Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

March 28, 2014

VIA E-MAIL

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

**Re: CFTC Regulation 40.2(a) Certification. Notification of New Product Listing of Gold Weekly Option, Silver Weekly Option, and Copper Weekly Option Contracts.
COMEX Submission No. 14-098**

Dear Ms. Jurgens:

Commodity Exchange, Inc. ("COMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of Gold Weekly Option, Silver Weekly Option, and Copper Weekly Option contracts (collectively the "Contracts") for trading on the COMEX trading floor and CME Globex, effective on Sunday, April 13, 2014 for trade date Monday, April 14, 2014.

Pursuant to Commission Regulation 40.6(a), COMEX is separately self-certifying block trading on these Contracts with a minimum threshold of 10 contracts in the Contracts in NYMEX/COMEX Submission No. 14-105.

While the Exchange will list options for the four (4) nearest Friday expirations, for the initial listings, the closest to expiry Friday will not be listed since it is an Exchange holiday. Thereafter, the Exchange will list the nearest four (4) Friday expirations.

The Contract specifications are as follows:

Rule Chapter Number and Contract Title	Chapter 1008 Gold Weekly Option
Commodity Code	OG1, OG2, OG3, OG4,OG5
Contract Size	100 troy ounces
First Listing	April 25, May 2, May 9, May 16
Listing Period	The nearest four Fridays
Termination of Trading	Options expire on Friday. If the Friday of the listing is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the Friday is the expiration of a Gold monthly option, the weekly option shall not

	be listed for trading.
Minimum Price Fluctuation	$0.10 per troy ounce
Value per Tick	$10.00
Block Trade Minimum Threshold	10 contracts

Trading and Clearing Hours:

Open Outcry: Monday – Friday 8:20 a.m. – 1:30 p.m. (7:20 a.m. – 12:30 p.m. Chicago Time/CT).
CME Globex**:** Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT).

Rule Chapter Number and Contract Title	Chapter 1009 Silver Weekly Option
Commodity Code	SO1, SO2, SO3, SO4,SO5
Contract Size	5,000 troy ounces
First Listing	April 25, May 2, May 9, May 16
Listing Period	The nearest four Fridays
Termination of Trading	Options expire on Friday. Options expire on Friday. If the Friday of the listing is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the Friday is the expiration of a Silver monthly option, the weekly option shall not be listed for trading.
Minimum Price Fluctuation	$0.001per troy ounce
Value per Tick	$5,00
Block Trade Minimum Threshold	10 contracts

Trading and Clearing Hours:

Open Outcry: Monday – Friday 8:25 a.m. – 1:25 p.m. (7:25 a.m. – 12:25 p.m. Chicago Time/CT).
CME Globex**:** Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT).

Rule Chapter Number and Contract Title	Chapter 1010 Copper Weekly Option
Commodity Code	H1E, H2E, H3E, H4E,H5E
Contract Size	25,000 pounds

First Listing	April 25, May 2, May 9, May 16
Listing Period	The nearest four Fridays
Termination of Trading	Options expire on Friday. Options expire on Friday. If the Friday of the listing is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the Friday is the expiration of a Copper monthly option, the weekly option shall not be listed for trading.
Minimum Price Fluctuation	$0.0005 per pound
Value per Tick	$12.50
Block Trade Minimum Threshold	10 contracts

Trading and Clearing Hours:

Open Outcry: Monday – Friday 8:10 a.m. – 1:00 p.m. (7:10 a.m. – 12:00 p.m. Chicago Time/CT).
CME Globex: Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT).

Fee Schedule:

Gold Weekly Option, Silver Weekly Option, and Copper Weekly Option

Exchange Fees					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	$0.55	$0.70 (EOO 0.85)	$0.95 (EOO 1.20)	$1.45	
Globex	$0.55	$0.70	$0.95	$1.45	x

Other Processing Fees			
	Member	Non-Member	
Futures from E/A	$0.70	$1.45	**applies to futures contracts*
	House Acct	Customer Acct	
Options E/A Notice	$0.40	$0.85	**applies to physical options*

Additional Fees and Surcharges	
Block Surcharge	$0.25

COMEX Lessee Fees	
Trading Fee	$0.125
Trading Surcharge	$0.50

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The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the Gold Weekly Option, Silver Weekly Option, and Copper Weekly Option contracts into the Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX/COMEX Rulebook in relation to the listing of the Contracts. The terms and conditions establish the all month/any one month accountability levels, expiration month position limit, reportable level and aggregation allocation for the Contracts. (See Appendix B, attached under separate cover.)

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

- <u>Prevention of Market Disruption</u>: Trading in these Contracts will be subject to the COMEX rules ("Rulebook") Chapters 4 and 7 which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.

- <u>Contracts Not Readily Subject to Manipulation</u>: These Contracts are not readily subject to manipulation due to the deep liquidity and robustness in the respective underlying COMEX Gold futures, COMEX Silver futures, and COMEX Copper futures markets which provide diverse participation and sufficient spot transactions.

- <u>Compliance with Rules</u>: Trading in these Contracts will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in these contracts will also be subject to the full panoply of trade practice rules, the majority of which are contained in Chapter 5 of the Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, activity in these new products will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

- <u>Position Limitations or Accountability</u>: The spot month speculative position limits for the Gold Weekly Option, Silver Weekly Option, and Copper Weekly Option contracts are set to aggregate into the Gold Futures, Silver Futures, and Copper Futures contracts, respectively.

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

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

- <u>Financial Integrity of Contracts</u>: All contracts traded on the Exchange will be cleared by the Clearing House of the Chicago Mercantile Exchange Inc. which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.

- <u>Execution of Transactions</u>: The Contracts will be listed for trading on CME Globex and the COMEX trading. The CME Globex platform provides a transparent, open, and efficient mechanism to electronically execute trades on screen. In addition, the COMEX trading floor continues to be available as a trading venue and provide for competitive and open execution of transactions.

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

- Protection of Market Participants: Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in these products.

- Disciplinary Procedures: Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in these contracts will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in these products are identified.

- Dispute Resolution: Disputes with respect to trading in these contracts will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), the Exchange hereby certifies that the Contracts comply with the Act, including regulations under the Act. There were no substantive opposing views to the listing of the Contracts. A description of the cash markets for these new products is attached (See Appendix D: Cash Market Overview and Analysis of Deliverable Supply).

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at http://www.cmegroup.com/market-regulation/rule-filings.html.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or christopher.bowen@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments:	Appendix A:	Rule Chapters
	Appendix B:	Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX/COMEX Rulebook (attached under separate cover)
	Appendix C:	Rule 588.H – Non-reviewable Range Table
	Appendix D:	Cash Market Overview and Analysis of Deliverable Supply

APPENDIX A

Chapter 1008
Gold Weekly Option

1008100. SCOPE OF CHAPTER

This chapter is limited in application to weekly put and call options on the Gold Futures contract. In addition to the Rules of this chapter, transactions in the Gold Weekly Option contract shall be subject to the general Rules of the Exchange insofar as applicable.

1008101. OPTION CHARACTERISTICS

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

1008101.A. Trading Schedule

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

1008101.B. Trading Unit

A Gold Weekly call option traded on the Exchange represents an option to assume a long position in a the closest to expiry February, April, June, August, October, or December Gold Futures contract, unless such expiration day is after the expiry of the associated monthly option for those months. In such case, the contract will be exercisable into a future in the second closest to expiry February, April, June, August, October, or December Gold Futures contract.

A Gold Weekly put option traded on the Exchange represents an option to assume a short position in a the closest to expiry February, April, June, August, October, or December Gold Futures contract, unless such expiration day is after the expiry of the associated monthly option for those months. In such case, the contract will be exercisable into a future in the second closest to expiry February, April, June, August, October, or December Gold Futures contract.

1008101.C. Price Increments

Prices shall be quoted in dollars and cents per ounce and prices shall be in multiples of $0.10 per troy ounce. The minimum price increment will be $0.01. A cabinet trade may occur at a price of $0.01 per troy ounce, or $1.00 per contract.

1008101.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1008101.E. Termination of Trading

Options will expire at the close of trading on a Friday schedule.

For the first (1st) weekly option of the listing, if the first Friday of the listing is a scheduled Exchange holiday, the Gold Weekly Option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the Friday is the expiration of a Gold monthly option, the first Gold Weekly option shall not be listed for trading.

For the second (2nd) weekly option of the listing, if the second Friday of the listing is a scheduled Exchange holiday, the Gold Weekly Option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the expiration day is the expiration of a Gold monthly option, the Gold Weekly Option shall not be listed for trading

For the third (3rd) weekly option of the listing, if the third Friday of the listing is a scheduled Exchange holiday, the Gold Weekly Option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the expiration day is the expiration of a Gold monthly option, the Gold Weekly Option shall not be listed for trading

For the fourth (4th) weekly option of the listing, if the fourth Friday of the listing is a scheduled Exchange holiday, the Gold Weekly option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the expiration day is the expiration of a Gold monthly option, the Gold Weekly Option shall not be listed for trading

1008101.F. Type Option
The option is an American-style option which can be exercised on any Business Day prior to and until expiration day. Notwithstanding Rule 300, Gold Weekly Option contracts will be exercised automatically as of the settlement price of the underlying futures contract, with no contrary instructions. All options at least one minimum price increment in-the-money will be exercised and all options with zero intrinsic value will be abandoned.

1008102. EXERCISE PRICES

(A) On the first Business Day of trading in a Gold Weekly Option contract, trading shall be at the following strike prices: (i) the previous day's settlement price for the Gold Futures contract in the corresponding delivery month rounded off to the nearest five-dollar increment strike price unless such settlement price is precisely midway between two five-dollar increment strike prices in which case it shall be rounded off to the lower five-dollar increment strike price and (ii the forty five-dollar increment strike prices which are forty increments higher than the strike price described in (i) of this Rule (A) and (iii) the forty five-dollar increment strike prices which are forty increments lower than the strike price described in (i) of this Rule (A).

(B) Thereafter, on any Business Day prior to the expiration of the Gold Weekly Option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least forty five-dollar increment strike prices above and below the at-the-money strike price available for trading in all weekly options. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this Rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in the Gold Weekly Option contract will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new weekly option, the number of new strike prices which will be introduced on each Business Day or the period preceding the expiration of a Gold Weekly Option in which no new strike prices may be introduced.

Chapter 1009
Silver Weekly Option

1009100. SCOPE OF CHAPTER

This chapter is limited in application to weekly put and call options on the Silver Futures contract. In addition to the Rules of this chapter, transactions in weekly options on the Silver Weekly Option contract shall be subject to the general Rules of the Exchange insofar as applicable.

1009101. OPTION CHARACTERISTICS

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

1009101.A. Trading Schedule

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

1009101.B. Trading Unit

A Silver Weekly call option traded on the Exchange represents an option to assume a long position in a the closest to expiry March, May, July, September, or December Silver Futures contract, unless such expiration day is after the expiry of the associated monthly option for those months. In such case, the contract will be exercisable into a future in the second closest to expiry March, May, July, September, or December Silver Futures contract.

A Silver Weekly put option traded on the Exchange represents an option to assume a short position in a the closest to expiry March, May, July, September, or December Silver Futures contract, unless such expiration day is after the expiry of the associated monthly option for those months. In such case, the contract will be exercisable into a future in the second closest to expiry March, May, July, September, or December Silver Futures contract.

1009101.C. Price Increments

Prices shall be quoted in dollars and cents per ounce and prices shall be in multiples of $0.001 per troy ounce. The minimum price increment will be $0.001. A cabinet trade may occur at a price of $0.002 per troy ounce, or $1.00 per contract.

1009101.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1009101.E. Termination of Trading

Options will expire at the close of trading on a Friday schedule.

For the first (1st) weekly option of the listing, if the first Friday of the listing is a scheduled Exchange holiday, the Silver Weekly Option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the Friday is the expiration of a Silver monthly option, the first Silver Weekly Option shall not be listed for trading.

For the second (2nd) weekly option of the listing, if the second Friday of the listing is a scheduled Exchange holiday, the Silver Weekly Option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the expiration day is the expiration of a Silver monthly option, the Silver Weekly Option shall not be listed for trading

For the third (3rd) weekly option of the listing, if the third Friday of the listing is a scheduled Exchange holiday, the Silver Weekly Option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the expiration day is the expiration of a Silver monthly option, the Silver Weekly Option shall not be listed for trading

For the fourth (4th) weekly option of the listing, if the fourth Friday of the listing is a scheduled Exchange holiday, the Silver Weekly Option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the expiration day is the expiration of a Silver monthly option, the Silver Weekly Option shall not be listed for trading

1009101.F. Type Option

The option is an American-style option which can be exercised on any Business Day prior to and until expiration day. Notwithstanding Rule 300, Silver Weekly Option contracts will be exercised automatically as of the settlement price of the underlying futures contract, with no contrary instructions. All options at least one minimum price increment in-the-money will be exercised and all options with zero intrinsic value will be abandoned.

1009102. EXERCISE PRICES

(A) On the first Business Day of trading in a Silver Weekly Option contract, trading shall be at the following strike prices: (i) the previous day's settlement price for the Silver futures contract in the corresponding delivery month rounded off to the nearest $.25 increment strike price unless such settlement price is precisely midway between two $.25 increment strike prices in which case it shall be rounded off to the lower $.25 increment strike price and (ii Twenty (20) strike prices in $0.25 increments above and below the at-the-money strike price will be listed. If the underlying futures price is less than $10.00 per ounce, ten (10) strike prices in increments of $0.10 above or below the at-the-money strike price will be listed in addition to the $0.25 increment strikes.

(B) Thereafter, on any Business Day prior to the expiration of the Silver Weekly Option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least twenty $0.25 increment strike prices above and below the at-the-money strike price available for trading in all weekly options. If the underlying futures price is less than $10.00 per ounce, ten (10) strike prices in increments of $0.10 above or below the at-the-money strike price will be listed in addition to the $0.25 increment strikes. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this Rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in the Silver Weekly Option contract will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new weekly option, the number of new strike prices which will be introduced on each Business Day or the period preceding the expiration of a Silver Weekly Option in which no new strike prices may be introduced.

Chapter 1010
Copper Weekly Option

1010100. SCOPE OF CHAPTER

This chapter is limited in application to weekly put and call options on the Copper Futures contract. In addition to the Rules of this chapter, transactions in the Copper Weekly Option contract shall be subject to the general Rules of the Exchange insofar as applicable.

1010101. OPTION CHARACTERISTICS

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

1010101.A. Trading Schedule

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

1010101.B. Trading Unit

A Copper Weekly call option traded on the Exchange represents an option to assume a long position in a the closest to expiry March, May, July, September, or December Copper Futures contract, unless such expiration day is after the expiry of the associated monthly option for those months. In such case, the contract will be exercisable into a future in the second closest to expiry March, May, July, September, or December Copper Futures contract.

A Copper Weekly put option traded on the Exchange represents an option to assume a short position in a the closest to expiry March, May, July, September, or December Copper Futures contract, unless such expiration day is after the expiry of the associated monthly option for those months. In such case, the contract will be exercisable into a future in the second closest to expiry March, May, July, September, or December Copper Futures contract.

1010101.C. Price Increments

Prices shall be quoted in dollars and cents per pound and prices shall be in multiples of $0.0005 per pound. The minimum price increment will be $0.0005. A cabinet trade may occur at a price of $0.0004 per pound, or $1.00 per contract.

1010101.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1010101.E. Termination of Trading

Options will expire at the close of trading on a Friday schedule.

For the first (1st) weekly option of the listing, if the first Friday of the listing is a scheduled Exchange holiday, the Copper Weekly Option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the Friday is the expiration of a Copper monthly option, the first Copper Weekly Option shall not be listed for trading.

For the second (2nd) weekly option of the listing, if the second Friday of the listing is a scheduled Exchange holiday, the Copper Weekly Option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the expiration day is the expiration of a Copper monthly option, the Copper Weekly Option shall not be listed for trading

For the third (3rd) weekly option of the listing, if the third Friday of the listing is a scheduled Exchange holiday, the Copper Weekly Option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the expiration day is the expiration of a Copper monthly option, the Copper Weekly Option shall not be listed for trading

For the fourth (4th) weekly option of the listing, if the fourth Friday of the listing is a scheduled Exchange holiday, the Copper Weekly Option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the expiration day is the expiration of a Copper monthly option, the Copper Weekly Option shall not be listed for trading

1010101.F. Type Option

The option is an American-style option which can be exercised on any Business Day prior to and until expiration day. Notwithstanding Rule 300, Copper Weekly Option contracts will be exercised automatically as of the settlement price of the underlying futures contract, with no contrary instructions. All options at least one minimum price increment in-the-money will be exercised and all options with zero intrinsic value will be abandoned.

1010102. EXERCISE PRICES

(A) On the first Business Day of trading in a Copper Weekly Option contract, trading shall be at the following strike prices: (i) the previous day's settlement price for the Copper futures contract in the corresponding delivery month rounded off to the nearest five-cent increment strike price unless such settlement price is precisely midway between two five-cent increment strike prices in which case it shall be rounded off to the lower five-dollar increment strike price and (ii Twenty (20) strike prices are at an interval of $.05 above and below the highest and lowest at-the-money strike price.

(B) Thereafter, on any Business Day prior to the expiration of the Copper Weekly Option: (i) new consecutive five-cent increment strike prices for both puts and calls will be added such that at all times there will be at least twenty five-cent increment strike prices above and below the at-the-money strike price available for trading in all option contracts. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this Rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in the Copper Weekly Option contract will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new weekly option, the number of new strike prices which will be introduced on each Business Day or the period preceding the expiration of a Copper Weekly Option in which no new strike prices may be introduced.

APPENDIX B

NYMEX/COMEX Rulebook Chapter 5 Position Limit Table

(Attached under separate cover)

APPENDIX C

Rule 588.H Globex Non-Reviewable Ranges

Instrument	Bid/Ask Reasonability	Non-Reviewable Range (NRR)
Gold Weekly Options	The greater of the delta times the underlying futures' non-reviewable range or 20% of the fair value premium up to the underlying futures' non-reviewable range with a minimum reasonability of $2.00	20% of premium up to ¼ of the underlying futures non-reviewable range with a minimum of 1 tick.
Silver Weekly Options	The greater of the delta times the underlying futures' non-reviewable range or 20% of the fair value premium up to the underlying futures' non-reviewable range with a minimum reasonability of $0.05	20% of premium up to ¼ of the underlying futures non-reviewable range with a minimum of 1 tick.
Copper Weekly Options	The greater of the delta times the underlying futures' non-reviewable range or 20% of the fair value premium up to the underlying futures' non-reviewable range with a minimum reasonability of $0.01	20% of premium up to ¼ of the underlying futures non-reviewable range with a minimum of 1 tick.

APPENDIX D

Cash Market Overview and Analysis of Deliverable Supply

Gold Weekly Option

Commodity Exchange, Inc. (“COMEX” or “Exchange”) will launch a Gold Weekly Option contract for trading on CME Globex and the COMEX trading floor.

Contract	Commodity Code	Rule Chapter
Gold Weekly Option	OG1-OG5	1008

Commodity Exchange, Inc. ("COMEX" or "Exchange") has undertaken an analysis of deliverable supply for its Gold Futures contract in connection with efforts to ensure that the deliverable supply estimate reflects current market realities. The key components of the deliverable supply for the Gold Futures contract are the stocks at the Exchange Licensed Depositories (“Depository” or “Depositories”). In accordance with Commission precedent, COMEX is submitting updated deliverable supply estimates for the Gold Futures contract.

CASH MARKET OVERVIEW

Gold probably has the longest history of trading of any commodity. An enormous cash and forward market has developed Over-the-Counter (OTC) in various global financial centers, but is centered in London. Stocks held in Depositories actually represent a small total of the cash market for Gold. The predominant cash market is the London Bullion Market Association (LBMA) which was formed in 1987. As market activity in gold grew in the 1980’s, an influx of global market participants were drawn to the London market creating the predominant center of OTC gold trading. The concept of “loco London” refers to the London bullion market as the global center for international gold trading. Members of the London bullion market trade with each other and with their clients on a principal-to-principal basis unlike Exchange traded futures.

In recent years, gold trading has shifted somewhat to Asia. This is particularly true as trade surpluses have allowed Chinese and other Asian exporters to build up dollar reserves. These reserves, however, have increased the currency risk of holding dollars. Consequently, trading and holding gold has become a diversification tool and Shanghai has become a major gold trading hub. Due to political considerations and restrictions on moving Chinese RMB currency, trading hubs have been established in Hong Kong and Singapore.

Some OTC gold trading is cleared through the London Bullion Market's clearing system. There are six member firms that offer clearing services to the LBMA. These firms form a company called the London Precious Metals Clearing Limited (LPMCL) and its members include Barclays Bank PLC, the Bank of Nova Scotia – ScotiaMocatta, Deutsche Bank AG – London Branch, HSBC Bank USA National Association – London Branch, JP Morgan Chase Bank, and UBS AG. The unit of delivery in the loco London gold market is a bar of minimum .995 fineness with a weight close to 400 troy ounces and of London Good Delivery[1]. The LBMA is not an exchange and, therefore, is not required to report turnover volume. The only statistics reported on a regular basis are through the surveys of the six clearing members of the LPMCL. In Table 1 below, the clearing statistics represent ounces transferred during the past few years.

Table 1: LBMA Clearing Statistics[2]

Year	LBMA Clearing Statistics in Ounces
2009	4,900,000,000
2010	4,400,000,000
2011	5,000,000,000
2012	4,750,000,000
2013 (Jan-Nov)	5,725,000,000

Source: London Bullion Market Association

[1] http://www.lbma.org.uk/pages/index.cfm?page_id=27&title=specifications

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

In August 2011, the LBMA conducted a survey of its members' trading volume in the loco London market for the first quarter of 2011. As a result of this study, it was shown that there is a ten to one ratio between the turnover figures and the regularly reported clearing statistics for gold trading. For the purposes of this study, all members of the LBMA were requested to report turnover volume that included spot and forward transactions between members and with other counterparties as well as transactions covering options and bullion related commodity swaps. The average daily trading volume of gold during this period in the London market was 173,713,000 ounces, which equates to approximately 1.7 million Gold Futures contract equivalents per day[3].

Table 2: Gold Market Trading (millions of ounces)

Year	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Physical Market[4]	127.6	120.7	127.1	112.6	121.9	109.6	114.8	117.2	119.7	119.0
Exchange Traded Futures and Options[5]	2,515.9	2,565.2	2,622.5	4,000.4	4,617.7	6,162.9	5,431.4	6,473.5	7,664.2	6,698.1
LBMA Cleared Volume	3,962.4	3,773.4	4,161.7	5,413.9	5,130.3	5,605.5	5,166.3	4,727.7	5,204.0	4,938.4
Total	6,605.9	6,459.3	6,911.3	9,526.9	9,869.9	11,878.0	10,712.5	11,318.4	12,987.9	11,755.5

Source: CPM Gold Yearbook 2013

3 The Alchemist, August 2011

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

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

Term Contracts

The Bank for International Settlements (BIS) surveys banks on a semi-annual basis, the latest of which was completed as of June 2013. The notional amount outstanding of over-the-counter markets for Gold as of the end of the first half of 2013 was estimated to be $461 billion, as shown in Table 3.

Table 3: Global OTC Gold Market[6]

Period	Notional Amounts Outstanding (in billions)
H2 2009	423
H1 2010	417
H2 2010	397
H1 2011	468
H2 2011	521
H1 2012	523
H2 2012	486
H1 2013	461

Source: Bank for International Settlements

Based on the 2012 year end COMEX spot settlement price, this would be equivalent to about 3.0 million COMEX Gold Futures contract equivalents. These contracts range from physically delivered forward contracts to financial swaps, and physical and financial options.

Term sales often require physical settlement; however, they do not result in reductions to the deliverable supply. For the most part, Gold is not consumable as industrial uses as in jewelry, electronics, and dental/medical sectors was estimated at 70.8 million ounces in 2012[7] or approximately 59,000 COMEX Gold Futures contract equivalents per month. This amounts to only about 57% of incremental supply of 123.9 million ounces in 2012. The difference results in storage for Central Bank use and investment demand.

[6] Bank for International Settlements (http://www.bis.org/statistics/dt21c22a.pdf)

[7] CPM Gold Yearbook 2013 p. 161

ANALYSIS OF DELIVERABLE SUPPLY

Gold production and recycling represent additional sources of supply each year. Global gold mine production was estimated at 81.6 million ounces in 2012[8], which represents an average of 68,000 COMEX Gold Futures contract equivalents per month. Refined gold supply - which is comprised of gold mine production from market economies, gold exports from transitional economies, and old gold scrap - was estimated to be 123.9 million ounces in 2012, representing 103,250 COMEX Gold Futures contract equivalents per month[9].

The reliable and conservative estimates for the deliverable supply come from existing inventories in its Exchange Licensed Depositories ("Depository") for Exchange delivery. In estimating deliverable supply for Gold Futures, we relied on long-standing precedent, which provides that the key component in estimating deliverable supply is the portion of typical depository stocks that could reasonably be considered to be reliably available for delivery.

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

(1) Registered Stocks

(2) Eligible Stocks

A. Approved Depositories

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

[8] CPM Gold Yearbook 2013, p.155

[9] CPM Gold Yearbook 2013, p. 117

B. Depository Stocks

In performing our analysis of deliverable supply based on the total gold inventory held in the Depositories, we first reviewed the Depository data to determine monthly averages from daily Depository reports in the last three years. The figures in Table 4 below represent monthly average inventory levels itemized by Registered and Eligible categories. In the evaluation of the gold inventory levels, the material represented by the number of paper warrants still outstanding as of January 2014 by the Depositories was 308 COMEX Gold Futures contract equivalents. Since this material is not deliverable in its current form and has remained in its current form for the past three years, it has been excluded from the Eligible and Total levels in Table 4 and, subsequently, from the deliverable supply.

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

Month	Average of Registered	Average of Eligible	Average of Total
Jan-11	28,707	86,040	114,738
Feb-11	25,627	85,403	111,031
Mar-11	22,319	86,700	109,019
Apr-11	20,244	88,484	108,728
May-11	17,297	92,254	109,551
Jun-11	17,141	94,192	111,333
Jul-11	17,089	95,678	112,766
Aug-11	18,227	95,129	113,356
Sep-11	19,174	93,498	112,672
Oct-11	22,835	87,393	110,228
Nov-11	23,715	86,946	110,661
Dec-11	29,940	81,592	111,553
Jan-12	24,599	89,722	114,320
Feb-12	24,673	89,213	113,885
Mar-12	24,740	88,855	113,596
Apr-12	24,720	85,421	110,141
May-12	24,441	85,196	109,636
Jun-12	27,964	81,765	109,729
Jul-12	26,013	81,582	107,595
Aug-12	28,257	80,130	108,388
Sep-12	25,406	83,715	109,121
Oct-12	25,961	85,331	111,292
Nov-12	25,449	86,854	112,303
Dec-12	25,798	85,449	111,247

Jan-13	23,579	85,565	109,444
Feb-13	27,734	79,170	106,904
Mar-13	25,969	70,643	96,612
Apr-13	25,938	62,087	88,025
May-13	17,348	62,361	79,709
Jun-13	14,274	62,710	76,984
Jul-13	10,209	60,537	70,746
Aug-13	8,019	61,708	69,727
Sep-13	6,779	62,735	69,514
Oct-13	7,225	62,645	69,870
Nov-13	6,112	65,402	71,514
Dec-13	5,859	69,752	75,611
Average	20,997	80,935	101,932

Source: CME Group

Based on the above analysis the Exchange estimates the deliverable supply for the COMEX Gold Futures contract to be 101,932 COMEX Gold Futures contract equivalents based on the average total inventory supply in the Depositories in the last three years. Using this average, the current spot position limit of 3,000 contracts represents 2.9% of the deliverable supply.

Silver Weekly Option

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is intending to launch a Silver Weekly Option, contract for trading on CME Globex and the COMEX trading floor.

Contract	Commodity Code	Rule Chapter
Silver Weekly Option	SO1-SO5	1009

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

The key components of the deliverable supply for the Silver Futures contract are the stocks at the Exchange Licensed Depositories (“Depository” or “Depositories”). In accordance with Commission precedent, as reflected in the recently adopted CFTC rules for position limits on physical commodity derivatives, COMEX is submitting updated deliverable supply estimates for the Silver Futures contract.

CASH MARKET OVERVIEW

A cash and forward silver market has developed over-the-counter (OTC) in various global centers, but is centered in London. While only a portion of the total volume traded in London is made public, the Exchange believes this market is centralized in London based on affirmation by the market participants in the precious metals industry. Consequently, the standard for cash prices for silver is the London Silver Fixing. The preeminent cash market is the London Bullion Market Association (LBMA) which was formed in 1987. As market activity in silver grew in the 1980’s, an influx of global market participants were drawn to the London market creating the predominant center of OTC silver trading. The concept of “loco London” refers to the London bullion market as the global center for international silver trading. Members of the London bullion market trade with each other and with their clients on a principal-to-principal basis unlike Exchange traded futures. Some OTC silver trading is cleared through the London bullion market clearing system. There are six member firms that offer clearing services to the LBMA. These firms comprise an entity called the London Precious Metals Clearing Limited (LPMCL) and its members include Barclays Bank PLC, the Bank of Nova Scotia-ScotiaMocatta, Deutsche Bank AG – London Branch, HSBC Bank USA National Association – London Branch, JP Morgan Chase Bank, and UBS AG. The unit of delivery in the loco London silver market is a bar of .999 fineness with a weight close to 1,000 ounces and of London Good Delivery[10]. The LBMA is not an exchange and, therefore, is not required to report turnover volume. The only statistics reported on a regular basis are the surveys of the six clearing members of the LPMCL. In Table 1 below, the clearing statistics represent ounces transferred during the past few years. These volume statistics represent a small portion of the actual turnover volume in the loco London market.

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

Table 1: LBMA Clearing Statistics[11]

Year	LBMA Clearing Statistics in Ounces
2008	1,509,700,000
2009	1,167,800,000
2010	1,047,100,000
2011	2,084,600,000
2012	1,614,100,000
2013 (Jan-Nov)	1,470,400,000

Source: London Bullion Market Association

The Bank for International Settlements ("BIS") surveys banks on a bi-annual basis, the latest of which was completed as of June 2012). The notional amount outstanding of the over-the-counter markets for Silver was estimated at $116.0 billion for the first half of 2012[12], as shown in Table 2 below.

Table 2: Global OTC Silver Market[13]

Period	Notional Value (in billions)
H2 2009	94
H1 2010	112
H2 2010	108
H1 2011	127
H2 2011	115
H1 2012	116
H2 2012	136
H1 2013	82

Source: Bank for International Settlements

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

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

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

The BIS category for the notional amounts outstanding for precious metals excludes gold, but does not break down the individual statistics for silver, platinum, and palladium. The Exchange extrapolated the notional value for silver, platinum, and palladium futures and options using the open interest and prices for end of H2 2013 to estimate the silver share of the BIS total amounts outstanding for precious metals (excluding gold). The Exchange estimates that silver represents approximately 81% of the notional amounts outstanding for precious metals (excluding gold).

This would be equivalent to about 843,188 COMEX Silver Futures contract equivalents. These contracts range from physically delivered forward contracts, to financial swaps and physical and financial options.

ANALYSIS OF DELIVERABLE SUPPLY

Silver mine production represents an additional source of supply each year. Mine production was 778 million ounces in 2012[14] representative of 12,967 COMEX Silver Futures contract equivalents per month. Secondary production including recovery from various industrial uses was estimated to be 283.3 million ounces in 2012 or 4,722 COMEX Silver Futures contract equivalents per month.[15] Consequently, it can be readily observed that the proposed COMEX position limit is comparatively small compared to the overall global supply of Silver. The current COMEX Silver Futures spot month position limit of 1,500 contracts represents 9.1% of the worldwide silver supply.

The reliable and conservative estimates for the deliverable supply come from existing inventories in its Exchange Licensed Depositories ("Depository") for Exchange delivery. In estimating deliverable supply for Silver Futures, we relied on long-standing precedent, which provides that the key component in estimating deliverable supply is the portion of typical depository stocks that could reasonably be considered to be reliably available for delivery.

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

(1) Registered Stocks

[14] CPM Group Silver Yearbook 2013, p.67

[15] CPM Group Silver Yearbook 2013, p.72

(2) Eligible Stocks

A. Approved Depositories

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

B. Depository Stocks

In performing our analysis of deliverable supply based on the total silver inventory held in the Depositories, we first reviewed the Depository data to determine monthly averages from daily Depository reports in the last three years. The figures in Table 3 below represent monthly average inventory levels itemized by Registered and Eligible categories. In the evaluation of the silver inventory levels, the material represented by the number of paper warrants still outstanding as of January 2014 by the Depositories was 502 COMEX Silver Futures contract equivalents. Since this material is not deliverable in its current form and has remained in its current form for the past three years, it has been excluded from the Eligible and Total levels in Table 3 and, subsequently, from the deliverable supply.

Table 3: Monthly Average Stock Levels in Depositories (COMEX Silver Futures contract equivalents)

Month	Average of Registered	Average of Eligible	Average of Total
Jan-08	17,522	9,013	26,539
Feb-08	17,568	9,305	26,847
Mar-08	17,759	9,293	27,052
Apr-08	18,177	8,962	27,132
May-08	17,971	8,832	26,802
Jun-08	16,654	10,337	26,991
Jul-08	16,767	10,630	27,397
Aug-08	17,156	9,664	26,816
Sep-08	17,377	8,957	26,334
Oct-08	16,759	8,777	25,543
Nov-08	16,217	8,515	24,732
Dec-08	14,623	9,762	24,385
Jan-09	13,057	10,933	23,991
Feb-09	13,652	9,879	23,706
Mar-09	13,895	9,948	23,830

Apr-09	12,726	9,432	22,226
May-09	12,715	9,921	22,634
Jun-09	12,698	9,987	22,717
Jul-09	12,560	9,917	22,469
Aug-09	12,460	9,896	22,358
Sep-09	11,892	10,403	22,198
Oct-09	11,266	10,775	22,031
Nov-09	10,522	10,952	21,474
Dec-09	10,765	10,337	21,136
Jan-10	10,155	11,150	21,302
Feb-10	9,465	11,366	20,808
Mar-10	10,722	11,089	21,719
Apr-10	10,167	11,791	21,969
May-10	10,411	11,868	22,279
Jun-10	10,339	11,881	22,251
Jul-10	10,580	10,698	21,216
Aug-10	10,237	10,755	20,988
Sep-10	10,710	10,407	21,108
Oct-10	10,432	10,788	21,213
Nov-10	9,993	10,518	20,535
Dec-10	9,423	10,568	20,029
Jan-11	8,951	10,862	19,811
Feb-11	8,507	10,934	19,423
Mar-11	8,279	11,271	19,545
Apr-11	7,733	11,777	19,530
May-11	6,475	12,676	19,165
Jun-11	5,654	13,187	18,862
Jul-11	5,466	13,700	19,166
Aug-11	5,985	13,968	19,945
Sep-11	6,318	13,508	19,825
Oct-11	6,254	13,872	20,126
Nov-11	6,483	13,901	20,384
Dec-11	6,817	14,455	21,259
Jan-12	7,255	16,989	24,244
Feb-12	7,059	18,026	25,085
Mar-12	7,003	18,784	25,787
Apr-12	6,080	21,086	27,165
May-12	7,145	20,359	27,504
Jun-12	7,182	20,930	28,112
Jul-12	7,912	19,874	27,786
Aug-12	7,260	19,759	27,019
Sep-12	7,917	19,434	27,351
Oct-12	7,691	19,982	27,673

Nov-12	7,168	20,417	27,585
Dec-12	8,300	20,235	28,535
Jan-13	7,691	22,113	29,804
Feb-13	7,483	24,057	31,539
Mar-13	8,496	23,687	32,183
Apr-13	8,293	24,266	32,560
May-13	8,813	23,735	32,548
Jun-13	8,358	24,055	32,413
Jul-13	9,464	23,091	32,556
Aug-13	8,060	24,316	32,376
Sep-13	8,570	23,529	32,099
Oct-13	8,728	24,056	32,784
Nov-13	8,879	24,514	33,393
Dec-13	10,297	23,499	33,795
Average	8,594	23,743	32,337

Source: CME Group

Based on the above analysis, the Exchange estimates the deliverable supply for the COMEX Silver Futures contract to be 32,337 COMEX Silver Futures contract equivalents based on the average total inventory supply in the Depositories in the last three years. Using the average silver inventory level in the last three years as the basis for deliverable supply, the current spot month position limit of 1,500 contracts represents 4.6% of the deliverable supply.

Copper Weekly Option

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is intending to launch a Copper Weekly Option, contract for trading on CME Globex and the COMEX trading floor.

Contract	Commodity Code	Rule Chapter
Copper Weekly Option	H1E-H5E	1010

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

The key components of the deliverable supply for the Copper Futures contract are the stocks at the Exchange Licensed Warehouses (“Warehouse” or “Warehouses”). In accordance with Commission precedent, as reflected in the recently adopted CFTC rules for position limits on physical commodity derivatives, COMEX is submitting updated deliverable supply estimates for the Copper Futures contract.

CASH MARKET OVERVIEW

Copper is mainly used in the industrial sector and is sensitive to variances in economic cycles, changes in technology, and competition between industrial consumers. Because of its properties, singularly or in combination, copper has become a major industrial metal, ranking third after iron and aluminum in terms of quantities consumed.[16] Copper is also used in power transmission and generation, building wiring, telecommunication and electronic products. Copper is produced largely in two different ways; by mining activity known as ‘primary’ and also by scrap recycling activity or ‘secondary’. Building construction is the single largest consumer of the copper, followed by other industrial sectors.

[16] http://www.copper.org/resources/market_data/pdfs/annual_data.pdf

According to U.S. Geological survey, the world produced 17.0 million metric tons of primary copper in 2012.[17] Specifically, Chile is the biggest copper mined producer in the world and produced approximately 5.37 million metric tons of copper in 2012.[18] The U.S. made up about 7% of the world's copper mined production in 2012[19].

U.S. mine production of copper in 2012 was 1.15 million metric tons, rising 4% above the production level in 2011, and its value increasing to $9 billion.[20] The principal mining states – Arizona, Utah, New Mexico, Nevada, and Montana – in descending order of production - accounted for more than 99% of domestic production.[21] Of the twenty-eight (28) mines recovering copper, eighteen (18) accounted for 99% of production. Although refined copper prices remained volatile during the first ten month of 2012, they traded in a more narrow range than in recent years. In addition, the copper supply and demand balance remained tight, in part due to an 80% year on year increase in China's net imports in the first half of 2012, well in excess of industrial demand. U.S. exports of refined copper through June 2012 were nearly four times those for all of 2011.

ANALYSIS OF DELIVERABLE SUPPLY

Copper is a commodity which historically is sensitive to world-wide economic growth. In response to high copper prices and increased end-use demand, production increases were curtailed following the 2008 economic crisis. Other factors affecting the copper market included the earthquake and tsunami in Japan, political disturbances in the Middle East and North Africa, changes in trade and monetary policies, and economic uncertainties in Europe and China (the world's two largest consumers of copper). Globally, world mine production of copper in 2012 is projected to be 18,833,000 metric tons[22] which is equivalent to 138,399 COMEX Copper Futures contract equivalents per month.

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[17] http://minerals.usgs.gov/minerals/pubs/commodity/copper/mcs-2013-coppe.pdf

[18] http://minerals.usgs.gov/minerals/pubs/commodity/copper/mcs-2013-coppe.pdf

[19] http://minerals.usgs.gov/minerals/pubs/commodity/copper/mcs-2013-coppe.pdf

[20] http://minerals.usgs.gov/minerals/pubs/commodity/copper/mcs-2013-coppe.pdf

[21] http://minerals.usgs.gov/minerals/pubs/commodity/copper/mcs-2013-coppe.pdf

[22] Copper Development Association (http://www.copperorg)

The reliable and conservative estimates for the deliverable supply come from existing inventories in its Exchange Licensed Warehouses ("Warehouse") for Exchange delivery. In estimating deliverable supply for Copper Futures, we relied on long-standing precedent, which provides that the key component in estimating deliverable supply is the portion of typical depository stocks that could reasonably be considered to be reliably available for delivery. Most recently, the Commission stated in its final position limit rulemaking that:

In general, the term "deliverable supply" means the quantity of the commodity meeting a derivative contract's delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce.[23]

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

(1) Registered (Warranted) Stocks

(2) Eligible (Non-Warranted) Stocks

A. Approved Warehouses

To determine inventory estimates, COMEX reviewed information provided by the Warehouses. For Copper, the Warehouse companies include Arizona Commodity Storage, C. Steinweg (Baltimore), Dalby Moving and Storage, Henry Bath LLC, MetalStore, Southwest Commodity Storage, Stagecoach Cartage and Distribution, Tuscon Port Authority, and Utah Commodity Storage. The Warehouses owned and operated by these companies update their stocks daily. Included in the estimates are both Registered (Warranted) and Eligible (Non-Warranted) stock levels.

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

B. Warehouse Stocks

In performing our analysis of deliverable supply based on the total copper inventory held in the Warehouses, we first reviewed the Warehouse data to determine monthly averages from daily Warehouse reports in the last three years. The figures in Table 1 below represent monthly average inventory levels itemized by Registered (Warranted) and Eligible (Non-Warranted) categories. In the evaluation of the copper inventory levels, there is no material represented by paper warrants and, therefore, all Registered (Warranted) and Eligible (Non-Warranted) is considered in the deliverable supply.

Table 1: Monthly Average Stock Levels in Warehouses (COMEX Copper Futures contract equivalents)

Jan-11	5,184	110	5,294
Feb-11	5,585	631	6,216
Mar-11	6,022	729	6,751
Apr-11	5,864	844	6,708
May-11	5,738	802	6,539
Jun-11	5,474	950	6,424
Jul-11	5,597	896	6,493
Aug-11	5,953	800	6,754
Sep-11	6,789	113	6,901
Oct-11	6,732	344	7,079
Nov-11	6,759	254	7,014
Dec-11	6,785	231	7,016
Jan-12	6,641	501	7,142
Feb-12	6,630	559	7,189
Mar-12	6,665	562	7,227
Apr-12	5,847	663	6,510
May-12	4,366	930	5,296
Jun-12	3,990	518	4,508
Jul-12	3,700	278	3,978
Aug-12	3,710	250	3,959
Sep-12	3,461	558	4,019
Oct-12	4,014	206	4,221
Nov-12	4,570	209	4,779
Dec-12	5,153	256	5,409
Jan-13	5,654	142	5,796
Feb-13	5,890	92	5,982
Mar-13	5,959	88	6,047

Apr-13	5,486	1,035	6,520
May-13	4,270	2,434	6,704
Jun-13	3,837	2,235	6,072
Jul-13	2,766	2,684	5,450
Aug-13	2,391	1,736	4,128
Sep-13	2,180	482	2,662
Oct-13	1,946	358	2,304
Nov-13	1,443	359	1,802
Dec-13	768	605	1,374
Average	4,828	679	5,507

Source: CME Group

Based on the above analysis, the Exchange estimates the deliverable supply for the COMEX Copper Futures contract to be 5,507 COMEX Copper Futures contract equivalents based on the average total inventory supply in the Warehouses in the last three years. Using the average copper inventory level in the last three years as the basis for deliverable supply, the current spot month position limit of 200 contracts represents 15% of the deliverable supply.

Contract Name	Rule Chapter	Commodity Code	Contract Size	Contract Units	Type	Settlement
Gold Weekly Option - week 1	1008	OG1	100	Troy ounces	Am.Option	Exercises into Physical Futures
Gold Weekly Option - week 2	1008	OG2	100	Troy ounces	Am.Option	Exercises into Physical Futures
Gold Weekly Option - week 3	1008	OG3	100	Troy ounces	Am.Option	Exercises into Physical Futures
Gold Weekly Option - week 4	1008	OG4	100	Troy ounces	Am.Option	Exercises into Physical Futures
Gold Weekly Option - week 5	1008	OG5	100	Troy ounces	Am.Option	Exercises into Physical Futures
Copper Weekly Option - week 1	1009	H1E	25,000	Pounds	Am.Option	Exercises into Physical Futures
Copper Weekly Option - week 2	1009	H2E	25,000	Pounds	Am.Option	Exercises into Physical Futures
Copper Weekly Option - week 3	1009	H3E	25,000	Pounds	Am.Option	Exercises into Physical Futures
Copper Weekly Option - week 4	1009	H4E	25,000	Pounds	Am.Option	Exercises into Physical Futures
Copper Weekly Option - week 5	1009	H5E	25,000	Pounds	Am.Option	Exercises into Physical Futures
Silver Weekly Option - week 1	1010	SO1	5,000	Troy ounces	Am.Option	Exercises into Physical Futures
Silver Weekly Option - week 2	1010	SO2	5,000	Troy ounces	Am.Option	Exercises into Physical Futures
Silver Weekly Option - week 3	1010	SO3	5,000	Troy ounces	Am.Option	Exercises into Physical Futures
Silver Weekly Option - week 4	1010	SO4	5,000	Troy ounces	Am.Option	Exercises into Physical Futures
Silver Weekly Option - week 5	1010	SO5	5,000	Troy ounces	Am.Option	Exercises into Physical Futures

Group	Diminishing Balance Contract	Reporting Level	Spot-Month position comprised of futures and deliveries
Metals		200	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		200	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		200	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		200	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		200	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		25	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		25	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		25	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		25	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		25	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		150	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		150	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		150	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		150	For position limit purposes, spot month position comprised of futures and deliveries.
Metals		150	For position limit purposes, spot month position comprised of futures and deliveries.

Spot-Month Aggregate Into Futures Equivalent Leg (1)	Spot-Month Aggregate Into Futures Equivalent Leg (2)	Spot-Month Aggregate Into Ratio Leg (1)	Spot-Month Aggregate Into Ratio Leg (2)	Spot-Month Accountability Level	Daily Accountability Level (For Daily Contract)	Initial Spot-Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)
GC		1 OG1 : 1 GC				3,000
GC		1 OG2 : 1 GC				3,000
GC		1 OG3 : 1 GC				3,000
GC		1 OG4 : 1 GC				3,000
GC		1 OG5 : 1 GC				3,000
HG		1 H1E : 1 HG				200
HG		1 H2E : 1 HG				200
HG		1 H3E : 1 HG				200
HG		1 H4E : 1 HG				200
HG		1 H5E : 1 HG				200
SI		1 SO1 : 1 SI				1,500
SI		1 SO2 : 1 SI				1,500
SI		1 SO3 : 1 SI				1,500
SI		1 SO4 : 1 SI				1,500
SI		1 SO5 : 1 SI				1,500

Spot-Month		
Initial Spot-Month Limit Effective Date	Spot-Month Limit (In Contract Units) Leg (1) / Leg (2)	Single Month Aggregate Into Futures Equivalent Leg (1)
For GC: Close of business on the business day prior to the first notice day for any delivery month.	300,000	GC
For GC: Close of business on the business day prior to the first notice day for any delivery month.	300,000	GC
For GC: Close of business on the business day prior to the first notice day for any delivery month.	300,000	GC
For GC: Close of business on the business day prior to the first notice day for any delivery month.	300,000	GC
For GC: Close of business on the business day prior to the first notice day for any delivery month.	300,000	GC
For HG: Close of business on the business day prior to the first notice day for any delivery month.	5,000,000	HG
For HG: Close of business on the business day prior to the first notice day for any delivery month.	5,000,000	HG
For HG: Close of business on the business day prior to the first notice day for any delivery month.	5,000,000	HG
For HG: Close of business on the business day prior to the first notice day for any delivery month.	5,000,000	HG
For HG: Close of business on the business day prior to the first notice day for any delivery month.	5,000,000	HG
For SI: Close of business on the business day prior to the first notice day for any delivery month.	7,500,000	SI
For SI: Close of business on the business day prior to the first notice day for any delivery month.	7,500,000	SI
For SI: Close of business on the business day prior to the first notice day for any delivery month.	7,500,000	SI
For SI: Close of business on the business day prior to the first notice day for any delivery month.	7,500,000	SI
For SI: Close of business on the business day prior to the first notice day for any delivery month.	7,500,000	SI

Single Month					All Month				
Single Month Aggregate Into Futures Equivalent Leg (2)	Single Month Aggregate Into Ratio Leg (1)	Single Month Aggregate Into Ratio Leg (2)	Single Month Accountability Level Leg (1) / Leg (2)	Single Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)	All Month Aggregate Into Futures Equivalent Leg (1)	All Month Aggregate Into Futures Equivalent Leg (2)	All Month Aggregate Into Ratio Leg (1)	All Month Aggregate Into Ratio Leg (2)	All Month Accountability Level Leg (1) / Leg (2)
	1 OG1 : 1 GC		6,000		GC		1 OG1 : 1 GC		6,000
	1 OG2 : 1 GC		6,000		GC		1 OG2 : 1 GC		6,000
	1 OG3 : 1 GC		6,000		GC		1 OG3 : 1 GC		6,000
	1 OG4 : 1 GC		6,000		GC		1 OG4 : 1 GC		6,000
	1 OG5 : 1 GC		6,000		GC		1 OG5 : 1 GC		6,000
	1 H1E : 1 HG		5,000		HG		1 H1E : 1 HG		5,000
	1 H2E : 1 HG		5,000		HG		1 H2E : 1 HG		5,000
	1 H3E : 1 HG		5,000		HG		1 H3E : 1 HG		5,000
	1 H4E : 1 HG		5,000		HG		1 H4E : 1 HG		5,000
	1 H5E : 1 HG		5,000		HG		1 H5E : 1 HG		5,000
	1 SO1 : 1 SI		6,000		SI		1 SO1 : 1 SI		6,000
	1 SO2 : 1 SI		6,000		SI		1 SO2 : 1 SI		6,000
	1 SO3 : 1 SI		6,000		SI		1 SO3 : 1 SI		6,000
	1 SO4 : 1 SI		6,000		SI		1 SO4 : 1 SI		6,000
	1 SO5 : 1 SI		6,000		SI		1 SO5 : 1 SI		6,000

All Month Limit (In Net Futures Equivalents) Leg (1) / Leg (2)