriate arrangement with a Person that has such an authorization from a Clearing Member. Each such guarantee or other arrangement must be in form and substance satisfactory to, and approved by, the Exchange. A Clearing Member must guarantee and assume financial responsibility for all Contracts of each Member guaranteed by it, and will be liable for all trades made by such Member.

(b) A Clearing Member may at any time revoke any authorization granted and guarantee made by it to any Member in accordance with paragraph (a) above, by providing written notice of such revocation to the Exchange. The guarantee will remain in effect until the non-Clearing Member has liquidated or transferred all its Customer and proprietary positions and funds to another Clearing Member.

### **1102. Responsibility of Members**

Each Member must assist its Clearing Member and the Clearing Service Provider in the clearing of its transactions in Contracts. Without limiting the generality of the foregoing, each Member must: (a) provide its Clearing Member a telephone number so that such Member may be reached at any time during the day in the event that there is a discrepancy in the clearing of its transactions; and (b) be available to resolve out-trades in Contracts in which such Member executed trades on the previous day in a manner specified by the Exchange from time to time. Members may appoint one or more representatives for the foregoing purposes. If neither the Member nor any such representative is present at the time specified above, such Member's Clearing Member will be authorized to resolve any out-trade in the manner it deems appropriate, but such resolution will not be relevant to the determination of the liability of any party to the out-trade.

### **1103. Clearing Services**

Whenever the Exchange designates a clearing organization other than the Clearing Service Provider for the clearance of Contracts with respect to which there are open positions, each Clearing Member must, as of the close of business on the second Business Day prior to the effective date of such designation, either become a clearing member of such new organization, or cause any such open Contracts carried by it either to be transferred to a clearing member of such new clearing organization or to be liquidated.

### **1104. Rules of the Clearing Service Provider**

(a) The clearing services provided by the Clearing Service Provider with respect to any Contract, and the rights and obligations of purchasers and sellers under



cleared Contracts (including rights and obligations in respect of clearing and settlement, variation payments and performance at maturity, and in the case of Options on Futures, upon exercise thereof), will be governed by the Rules of the Clearing Service Provider, except as otherwise provided in the Exchange's Rules or Notices issued from time to time by the Exchange.

(b) Open positions in any Contract may only be offset (1) by opposite transactions in the same Contract that are executed either (A) on the NYSE Liffe US Trading Platform, (B) through Exchange for Physical transactions allowed under Rule 422 and any Notices issued from time to time by the Exchange, or (C) through Block Trade transactions allowed under Rule 423 and any Notices issued from time to time by the Exchange, or (2) as a result of (A) Requests for Offset under the Exchange's Directed Fungibility program that are accepted and processed by the Clearing Service Provider, or (B) a position transfer allowed under Rule 424 and any Notices issued from time to time by the Exchange.

(c) Open positions in Contracts held by Exchange Clearing Members at the Clearing Service Provider shall be segregated from open positions in futures contracts, options on futures, or commodity options traded on boards of trade other than the Exchange, except as otherwise provided by the Exchange's Rules or Notices issued from time to time by the Exchange.<sup>32</sup>

#### **1105. Notice of Arbitration**

In any arbitration concerning an alleged failure of any Member to honor a trade in any Contract, each party to such arbitration must promptly provide copies of all documents filed or received in such arbitration by such party to the Clearing Member that guaranteed such party's transactions in Contracts when the trade allegedly took place.

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<sup>32</sup> Amendment adding language to subsection (a) and adding subsections (b) and (c) to Rule 1104. Effective March 30, 2009, pursuant to a CFTC Rule 40.6 filing with CFTC dated February 18, 2009. See Notice 4/2009.

**CHAPTER 12**  
**100 OZ. GOLD FUTURES**

**1201. Scope of Chapter**

This chapter is limited in application to trading of 100 oz. Gold futures. The procedures for trading, clearing, inspection, delivery and settlement, and any other matters not specifically covered herein shall be governed by the general Rules of the Exchange.

**1202. Contract Specifications**

Each futures contract shall be for 100 fine troy ounces of Gold no less than 995 fineness, cast either in one bar or in three one-kilogram bars.

Variations in the quantity of the delivery unit not in excess of five percent of 100 fine troy ounces shall be permitted.

In accordance with the accepted practices of the trade, each bar for good delivery must be of good appearance, easy to handle, and convenient to stack. The sides and bottom should be reasonably smooth and free from cavities and bubbles. The edges should be rounded and not sharp. Each bar, if not marked with the fineness and stamp of an approved refiner, assayer, or other certifying authority must be accompanied by a certificate issued by an approved refiner, assayer, or other certifying authority, stating the serial number of the bar(s), the weight, and the fineness.

**1203. Trading Specifications**

Trading in 100 oz. Gold futures shall be conducted in the current calendar month and any subsequent months. The number of months open for trading at a given time shall be determined by the Exchange.

**(a) Trading Schedule**

The hours of trading in 100 oz. Gold futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 1:30 p.m. New York time.

**(b) Trading Unit**

The unit of trading shall be 100 fine troy ounces of Gold not less than 0.995 fine, cast either in one bar or in three one-kilogram bars.

**(c) Price Increments**

The minimum price fluctuation for 100 oz. Gold futures shall be ten cents (\$0.10) per troy ounce, which is \$10.00 per contract. Contracts shall not be made on any other price basis.

**(d) Reserved**

**(e) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of:

**(i)** 3,000 futures contracts net long or net short in the spot month.

**(ii)** 6,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

**(iii)** 6,000 futures-equivalent contracts net long or net short in all months combined.

Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**(f) Termination of Trading**

No trades in 100 oz. Gold futures deliverable in the current month shall be made during the last two business days of that month. Any contracts remaining open after the last day of trading must be settled by delivery no later than the last business day of the delivery month.<sup>33</sup>

**1204. Refiners, Vaults and Assayers**

Exchange approved refiners, vaults, and assayers may be listed with the Exchange upon approval by the Exchange. The Exchange shall maintain and make available such lists. The addition of refiners and vaults shall be binding upon all contracts outstanding as well as those entered into after approval.

**1205. Brands and Markings of Gold**

Brands and markings deliverable in satisfaction of futures contracts shall be listed with the Exchange upon approval by the Exchange. The Exchange may require such sureties as it deems necessary. The Exchange shall make available a list of the brands and markings of Gold bars which are deliverable. The addition of brands and markings shall be binding upon all such contracts outstanding as well as those entered into after approval.

If at any time a brand or marking fails to meet the requirements adopted by the Exchange or the metallurgical assay of any Gold bars bearing a brand or marking on the official list depreciates below 995 fineness, the Exchange may exclude said brand or marking from the official list unless deliveries of bars bearing said brand or marking are accompanied by

<sup>33</sup> Section (f) of Rule 1203 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing with CFTC dated February 18, 2009. See Notice 4/2009.

certificates of analysis of an official assayer showing a Gold fineness of not less than 995, and such additional bond as the Exchange may deem necessary. Notice of such action shall be posted by the Exchange and the official list shall indicate the limitation upon deliveries of said brand or marking.

#### **1206. Product Certification and Shipment**

To be eligible for delivery on the Exchange, all Gold must be certified as to fineness and weight by an Exchange approved refiner, assayer, or other Exchange approved certifying authority and must be shipped directly from the Exchange approved refiner, assayer, or certifying authority via Exchange approved carriers to Exchange approved vaults.

If Gold is not continuously in the custody of an Exchange approved vault or carrier, the Exchange may require that it be recertified as to fineness and weight to be eligible for delivery.

The Exchange at its sole discretion shall have the authority at any time to have assayed any Gold bars covered by vault receipts delivered against futures contracts. In such an event, costs are to be borne by the Exchange.

#### **1207. Delivery Points**

Gold located at regular vaults at points approved by the Exchange may be delivered in satisfaction of futures contracts.

#### **1208. Deliveries by Vault Receipts\***

##### **(a) Timing of Delivery and Issuance of Vault Receipt**

(i) Where Gold is sold for delivery in a specified month, delivery of such Gold may be made by the seller upon such day of the specified month as the seller may select. If not previously delivered, delivery must be made upon the last business day of the month.

(ii) In order to be valid for delivery against a futures contracts, a the vault receipt in electronic form must be entered on the NYSE Liffe Guardian Delivery System based on the deposit of a vault receipt in paper form issued in accordance with the requirements under Rule 1202. The Such paper vault receipt must be issued and deposited with the Exchange's Central Depository before 124:00 p.m. New York Chicago time on seller's notice day, which is the second business day prior to the day of delivery; however, in the case of delivery on the last delivery day of the delivery month, such paper vault receipt must be issued before 11:00 pa.m. Chicago New York time on seller's

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\* Supplemental guidance regarding creation and withdrawal of vault receipts available in CFTC Rule 40.6 filing by NYSE Liffe US dated November 16, 2009. Effective November 18, 2009. See Notice 25/2009.

notice day. Deliveries on Gold futures contracts shall be made by book entry in the NYSE Liffe Guardian Delivery System, reflecting the change in ownership interests in vault receipts in paper form issued by vaults which have been approved and designated as regular vaults by the Exchange for the storage of Gold, using the electronic fields which the Exchange and the Clearing Service Provider require to be completed. Gold in bars must come to the regular vault directly from an approved source or from another regular vault either on NYSE Liffe US or the COMEX Division of the New York Mercantile Exchange, Inc., by insured or bonded carrier.<sup>34</sup>

**(b) Endorsement of Vault Receipts**

(i) In order to effect a valid delivery, each vault receipt must be endorsed by the Clearing Member making the delivery; any transfer by electronic means of a vault receipt as specified herein as set forth above in subsection (a) of this Rule 1208 constitutes an endorsement with respect to such vault receipt. In the event that a vault receipt is transferred outside of the NYSE Liffe Guardian Delivery System (an "Outside Transfer"), endorsement with respect to such Outside Transfer will be made physically on such vault receipt and, if such vault receipt is subsequently entered into the NYSE Liffe Guardian Delivery System, such endorsement will remain as a record with respect to such Outside Transfer.<sup>35</sup> By ~~such~~ any endorsement, the endorser shall be deemed to warrant, to his transferee and each subsequent transferee of the receipt for delivery on Exchange contracts, and their respective immediate principals, the genuineness, validity, and worth of such receipt, the rightfulness and effectiveness of his transfer thereof, and the quantity and quality of the Gold shown on the receipt. Such endorsement shall also constitute a representation that all storage charges have been paid up to and including the business day following the day of delivery. Prepaid storage charges shall be charged to the buyer by the seller for a period extending beyond the business day following the day of delivery (but not in excess of one year) pro rata for the unexpired term and adjustments shall be made upon the invoice thereof.

(ii) In the event such Exchange Member or principal shall claim a breach of such warranty, and such claim relates to the quantity or quality of the Gold, the lot shall be immediately submitted for sampling and assaying to an assayer approved by the Exchange; the Gold must be shipped under bond, and at the owner's expense, to the assayer. The expense of sampling and assaying shall, in the first instance, be borne by the claimant. If a deficiency in quantity or quality shall be determined by the assayer, the claimant shall have the right

<sup>34</sup> Subsection (a)(ii) amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing with CFTC by NYSE Liffe US dated March 26, 2009. See Notice 7/2009.

<sup>35</sup> Subsection (b) of Rule 1208 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing with CFTC by NYSE Liffe US dated March 26, 2009. See Notice 7/2009.

to recover the difference in the market value and all expenses incurred in connection with the sampling and assaying and any cost of replacement of the Gold. The claimant may, at his option, proceed directly against the original endorser of the vault receipt upon Exchange delivery, or against any endorser prior to claimant without seeking recovery from his immediate deliverer on the Exchange contract, and if the claim is satisfied by the original endorser of the vault receipt, or any other endorser, all the endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from any endorser and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from any endorser prior to him. Such claims as are in dispute between Members of the Exchange may in each case be submitted to arbitration under the Rules of the Exchange.

(iii) The liability of an endorser of a vault receipt as provided herein shall not be deemed to limit the rights of such endorser against any person or party for whose account the endorser acted in making delivery on an Exchange contract. If it shall be determined in such arbitration proceeding that any endorser of a vault receipt or the person or party for whom such endorser acted was aware of the breach of warranty or was involved in a plan or arrangement with the original endorser (or his principal) to place such inferior Gold in store in a regular vault for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty.

(c) **Security Interest in Vault Receipts and WDRs**

(i) Each Clearing Member that has an interest in a vault receipt or a WDR hereby grants a valid and enforceable security interest (the "Exchange Lien") to the Exchange in all of such Clearing Member's vault receipts or WDRs to secure all charges or fees associated with the custody of such vault receipts or WDRs and the Gold underlying such vault receipts or WDRs.

(ii) Each Clearing Member, by entering into the delivery process, understands that, pursuant to an Agreement for Clearing and Settlement Services, dated as of March 9, 2009, between OCC and the Exchange, the Exchange has agreed to maintain as agent on behalf of OCC as Clearing Service Provider any vault receipt or WDR with respect to which a selling Clearing Member has delivered to the Exchange a notice of intent to deliver such vault receipt or WDR in settlement of a Contract (a "Notice of Intent"), from the time of delivery of such Notice of Intent until 11:00 a.m., New York time (the "Cut-Off Time"), on the date of settlement for such vault receipt or WDR, unless the Exchange has received notice from OCC of a default by the relevant selling or purchasing Clearing Member, in which case the Exchange shall continue to maintain such vault receipt or WDR for the benefit of OCC until notified otherwise by OCC and, subject to applicable law, shall deliver

such vault receipt or WDR to OCC or its agent upon the instructions of OCC (the "Exchange Services"). Each Clearing Member hereby agrees to the Exchange performing such Exchange Services. Each Clearing Member further understands that the security interest granted by the selling Clearing Member and the purchasing Clearing Member to OCC in any vault receipt or WDR remains in effect from the time OCC receives (or is deemed to have received by the Rules of OCC) notice that a selling Clearing Member has delivered to the Exchange a Notice of Intent until settlement of the relevant Contract, notwithstanding the electronic book entry in the NYSE Liffe US Trading Platform in favor of the selling Clearing Member. Each Clearing Member also understands that the Exchange has waived its lien in respect of vault receipts or WDRs going to delivery from the date the Exchange provides OCC notice that a Notice of Intent has been delivered, until and including the Cut-Off Time on the date that settlement is supposed to occur (regardless of whether or not settlement does in fact occur) (such period, the "Waiver Period"). Each Clearing Member hereby agrees that the Exchange Lien shall be immediately reinstated without further action after the Waiver Period; provided that, in the event that the Exchange has received notice from OCC of a default as described above, OCC shall have no responsibility for, and the Exchange's lien shall not be reinstated with respect to, any obligations of any person to the Exchange accruing prior to the Cut-Off Time, and OCC shall be responsible to the Exchange, and the Exchange's lien shall attach, only with respect to storage charges accruing after OCC takes possession of the vault receipt or WDR and only with respect to such particular vault receipt or WDR. By going to delivery, each Clearing Member further represents and warrants that there are no liens, encumbrances on or defense to the relevant vault receipts other than that of the Exchange and OCC specified in this Rule 1208.<sup>36</sup>

#### **1209. Storage Charges and Transfer Fees**

Storage charges, transfer fees and in-and-out charges shall be set by each depository vault and the schedule of such charges shall be posted with the Exchange, which shall be notified at least 60 days in advance of any changes in the rate schedule. Except as otherwise provided, all such charges and fees shall remain the responsibility of the seller until payment is made.

#### **1210. Cost of Inspection, Weighing, Storage and Delivery**

All charges associated with the delivery of Gold and all costs associated with inspections, weighing, and Exchange documentations, through the day of delivery, shall be paid by the delivering party. The delivering party shall pay storage charges through the business day following the day of delivery. The receivers shall pay all charges including storage charges incurred after the business day following the day of delivery.

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<sup>36</sup> Amendment adding sub-section (c) to Rule 1208. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 7/2009.

A holder of an Exchange approved vault receipt for Gold may request recertification at his expense at any time while the unit represented by such receipt is in the Exchange approved vault. Such recertification shall be made by an Exchange approved certifying authority or assayer, selected by such holder.

### **1211. Deposit of Gold with Vaults**

Gold in bars shall be placed into a regular vault accompanied by the following information:

- (a) Brand or markings;
- (b) Identification (serial number) of each bar;
- (c) Weight of each bar; and
- (d) Fineness.

### **1212. Issuance of Vault Receipts**

The Exchange and the Clearing Service Provider shall determine the electronic fields which are required to be completed in connection with the issuance of an electronic vault receipt that is deliverable in satisfaction of Gold futures contracts.

### **1213. Payment**

(a) Payment shall be made on the basis of the number of fine troy ounces of Gold contained and delivered. The fine Gold content of a bar for good delivery is calculated to 0.001 of a troy ounce by multiplying the gross weight and fineness as listed on the electronic vault receipt. Fineness in no case will be more than 0.9999.

(b) Payment shall be made utilizing the electronic delivery system via the Clearing Service Provider's online system. Payment will be made ~~during the 6:45 a.m. collection cycle, or such other~~ at the Clearing Service Provider's settlement time designated by the Exchange as defined in its rules for exchange transactions. Thus the cost of the delivery will be debited or credited to a clearing firm's settlement account. Buyers obligated to accept delivery must take delivery and make payment and sellers obligated to make delivery must make delivery during the ~~6:45 a.m. Clearing Service Provider's settlement process or such other time designated by the Exchange as defined in its rules for exchange transactions,~~ on the day of delivery, except on banking holidays when delivery must be taken or made and payment made during the Clearing Service Provider's settlement process as defined in its rules for exchange transactions, or such other time designated by the Exchange, on the next banking business day.<sup>37</sup>

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<sup>37</sup> Text of subsection (b) of Rule 1213 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 filing by NYSE Liffe US dated March 26, 2009. See Notice 7/2009.



## 1214. Regularity of Vaults

### (a) Duties of Vault Operators

It shall be the duty of the operators of all regular vaults:

(i) To accept Gold for delivery on Exchange contracts, provided such Gold is ordered into the vault by a Clearing Member of the Exchange, and all space in such vaults is not already filled or contracted for.

(ii) To notify the Exchange of any change in the condition of their vaults.

(iii) To release to the bearer of the receipt the bars covered by said receipt upon presentation of the receipt and payment of all storage and outloading charges no later than the business day following compliance with these provisions.

(iv) To keep stocks of Gold in storage in balance with Gold represented by its outstanding vault receipts.

### (b) Conditions of Regularity

Gold may be delivered against a Gold contract from any vault designated by the Exchange specifically for the storage of Gold, and may not be delivered except from such vault. The following shall constitute the requirements for regularity, and by accepting a Declaration of Regularity the vault agrees to abide by these conditions:

(i) The vault must notify the Exchange promptly of any material change in ownership or the condition of its premises.

(ii) The vault is required to submit a certified financial statement within 90 days of the firm's year-end. A letter of attestation must accompany all financial statements signed by the Chief Financial Officer or if there is none, a general partner or executive officer.

(iii) Such vault shall be provided with standard equipment and appliances for the convenient and safe storage of Gold and provide for proper security.

(iv) The operator of such vault shall furnish to the Registrar all needed information to enable the Exchange to keep a correct record and account of all Gold received and delivered by the vault daily and of that remaining in store at the close of each week.

(v) The operator of such vault shall accord every facility to the Exchange for the examination of its books or records for the purpose of

ascertaining the stocks of Gold. The Exchange shall have the authority to employ experts to determine the quantity and quality of Gold in said vault.

(vi) No vault operator shall engage in unethical or inequitable practices, or fail to comply with any laws, Federal or State, or Rules or Regulations promulgated under those laws.

(vii) The operator shall make such reports, keep such records, and permit such vault visitation as the Exchange or the Commodity Futures Trading Commission may prescribe, and shall comply with all applicable rules. The vault must keep all such reports, books and records for a period of five years from the date thereof.

(viii) The operator of such vault must give such bonds to the Exchange as may be required by the Exchange.

(ix) The vault shall neither withdraw as a regular vault nor withdraw any regular capacity except after a sixty (60) day notice to the Exchange or having obtained the consent of the Exchange.

(x) The vault shall notify the Exchange at least sixty (60) days in advance of any changes in its maximum storage rates, penalty for late storage payment and handling charges.

(xi) The Exchange may determine not to approve vaults for regularity or increases in regular capacity of existing regular vaults, in its sole discretion, regardless of whether such vaults meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether receipts issued by such vaults, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of Gold futures contracts or impair the efficacy of futures trading in Gold, or whether the currently approved regular capacity provides for an adequate deliverable supply.

**(c) Revocation of Regularity**

Any regular vault may be declared by the Exchange to be irregular at any time if it does not comply with the conditions above set forth, or fails to carry out its prescribed duties. If the designation of a vault as regular shall be revoked a notice shall be posted on the Exchange website announcing such revocation and also the period of time, if any, during which the receipts issued by such vault shall thereafter be deliverable in satisfaction of futures contracts in Gold under the Exchange Rules.

By accepting a Declaration of Regularity the vault agrees, in the event of revocation or expiration or withdrawal of regularity, to bear the expenses of the transfer

of Gold under bond to another regular vault satisfactory to the holders of its vault receipts.

**SPECIAL NOTICES RELATING TO CHAPTER 12**

**LICENSED DEPOSITORIES AND ASSAYERS FOR 100 oz. GOLD CONTRACTS**

<b>Depository</b>	<b>Location</b>	<b>Vault Number</b>
Brinks Global Services USA, Inc A Division of Brinks, Inc.	652 Kent Avenue Brooklyn, NY 11211	4001
HSBC Bank USA	452 5th Avenue New York, NY 10018	4008
Scotia Mocatta Depository A Division of Bank of Nova Scotia	26 Broadway New York, NY 10004	3001
	230-59 International Airport Center Blvd., Bldg. C, Suite 120 Jamaica, NY 11412	3002
Manfra, Tordella & Brookes, Inc.	90 Broad St. New York, NY 10004	4500

**ASSAYERS FOR 100 OZ. GOLD CONTRACTS**

Ledoux & Company  
359 Alfred Avenue  
Teaneck, NJ 07666  
(201) 837-7160

**BRANDS APPROVED FOR DELIVERY AGAINST 100 OZ. GOLD CONTRACTS**

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>AGR Joint Venture</b>	Perth, Australia	PMAU	THE PERTH MINT AUSTRALIA (with swan motif mint mark within circle)
<b>Argor, S.A.</b>	Chiasso, Switzerland	ARGO	* ARGOR S.A. CHIASSO-ASA
<b>Argor - Heraeus SA</b>	Mendrisio, Switzerland	ARHE	Argor-HerAeus SA, A-H, Switzerland
<b>ASARCO Incorporated</b>	Amarillo, Texas	ASAT	ASARCO GOLD-AMARILLO, TEXAS
<b>Casa da Moeda do Brasil</b>	Rio de Janeiro, Brazil	CASA	CASA DA MOEDA DO BRASIL-CMB
<b>Compagnie des Metaux Precieux</b>	Ivry, France	CMPP	* COMPAGNIE DES METAUX PRECIEUX PARIS (may also contain letters CMP)
	Ivry, France	SDBS	* SOCIETE DE BANQUE SUISSE
<b>Companhia Real de Metais</b>	Sao Paulo, Brazil	CRDM	CRM

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>Comptoir Lyon-Alemand Louyot</b>	Noisy le Sec, France	CLAL	COMPTOIR-LYON-ALEMAND, LOUYOT-PARIS (with Affineur Fondateur within octagon)
<b>OMG AG &amp; Co. KG</b>	Hanau, Germany	DEGU	*DEGUSSA FEINGOLD (with 1/2 sun and 1/4 moon within diamond)
<b>OMG AG &amp; Co. KG</b>	Burlington, Ontario	DECA	* DEGUSSA CANADA LTD. (with 1/2 sun and 1/4 moon within diamond)
<b>OMG Brasil Ltda.</b>	Guarulhos, Brazil	DEBR	DEGUSSA S.A. (with 1/2 sun and 1/4 moon within diamond)
<b>H. Drijfhout &amp; Zoon's Edelmetaalbedrijven BV</b>	Amsterdam, Netherlands	HDZA	H. DRIJFHOUT & ZOON-AMSTERDAM-MELTERS (within octagon)
<b>Engelhard Corporation</b>	Carteret, N.J.  Carteret, N.J.  Chessington, England Thomastown, Australia Aurora, Ontario	ENNE  BAKE  ENCI ENTH ENAU	*ENGELHARD (may also be ENGELHARD NEW JERSEY-U.S.A. or ENGELHARD U.S.A.) * BAKER (within circle atop triangle) * ENGELHARD LONDON * ENGELHARD AUSTRALIA * ENGELHARD (with circle connected to 1/2 moon to left of name; may also be ENGELHARD INDUSTRIES OF CANADA LTD.)
<b>Golden West Refining Corporation Limited, Handy &amp; Harman Refining Group Inc.</b>	Attleboro, Mass	GWHH	* HH HANDY & HARMAN REFINING GROUP
<b>Handy &amp; Harman</b>	Attleboro, Mass	HAND	* HH HANDY & HARMAN
<b>W.C. Heraeus, G.m.b.H.</b>	Hanau, Germany	HERA	HERAEUS FEINGOLD (with Heraeus Edelmetalle GmbH-Hanau encircling three roses)
<b>Heraeus Incorporated</b>	Newark, N.J.	HERI	HERAEUS FEINGOLD (with capital letter "E" preceding serial number)
<b>Heraeus Ltd.</b>	Kowloon, Hong Kong	HERH	HERAEUS FEINGOLD (with capital letter "H" preceding serial number)

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>Homestake Mining Company</b>	Lead, South Dakota	HMCO	*HOMESTAKE MINING COMPANY (with HMC all within circle)
<b>Johnson Matthey, Inc.</b>	Winslow, New Jersey	MBUS	* MATTHEY BISHOP U.S.A. (within an oval)
<b>Johnson Matthey Limited</b>	Brampton, Ontario  Brampton, Ontario Brampton, Ontario	JMMC  JMCA JMJM	* JOHNSON MATTHEY & MALLORY-CANADA (within an oval) * JM (with crossed hammers) JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: J.M. LTD.-CANADA-ASSAY OFFICE)
<b>Johnson Matthey Limited (Australia)</b>	Kogarah, Australia	MGPS	* MATTHEY GARRETT PTY. SYDNEY REFINERS (within an oval)
<b>Johnson Matthey Chemicals Ltd.</b>	Royston, England	JMLO	JOHNSON MATTHEY LONDON (within an oval)
<b>Johnson Matthey &amp; Pauwels S.A.</b>	Brussels, Belgium	JMPA	* JOHNSON MATTHEY & PAUWELS (within an oval)
<b>Johnson Matthey Refining, Inc.</b>	Salt Lake City, Utah	JMRI	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: J.M.R.I. U.S.A.-ASSAY OFFICE)
<b>Kennecott Utah Copper Corporation</b>	Magna, Utah	KUAU	KUC
<b>Metallurgie Hoboken Overpelt S.A.</b>	Hoboken, Belgium	MHOV	* METALLURGIE HOBOKEN OVERPELT
<b>n.v. Union Miniere s.a. – Business Unit Hoboken</b>	Hoboken, Belgium	HOBO	Hoboken 9999
<b>Metalli Preziosi S.p.A.</b>	Milan, Italy	MPSP	METALLI PREZIOSI S.p.A. MILANO-AFFINAZIONE (with MP within a circle)
<b>Metalor Technologies USA Corp.</b>	Attleborough, Mass.  Attleborough, Mass.	MUST  META	METALOR® (with the “MUS” assay mark) *METAUX PRECIEUX SA METALOR-MP (with “MUS” Assay mark)

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>Metaux Precieux S.A. Metalor</b>	Neuchatel, Switzerland	MPSA	METAUX PRECIEUX SA – NEUCHATEL (with MP within a circle) SWISS BANK CORPORATION
	Neuchatel, Switzerland	SBCO	
<b>Mitsubishi Metal Corporation</b>	Osaka, Japan	MMCO	* MITSUBISHI METAL CORPORATION (with three diamond mark within oval)
<b>Mitsubishi Materials Corporation</b>	Kagawa, Japan	MITO	Three diamonds forming a triangle
<b>Noranda Mines Limited, CCR Division</b>	Montreal East, Quebec	CCRL	* CANADIAN COPPER REFINERS LIMITED MONTREAL EAST, CANADA (within an oval)
<b>Noranda Mines Limited, CCR Division</b>	Montreal East, Quebec	NORA	* NORANDA MINES LIMITED – CCR, MONTREAL EAST, CANADA (within an oval)
<b>Noranda Metallurgy Inc. – Copper</b>	Montreal East, Quebec	NINC	NORANDA MINES Inc. –CCR, MONTREAL EAST, CANADA (within an oval)
<b>Norddeutsche Affinerie AG</b>	Hamburg, W. Germany	NAHA	NORDEUTSCHE AFFINERIE HAMBURG
<b>PAMP, S.A.</b>	Castel S. Pietro,	PAMP	PAMP-SUISSE Produits Artistiques Metaux Precieux Switzerland
<b>Rand Refinery Limited</b>	Germiston Transvaal	RRSA	RAND REFINERY Ltd. SOUTH AFRICA (encircling picture of springbok)
<b>Royal Canadian Mint</b>	Ottawa, Canada	RCMI	ROYAL CANADIAN MINT (encircling a crown)
<b>Sabin Metal Corporation</b>	Scottsville, N.Y.	SABN	SMC
<b>Schone Edelmetaal NV</b>	Amsterdam, Netherlands	GSNV	GUARANTEED BY SCHONE N.V. AMSTERDAM
<b>SheffieldSmelting Co. Ltd.</b>	Sheffield, England	SSCL	* THE SHEFFIELD SMELTING CO. LTD. - LONDON & SHEFFIELD
<b>Tanaka Kikinzoku Kogyo K.K.</b>	Ichikawa, Japan	TTME	TANAKA TOKYO-MELTERS

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
United States Metals Refining Co., division of Amax Copper, Inc.	Carteret, N.J.	DRW	* DRW
U.S.S.R.	Moscow, U.S.S.R.	CCCP	CCCP (with hammer and sickle)
Valcambi, S.A.	Balerna, Switzerland	CRSU	CREDIT SUISSE

\* Denotes brand is no longer produced.

### **GOLD CHARGES**

<b>Vault</b>	<b>Withdrawal/Bar</b>	<b>Storage/Bar</b>	<b>Contract Size</b>	<b>Time Period</b>
<b>HSBC</b>				
COMEX Gold	\$25.00	\$12.00	100 fine troy ounces (1 bar)	Monthly
NYSE Liffe US Gold	\$15.00	\$7.00	100 fine troy ounces (1 bar)	Monthly
<b>ScotiaMocatta</b>				
COMEX Gold	\$20.00	\$9.00	100 fine troy ounces (1 bar)	Monthly
<b>Brinks</b>				
COMEX Gold	\$25.00	\$12.00	100 fine troy ounces (1 bar)	Monthly



**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**

**(a) Contract Months**

Trading may be conducted in the nearby Gold futures options contract month and any succeeding months *provided, however*, that the Exchange may determine not to list a contract month.

All option contract months shall expire into the nearest of the standard six month contract cycle. For the February, April, June, August, October or December option contracts, the underlying futures contract will be the corresponding February, April, June, August, October or December futures contract. For serial option contracts traded in January, March, May, July, September or November, the underlying futures contract will be the nearest February, April, June, August, October or December futures contract, respectively. For example, the underlying futures contract for a January serial option is the nearest February futures contract.

**(b) Trading Unit**

One 100 oz. Gold futures contract of a specified contract month.

**(c) Minimum Fluctuations**

The premium for Gold futures options shall be in multiples of 10 cents per troy ounce of a 100 oz. Gold futures contract which shall equal \$10 per contract.

However, a position may be initiated or liquidated in 100 oz. Gold futures options at a premium ranging from \$1.00 to \$9.00, in \$1.00 increments per option contract.

**(d) Trading Hours**

The hours of trading for options on 100 oz. Gold futures contracts shall be determined by the Exchange. On the last day of trading in an expiring option, the closing time for such options shall be 1:30 p.m. New York time.

**(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, etc.) and in integral multiples of \$50 per troy ounce per Gold futures contract (i.e., 400, 450, 500, etc.) as follows:

(i) For the first six nearby trading months:

(A) In integral multiples of 5 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 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 10 dollars, at the commencement of trading for an option contract, the following strikes shall be listed: the next ten consecutive higher strikes above, and the next ten consecutive lower strikes below, the initial band.

(C) 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.

(ii) 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.

**(f) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of:

**(i)** 3,000 futures contracts net long or net short in the spot month.

**(ii)** 6,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

**(iii)** 6,000 futures-equivalent contracts net long or net short in all months combined.

Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**(g) Reserved**

**(h) Nature of Options on 100 oz. Gold Futures**

The buyer of one 100 oz. Gold futures put option may exercise his option at any time prior to expiration (subject to Rule 1302), to assume a short position of one 100 oz.

Gold futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one 100 oz. Gold futures put option incurs the obligation of assuming a long position of one 100 oz. Gold futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer.

The buyer of one 100 oz. Gold futures call option may exercise his option at any time prior to expiration (subject to Rule 1302), to assume a long position of one 100 oz. Gold futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one 100 oz. Gold futures call option incurs the obligation of assuming a short position of one 100 oz. Gold futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer.

**(i) Termination of Trading**

The last trading day for standard Gold futures options (Feb, Apr, Jun, Aug, Oct, Dec) shall be the fourth business day prior to the first calendar day of the corresponding Gold futures delivery month.

The last trading day for serial Gold futures options (Jan, Mar, May, Jul, Sep, Nov) shall be the fourth business day prior to the first calendar day of the option month.

If the last trading day falls on a Friday or immediately prior to an Exchange holiday, the last trading day will occur on the previous business day.

**(j) Contract Modification**

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these Rules, such order, ruling, directive, or law shall be construed to become part of the Rules and all open and new options contracts shall be subject to such government orders.

**1303. Exercise and Assignment**

The following shall apply to the exercise and assignment of 100 oz. Gold Futures Options.

**(a) Exercise of Option**

100 oz. Gold futures options are American-style exercise. The buyer of a Gold futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Service Provider by 7:00 p.m., New York time, or by such other time designated by the Exchange, on such day.

After the close of trading in the expiring options on expiration day, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Service Provider. Notice to cancel automatic exercise shall be given to the Clearing Service Provider by 7:00 p.m., New York time, or by such other time designated by the Exchange, on the last day of trading.

Unexercised Gold futures options shall expire at 8:00 p.m., New York Time, on the last day of trading.

**(b) Assignment**

Exercise notices accepted by the Clearing Service Provider shall be assigned through a process of random selection to Clearing Members' open short positions in the same series. A Clearing Member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing Service Provider.

The Clearing Member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The Clearing Member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with the Rules of the Clearing Service Provider on the trading day of acceptance by the Clearing Service Provider of the Exercise Notice.

**1304. Corrections to Options Exercises**

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing Service Provider after the 7:00 p.m. New York time deadline and up to the beginning of final option expiration processing *provided* that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing Service Provider, or the President's designee, and such decision will be final.

**1305. Payment of Option Premium**

The option premium must be paid in full by each Clearing Member to the Clearing Service Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

## **CHAPTER 14**

### **MINI-SIZED GOLD FUTURES**

#### **1401. Scope of Chapter**

This chapter is limited in application to trading of mini-sized Gold futures. The procedures for trading, clearing, inspection, delivery and settlement, and any other matters not specifically covered herein shall be governed by the general Rules of the Exchange.

#### **1402. Contract Specifications**

Each futures contract shall be for 33.2 fine troy ounces of Gold no less than 995 fineness, contained in no more than one bar.

Variations in the quantity of the delivery unit not in excess of ten percent of 33.2 fine troy ounces shall be permitted.

In accordance with the accepted practices of the trade, each bar for good delivery must be of good appearance, easy to handle, and convenient to stack. The sides and bottom should be reasonably smooth and free from cavities and bubbles. The edges should be rounded and not sharp. Each bar, if not marked with the fineness and stamp of an approved refiner, assayer, or other certifying authority must be accompanied by a certificate issued by an approved refiner, assayer, or other certifying authority, stating the serial number of the bar(s), the weight, and the fineness.

#### **1403. Trading Specifications**

Trading in mini-sized Gold futures shall be conducted in the current calendar month and any subsequent months. The number of months open for trading at a given time shall be determined by the Exchange.

##### **(a) Trading Schedule**

The hours of trading in mini-sized Gold futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 1:30 p.m. New York time.

##### **(b) Trading Unit**

The unit of trading for mini-sized Gold futures shall be for 33.2 fine troy ounces of Gold not less than 0.995 fine contained in one bar.

##### **(c) Price Increments**

The minimum price fluctuation for mini-sized Gold futures shall be ten cents (\$0.10) per troy ounce. Contracts shall not be made on any other price basis.

**(d) Reserved**

**(e) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of:

**(i)** 4,000 contracts net long or net short in the spot month.

**(ii)** 4,000 contracts net long or net short in any single contract month excluding the spot month.

**(iii)** 6,000 contracts net long or net short in all months combined.

Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**(f) Termination of Trading**

No trades in mini-sized Gold futures deliverable in the current month shall be made during the last two business days of that month. Any contracts remaining open after the last day of trading must be settled by delivery no later than the last business day of the delivery month.<sup>38</sup>

**1404. Refiners, Vaults and Assayers**

Exchange approved refiners, vaults, and assayers may be listed with the Exchange upon approval by the Exchange. The Exchange shall maintain and make available such lists. The addition of refiners and vaults shall be binding upon all contracts outstanding as well as those entered into after approval.

**1405. Brands and Markings of Gold**

Brands and markings deliverable in satisfaction of futures contracts shall be listed with the Exchange upon approval by the Exchange. The Exchange may require such sureties as it deems necessary. The Exchange shall make available a list of the brands and markings of Gold bars which are deliverable. The addition of brands and markings shall be binding upon all such contracts outstanding as well as those entered into after approval.

If at any time a brand or marking fails to meet the requirements adopted by the Exchange or the metallurgical assay of any Gold bars bearing a brand or marking on the official list depreciates below 995 fineness, the Exchange may exclude said brand or marking from the official list unless deliveries of bars bearing said brand or marking are accompanied by certificates of analysis of an official assayer showing a Gold fineness of not less than 995, and

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<sup>38</sup>Amendment effective March 30, 2009, pursuant to CFTC Rule 40.6 filing dated February 18, 2009. See Notice 4/2009.

such additional bond as the Exchange may deem necessary. Notice of such action shall be posted by the Exchange and the official list shall indicate the limitation upon deliveries of said brand or marking.

#### **1406. Product Certification and Shipment**

To be eligible for delivery on the Exchange, all Gold must be certified as to fineness and weight by an Exchange approved refiner, assayer, or other Exchange approved certifying authority and must be shipped directly from the Exchange approved refiner, assayer, or certifying authority via Exchange approved carriers to Exchange approved vaults.

If Gold is not continuously in the custody of an Exchange approved vault or carrier, the Exchange may require that it be recertified as to fineness and weight to be eligible for delivery.

The Exchange at its sole discretion shall have the authority at any time to have assayed any Gold bars covered by vault receipts delivered against futures contracts. In such an event, costs are to be borne by the Exchange.

#### **1407. Delivery Points**

Gold located at regular vaults at points approved by the Exchange may be delivered in satisfaction of futures contracts.

#### **1408. Deliveries<sup>39</sup>**

##### **(a) Deliveries by Vault Receipts \***

(i) Where Gold is sold for delivery in a specified month, delivery of such Gold may be made by the seller upon such day of the specified month as the seller may select. If not previously delivered, delivery must be made upon the last business day of the month.

(ii) In order to be valid for delivery against a futures contracts, ~~the~~ a vault receipt in electronic form must be entered on the NYSE Liffe Guardian Delivery System based on the deposit of a vault receipt in paper form issued in accordance with the requirements under Rule 1402. The ~~Such paper~~ vault receipt must be issued and deposited with the Exchange's Central Depository before 124:00 ap.m. Chicago-New York time on seller's notice day, the which is the second business day prior to the day of delivery; however, in the case of

<sup>39</sup>Text of subsections (a)(ii), (a)(iii), (b)(i) and (b)(ii) of Rule 1408 amended and effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

\*Supplemental guidance regarding creation and withdrawal of vault receipts available in CFTC Rule 40.6 filing by NYSE Liffe US dated November 16, 2009. Effective November 18, 2009. See Notice 25/2009.



delivery on the last delivery day of the delivery month, ~~such paper~~ the vault receipt must be issued before 11:00 ~~a~~m. ~~Chicago~~ New York time on seller's notice day. Deliveries on mini-sized Gold futures contracts shall be made by ~~the delivery of depository receipts~~ book entry in the NYSE Liffe Guardian Delivery System, reflecting the change in ownership interests in vault receipts in paper form issued by vaults which have been approved and designated as regular vaults by the Exchange for the storage of Gold, using the electronic fields which the Exchange and the Clearing Service Provider require to be completed. Gold in bars must come to the regular vault directly from an approved source or from another regular vault either on NYSE Liffe US or the COMEX Division of the New York Mercantile Exchange, Inc., by insured or bonded carrier.<sup>40</sup>

(iii) In order to effect a valid delivery, each vault receipt must be endorsed by the Clearing Member making the delivery; ~~and any transfer by electronic means of a vault receipt as specified herein~~ set forth above in subsection (a) of this Rule 1408 constitutes an endorsement with respect to such vault receipt. In the event that a vault receipt is transferred outside of the NYSE Liffe Guardian Delivery System (an "Outside Transfer"), endorsement with respect to such Outside Transfer will be made physically on such vault receipt and, if such vault receipt is subsequently entered into the NYSE Liffe Guardian Delivery System, such endorsement will remain as a record with respect to such Outside Transfer. By such any endorsement, the endorser shall be deemed to warrant, to his transferee and each subsequent transferee of the receipt for delivery on Exchange contracts, and their respective immediate principals, the genuineness, validity, and worth of such receipt, the rightfulness and effectiveness of his transfer thereof, and the quantity and quality of the Gold shown on the receipt. Such endorsement shall also constitute a representation that all storage charges have been paid up to and including the business day following the day of delivery. Prepaid storage charges shall be charged to the buyer by the seller for a period extending beyond the business day following the day of delivery (but not in excess of one year) pro rata for the unexpired term and adjustments shall be made upon the invoice thereof.<sup>41</sup>

(iv) In the event such Exchange Member or principal shall claim a breach of such warranty, and such claim relates to the quantity or quality of the Gold, the lot shall be immediately submitted for sampling and assaying to an assayer approved by the Exchange; the Gold must be shipped under bond, and at the owner's expense, to the assayer. The expense of sampling and assaying shall, in the first instance, be borne by the claimant. If a deficiency in quantity or quality shall be determined by the assayer, the claimant shall have the right to recover the difference in the market value and all expenses incurred in

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<sup>40</sup> *Id.*

<sup>41</sup> *Id.*

connection with the sampling and assaying and any cost of replacement of the Gold. The claimant may, at his option, proceed directly against the original endorser of the vault receipt upon Exchange delivery, or against any endorser prior to claimant without seeking recovery from his immediate deliverer on the Exchange contract, and if the claim is satisfied by the original endorser of the vault receipt, or any other endorser, all the endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from any endorser and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from any endorser prior to him. Such claims as are in dispute between Members of the Exchange may in each case be submitted to arbitration under the Rules of the Exchange.

(v) The liability of an endorser of a vault receipt as provided herein shall not be deemed to limit the rights of such endorser against any person or party for whose account the endorser acted in making delivery on an Exchange contract. If it shall be determined in such arbitration proceeding that any endorser of a vault receipt or the person or party for whom such endorser acted was aware of the breach of warranty or was involved in a plan or arrangement with the original endorser (or his principal) to place such inferior Gold in store in a regular vault for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty.

**(b) Deliveries by Gold Warehouse Depository Receipts**

(i) Deliveries of NYSE Liffe US mini-sized Gold may be made by delivery of ~~Warehouse Depository Receipts WDRs, created by the Exchange from registered vault receipts issued by vaults which have been declared regular for delivery of Gold by the Exchange, utilizing the electronic delivery system via the Clearing Service Provider's on-line system.\*~~ In order to effect a valid delivery, each WDR must be endorsed by the Clearing Member making the delivery; and any transfer as specified herein by electronic means of a WDR in the NYSE Liffe Guardian Delivery System constitutes an endorsement with respect to such WDR. Such endorsement shall constitute a warranty of the genuineness of the WDR and of good title thereto, but shall not constitute a guaranty, by an endorser, of performance by the vault. Such endorsement shall also constitute a representation that all storage charges have been paid on the Gold covered by the WDR, in accordance with Rule 1409.

(ii) WDRs may not be cancelled for load-out. Upon the return of three (3) WDRs to the Exchange, and payment of all storage charges pertaining to

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\* Related operational guidance contained in CFTC Rule 40.6 filing by NYSE Liffe US dated September 5, 2008. See Notice 8/2008.

the Gold represented, for which the Exchange claims a lien, a registered vault receipt in electronic form will be delivered by the Exchange to the holder of the three (3) WDRs, utilizing the electronic delivery system via the Clearing Service Provider's on-line system. Delivery of a vault receipt to the holder of the WDRs shall not constitute a guaranty by the Exchange of performance by the vault.

(c) **Security Interest in Vault Receipts and WDRs**<sup>42</sup>

(i) Each Clearing Member that has an interest in a vault receipt or a WDR hereby grants a valid and enforceable security interest (the "Exchange Lien") to the Exchange in all of such Clearing Member's vault receipts or WDRs to secure all charges or fees associated with the custody of such vault receipts or WDRs and the Gold underlying such vault receipts or WDRs.

(ii) Each Clearing Member, by entering into the delivery process, understands that, pursuant to an Agreement for Clearing and Settlement Services, dated as of March 9, 2009, between OCC and the Exchange, the Exchange has agreed to maintain as agent on behalf of OCC as Clearing Service Provider any vault receipt or WDR with respect to which a selling Clearing Member has delivered to the Exchange a notice of intent to deliver such vault receipt or WDR in settlement of a Contract (a "Notice of Intent"), from the time of delivery of such Notice of Intent until 11:00 a.m., New York time (the "Cut-Off Time"), on the date of settlement for such vault receipt or WDR, unless the Exchange has received notice from OCC of a default by the relevant selling or purchasing Clearing Member, in which case the Exchange shall continue to maintain such vault receipt or WDR for the benefit of OCC until notified otherwise by OCC and, subject to applicable law, shall deliver such vault receipt or WDR to OCC or its agent upon the instructions of OCC (the "Exchange Services"). Each Clearing Member hereby agrees to the Exchange performing such Exchange Services. Each Clearing Member further understands that the security interest granted by the selling Clearing Member and the purchasing Clearing Member to OCC in any vault receipt or WDR remains in effect from the time OCC receives (or is deemed to have received by the Rules of OCC) notice that a selling Clearing Member has delivered to the Exchange a Notice of Intent until settlement of the relevant Contract, notwithstanding the electronic book entry in the NYSE Liffe US Trading Platform in favor of the selling Clearing Member. Each Clearing Member also understands that the Exchange has waived its lien in respect of vault receipts or WDRs going to delivery from the date the Exchange provides OCC notice that a Notice of Intent has been delivered, until and including the Cut-Off Time on the date on which settlement is supposed to occur (regardless of whether or not

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<sup>42</sup> Amendment adding subsection (c) to Rule 1408 effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

such settlement does in fact occur) (such period, the “Waiver Period”). Each Clearing Member hereby agrees that the Exchange Lien shall be immediately reinstated without further action after the Waiver Period; provided that, in the event that the Exchange has received notice from OCC of a default as described above, OCC shall have no responsibility for, and the Exchange’s lien shall not be reinstated with respect to, any obligations of any person to the Exchange accruing prior to the Cut-Off Time, and OCC shall be responsible to the Exchange, and the Exchange’s lien shall attach, only with respect to storage charges accruing after OCC takes possession of the vault receipt or WDR and only with respect to such particular vault receipt or WDR. By going to delivery, each Clearing Member further represents and warrants that there are no liens, encumbrances on or defense to the relevant vault receipts or WDRs other than that of the Exchange and OCC specified in this Rule 1408.

#### **1409. Storage Charges and Transfer Fees**

Storage charges, transfer fees and in-and-out charges shall be set by each depository vault and the schedule of such charges shall be posted with the Exchange, which shall be notified at least 60 days in advance of any changes in the rate schedule. Except as otherwise provided, all such charges and fees shall remain the responsibility of the seller until payment is made.

#### **1410. Cost of Inspection, Weighing, Storage and Delivery**

All charges associated with the delivery of Gold and all costs associated with inspections, weighing, and Exchange documentations, through the day of delivery, shall be paid by the delivering party. The delivering party shall pay storage charges through the business day following the day of delivery. The receivers shall pay all charges including storage charges incurred after the business day following the day of delivery.

A holder of an Exchange approved vault receipt for Gold may request recertification at his expense at any time while the unit represented by such receipt is in the Exchange approved vault. Such recertification shall be made by an Exchange approved certifying authority or assayer, selected by such holder.

#### **1411. Deposit of Gold with Vaults**

Gold in bars shall be placed into a regular vault accompanied by the following information:

- (a) Brand or markings;
- (b) Identification (serial number) of each bar;
- (c) Weight of each bar; and

(d) Fineness.

#### 1412. Issuance of Vault Receipts

The Exchange and the Clearing Service Provider shall determine the electronic fields which are required to be completed in connection with the issuance of an electronic vault receipt that is deliverable in satisfaction of mini-sized Gold futures contracts.

#### 1413. Payment

(a) Payment shall be made on the basis of the number of fine troy ounces of Gold contained and delivered. The fine Gold content of a bar for good delivery is calculated to 0.001 of a troy ounce by multiplying the gross weight and fineness as listed on the electronic vault receipt. Fineness in no case will be more than 0.9999.

(b) Payment shall be made utilizing the electronic delivery system via the Clearing Service Provider's online system. Payment will be made during at the 6:45 a.m. collection cycle, or such other Clearing Service Provider's settlement time designated by the Exchange as defined in its rules for exchange transactions. Thus the cost of the delivery will be debited or credited to a clearing firm's settlement account. Buyers obligated to accept delivery must take delivery and make payment and sellers obligated to make delivery must make delivery during the 6:45 a.m. settlement process, or such other time designated by the Exchange Clearing Service Provider's settlement process as defined in its rules for exchange transactions, on the day of delivery, except on banking holidays when delivery must be taken or made and payment made during the 6:45 a.m. Clearing Service Provider's settlement process as defined in its rules for exchange transactions, or such other time designated by the Exchange, on the next banking business day.<sup>43</sup>

#### 1414. Regularity of Vaults

##### (a) Duties of Vault Operators

It shall be the duty of the operators of all regular vaults:

(i) To accept Gold for delivery on NYSE Liffe US contracts, provided such Gold is ordered into the vault by a Clearing Member of the Exchange, and all space in such vaults is not already filled or contracted for.

(ii) To notify the Exchange of any change in the condition of their vaults.

(iii) To release to the bearer of the receipt the bars covered by said receipt upon presentation of the receipt and payment of all storage and

<sup>43</sup> Subsection (b) to Rule 1413 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

outloading charges no later than the business day following compliance with these provisions.

(iv) To keep stocks of Gold in storage in balance with Gold represented by its outstanding vault receipts.

**(b) Conditions of Regularity**

Gold may be delivered against a mini-sized Gold contract from any vault designated by the Exchange specifically for the storage of Gold, and may not be delivered except from such vault. The following shall constitute the requirements for regularity, and by accepting a Declaration of Regularity the vault agrees to abide by these conditions:

(i) The vault must notify the Exchange promptly of any material change in ownership or condition of its premises.

(ii) The vault is required to submit a certified financial statement within 90 days of the firm's year-end. A letter of attestation must accompany all financial statements signed by the Chief Financial Officer or if there is none, a general partner or executive officer.

(iii) Such vault shall be provided with standard equipment and appliances for the convenient and safe storage of Gold and provide for proper security.

(iv) The operator of such vault shall furnish to the Registrar all needed information to enable the Exchange to keep a correct record and account of all Gold received and delivered by the vault daily and of that remaining in store at the close of each week.

(v) The operator of such vault shall accord every facility to the Exchange for the examination of its books or records for the purpose of ascertaining the stocks of Gold. The Exchange shall have the authority to employ experts to determine the quantity and quality of Gold in said vault.

(vi) No vault operator shall engage in unethical or inequitable practices, or fail to comply with any laws, Federal or State, or Rules or Regulations promulgated under those laws.

(vii) The operator shall make such reports, keep such records, and permit such vault visitation as the Exchange or the Commodity Futures Trading Commission may prescribe, and shall comply with all applicable rules. The vault must keep all such reports, books and records for a period of five years from the date thereof.

(viii) The operator of such vault must give such bonds to the Exchange as may be required by the Exchange.

(ix) The vault shall neither withdraw as a regular vault nor withdraw any regular capacity except after a sixty (60) day notice to the Exchange or having obtained the consent of the Exchange.

(x) The vault shall notify the Exchange at least sixty (60) days in advance of any changes in its maximum storage rates, penalty for late storage payment and handling charges.

(xi) The Exchange may determine not to approve vaults for regularity or increases in regular capacity of existing regular vaults, in its sole discretion, regardless of whether such vaults meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether receipts issued by such vaults, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of mini-sized Gold futures contracts or impair the efficacy of futures trading in mini-sized Gold, or whether the currently approved regular capacity provides for an adequate deliverable supply.

**(c) Revocation of Regularity**

Any regular vault may be declared by the Exchange to be irregular at any time if it does not comply with the conditions above set forth, or fails to carry out its prescribed duties. If the designation of a vault as regular shall be revoked a notice shall be posted on the Exchange website announcing such revocation and also the period of time, if any, during which the receipts issued by such vault shall thereafter be deliverable in satisfaction of futures contracts in mini-sized Gold under the Exchange Rules.

By accepting a Declaration of Regularity the vault agrees, in the event of revocation or expiration or withdrawal of regularity, to bear the expenses of the transfer of Gold under bond to another regular vault satisfactory to the holders of its vault receipts.

**SPECIAL NOTES RELATING TO CHAPTER 14**

**LICENSED DEPOSITORIES AND ASSAYERS FOR MINI-SIZED GOLD CONTRACTS**

<b>Depository</b>	<b>Location</b>	<b>Vault Number</b>
Brinks Global Services USA, Inc A Division of Brinks, Inc.	652 Kent Avenue Brooklyn, NY 11211	4001
HSBC Bank USA	452 5th Avenue New York, NY 10018	4008
Scotia Mocatta Depository A Division of Bank of Nova Scotia	26 Broadway New York, NY 10004	3001
	230-59 International Airport Center Blvd., Bldg. C, Suite 120 Jamaica, NY 11412	3002
Manfra, Tordella & Brookes, Inc.	90 Broad St. New York, NY 10004	4500

**ASSAYERS FOR MINI-SIZED GOLD CONTRACTS**

Ledoux & Company  
359 Alfred Avenue  
Teaneck, NJ 07666  
(201) 837-7160

**BRANDS APPROVED FOR DELIVERY AGAINST MINI-SIZED GOLD CONTRACTS**

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
AGR Joint Venture	Perth, Australia	PMAU	THE PERTH MINT AUSTRALIA (with swan motif mint mark within circle)
Argor, S.A.	Chiasso, Switzerland	ARGO	* ARGOR S.A. CHIASSO-ASA
Argor - Heraeus SA	Mendrisio, Switzerland	ARHE	Argor-HerAeus SA, A-H, Switzerland
ASARCO Incorporated	Amarillo, Texas	ASAT	ASARCO GOLD-AMARILLO, TEXAS
Casa da Moeda do Brasil	Rio de Janeiro, Brazil	CASA	CASA DA MOEDA DO BRASIL-CMB
Compagnie des Metaux Precieux	Ivry, France	CMPP	* COMPAGNIE DES METAUX PRECIEUX PARIS (may also contain letters CMP)
	Ivry, France	SDBS	* SOCIETE DE BANQUE SUISSE
Companhia Real de Metais	Sao Paulo, Brazil	CRDM	CRM



PRODUCER	REFINED AT	CODE	BRAND MARKS
Comptoir Lyon-Alemand Louyot	Noisy le Sec, France	CLAL	COMPTOIR-LYON-ALEMAND, LOUYOT-PARIS (with Affineur Fondateur within octagon)
OMG AG & Co. KG	Hanau, Germany	DEGU	*DEGUSSA FEINGOLD (with 1/2 sun and 1/4 moon within diamond)
OMG AG & Co. KG	Burlington, Ontario	DECA	* DEGUSSA CANADA LTD. (with 1/2 sun and 1/4 moon within diamond)
OMG Brasil Ltda.	Guarulhos, Brazil	DEBR	DEGUSSA S.A. (with 1/2 sun and 1/4 moon within diamond)
H. Drijfhout & Zoon's Edelmetaalbedrijven BV	Amsterdam, Netherlands	HDZA	H. DRIJFHOUT & ZOON-AMSTERDAM-MELTERS (within octagon)
Engelhard Corporation	Carteret, N.J.	ENNE	*ENGELHARD (may also be ENGELHARD NEW JERSEY-U.S.A. or ENGELHARD U.S.A.)
	Carteret, N.J.	BAKE	* BAKER (within circle atop triangle)
	Chessington, England	ENCI	* ENGELHARD LONDON
	Thomastown, Australia	ENTH	* ENGELHARD AUSTRALIA
	Aurora, Ontario	ENAU	* ENGELHARD (with circle connected to 1/2 moon to left of name; may also be ENGELHARD INDUSTRIES OF CANADA LTD.)
<b>Golden West Refining Corporation Limited, Handy &amp; Harman Refining Group Inc.</b>			
	Attleboro, Mass	GWHH	* HH HANDY & HARMAN REFINING GROUP
Handy & Harman	Attleboro, Mass	HAND	* HH HANDY & HARMAN
W.C. Heraeus, G.m.b.H.	Hanau, Germany	HERA	HERAEUS FEINGOLD (with Heraeus Edelmetalle GmbH-Hanau encircling three roses)
Heraeus Incorporated	Newark, N.J.	HERI	HERAEUS FEINGOLD (with capital letter "E" preceding serial number)
Heraeus Ltd.	Kowloon, Hong Kong	HERH	HERAEUS FEINGOLD (with capital letter "H" preceding serial number)

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>Homestake Mining Company</b>	Lead, South Dakota	HMCO	*HOMESTAKE MINING COMPANY (with HMC all within circle)
<b>Johnson Matthey, Inc.</b>	Winslow, New Jersey	MBUS	* MATTHEY BISHOP U.S.A. (within an oval)
<b>Johnson Matthey Limited</b>	Brampton, Ontario	JMMC	* JOHNSON MATTHEY & MALLORY-CANADA (within an oval)
	Brampton, Ontario	JMCA	* JM (with crossed hammers)
	Brampton, Ontario	JMJM	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: J.M. Ltd.-CANADA-ASSAY OFFICE)
<b>Johnson Matthey Limited (Australia)</b>	Kogarah, Australia	MGPS	* MATTHEY GARRETT PTY. SYDNEY REFINERS (within an oval)
<b>Johnson Matthey Chemicals Ltd.</b>	Royston, England	JMLO	JOHNSON MATTHEY LONDON (within an oval)
<b>Johnson Matthey &amp; Pauwels S.A.</b>	Brussels, Belgium	JMPA	* JOHNSON MATTHEY & PAUWELS (within an oval)
<b>Johnson Matthey Refining, Inc.</b>	Salt Lake City, Utah	JMRI	JOHNSON MATTHEY-JM (with crossed hammers and assay stamp: J.M.R.I. U.S.A.-ASSAY OFFICE)
<b>Kennecott Utah Copper Corporation</b>	Magna, Utah	KUAU	KUC
<b>Metallurgie Hoboken Overpelt S.A.</b>	Hoboken, Belgium	MHOV	* METALLURGIE HOBOKEN OVERPELT
<b>n.v. Union Miniere s.a. – Business Unit Hoboken</b>	Hoboken, Belgium	HOBO	Hoboken 9999
<b>Metalli Preziosi S.p.A.</b>	Milan, Italy	MPSP	METALLI PREZIOSI S.p.A. MILANO-AFFINAZIONE (with MP within a circle)
<b>Metalor Technologies USA Corp.</b>	Attleborough, Mass.	MUST	METALOR® (with the “MUS” assay mark)
	Attleborough, Mass.	META	*METAUX PRECIEUX SA METALOR-MP (with “MUS” Assay mark)

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>CODE</b>	<b>BRAND MARKS</b>
<b>Metaux Precieux S.A. Metalor</b>	Neuchatel, Switzerland	MPSA	METAUX PRECIEUX SA – NEUCHATEL (with MP within a circle)
	Neuchatel, Switzerland	SBCO	SWISS BANK CORPORATION
<b>Mitsubishi Metal Corporation</b>	Osaka, Japan	MMCO	* MITSUBISHI METAL CORPORATION (with three diamond mark within oval)
<b>Mitsubishi Materials Corporation</b>	Kagawa, Japan	MITA	Three diamonds forming a triangle
<b>Noranda Mines Limited, CCR Division</b>	Montreal East, Quebec	CCRL	* CANADIAN COPPER REFINERS LIMITED MONTREAL EAST, CANADA (within an oval)
<b>Noranda Mines Limited, CCR Division</b>	Montreal East, Quebec	NORA	* NORANDA MINES LIMITED – CCR, MONTREAL EAST, CANADA (within an oval)
<b>Noranda Metallurgy Inc. – Copper</b>	Montreal East, Quebec	NINC	NORANDA MINES Inc. –CCR, MONTREAL EAST, CANADA (within an oval)
<b>Norddeutsche Affinerie AG</b>	Hamburg, W. Germany	NAHA	NORDDEUTSCHE AFFINERIE HAMBURG
<b>PAMP, S.A.</b>	Castel S. Pietro,	PAMP	PAMP-SUISSE Produits Artistiques Metaux Precieux Switzerland
<b>Rand Refinery Limited</b>	Germiston Transvaal	RRSA	RAND REFINERY Ltd. SOUTH AFRICA (encircling picture of springbok)
<b>Royal Canadian Mint</b>	Ottawa, Canada	RCMI	ROYAL CANADIAN MINT (encircling a crown)
<b>Sabin Metal Corporation</b>	Scottsville, N.Y.	SABN	SMC
<b>Schone Edelmetaal NV</b>	Amsterdam, Netherlands	GSNV	GUARANTEED BY SCHONE N.V. AMSTERDAM
<b>SheffieldSmelting Co. Ltd.</b>	Sheffield, England	SSCL	* THE SHEFFIELD SMELTING CO. LTD. - LONDON & SHEFFIELD
<b>Tanaka Kikinzoku Kogyo K.K.</b>	Ichikawa, Japan	TTME	TANAKA TOYOTA-MELTERS
<b>United States Metals Refining Co., division of Amax Copper, Inc.</b>	Carteret, N.J.	DRW	* DRW

PRODUCER	REFINED AT	CODE	BRAND MARKS
U.S.S.R.	Moscow, U.S.S.R.	CCCP	CCCP (with hammer and sickle)
Valcambi, S.A.	Balerna, Switzerland	CRSU	CREDIT SUISSE

\* Denotes brand is no longer produced.

#### MINI-SIZED GOLD CHARGES

Vault	Withdrawal/Bar	Storage/Bar	Contract Size	Time Period
<b>HSBC</b>				
NYSE Liffe US Mini-sized Gold	\$8.00	\$4.00	1 kilo bar (1/3-sized bar)	Monthly
<b>ScotiaMocatta</b>				
NYSE Liffe US Mini-sized Gold	\$10.00	\$5.00	1/3-sized bar	Monthly
<b>Exchange charges</b>				
NYSE Liffe US WDR - Gold	n/a	\$0.20	1/3-sized bar	Daily

**CHAPTER 15**  
**5,000 OZ. SILVER FUTURES**

**1501. Scope of Chapter**

This chapter is limited in application to the trading of 5,000 oz. Silver futures. The procedures for trading, clearing, inspection, delivery and settlement of 5,000 oz. Silver futures, and any other matters not specifically covered herein shall be governed by the general Rules of the Exchange.

**1502. Contract Specifications**

The contract grade for delivery on futures contracts made under these Rules shall be refined Silver in a bar cast in a basic weight of either 1,000 troy ounces or 1,100 troy ounces (each bar may vary no more than 10 percent). The total aggregate weight of the bars underlying the vault receipt may not vary from 5,000 troy ounces by more than 6 percent. Such Silver may not assay less than 999 fineness, and must be made up of one of the brands and markings officially listed by the Exchange as provided in Rule 1304, current at the date of delivery of such Silver.

**1503. Trading Specifications**

Trading in 5,000 oz. Silver futures shall be conducted in the current calendar month and any subsequent months. The number of months open for trading at a given time shall be determined by the Exchange.

**(a) Trading Schedule**

The hours of trading in 5,000 oz. Silver futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 1:25 p.m. New York time.

**(b) Trading Unit**

The unit of trading shall be five thousand troy ounces of contract grade Silver.

**(c) Price Increments**

The minimum price fluctuation for 5,000 oz. Silver futures shall be 10/100 of one cent per troy ounce \$0.001 which is \$5.00 per contract.

**(d) Reserved**

**(e) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of:

(i) 1,500 futures contracts net long or net short in the spot month.

(ii) 6,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

(iii) 6,000 futures-equivalent contracts net long or net short in all months combined.

Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**(f) Termination of Trading**

No trades in 5,000 oz. Silver futures deliverable in the current month shall be made during the last two business days of that month. Any contracts remaining open after the last day of trading must be settled by delivery no later than the last business day of the delivery month.<sup>44</sup>

**1504. Refiners, Vaults and Assayers**

Exchange approved refiners, vaults, and assayers may be listed with the Exchange upon approval by the Exchange. The Exchange shall maintain and make available such lists. The addition of refiners and vaults shall be binding upon all contracts outstanding as well as those entered into after approval.

**1505. Brands and Markings of Silver**

Brands and markings deliverable in satisfaction of futures contracts shall be listed with the Exchange upon approval by the Exchange. The Exchange may require such sureties as it deems necessary. The Exchange shall make available a list of the brands and markings of Silver bars which are deliverable. The addition of brands and markings shall be binding upon all such contracts outstanding as well as those entered into after approval.

If at any time a brand or marking fails to meet the requirements adopted by the Exchange or the metallurgical assay of any Silver bars bearing a brand or marking on the official list depreciates below 999 fineness, the Exchange may exclude said brand or marking from the official list unless deliveries of bars bearing said brand or marking are accompanied by certificates of analysis of an official assayer showing a Silver fineness of not less than 999, and such additional bond as the Exchange may deem necessary. Notice of such action shall be posted by the Exchange and the official list shall indicate the limitation upon deliveries of said brand or marking.

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<sup>44</sup>Amendment effective March 30, 2009, pursuant to CFTC Rule 40.6 filing dated February 18, 2009. See Notice 4/2009.

## 1506. Product Certification and Shipment

To be eligible, for delivery on the Exchange, all Silver must be certified as to fineness and weight by an Exchange approved refiner, assayer, or other Exchange approved certifying authority and must be shipped directly from the Exchange approved refiner, assayer, or certifying authority via Exchange approved carriers to Exchange approved vaults.

If Silver is not continuously in the custody of an Exchange approved vault or carrier, the Exchange may require that it be recertified as to fineness and weight to be eligible for delivery.

The Exchange at its sole discretion shall have the authority at any time to have assayed any Silver bars covered by vault receipts delivered against futures contracts. In such an event, costs are to be borne by the Exchange.

## 1507. Delivery Points

Silver located at regular vaults at points approved by the Exchange may be delivered in satisfaction of futures contracts.

## 1508. Deliveries by Vault Receipts\*

### (a) Timing and Issuance of Vault Receipts

(i) Where Silver is sold for delivery in a specified month, delivery of such Silver may be made by the seller upon such day of the specified month as the seller may select. If not previously delivered, delivery must be made upon the last business day of the month.

(ii) In order to be valid for delivery against a futures contracts, ~~the a~~ vault receipt in electronic form must be entered on the NYSE Liffe Guardian Delivery System based on the deposit of a vault receipt in paper form issued in accordance with the requirements under Rule 1502. ~~The Such paper~~ vault receipt must be issued and deposited with the Exchange's Central Depository before 124:00 p.m. Chicago New York time on seller's notice day, which is the second ~~the~~ business day prior to the day of delivery; however, in the case of delivery on the last delivery day of the delivery month, such ~~the~~ paper vault receipt must be issued before 11:00 p.m. Chicago New York time on seller's notice day. Deliveries on Silver futures contracts shall be made by ~~the delivery of depository book entry in the NYSE Liffe Guardian Delivery System, reflecting the change in ownership interests in vault receipts in paper form~~ issued by vaults which have been approved and designated as regular vaults by the Exchange for the storage of Silver, using the electronic fields which the

\* Supplemental guidance regarding creation and withdrawal of vault receipts available in CFTC Rule 40.6 filing by NYSE Liffe US dated November 16, 2009. Effective November 18, 2009. See Notice 25/2009.

Exchange and the Clearing Service Provider require to be completed. Silver in bars must come to the regular vault directly from an approved source or from another regular vault either on the NYSE Liffe US or the COMEX Division of the New York Mercantile Exchange, Inc., by insured or bonded carrier.<sup>45</sup>

**(b) Endorsement of Vault Receipts**

(i) In order to effect a valid delivery, each vault receipt must be endorsed by the Clearing Member making the delivery, ~~and; any transfer as specified herein~~ by electronic means of a vault receipt as set forth above in subsection (a) of this Rule 1508 constitutes an endorsement with respect to such vault receipt. In the event that a vault receipt is transferred outside of the NYSE Liffe Guardian Delivery System (an "Outside Transfer"), endorsement with respect to such Outside Transfer will be made physically on such vault receipt and, if such vault receipt is subsequently entered into the NYSE Liffe Guardian Delivery System, such endorsement will remain as a record with respect to such Outside Transfer.<sup>46</sup> By such any endorsement, the endorser shall be deemed to warrant, to his transferee and each subsequent transferee of the receipt for delivery on Exchange contracts, and their respective immediate principals, the genuineness, validity, and worth of such receipt, the rightfulness and effectiveness of his transfer thereof, and the quantity and quality of the Silver shown on the receipt. Such endorsement shall also constitute a representation that all storage charges have been paid up to and including the business day following the day of delivery. Prepaid storage charges shall be charged to the buyer by the seller for a period extending beyond the business day following the day of delivery (but not in excess of one year) pro rata for the unexpired term and adjustments shall be made upon the invoice thereof.

(ii) In the event such Exchange Member or principal shall claim a breach of such warranty, and such claim relates to the quantity or quality of the Silver, the lot shall be immediately submitted for sampling and assaying to an assayer approved by the Exchange; the Silver must be shipped under bond, and at the owner's expense, to the assayer. The expense of sampling and assaying shall, in the first instance, be borne by the claimant. If a deficiency in quantity or quality shall be determined by the assayer, the claimant shall have the right to recover the difference in the market value and all expenses incurred in connection with the sampling and assaying and any cost of replacement of the Silver. The claimant may, at his option, proceed directly against the original endorser of the vault receipt upon Exchange delivery, or against any endorser prior to claimant without seeking recovery from his immediate deliverer on the

<sup>45</sup> Text of subsection (a)(ii) of Rule 1508 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

<sup>46</sup> Text of subsection (b)(i) to Rule 1508 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.



Exchange contract, and if the claim is satisfied by the original endorser of the vault receipt, or any other endorser, all the endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from any endorser and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from any endorser prior to him. Such claims as are in dispute between Members of the Exchange may in each case be submitted to arbitration under the Rules of the Exchange.

(iii) The liability of an endorser of a vault receipt as provided herein shall not be deemed to limit the rights of such endorser against any person or party for whose account the endorser acted in making delivery on an Exchange contract. If it shall be determined in such arbitration proceeding that any endorser of a vault receipt or the person or party for whom such endorser acted was aware of the breach of warranty or was involved in a plan or arrangement with the original endorser (or his principal) to place such inferior Silver in store in a regular vault for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty.

(c) **Security Interest in Vault Receipts**<sup>47</sup>

(i) Each Clearing Member that has an interest in a vault receipt or a WDR hereby grants a valid and enforceable security interest (the "Exchange Lien") to the Exchange in all of such Clearing Member's vault receipts or WDRs to secure all charges or fees associated with the custody of such vault receipts or WDRs and the Silver underlying such vault receipts or WDRs.

(ii) Each Clearing Member, by entering into the delivery process, understands that, pursuant to an Agreement for Clearing and Settlement Services, dated as of March 9, 2009, between OCC and the Exchange, the Exchange has agreed to maintain as agent on behalf of OCC as Clearing Service Provider any vault receipt or WDR with respect to which a selling Clearing Member has delivered to the Exchange a notice of intent to deliver such vault receipt or WDR in settlement of a Contract (a "Notice of Intent"), from the time of delivery of such Notice of Intent until 11:00 a.m., New York time (the "Cut-Off Time"), on the date of settlement for such vault receipt or WDR, unless the Exchange has received notice from OCC of a default by the relevant selling or purchasing Clearing Member, in which case the Exchange shall continue to maintain such vault receipt or WDR for the benefit of OCC until notified otherwise by OCC and, subject to applicable law, shall deliver such vault receipt or WDR to OCC or its agent upon the instructions of OCC (the "Exchange Services"). Each Clearing Member hereby agrees to the

<sup>47</sup> Subsection (c) to Rule 1413 added. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

Exchange performing such Exchange Services. Each Clearing Member further understands that the security interest granted by the selling Clearing Member and the purchasing Clearing Member to OCC in any vault receipt or WDR remains in effect from the time OCC receives (or is deemed to have received by the Rules of OCC) notice that a selling Clearing Member has delivered to the Exchange a Notice of Intent until settlement of the relevant Contract, notwithstanding the electronic book entry in the NYSE Liffe US Trading Platform in favor of the selling Clearing Member. Each Clearing Member also understands that the Exchange has waived its lien in respect of vault receipts or WDRs going to delivery from the date the Exchange provides OCC notice that a Notice of Intent has been delivered, until and including the Cut-Off Time on the date that settlement is supposed to occur (regardless of whether or not settlement does in fact occur) (such period, the "Waiver Period"). Each Clearing Member hereby agrees that the Exchange Lien shall be immediately reinstated without further action after the Waiver Period; provided that, in the event that the Exchange has received notice from OCC of a default as described above, OCC shall have no responsibility for, and the Exchange's lien shall not be reinstated with respect to, any obligations of any person to the Exchange accruing prior to the Cut-Off Time, and OCC shall be responsible to the Exchange, and the Exchange's lien shall attach, only with respect to storage charges accruing after OCC takes possession of the vault receipt or WDR and only with respect to such particular vault receipt or WDR. By going to delivery, each Clearing Member further represents and warrants that there are no liens, encumbrances on or defense to the relevant vault receipts other than that of the Exchange and OCC specified in this Rule 1508.

#### **1509. Storage Charges and Transfer Fees**

Storage charges, transfer fees and in-and-out charges shall be set by each depository vault and the schedule of such charges shall be posted with the Exchange, which shall be notified at least 60 days in advance of any changes in the rate schedule. Except as otherwise provided, all such charges and fees shall remain the responsibility of the seller until payment is made.

#### **1510. Cost of Inspection, Weighing, Storage and Delivery**

All charges associated with the delivery of Silver and all costs associated with inspections, weighing, and Exchange documentations, through the day of delivery, shall be paid by the delivering party. The delivering party shall pay storage charges through the business day following the day of delivery. The receivers shall pay all charges including storage charges incurred after the business day following the day of delivery.

A holder of an Exchange approved vault receipt for Silver may request recertification at his expense at any time while the unit represented by such receipt is in the Exchange approved vault. Such recertification shall be made by an Exchange approved certifying authority or assayer, selected by such holder.

### 1511. Deposit of Silver with Vaults

Silver in bars shall be placed into a regular vault accompanied by the following information:

- (a) Brand or markings;
- (b) Identification (serial number) of each bar;
- (c) Weight of each bar; and
- (d) Fineness.

### 1512. Issuance of Vault Receipts

The Exchange and the Clearing Service Provider shall determine the electronic fields which are required to be completed in connection with the issuance of an electronic vault receipt that is deliverable in satisfaction of Silver futures contracts.

### 1513. Payment

Payment shall be made utilizing the electronic delivery system via the Clearing Service Provider's online system. Payment will be made ~~during at the 6:45 a.m. collection cycle, or such other Clearing Service Provider's settlement time designated by the Exchange as defined in its rules for exchange transactions.~~ Thus the cost of the delivery will be debited or credited to a clearing firm's settlement account. Buyers obligated to accept delivery must take delivery and make payment and sellers obligated to make delivery must make delivery during the ~~6:45 a.m. Clearing Service Provider's settlement process, or such other time designated by the Exchange as defined in its rules for exchange transactions,~~ on the day of delivery, except on banking holidays when delivery must be taken or made and payment made during the ~~6:45 Clearing Service Provider's settlement process as defined in its rules for exchange transactions,~~ or such other time designated by the Exchange, on the next banking business day.<sup>48</sup>

### 1514. Regularity of Vaults

#### (a) Duties of Vault Operators

It shall be the duty of the operators of all regular vaults:

- (i) To accept Silver for delivery on NYSE Liffe US contracts, provided such Silver is ordered into the vault by a Clearing Member of the Exchange, and all space in such vaults is not already filled or contracted for.

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<sup>48</sup> Text of Rule 1513 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

(ii) To notify the Exchange of any change in the condition of their vaults.

(iii) To release to the bearer of the receipt the bars covered by said receipt upon presentation of the receipt and payment of all storage and outloading charges no later than the business day following compliance with these provisions.

(iv) To keep stocks of Silver in storage in balance with Silver represented by its outstanding vault receipts.

**(b) Conditions of Regularity**

Silver may be delivered against a Silver contract from any vault designated by the Exchange specifically for the storage of Silver, and may not be delivered except from such vault. The following shall constitute the requirements for regularity, and by accepting a Declaration of Regularity the vault agrees to abide by these conditions:

(i) The vault must notify the Exchange promptly of any material change in ownership or the condition of its premises.

(ii) The vault is required to submit a certified financial statement within 90 days of the firm's year-end. A letter of attestation must accompany all financial statements signed by the Chief Financial Officer or if there is none, a general partner or executive officer.

(iii) Such vault shall be provided with standard equipment and appliances for the convenient and safe storage of Silver and provide for proper security.

(iv) The operator of such vault shall furnish to the Registrar all needed information to enable the Exchange to keep a correct record and account of all Silver received and delivered by the vault daily and of that remaining in store at the close of each week.

(v) The operator of such vault shall accord every facility to the Exchange for the examination of its books or records for the purpose of ascertaining the stocks of Silver. The Exchange shall have the authority to employ experts to determine the quantity and quality of Silver in said vault.

(vi) No vault operator shall engage in unethical or inequitable practices, or fail to comply with any laws, Federal or State, or Rules or Regulations promulgated under those laws.

(vii) The operator shall make such reports, keep such records, and permit such vault visitation as the Exchange or the Commodity Futures Trading Commission may prescribe, and shall comply with all applicable rules.

The vault must keep all such reports, books and records for a period of five years from the date thereof.

(viii) The operator of such vault must give such bonds to the Exchange as may be required by the Exchange.

(ix) The vault shall neither withdraw as a regular vault nor withdraw any regular capacity except after a sixty (60) day notice to the Exchange or having obtained the consent of the Exchange.

(x) The vault shall notify the Exchange at least sixty (60) days in advance of any changes in its maximum storage rates, penalty for late storage payment and handling charges.

(xi) The Exchange may determine not to approve vaults for or increases in regular capacity of existing regular vaults, in its sole discretion, regardless of whether such vaults meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether receipts issued by such vaults, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of Silver futures contracts or impair the efficacy of futures trading in Silver, or whether the currently approved regular capacity provides for an adequate deliverable supply.

**(c) Revocation of Regularity**

Any regular vault may be declared by the Exchange to be irregular at any time if it does not comply with the conditions above set forth, or fails to carry out its prescribed duties. If the designation of a vault as regular shall be revoked a notice shall be posted on the Exchange website announcing such revocation and also the period of time, if any, during which the receipts issued by such vault shall thereafter be deliverable in satisfaction of futures contracts in Silver under the Rules.

By accepting a Declaration of Regularity the vault agrees, in the event of revocation or expiration or withdrawal of regularity, to bear the expenses of the transfer of Silver under bond to another regular vault satisfactory to the holders of its vault receipts.

**SPECIAL NOTICES RELATING TO CHAPTER 15**

**LICENSED DEPOSITORIES AND ASSAYERS  
FOR 5,000 OUNCE SILVER CONTRACTS**

<b>Depository</b>	<b>Location</b>	<b>Vault Number</b>
Brinks Global Services USA, Inc. A Division of Brinks, Inc.	652 Kent Avenue Brooklyn, NY 11211	4001
Delaware Depository Service Company	3601 North Market Street Wilmington, DE 19802	4014
	4200 Governor Printz Blvd. Wilmington, DE 19802	4200
HSBC Bank USA	452 5 <sup>th</sup> Avenue New York, NY 10018	4008
	425 Sawmill River Road Ardsley, NY 10502	4100
Scotia Mocatta Depository A Division of Bank of Nova Scotia	26 Broadway New York, NY 10004	3201
	232-59 International Airport Center Blvd. Bldg. C, Suite 120 Jamaica, NY 11412	3202

**LICENSED ASSAYER FOR 5,000 OUNCE SILVER**

Ledoux & Company  
359 Alfred Avenue  
Teaneck, NJ 07666  
Orders: NJ (201) 837-7160

**BRANDS APPROVED FOR DELIVERY AGAINST NYSE Liffe US 5,000 OUNCE SILVER CONTRACTS**

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>COMPUTER CODE</b>	<b>BRAND MARKS</b>
<b>The Anaconda Company</b>	Perth Amboy, N.J.	UMCO	*UMS CO.
<b>ASARCO Incorporated</b>	Amarillo, Texas	ASAT	ASARCO SILVER – AMARILLO, TEXAS
	Baltimore, MD	ASBA	*ASARCO BALTIMORE, MARYLAND
	Perth Amboy, N.J.	ASCP	*ASARCO.-PERTH AMBOY, N.J.
	Perth Amboy, N.J.	ASPA	*ASARCO-PERTH AMBOY, NEW JERSEY
	Selby, CA	SGSR	*SELBY GOLD & SILVER REFINERY, SAN FRANCISCO, CAL.
<b>Britannia Refined Metals Co.</b>	Northfleet, England	BLCO	BLCo.
<b>Broken Hill Associated Smelters Pty. Ltd.</b>	Port Pirie, Australia	BHAS	BHAS

PRODUCER	REFINED AT	COMPUTER CODE	BRAND MARKS
<b>The Bunker Hill Company</b>	Kellogg, Idaho	HILL	*BUNKER HILL
<b>Cerro de Pasco Corporation</b>	La Oroya, Peru	CDPP	*C de P PERU
<b>Cominco Ltd.</b>	Trail, British Columbia	TADA	TADANAC
<b>Compania de Real Monte y Pachuca</b>	Pachuca, Mexico	RDMM	R del M
<b>Comptoir Lyon-Alemand Louyot</b>	Noisy le Sec, France	CLAP CLAL	*COMPTOIR-LYON-ALEMAND, LOUYOT & CIE-PARIS COMPTOIR-LYON-ALEMAND, LOUYOT-PARIS
<b>OMG AG &amp; Co. KG</b>	Hanau, Germany	DEGU	*DEGUSSA (with ½ sun and ¼ moon within diamond)
<b>OMG AG &amp; Co. KG</b>	South Plainfield, N.J.	METZ	*DEGUSSA (with ½ sun and ¼ moon within diamond, also Metz est. 1921)
<b>Dowa Mining Co. Ltd.</b>	Kosaka City, Japan	DOWA	DOWA (with crossed hammers within circle)
<b>Empresa Minera del Peru S.A.</b>	La Oroya, Peru	CPPE	CP-PERU
<b>Engelhard Corporation</b>			
	Chessington, England Carteret, N.J.	ENCI ENNE	*ENGELHARD LONDON *ENGELHARD
<b>Engelhard Corporation</b>	Ivy, France	ECMP	*ENGELHARD (with Compagnie Des Metaux Precieux-Paris within an oval)
<b>Furukawa Metals Co., Ltd.</b>	Nikko City, Japan	TRIA	OPEN TRIANGLE (like letter A, brand name "Yamaichi")
<b>Golden West Refining Corporation Limited, Handy &amp; Harman Refining Group Inc.</b>			
	Attleboro, Mass.	GWHH	*HH HANDY & HARMANREFINING GROUP
<b>Handy &amp; Harman</b>	Attleboro, Mass. Fairfield, Conn.	HAND HARM	*HH HANDY & HARMAN SILVER *HH HANDY & HARMAN SILVER (with capital letter F bars produced at Fairfield, Conn.)
<b>INCO Limited</b>	Sudbury, Ontario	ORCO	ORC
<b>Industrial Minera Mexico, S.A.</b>			
	Monterey, Mexico Monterey, Mexico	ASMO IMMM	*ASARCO-MONTERREY IMM-MONTERREY
<b>Johnson Matthew Limited</b>			
	Brampton, Ontario	JMJM	*JOHNSON MATTHEW-JM (with crossed hammers and assay stamp: JM LTD-CANADA-ASSAY OFFICE)
	Brampton, Ontario	JMCO	*JM (with crossed hammers)

PRODUCER	REFINED AT	COMPUTER CODE	BRAND MARKS
	Brampton, Ontario Brampton, Ontario	JMMC JMLT	*J.M. & M. Ltd JM and crossed hammers in diamond surrounded by JOHNSON MATTHEY CANADA
<b>Johnson Matthew Chemicals Ltd.</b>	Royston, England Royston, England	JMLO JMCF	JOHNSON MATTHEW LONDON *JMCF
<b>Johnson Matthew Refining, Inc.</b>	Salt Lake City, Utah	JMRI	JOHNSON MATTHEW-JM (with crossed hammers and assay stamp: J.M.R.I.-U.S.A.-ASSAY OFFICE)
<b>Kam-Kotia Mines Ltd.</b>	Cobalt, Ontario	CRKO	*CRK
<b>Kennecott Corporation</b>	Magma, Utah	KUEU	KUE
<b>Metalli Preziosi S.p.A.</b>	Milan, Italy	MPSP	METALLI PREZIOSI S.p.A. MILANO (with MP)
<b>n.v. Union Miniere s.a.-Business Unit Hoboken</b>	Hoboken, Belgium Hoboken, Belgium	MHOV hobn	*HOBOKEN 999.7+ HOBOKEN 999+
<b>Metalor Technologies USA Corp.</b>	N. Attleboro, Mass. N. Attleboro, Mass.	MUST META	METALOR® (with "MUS" assay mark) *METAUX PRECIEUX SAMETALOR (in a circle with letters MUS in center)
<b>Metalor Precieux SA Metalor</b>	Neuchatel, Switzerland	MPOR	METAUX PRECIEUX SA METALOR (in a circle with letters MP in center)
<b>Met-Mex Penoles, SA de CV</b>	Monterrey, Mexico Torreon, Mexico	MPSA POPM	*METALURGICA MEXICANA PENOLES S.A. PRODUCT OF PENOLES MEXICO
<b>Mitsubishi Materials Corporation</b>	Kagawa, Japan	DIAM	Three diamonds forming a triangle
<b>No. 1 Mining Corporation</b>	Namtu, Burma	BRMA	BURMA MINES
<b>Noranda Metallurgy Inc. - Copper</b>	Montreal East, Quebec	CCRL	CCR CANADA
<b>Norddeutsche Affinerie A.G.</b>	Hamburg, W. Germany	NAHA	NORDEUTSCHE AFFINERIE HAMBURG
<b>PAMP S.A.</b>	Castel San Pietro, Switzerland	PAMP	PAMP
<b>PGP Industries, Inc.</b>	Duncan, South Carolina	PGPI	PGP
<b>Rand Refinery Limited</b>	Germiston, Transvaal	RRSA	RAND REFINERY LTD. (with RR Ltd. on underside)



PRODUCER	REFINED AT	COMPUTER CODE	BRAND MARKS
<b>Rudarsko Metalursko HERNIJSKI KOMBINAT RREPCA</b>	Zvecan, Yugoslavia	TREP	TREPCA
<b>Sabin Metal Corporation</b>	Scottsville, N.Y.	SABN	SMC
<b>Sheffield Smelting Co. Ltd.</b>	Sheffield, England	SSCL	*THE SHEFFIELD SMELTING CO. LTD.
<b>United States Assay Office</b>	Denver, Colorado New York, New York Philadelphia, Pa. San Francisco, Cal.	USDE USNY USPH USSF	*SEAL OF UNITED STATES (with year and location of production)
<b>United States Metals Refining Co., division of Amax Copper, Inc.</b>	Carteret, N.J.	DRW	*DRW
<b>U.S. Smelting, Refining &amp; Mining</b>	East Chicago, IN.	USSC	*USSCO
<b>Zaklady Metalurgiczne Trzebinia</b>	Trzebinia, Poland	ZTMP	ZTM

\*Denotes brands are no longer produced.

#### SILVER CHARGES

Vault	Withdrawal/ Receipt	Storage/ Receipt	Contract Size	Time Period
<b><u>HSBC</u></b>				
COMEX Silver	\$25.00	\$30.00	5,000 fine troy ounces (5 bars)	Monthly
NYSE Liffe US Silver	\$15.00	\$20.00	5,000 fine troy ounces (5 bars)	Monthly
<b><u>ScotiaMocatta</u></b>				
COMEX Silver	\$20.00	\$24.00	5,000 fine troy ounces (5 bars)	Monthly
<b><u>Brinks</u></b>				
COMEX Silver	\$20.00	\$24.00	5,000 fine troy ounces (5 bars)	Monthly
<b><u>Delaware Depository</u></b>				
COMEX Silver	\$20.00	\$24.00	5,000 fine troy ounces (5 bars)	Monthly
NYSE Liffe US Silver	\$20.00	\$24.00	5,000 fine troy ounces (5 bars)	Monthly

Note: The storage rate for Silver is per 5,000 ounce receipt regardless of the number of bars bundled.

**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**

**(a) Contract Months**

Trading may be conducted in the nearby Silver futures options contract month and any succeeding months *provided, however*, that the Exchange may determine not to list a contract month.

All option contract months shall expire into the nearest of the standard five month contract cycle. For option contracts traded in March, May, July, September or December, the underlying futures contract will be the corresponding March, May, July, September or December futures contract. For serial option contracts traded in January, February, April, June, August, October or November, the underlying futures contract will be the nearest March, May, July, September or December futures contract, respectively. For example, the underlying futures contract for a January serial option is the nearest March futures contract.

**(b) Trading Unit**

One 5,000 oz. Silver futures contract of a specified contract month.

**(c) Minimum Fluctuations**

The premium for 5,000 oz. Silver futures options shall be in multiples of one-tenth of a cent per troy ounce of a 5,000 oz. Silver futures contract which shall equal \$5 per contract.

However, a position may be initiated or liquidated in 5,000 oz. Silver futures options at a premium ranging from \$1.00 to \$4.00, in \$1.00 increments per option contract.

**(d) Trading Hours**

The hours of trading for options on Silver futures contracts shall be determined by the Exchange. On the last day of trading in an expiring option, the closing time for such options shall be 1:25 p.m. New York time.

**(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 25 cents per troy ounce per Silver futures contract (i.e., 6.75, 7.00, 7.25, etc.), in integral multiples of 50 cents per troy ounce per Silver futures contract (i.e., 6.00, 6.50, 7.00, 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 the first six nearby trading months:**

(A) In integral multiples of 10 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 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.

**(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 underlying 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.

**(f) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of:

**(i)** 1,500 futures contracts net long or net short in the spot month.

**(ii)** 6,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month.

(iii) 6,000 futures-equivalent contracts net long or net short in all months combined.

Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**(g) Reserved**

**(h) Nature of 5,000 oz. Silver Futures Options**

The buyer of one 5,000 oz. Silver futures put option may exercise his option at any time prior to expiration (subject to Rule 1602), to assume a short position of one 5,000 oz. Silver futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one 5,000 oz. Silver futures put option incurs the obligation of assuming a long position of one 5,000 oz. Silver futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer.

The buyer of one 5,000 oz. Silver futures call option may exercise his option at any time prior to expiration (subject to Rule 1602), to assume a long position of one 5,000 oz. Silver futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one 5,000 oz. Silver futures call option incurs the obligation of assuming a short position of one 5,000 oz. Silver futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer.

**(i) Termination of Trading**

The last trading day for standard Silver futures options (March, May, July, September, December) shall be the fourth business day prior to the first calendar day of the corresponding Silver futures delivery month.

The last trading day for serial Silver futures options (January, February, April, June, August, October, November) shall be the fourth business day prior to the first calendar day of the option month.

If the last trading day falls on a Friday or immediately prior to an Exchange holiday, last trading day will occur on the previous business day.

**(j) Contract Modification**

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these Rules, such order, ruling, directive, or law shall be construed to become part of the Rules and all open and new options contracts shall be subject to such government orders.

### **1603. Exercise and Assignment**

The following shall apply to the exercise and assignment of 5,000 oz. Silver Futures Options.

#### **(a) Exercise of Option**

Silver futures options are American-style exercise. The buyer of a Silver futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Service Provider by 7:00 p.m., New York time, or by such other time designated by the Exchange, on such day.

After the close of trading in the expiring options on expiration day, all in-the-money options shall be automatically exercised, unless notice to cancel automatic exercise is given to the Clearing Service Provider. Notice to cancel automatic exercise shall be given to the Clearing Service Provider by 7:00 p.m., New York Time, or by such other time designated by the Exchange, on the last day of trading.

Unexercised 5,000 oz. Silver futures options shall expire at 8:00 p.m., New York Time, on the last day of trading.

#### **(b) Assignment**

Exercise notices accepted by the Clearing Service Provider shall be assigned through a process of random selection to Clearing Members' open short positions in the same series. A Clearing Member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing Service Provider.

The Clearing Member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The Clearing Member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with the Rules of the Clearing Service Provider on the trading day of acceptance by the Clearing Service Provider of the Exercise Notice.

### **1604. Corrections to Options Exercises**

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing Service Provider after the 7:00 p.m. New York Time deadline and up to the beginning of final option expiration processing *provided* that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate

final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing Service Provider, or the President's designee, and such decision will be final.

**1605. Payment of Option Premium**

The option premium must be paid in full by each Clearing Member to the Clearing Service Provider and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

**CHAPTER 17**  
**MINI-SIZED SILVER FUTURES**

**1701. Scope of Chapter**

This chapter is limited in application to trading of mini-sized Silver futures. The procedures for trading, clearing, inspection, delivery and settlement of mini-sized Silver futures, and any other matters not specifically covered herein shall be governed by the general Rules of the Exchange.

**1702. Contract Specifications**

The contract grade for delivery on futures contracts made under these Rules shall be refined Silver in a bar cast in a basic weight of either 1,000 troy ounces or 1,100 troy ounces (each bar may vary no more than 10 percent). Such Silver may not assay less than 999 fineness, and must be made up of one of the brands and markings officially listed by the Exchange as provided in Rule 1705, current at the date of delivery of such Silver.

**1703. Trading Specifications**

Trading in mini-sized Silver futures shall be conducted in the current calendar month and any subsequent months. The number of months open for trading at a given time shall be determined by the Exchange.

**(a) Trading Schedule**

The hours of trading in mini-sized Silver futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 1:25 p.m. New York time.

**(b) Trading Unit**

The unit of trading shall be one thousand troy ounces of contract grade Silver.

**(c) Price Increments**

The minimum price fluctuation for mini-sized Silver futures shall be 10/100 of one cent per troy ounce \$0.001 which is \$ 1.00 per contract.

**(d) Reserved**

**(e) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of:

- (i)** 1,500 contracts net long or net short in the spot month.



(ii) 1,500 futures contracts net long or net short in any single contract month excluding the spot month.

(iii) 3,000 futures contracts net long or net short in all months combined.

Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**(f) Termination of Trading**

No trades in mini-sized Silver futures deliverable in the current month shall be made during the last two business days of that month. Any contracts remaining open after the last day of trading must be settled by delivery no later than the last business day of the delivery month<sup>49</sup>

**1704. Refiners, Vaults and Assayers**

Exchange approved refiners, vaults, and assayers may be listed with the Exchange upon approval by the Exchange. The Exchange shall maintain and make available such lists. The addition of refiners and vaults shall be binding upon all contracts outstanding as well as those entered into after approval.

**1705. Brands and Markings of Silver**

Brands and markings deliverable in satisfaction of futures contracts shall be listed with the Exchange upon approval by the Exchange. The Exchange may require such sureties as it deems necessary. The Exchange shall make available a list of the brands and markings of Silver bars which are deliverable. The addition of brands and markings shall be binding upon all such contracts outstanding as well as those entered into after approval

If at any time a brand or marking fails to meet the requirements adopted by the Exchange or the metallurgical assay of any Silver bars bearing a brand or marking on the official list depreciates below 999 fineness, the Exchange may exclude said brand or marking from the official list unless deliveries of bars bearing said brand or marking are accompanied by certificates of analysis of an official assayer showing a Silver fineness of not less than 999, and such additional bond as the Exchange may deem necessary. Notice of such action shall be posted by the Exchange and the official list shall indicate the limitation upon deliveries of said brand or marking.

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<sup>49</sup> Amendment effective March 30, 2009, pursuant to CFTC Rule 40.6 filing dated February 18, 2009. See Notice 4/2009.

## 1706. Product Certification and Shipment

To be eligible for delivery on the Exchange, all Silver must be certified as to fineness and weight by an Exchange approved refiner, assayer, or other Exchange approved certifying authority and must be shipped directly from the Exchange approved refiner, assayer, or certifying authority via Exchange approved carriers to Exchange approved vaults.

If Silver is not continuously in the custody of an Exchange approved vault or carrier, the Exchange may require that it be recertified as to fineness and weight to be eligible for delivery.

The Exchange at its sole discretion shall have the authority at any time to have assayed any Silver bars covered by vault receipts delivered against futures contracts. In such an event, costs are to be borne by the Exchange.

## 1707. Delivery Points

Silver located at regular vaults at points approved by the Exchange may be delivered in satisfaction of futures contracts.

## 1708. Deliveries\*

### (a) Deliveries by Vault Receipts

(i) Where Silver is sold for delivery in a specified month, delivery of such Silver may be made by the seller upon such day of the specified month as the seller may select. If not previously delivered, delivery must be made upon the last business day of the month.

(ii) In order to be valid for delivery against a futures contract, a vault receipt in electronic form must be entered on the NYSE Liffe Guardian Delivery System based on the deposit of a vault receipt in paper form issued in accordance with the requirements under Rule 1702. ~~The Such~~ paper vault receipt must be issued before 4:12:00 p.m. ~~Chicago~~ New York time on the seller's notice day, the which is the second business day prior to the day of delivery; however, in the case of delivery on the last delivery day of the delivery month, such paper vault receipt must be issued before 11:00 p.m. New York time on seller's notice day. Deliveries on mini-sized Silver futures contracts shall be made by ~~the delivery of depository book entry in the NYSE Liffe Guardian Delivery System, reflecting the change in ownership interests in~~ vault receipts in paper form issued by vaults which have been approved and designated as regular vaults by the Exchange for the storage of Silver, using the electronic fields which the Exchange and the Clearing Service Provider

\* Supplemental guidance regarding creation and withdrawal of vault receipts available in CFTC Rule 40.6 filing by NYSE Liffe US dated November 16, 2009. Effective November 18, 2009. See Notice 25/2009.

require to be completed.<sup>50</sup> Silver in bars must come to the regular vault directly from an approved source or from another regular vault either on NYSE Liffe US or the COMEX Division of the New York Mercantile Exchange, Inc., by insured or bonded carrier.

(iii) In order to effect a valid delivery, each vault receipt must be endorsed by the Clearing Member making the delivery ~~and, any transfer by electronic means of a vault receipt as specified herein~~ set forth above in subsection (a) of this Rule 1708 constitutes an endorsement with respect to such vault receipt. In the event that a vault receipt is delivered and a transfer of such vault receipt subsequently occurs off of the NYSE Liffe US Trading Platform (an "Outside Transfer"), endorsement with respect to such Outside Transfer will be made on the face of the vault receipt and, if such vault receipt is subsequently entered into the NYSE Liffe US Trading Platform, such endorsement will remain as a record with respect to such Outside Transfer.<sup>51</sup> By ~~such~~ any endorsement, the endorser shall be deemed to warrant, to his transferee and each subsequent transferee of the receipt for delivery on Exchange contracts, and their respective immediate principals, the genuineness, validity, and worth of such receipt, the rightfulness and effectiveness of his transfer thereof, and the quantity and quality of the Silver shown on the receipt. Such endorsement shall also constitute a representation that all storage charges have been paid up to and including the business day following the day of delivery. Prepaid storage charges shall be charged to the buyer by the seller for a period extending beyond the business day following the day of delivery (but not in excess of one year) pro rata for the unexpired term and adjustments shall be made upon the invoice thereof.

(iv) In the event such Exchange Member or principal shall claim a breach of such warranty, and such claim relates to the quantity or quality of the Silver, the lot shall be immediately submitted for sampling and assaying to an assayer approved by the Exchange; the Silver must be shipped under bond, and at the owner's expense, to the assayer. The expense of sampling and assaying shall, in the first instance, be borne by the claimant. If a deficiency in quantity or quality shall be determined by the assayer, the claimant shall have the right to recover the difference in the market value and all expenses incurred in connection with the sampling and assaying and any cost of replacement of the Silver. The claimant may, at his option, proceed directly against the original endorser of the vault receipt upon Exchange delivery, or against any endorser prior to claimant without seeking recovery from his immediate deliverer on the Exchange contract, and if the claim is satisfied by the original endorser of the

<sup>50</sup> Text of subsection (a)(ii) to Rule 1708 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

<sup>51</sup> Text of subsection (a)(iii) to Rule 1708 amended. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

vault receipt, or any other endorser, all the endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from any endorser and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from any endorser prior to him. Such claims as are in dispute between Members of the Exchange may in each case be submitted to arbitration under the Rules of the Exchange.

(v) The liability of an endorser of a vault receipt as provided herein shall not be deemed to limit the rights of such endorser against any person or party for whose account the endorser acted in making delivery on an Exchange contract. If it shall be determined in such arbitration proceeding that any endorser of a vault receipt or the person or party for whom such endorser acted was aware of the breach of warranty or was involved in a plan or arrangement with the original endorser (or his principal) to place such inferior Silver in store in a regular vault for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty.

**(b) Deliveries by Silver Warehouse Depository Receipts**

(i) Deliveries of NYSE Liffe US mini-sized Silver may be made by delivery of ~~Warehouse Depository Receipts (WDRs), created by the Exchange from registered vault receipts issued by vaults which have been declared regular for delivery of silver by the Exchange, utilizing the electronic delivery system via the Clearing Service Provider's on-line system~~ WDRs.\* In order to effect a valid delivery, each WDR must be endorsed by the Clearing Member making the delivery, ~~and; any transfer as specified herein by electronic means of a WDR in the NYSE Liffe Guardian Delivery System constitutes an endorsement with respect to such WDR.~~ Such endorsement shall constitute a warranty of the genuineness of the WDR and of good title thereto, but shall not constitute a guaranty, by an endorser, of performance by the vault. Such endorsement shall also constitute a representation that all storage charges have been paid on the ~~silver~~ Silver covered by the WDR, in accordance with Rule 1709.<sup>52</sup>

(ii) WDRs may not be cancelled for load-out. Upon return of a WDR to the Exchange, and payment of all storage charges pertaining to the silver represented, for which the Exchange claims a lien, a registered vault receipt in electronic form will be delivered by the Exchange to the holder of the WDR,

\* Related operational guidance contained in CFTC Rule 40.6 filing by NYSE Liffe dated September 5, 2008. See Notice 8/2008.

<sup>52</sup> Amendment to text of subsection (b)(i) to Rule 1708. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

utilizing the electronic delivery system via the Clearing Service Provider's on-line system. Delivery of a vault receipt to the holder of the WDR shall not constitute a guaranty by the Exchange of performance by the vault.<sup>53</sup>

(c) **Security Interest in Vault Receipts and WDRs**<sup>54</sup>

(i) Each Clearing Member that has an interest in a vault receipt or a WDR hereby grants a valid and enforceable security interest (the "Exchange Lien") to the Exchange in all of such Clearing Member's vault receipts or WDRs to secure all charges or fees associated with the custody of such vault receipts or WDRs and the Silver underlying such vault receipts or WDRs.

(ii) Each Clearing Member, by entering into the delivery process, understands that, pursuant to an Agreement for Clearing and Settlement Services, dated as of March 9, 2009, between OCC and the Exchange, the Exchange has agreed to maintain as agent on behalf of OCC as Clearing Service Provider any vault receipt or WDR with respect to which a selling Clearing Member has delivered to the Exchange a notice of intent to deliver such vault receipt or WDR in settlement of a Contract (a "Notice of Intent"), from the time of delivery of such Notice of Intent until 11:00 a.m., New York time (the "Cut-Off Time"), on the date of settlement for such vault receipt or WDR, unless the Exchange has received notice from OCC of a default by the relevant selling or purchasing Clearing Member, in which case the Exchange shall continue to maintain such vault receipt or WDR for the benefit of OCC until notified otherwise by OCC and, subject to applicable law, shall deliver such vault receipt or WDR to OCC or its agent upon the instructions of OCC (the "Exchange Services"). Each Clearing Member hereby agrees to the Exchange performing such Exchange Services. Each Clearing Member further understands that the security interest granted by the selling Clearing Member and the purchasing Clearing Member to OCC in any vault receipt or WDR remains in effect from the time OCC receives (or is deemed to have received by the Rules of OCC) notice that a selling Clearing Member has delivered to the Exchange a Notice of Intent until settlement of the relevant Contract, notwithstanding the electronic book entry in the NYSE Liffe US Trading Platform in favor of the selling Clearing Member. Each Clearing Member also understands that the Exchange has waived its lien in respect of vault receipts or WDRs going to delivery from the date the Exchange provides OCC notice that a Notice of Intent has been delivered, until and including the Cut-Off Time on the date on which settlement is supposed to occur (regardless of whether or not such settlement does in fact occur) (such period, the "Waiver Period"). Each Clearing Member hereby agrees that the Exchange Lien shall be immediately

<sup>53</sup> Id.

<sup>54</sup> Amendment, adding Subsection (c) to Rule 1708. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

reinstated without further action after the Waiver Period; provided that, in the event that the Exchange has received notice from OCC of a default as described above, OCC shall have no responsibility for, and the Exchange's lien shall not be reinstated with respect to, any obligations of any person to the Exchange accruing prior to the Cut-Off Time, and OCC shall be responsible to the Exchange, and the Exchange's lien shall attach, only with respect to storage charges accruing after OCC takes possession of the vault receipt or WDR and only with respect to such particular vault receipt or WDR. By going to delivery, each Clearing Member further represents and warrants that there are no liens, encumbrances on or defense to the relevant vault receipts or WDRs other than that of the Exchange and OCC specified in this Rule 1708.

#### **1709. Storage Charges and Transfer Fees**

Storage charges, transfer fees and in-and-out charges shall be set by each depository vault and the schedule of such charges shall be posted with the Exchange, which shall be notified at least 60 days in advance of any changes in the rate schedule. Except as otherwise provided, all such charges and fees shall remain the responsibility of the seller until payment is made.

#### **1710. Cost of Inspection, Weighing, Storage and Delivery**

All charges associated with the delivery of Silver and all costs associated with inspections, weighing, and Exchange documentations, through the day of delivery, shall be paid by the delivering party. The delivering party shall pay storage charges through the business day following the day of delivery. The receivers shall pay all charges including storage charges incurred after the business day following the day of delivery.

A holder of an Exchange approved vault receipt for Silver may request recertification at his expense at any time while the unit represented by such receipt is in the Exchange approved vault. Such recertification shall be made by an Exchange approved certifying authority or assayer, selected by such holder.

#### **1711. Deposit of Silver with Vaults**

Silver in bars shall be placed into a regular vault accompanied by the following information:

- (a) Brand or markings;
- (b) Identification (serial number) of each bar;
- (c) Weight of each bar; and
- (d) Fineness.

## 1712. Issuance of Vault Receipts

The Exchange and the Clearing Service Provider shall determine the electronic fields which are required to be completed in connection with the issuance of an electronic vault receipt that is deliverable in satisfaction of mini-sized Silver futures contracts.

## 1713. Payment

Payment shall be made utilizing the electronic delivery system via the Clearing Service Provider's online system. Payment will be made ~~during at the 6:45 a.m. collection cycle, or such other Clearing Service Provider's settlement time designated by the Exchange~~ as defined in its rules for exchange transactions. Thus the cost of the delivery will be debited or credited to a clearing firm's settlement account. Buyers obligated to accept delivery must take delivery and make payment and sellers obligated to make delivery must make delivery during the ~~6:45 a.m. Clearing Service Provider's settlement process, or such other time designated by the Exchange~~ as defined in its rules for exchange transactions, on the day of delivery, except on banking holidays when delivery must be taken or made and payment made during the ~~6:45 a.m. Clearing Service Provider's settlement process~~ as defined in its rules for exchange transactions, or such other time designated by the Exchange, on the next banking business day.<sup>55</sup>

## 1714. Regularity of Vaults

### (a) Duties of Vault Operators

It shall be the duty of the operators of all regular vaults:

(i) To accept Silver for delivery on NYSE Liffe US contracts, provided such Silver is ordered into the vault by a Clearing Member of the Exchange, and all space in such vaults is not already filled or contracted for.

(ii) To notify the Exchange of any change in the condition of their vaults.

(iii) To release to the bearer of the receipt the bars covered by said receipt upon presentation of the receipt and payment of all storage and unloading charges no later than the business day following compliance with these provisions.

(iv) To keep stocks of Silver in storage in balance with Silver represented by its outstanding vault receipts.

### (b) Conditions of Regularity

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<sup>55</sup> Amendment to the text of Rule 1713. Effective March 30, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated March 26, 2009. See Notice 07/2009.

Silver may be delivered against a Silver contract from any vault designated by the Exchange specifically for the storage of Silver, and may not be delivered except from such vault. The following shall constitute the requirements for regularity, and by accepting a Declaration of Regularity the vault agrees to abide by these conditions:

(i) The vault must notify the Exchange promptly of any material change in ownership or the condition of its premises.

(ii) The vault is required to submit a certified financial statement within 90 days of the firm's year-end. A letter of attestation must accompany all financial statements signed by the Chief Financial Officer or if there is none, a general partner or executive officer.

(iii) Such vault shall be provided with standard equipment and appliances for the convenient and safe storage of Silver and provide for proper security.

(iv) The operator of such vault shall furnish to the Registrar all needed information to enable the Exchange to keep a correct record and account of all Silver received and delivered by the vault daily and of that remaining in store at the close of each week.

(v) The operator of such vault shall accord every facility to the Exchange for the examination of its books or records for the purpose of ascertaining the stocks of Silver. The Exchange shall have the authority to employ experts to determine the quantity and quality of Silver in said vault.

(vi) No vault operator shall engage in unethical or inequitable practices, or fail to comply with any laws, Federal or State, or Rules or Regulations promulgated under those laws.

(vii) The operator shall make such reports, keep such records, and permit such vault visitation as the Exchange or the Commodity Futures Trading Commission may prescribe, and shall comply with all applicable rules. The vault must keep all such reports, books and records for a period of five years from the date thereof.

(viii) The operator of such vault must give such bonds to the Exchange as may be required by the Exchange.

(ix) The vault shall neither withdraw as a regular vault nor withdraw any regular capacity except after a sixty (60) day notice to the Exchange or having obtained the consent of the Exchange.

(x) The vault shall notify the Exchange at least sixty (60) days in advance of any changes in its maximum storage rates, penalty for late storage payment and handling charges.



(xi) The Exchange may determine not to approve vaults for regularity or increases in regular capacity of existing regular vaults, in its sole discretion, regardless of whether such vaults meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion may include, among others, whether receipts issued by such vaults, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of mini-sized Silver futures contracts or impair the efficacy of futures trading in mini-sized Silver, or whether the currently approved regular capacity provides for an adequate deliverable supply.

**(c) Revocation of Regularity**

Any regular vault may be declared by the Exchange to be irregular at any time if it does not comply with the conditions above set forth, or fails to carry out its prescribed duties. If the designation of a vault as regular shall be revoked a notice shall be posted on the Exchange website announcing such revocation and also the period of time, if any, during which the receipts issued by such vault shall thereafter be deliverable in satisfaction of futures contracts in mini-sized Silver under the Rules.

By accepting a Declaration of Regularity the vault agrees, in the event of revocation or expiration or withdrawal of regularity, to bear the expenses of the transfer of Silver under bond to another regular vault satisfactory to the holders of its vault receipts.

**SPECIAL NOTICES RELATING TO CHAPTER 17**

**LICENSED DEPOSITORIES AND ASSAYERS FOR MINI-SIZED SILVER**

<b>Depository</b>	<b>Location</b>	<b>Vault Number</b>
BRINKS GLOBAL SERVICES USA, INC. A DIVISION OF BRINKS, INC.	652 Kent Avenue Brooklyn, NY 11211	4001
DELAWARE DEPOSITORY SERVICE COMPANY, LLC	3601 North Market Street Wilmington, DE 19802	4014
	4200 Governor Printz Blvd. Wilmington, DE 19802	4200
HSBC BANK USA	452 5 <sup>th</sup> Avenue New York, NY 10018	4008
	425 Sawmill River Road Ardsley, NY 10502	4100
SCOTIA MOCATTA DEPOSITORY, A DIVISION OF THE BANK OF NOVA SCOTIA	26 Broadway New York, NY 10004	3201
	232-59 International Airport Center Blvd. Bldg. C, Suite 120 Jamaica, NY 11412	3202
<b>LICENSED ASSAYER FOR 5,000 OUNCE SILVER</b>		
Ledoux & Company 359 Alfred Avenue Teaneck, NJ 07666 Orders: NJ (201) 837-7160		

**BRANDS APPROVED FOR DELIVERY AGAINST MINI-SIZED SILVER CONTRACTS**

<b>PRODUCER</b>	<b>REFINED AT</b>	<b>COMPUTER CODE</b>	<b>BRAND MARKS</b>
The Anaconda Company	Perth Amboy, N.J.	UMCO	*UMS CO.
ASARCO Incorporated	Amarillo, Texas	ASAT	ASARCO SILVER – AMARILLO, TEXAS
	Baltimore, MD	ASBA	*ASARCO BALTIMORE, MARYLAND
	Perth Amboy, N.J.	ASCP	*AS & R CO.-PERTH AMBOY, N.J.
	Perth Amboy, N.J.	ASPA	*ASARCO-PERTH AMBOY, NEW JERSEY
	Selby, CA	SGSR	*SELBY GOLD & SILVER REFINERY, SAN FRANCISCO, CAL.
Britannia Refined Metals Co.   Northfleet, England		BLCO	BLCO.
Broken Hill Associated Smelters Ptr. Ltd.			

PRODUCER	REFINED AT	COMPUTER CODE	BRAND MARKS
	Port Pirie, Australia	BHAS	BHAS
<b>The Bunker Hill Company</b>	Kellogg, Idaho	HILL	*BUNKER HILL
<b>Cerro de Pasco Corporation</b>	La Oroya, Peru	CDPP	*C de P PERU
<b>Cominco Ltd.</b>	Trial, British Columbia	TADA	TADANAC
<b>Compania de Real Monte y Pachuca</b>	Pachuca, Mexico	RDMM	R del M
<b>Comptoir Lyon-Alemand Louyot</b>	Noisy le Sec, France	CLAP	*COMPTOIR-LYON-ALEMAND, LOUYOT & CIE-PARIS
		CLAL	COMPTOIR-LYON-ALEMAND, LOUYOT-PARIS
<b>OMG AG &amp; Co. KG</b>	Hanau, Germany	DEGU	*DEGUSSA (with ½ sun and ¼ moon within diamond)
<b>OMG AG &amp; Co. KG</b>	South Plainfield, N.J.	METZ	*DEGUSSA (with ½ sun and ¼ moon within diamond, also Metz est. 1921)
<b>Dowa Mining Co. Ltd.</b>	Kosaka City, Japan	DOWA	DOWA (with crossed hammers within circle)
<b>Empresa Minera del Peru S.A.</b>	La Oroya, Peru	CPPE	CP-PERU
<b>Engelhard Corporation</b>	Chessington, England	ENCI	*ENGELHARD LONDON
	Carteret, N.J.	ENNE	*ENGELHARD
<b>Engelhard Corporation</b>	Ivy, France	ECMP	*ENGELHARD (with Compagnie Des Metaux Precieux-Paris within an oval)
<b>Furukawa Metals Co., Ltd.</b>	Nikko City, Japan	TRIA	OPEN TRIANGLE (like letter A, brand name "Yamaichi")
<b>Golden West Refining Corporation Limited, Handy &amp; Harman Refining Group Inc.</b>			
	Attleboro, Mass.	GWHH	*HH HANDY & HARMANREFINING GROUP
<b>Handy &amp; Harman</b>	Attleboro, Mass.	HAND	*HH HANDY & HARMAN SILVER
	Fairfield, Conn.	HARM	*HH HANDY & HARMAN SILVER (with capital letter F bars produced at Fairfield, Conn.)
<b>INCO Limited</b>	Sudbury, Ontario	ORCO	ORC
<b>Industrial Minera Mexico, S.A.</b>			
	Monterey, Mexico	ASMO	*ASARCO-MONTERREY
	Monterey, Mexico	IMMM	IMM-MONTERREY
<b>Johnson Matthew Limited</b>	Brampton, Ontario	JMJM	*JOHNSON MATTHEW-JM (with crossed hammers and assay stamp: JM LTD-CANADA-ASSAY OFFICE)

PRODUCER	REFINED AT	COMPUTER CODE	BRAND MARKS
	Brampton, Ontario	JMCO	*JM (with crossed hammers)
	Brampton, Ontario	JMMC	*J.M. & M. Ltd
	Brampton, Ontario	JMLT	JM and crossed hammers in diamond surrounded by JOHNSON MATTHEY CANADA
<b>Johnson Matthew Chemicals Ltd.</b>			
	Royston, England	JMLO	JOHNSON MATTHEW LONDON
	Royston, England	JMCF	*JMCF
<b>Johnson Matthew Refining, Inc.</b>			
	Salt Lake City, Utah	JMRI	JOHNSON MATTHEW-JM (with crossed hammers and assay stamp: J.M.R.I.-U.S.A.-ASSAY OFFICE)
<b>Kam-Kotia Mines Ltd.</b>			
	Cobalt, Ontario	CRKO	*CRK
<b>Kennecott Corporation</b>			
	Magma, Utah	KUEU	KUE
<b>Metalli Preziosi S.p.A.</b>			
	Milan, Italy	MPSP	METALLI PREZIOSI S.p.A. MILANO (with MP)
<b>n.v. Union Miniere s.a.-Business Unit Hoboken</b>			
	Hoboken, Belgium	MHOV	*HOBOKEN 999.7+
	Hoboken, Belgium	hobn	HOBOKEN 999+
<b>Metalor Technologies USA Corp.</b>			
	N. Attleboro, Mass.	MUST	METALOR® (with "MUS" assay mark)
	N. Attleboro, Mass.	META	*METAUX PRECIEUX SAMETALOR (in a circle with letters MUS in center)
<b>Metalor Precieux SA Metalor</b>			
	Neuchatel, Switzerland	MPOR	METAUX PRECIEUX SA METALOR (in a circle with letters MP in center)
<b>Met-Mex Penoles, SA de CV</b>			
	Monterrey, Mexico	MPSA	*METALURGICA MEXICANA PENOLES S.A.
	Torreon, Mexico	POPM	PRODUCT OF PENOLES MEXICO
<b>Mitsubishi Materials Corporation</b>			
	Kagawa, Japan	DIAM	Three diamonds forming a triangle
<b>No. 1 Mining Corporation</b>			
	Namtu, Burma	BRMA	BURMA MINES
<b>Noranda Metallurgy Inc. – Copper</b>			
	Montreal East, Quebec	CCRL	CCR CANADA
<b>Norddeutsche Affinerie A.G.</b>			
	Hamburg, W. Germany	NAHA	NORDEUTSCHE AFFINERIE HAMBURG
<b>PAMP S.A.</b>			
	Castel San Pietro, Switzerland	PAMP	PAMP
<b>PGP Industries, Inc.</b>			
	Duncan, South Carolina	PGPI	PGP
<b>Rand Refinery Limited</b>			

PRODUCER	REFINED AT	COMPUTER CODE	BRAND MARKS
	Germiston, Transvaal	RRSA	RAND REFINERY LTD. (with RR Ltd. On underside)
<b>Rudarsko Metalursko Hemijski Kombinat, Trepca</b>	Zvecan, Yugoslavia	TREP	TREPCA
<b>Sabin Metal Corporation</b>	Scottsville, N.Y.	SABN	SMC
<b>Sheffield Smelting Co. Ltd.</b>	Sheffield, England	SSCL	*THE SHEFFIELD SMELTING CO. LTD.
<b>United States Assay Office</b>	Denver, Colorado	USDE	*SEAL OF UNITED STATES (with year and location of production)
	New York, New York	USNY	
	Philadelphia, Pa.	USPH	
	San Francisco, Cal.	USSF	
<b>United States Metals Refining Co., division of Amax Copper, Inc.</b>	Carteret, N.J.	DRW	*DRW
<b>U.S. Smelting, Refining &amp; Mining</b>	East Chicago, In.	USSC	*USSCO
<b>Zaklady Metalurgiczne Trzebinia</b>	Trzebinia, Poland	ZTMP	ZTM

\*Denotes brands are no longer produced.

#### MINI-SIZED SILVER CHARGES

Vault	Withdrawal/Bar	Storage/Bar	Contract Size	Time Period
<b>HSBC</b> NYSE Liffe US Mini-sized Silver	\$15.00	\$4.00	1,000 fine troy ounces (1 bar)	Monthly
<b>Delaware Depository</b> NYSE Liffe US Mini-sized Silver	\$13.00	\$3.70	1,000 fine troy ounces (1 bar)	Monthly
NYSE Liffe US Mini Silver (as of 1/1/08)	\$20.00	\$5.00	1,000 fine troy ounces (1 bar)	Monthly
<b>Exchange charges</b> NYSE Liffe US WDR – Silver	n/a	\$4.00	1000 troy ounces	Monthly

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## CHAPTERS 18 THROUGH 29

<sup>56</sup>RESERVED

### 3001. Scope of Chapter

This chapter is limited in application to trading of MSCI EAFE Minin Index Futures. The procedures for trading, clearance, settlement, and any other matters not specifically covered herein shall be governed by the general Rule of the Exchange.

### 3002. Contract Specifications

(a) Each futures contract shall be for \$50.00 times the MSCI EAFE Index Value. The MSCI EAFE Index (Europe, Australasia, Far East) is a free-float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada. As of June 2007, the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

(b) The MSCI EAFE Index is subject to change by MSCI, Inc. or any of its relevant affiliates ("MSCI") as set forth in the MSCI Global Investable Market Indices Methodology: *Index Construction Objectives, Guiding Principles and Methodology for the MSCI Global Investable Market Indices* as that document is amended, updated and replaced from time to time. Pursuant to the terms of the license granted by MSCI to the Exchange, under certain circumstances, the Exchange may become responsible for maintaining, changing or amending the index upon which the Futures specified in this Chapter is valued.

(c) The terms and conditions of the Futures specified in this Chapter are deemed to include any relevant governmental, regulatory or court decree or order as recognized by the Exchange in a Notice to Members.

### 3003. Trading Specifications

<sup>56</sup> Amendment adding Chapter 30, effective September 7, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing with CFTC dated August 28, 2009. See Notice 19/2009.

Trading in MSCI EAFE Mini Index Futures shall be conducted in March, June, September and December delivery months. The number of months open for trading at a given time shall be determined by the Exchange.

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(a) **Trading Schedule**

The hours of trading in MSCI EAFE Mini Index Futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 11 a.m. New York time.

(b) **Trading Unit**

The unit of trading shall be \$50.00 times the MSCI EAFE Index.

(c) **Price Increments**

The minimum price fluctuation for the MSCI EAFE Mini Index Futures shall be 0.10 Index Points, which is \$5.00 per contract. Contracts shall not be made on any other price basis.

(d) **Reserved**

(e) **Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of 10,000 futures-equivalent contracts net long or net short in any single contract month or all months combined. Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

(f) **Termination of Trading**

The last day of trading for each MSCI EAFE Mini Index Futures shall be the third Friday of the contract month.

**3004. Cash Settlement Procedures**

(a) **Settlement**

MSCI EAFE Mini Index Futures open at the termination of trading shall be cash settled as set forth in sub-sections (b) and (c) below.

(b) **Final Settlement Value**

The final settlement value for purposes of the contract's cash settlement shall be the MSCI EAFE Index as calculated by MSCI rounded to the nearest 1/100<sup>th</sup> of an index point. This value shall be based on the closing prices of the stocks at their respective primary exchanges on the third Friday of the contract month. Closing prices shall be converted from local currency to U.S. dollars based on the spot exchange rate provided by Reuters at 4:00 pm London time on the day of the final settlement price



calculation. If a component stock in the index does not trade on the day scheduled for determination of the Final Settlement Price while the primary market for that stock is open for trading, the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the most recent closing price of that stock. If one or more primary exchange(s) are not scheduled to be open for trading on the day of the final settlement calculation, the prices of those stocks shall all be based on the most recent closing prices. All closing prices will be converted from local currency to U.S. Dollars based on the spot exchange rate provided by Reuters at 4:00 pm London time on the day of final settlement price calculation. In the event of an unscheduled close of one or more primary exchange(s) due to unforeseen circumstances, MSCI will use the most recent available prices for the purposes of calculating the Final Settlement Price. All prices will be converted from local currency to U.S. Dollars based on the spot exchange rate provided by Reuters at 4:00 pm London time on the day of final settlement price calculation.

**(c) Final Settlement Payment**

Payment in final settlement of an MSCI Mini Index Futures will be made at the Clearing Service Provider's settlement time as defined in its rules for exchange transactions on the business day following the termination of trading by clearing members with open positions at the time of termination of trading of the MSCI Mini Index Futures Contract. The amount of the final settlement payment to be made or received will be calculated based on the final settlement value set forth in subparagraph (b) as a normal variation payment.

**3005. Notice**

The MSCI EAFE Mini Index Futures are not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any affiliate of MSCI or any party involved in, or related to, making or compiling any Indexes. The MSCI EAFE Mini Index Futures have not been passed on by MSCI, any of its affiliates or any other party involved in, or related to, making or compiling any Indexes as to their legality or suitability with respect to any person or entity. MSCI, its affiliates and any other party involved in, or related to, making or compiling the MSCI EAFE Index do not guarantee the originality, accuracy and/or completeness of the MSCI EAFE Index or any data included therein. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI EAFE Index makes any express or implied warranties, and expressly disclaims all warranties of merchantability and fitness for a particular purpose or use with respect to the Contract, the MSCI EAFE Index or any data included therein. Without limited any of the foregoing, in no event shall MSCI, any of its affiliates or any other party involved in, or related to, making or compiling the MSCI EAFE Index have any liability for any direct, special, punitive, indirect, or consequential damages, claims, losses or expenses relating to any futures or options contracts or caused by any errors or delays in calculating or disseminating the MSCI EAFE Index. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI EAFE Index has any obligation to take the needs of the issuers of the Contracts, the owners of the MSCI EAFE Mini Index Futures or the Exchange into consideration in determining, composing or calculating any MSCI Indexes. Neither MSCI,

its affiliates nor any other party involved in, or related to, making or compiling the MSCI EAFE Index is responsible for or have participated in the determination of the timing of, prices at, or quantities of the MSCI EAFE Mini Index Futures to be issues or in the determination or calculation of the equation by which the MSCI EAFE Mini Index Futures are redeemable for cash.

## CHAPTER 31<sup>57</sup>

### MSCI Emerging Markets Mini Index FUTURES

#### 3101. Scope of Chapter

This chapter is limited in application to trading of MSCI EMERGING MARKETS Mini Index Futures. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the general Rules of the Exchange.

#### 3102. Contract Specifications

(a) Each futures contract shall be for \$50.00 times the MSCI Emerging Markets Index Value. The MSCI Emerging Markets Index is a free-float-adjusted market capitalization index that is designed to measure the equity market performance of emerging markets. As of June 2009 the MSCI Emerging Markets Index consisted of the following 22 emerging market country indices: Brasil, Chile, China, Columbia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico. Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

(b) The MSCI Emerging Markets Index is subject to change by MSCI, Inc. as set forth in the MSCI Global Investable Market Indices Methodology: *Index Construction Objectives, Guiding Principles and Methodology for the MSCI Global Investable Market Indices* as that document is amended, updated and replaced from time-to-time. Pursuant to the terms of the license granted by MSCI to the Exchange, under certain circumstances, the Exchanges may become responsible for maintaining, changing or amending the index upon which the Futures specified in this Chapter is valued.

(c) The terms and conditions of the Futures specified in this Chapter are deemed to include any relevant governmental, regulatory or court decree or order as recognized by the Exchange in a Notice to Members.

<sup>57</sup> Amendment adding Chapter 31, effective September 7, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated August 28, 2009. See Notice 19/2009.

### **3103. Trading Specifications**

Trading in the MSCI Emerging Markets Mini Index Futures shall be conducted in March, June, September and December delivery months. The number of months open for trading at a given time shall be determined by the Exchange.

#### **(a) Trading Schedule**

The hours of trading in MSCI EMERGING MARKETS Index Futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 4:15 p.m. New York time.

#### **(b) Trading Unit**

The unit of trading shall be \$50.00 times the MSCI Emerging Markets Index.

#### **(c) Price Increments**

The minimum price fluctuation for the MSCI Emerging Markets Index Future shall be 0.10 Index Points, which is \$5.00 per contract. Contracts shall not be made on any other price basis.

#### **(d) [Reserved]**

#### **(e) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of 10,000 futures-equivalent contracts net long or net short in any single contract month or all months combined. Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

#### **(f) Termination of Trading**

The last day of trading for each MSCI Emerging Markets Mini Index Futures shall be the third Friday of the contract month.

### **3104. Cash Settlement Procedures**

#### **(a) Settlement**

MSCI Emerging Markets Mini Index Futures open at the termination of trading shall be cash settled as set forth in sub-sections (b) and (c) below.

#### **(b) Final Settlement Value**

The final settlement value for purposes of the contract's cash settlement shall be the MSCI Emerging Markets Index as calculated by MSCI rounded to the nearest 1/100<sup>th</sup> of an index point. This value shall be based on the closing prices of the stocks at their respective primary exchanges on the third Friday of the contract month. Closing prices shall be converted from local currency to U.S. Dollars based on the spot exchange rate provided by Reuters at 4:00 pm London time on the day of the final settlement price calculation. If a component stock in the index does not trade on the day scheduled for determination of the Final Settlement Price while the primary market for that stock is open for trading, the price of that stock shall be determined, for purposes of calculating the Final Settlement Price, based on the most recent closing price of that stock. If one or more primary exchange(s) are not scheduled to be open for trading on the day of the final settlement calculation, the prices of those stocks shall be based on the most recent closing prices. All closing prices will be converted from local currency to U.S. Dollars based on the spot exchange rate provided by Reuters at 4:00 pm London time on the day of final settlement price calculation. In the event of an unscheduled close of one or more primary exchange(s) due to unforeseen circumstances, MSCI will use the most recent available prices for the purposes of calculating the Final Settlement Price. All prices will be converted -from local currency to U.S. Dollars based on the spot exchange rate provided by Reuters at 4:00 pm London time of the day of final settlement price calculation.

**(c) Final Settlement Payment**

Payment in final settlement of an MSCI Emerging Markets Mini Index Futures will be made at the Clearing Service Provider's settlement time as defined in its rules for exchange transactions on the business day following the termination of trading by clearing members with open positions at the time of termination of trading of the MSCI Mini Index Futures Contract. The amount of the final settlement payment to be made or received will be calculated based on the final settlement value set forth in subparagraph (b) as a normal variation payment.

**3105. Notice**

The MSCI Emerging Markets Mini Index Futures are not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any affiliate of MSCI or any other party involved in, or related to, making or compiling any Indexes. The MSCI Emerging Markets Mini Index Futures have not been passed on by MSCI, any of its affiliates or any other party involved, or related to, making or compiling any Indexes as to their legality or suitability with respect to any person or entity. MSCI, its affiliates and any other party involved in, or related to, making or compiling the MSCI Emerging Markets Index do not guarantee the originality, accuracy and/or completeness of the MSCI Emerging Markets Index or any data included therein. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI Emerging Markets Index makes any express or implied warranties, and expressly disclaims all warranties of

merchantability and fitness for a particular purpose or use with respect to the Contract, the MSCI Emerging Markets Index or any data included therein. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other party involved in, or related to, making or compiling the MSCI Emerging Markets Index have any liability for any direct, special, punitive, indirect, or consequential damages, claims, losses or expenses relating to any futures or options contracts or caused by any errors or delays in calculating or disseminating the MSCI Emerging Markets Index. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI Emerging Markets Index has any obligation to take the needs of the issuers of the Contracts, the owners of the MSCI Emerging Markets Mini Index Futures or the Exchange into consideration in determining, composing or calculating any MSCI Indexes. Neither MSCI its affiliates nor any other party involved in, or related to, making or compiling the MSCI Emerging Markets Index is responsible for or have participated in the determination of the timing of, prices at, or quantities of the MSCI Emerging Markets Mini Index Futures to be issued or in the determination or calculation of the equation by which the MSCI Emerging Markets Mini Index Futures are redeemable for cash.

## **CHAPTER 32<sup>58</sup>**

### **MSCI USA Mini Index FUTURES**

#### **3201. Scope of Chapter**

This chapter is limited in application to trading of MSCI USA Mini Index Futures. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the general Rules of the Exchange.

#### **3202. Contract Specifications**

(a) Each futures contract shall be for \$50.00 times the MSCI USA Index Value. The MSCI USA Index is a free-float-adjusted market capitalization index that is designed to measure the equity market performance of the United States of America.

(b) The MSCI USA Index is subject to change by MSCI, Inc. as set forth in the MSCI Global Investable Market Indices Methodology: *Index Construction Objectives, Guiding Principles and Methodology for the MSCI Global Investable Market Indices* as that document is amended, updated and replaced from time-to-time. Pursuant to the terms of the license granted by MSCI to the Exchange, under certain circumstances, the Exchange may become

<sup>58</sup> Amendment adding Chapter 32, effective September 7, 2009, pursuant to CFTC Rule 40.6 NYSE Liffe US filing dated August 28, 2009. See Notice 19/2009.

responsible for maintaining, changing or amending the index upon which Futures specified in this Chapter is valued.

(c) The terms and conditions of the Futures specified in this Chapter are deemed to include any relevant governmental, regulatory or court decree or order as recognized by the Exchange in a Notice to Members.

### **3203. Trading Specifications**

Trading in MSCI USA Mini Index Futures shall be conducted in March, June, September and December delivery months. The number of months open for trading at a given time shall be determined by the Exchange.

#### **(a) Trading Schedule**

The hours of trading in MSCI Mini Index Futures shall be determined by the Exchange. On the last day of trading in an expiring future, the closing time for such future shall be 9:30 a.m. New York time.

#### **(b) Trading Unit**

The unit of trading shall be \$50.00 times the MSCI USA Index.

#### **(c) Price Increments**

The minimum price fluctuations for the MSCI USA Mini Index Futures shall be 0.10 Index Points, which is \$5.00 per contract. Contracts shall not be made on any other price basis.

#### **(d) Daily Price Limits**

The Exchange, by Notice to Members, may announce the imposition of daily price limits for the MSCI USA Mini Index Futures, as set forth in this sub-paragraph. For purposes of this sub-paragraph the "Front Month" MSCI Mini Index Future will be such Futures closest to expiration.

(1) If announced by the Exchange, there will be price limits corresponding to declines of 0.10%, 20.0% and 30.0% which are calculated at the beginning of each calendar quarter, based upon the average Settlement Price of the nearest Front Month Futures during the month prior to the beginning of the quarter ("ASP"). The 10.00% price

limit will be 10% of the ASP rounded to the nearest integral multiple of ten index points ("First Limit Value"). The 30% price limit shall be three (3) times the First Limit ("Third Limit Value"). For each trading session, the daily price limits corresponding to the First, Second and Third Limit Values' shall equal the previous trading session's Settlement Price less the First, Second and Third Limit Values (respectively, the "First DPL," "Second DPL" and "Third DPL").

(2) If the Exchange determines that the Front Month MSCI USA Mini Index Futures would be traded, or would be offered, at a price that is below the First DPL, trading shall cease in all MSCI USA Mini Index Futures for a period to be determined by the Exchange with notice provided to market participants of the time the market shall reopen. The Second DPL will apply to such reopening. Notwithstanding the foregoing, if the First DPL has not been reached by or after 2:30 p.m. New York Time, the Second DPL becomes the applicable price limit for the remainder of the trading day.

(3) If the Front Month MSCI USA Mini Index Futures would be traded, or would be offered, at a price that is below the Second DPL, trading will cease in all MSCI USA Mini Index Futures for a period to be determined by the Exchange with notice provided to market participants for the time the market shall reopen. The Third DPL will apply to such reopening.

(4) No trade in any MSCI USA Mini Index Futures may occur at a price below the Third DPL for any such Futures.

**(e) Trading Halts on Underlying Securities Exchanges**

On any Business Day when a general trading halt occurs on the New York Stock Exchange, Inc. ("NYSE") pursuant to NYSE Rule 80B, or any other relevant national securities exchange, trading in the MSCI USA Mini Index Futures shall be halted. Once trading in the primary securities markets resumes after an NYSE Rule 80B trading halt or similar rule on another relevant national securities exchange, trading in the MSCI USA Mini Index Futures Contracts shall resume and the next applicable price limit shall apply.

**(f) Position Limits**

In accordance with Rule 420, Position Limits, no person shall own or control positions in excess of 20,000 futures-equivalent contracts net long or net short in any single contract month or all contract months combined. Refer to Rule 420 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

**(g) Termination of Trading**

The last day of trading for each MSCI Mini Index Futures shall be the third Friday of the contract month.

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**3204. Cash Settlement Procedures**

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**(a) Settlement**

MSCI USA Mini Index Futures open at the termination of trading shall be cash settled as set forth in sub-sections (b) and (c) below.

**(b) Final Settlement Value**

The final settlement value for purposes of the contract's cash settlement shall be the MSCI USA Mini Index as calculated by MSCI- rounded to the nearest 1/100<sup>th</sup> of an index point. This value shall be based on a special opening quotation. The Special Opening Quotation shall be a special quotation of the Index based on the opening prices of the component stock in the index, determined on the third Friday of the contract month. If the Index is not scheduled to be published on the third Friday of the contract month, the Special Opening Quotation shall be determined on the first earlier day for which the Index is scheduled to be published. If the primary market for a component stock in the index does not open on the day scheduled for determination of the Special Opening Quotation, then the price of that stock shall be determined, for the purposes of calculating the Special Opening Quotation, based on the opening price of that stock on the next day its primary market is open for trading. If a component stock in the index does not trade on the day scheduled for determination of the Special Opening Quotation while the primary market for that stock is open for trading, the price of that stock shall be determined, for the purposes of calculating the Special Opening Quotation, based on the last sale price of that stock.

**(c) Final Settlement Payment**

Payment in the final settlement of an MSCI USA Index Futures will be made at the Clearing Service Provider's settlement time as defined in its rules for exchange transactions on the business day following the termination of trading by clearing members with open positions at the time of termination of trading of the MSCI Index Futures Contract. The amount of the final settlement payment to be made or received will be calculated based on the final settlement value set forth in sub-paragraph (b) as a normal variation payment.



**3205. Notice**

The MSCI Mini Index Futures are not sponsored, endorsed, sold, or promoted by MSCI Inc. ("MSCI"), any affiliate of MSCI or any other party involved in, or related to, making or compiling any Indexes. The MSCI USA Mini Index Futures have not been passed on by MSCI, any of its affiliates or any other party involved in, or related to, making or compiling any Indexes as to their legality or suitability with respect to any person or entity. MSCI, its affiliates and any other party involved in, or related to, making or compiling the MSCI USA Index do not guarantee the originality, accuracy and or completeness of the MSCI USA Index or any data included therein. Neither MSCI, any of its affiliates not any other party involved in, or related to, making or compiling the MSCI USA Index, makes any express or implied warranties, and expressly disclaims all warranties of merchantability and fitness for a particular purpose or use with respect to the Contract, the MSCI USA Index or any data included therein. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other party involved in, or related to, making or compiling the MSCI USA Index have any liability for any direct, special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages, claims losses or expenses relating to any futures or options contracts or caused by any errors or delays in calculating or disseminating the MSCI USA Index. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI USA Index has any obligation to take the needs of the issuers of the Contracts, the owners of the MSCI USA Mini Index Futures or the Exchange into consideration in determining, composing or calculating any MSCI Indexes. Neither MSCI, its affiliates not any other party involved in, or related to, making or compiling the MSCI USA Index is responsible for or have participated in the determination of the timing of, prices at, or quantities of the MSCI USA Mini Index Futures to be issued or in the determination or calculation of the equation by which the MSCI USA Mini Index Futures are redeemable for cash.