

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

**Registered Entity Identifier Code (optional):** 16-574

**Organization:** Commodity Exchange, Inc. ("COMEX")

**Filing as a:**  DCM  SEF  DCO  SDR

**Please note - only ONE choice allowed.**

**Filing Date (mm/dd/yy):** 12/16/16

**Filing Description:** Notification Regarding the London Spot Gold Futures and London Spot Silver Futures Daily Settlement Procedure Documents in Connection with the Initial Listing of the Contracts.

**SPECIFY FILING TYPE**

**Please note only ONE choice allowed per Submission.**

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

**Rule Numbers:** See filing.

**New Product**

**Please note only ONE product per Submission.**

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Official Product Name:**

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

**Official Name(s) of Product(s) Affected:**

**Rule Numbers:**

December 16, 2016

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**Re: CFTC Regulation 40.6(a) Certification. Notification Regarding London Spot Gold Futures and London Spot Silver Futures Daily Settlement Procedure Documents in Connection with Initial Listing of the Contracts. COMEX Submission No. 16-574**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), Commodity Exchange, Inc. (“COMEX” or the “Exchange”) hereby notifies the Commission that it is self-certifying London Spot Gold Futures and London Spot Silver Futures Daily Settlement Procedure documents in connection with the initial listing of London Spot Gold Futures and London Spot Silver Futures contracts (the “Contracts”) effective Sunday, January 8, 2017, for trade date Monday, January 9, 2017. (See COMEX Submission No. 16-429 dated December 16, 2016.)

The London Spot Gold Futures settlement is derived from the COMEX Gold Active Month settlement minus the Inter-Commodity Spread settlement. The London Spot Silver Futures settlement is derived from the COMEX Silver Active Month settlement minus the Inter-Commodity Spread settlement. The methodologies for these settlement procedures are described in the procedure documents and attached under Exhibit A and Exhibit B.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that Daily Settlement Procedure documents for these products may have some bearing on the following Core Principles:

Availability of General Information: As required by this Core Principle, COMEX will issue a Special Executive Report (“SER”) to the marketplace regarding the initial listing of the Contracts. The SER will also be posted on the CME Group website.

Daily Publication of Trading Information: The daily settlement prices will be made public in accordance with this Core Principle.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange certifies that the Daily Settlement Procedure documents comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

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

If you require any additional information regarding this submission, please contact the undersigned at 212.299.2200 or via email at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: London Spot Gold Futures Daily Settlement Procedure document  
Exhibit B: London Spot Silver Futures Daily Settlement Procedure document

## EXHIBIT A

# London Spot Gold Futures Daily Settlement Procedure

## Normal Daily Settlement Procedure

**London Spot Gold Futures settlement is derived from the COMEX Gold Active Month settlement minus the Inter-Commodity Spread [COMEX (Active Month) Gold vs. London Spot Gold] settlement. The settlement methodology of these components is as follows:**

The COMEX Gold Active Month futures (GC) is settled by CME Group staff based on trading activity on CME Globex between 13:29:00 and 13:30:00 Eastern Time (ET), the settlement period. The active month is the nearest base contract month that is not the current delivery month. The base months for Gold futures are February, April, June, August and December (Active month futures roll schedule below).

- Tier 1:** If a trade(s) occurs on Globex between 13:29:00 and 13:30:00 ET, the settlement period, then the active month settles to the volume-weighted average price (VWAP), rounded to the nearest tradable tick.
- Tier 2:** In the absence of outright trades during the settlement window, the active month settles to the midpoint of the market at 13:30:00 ET – provided that there is a two-sided market (both a bid and ask).
- Tier 3:** In the absence of a two-sided market at 13:30:00 ET, the last trade price (or prior settlement) in the active month is checked against any one-sided markets.
- a. If the last trade price (or prior settlement in the case of no trades during the trade date) is below an active bid at 13:30:00 ET, then the contract settles to that respective bid price. If the last trade price (or prior settlement in the case of no trades during the trade date) is above an active ask at 13:30:00 ET, then the contract settles to that respective ask price.
  - b. If there are no active bids or asks at 13:30:00 ET, then the contract settles to the last trade price (or prior settlement in the case of no trades during the trade date).

The Inter-Commodity Spread [COMEX (Active Month) vs. London Spot Gold] is settled by CME Group staff based on trading activity on CME Globex between 13:29:00 and 13:30:00 Eastern Time (ET), the settlement period.

- Tier 1:** If a trade(s) occurs on Globex between 13:29:00 and 13:30:00 ET, the settlement period, then the Inter-Commodity spread settles to the volume-weighted average price (VWAP), rounded to the nearest tradable tick.

**Tier 2:** In the absence of outright trades during the settlement window, the Inter-Commodity spread settles to the midpoint of the market at 13:30:00 ET – provided that there is a two-sided market (both a bid and ask).

**Tier 3:** In the absence of a two-sided market at 13:30:00 ET, the last trade price (or prior settlement) in the Inter-Commodity spread is checked against any one-sided markets.

- a. If the last trade price (or prior settlement in the case of no trades during the trade date) is below an active bid at 13:30:00 ET, then the contract settles to that respective bid price. If the last trade price (or prior settlement in the case of no trades during the trade date) is above an active ask at 13:30:00 ET, then the contract settles to that respective ask price.
- b. If there are no active bids or asks at 13:30:00 ET, then the contract settles to the last trade price (or prior settlement in the case of no trades during the trade date).

**COMEX Gold futures active month roll schedule**

<b>Last notice day for:</b>	<b>New spot month:</b>	<b>New active month:</b>
January (F)	February (G)	April (J)
March (H)	April (J)	June (M)
May (K)	June (M)	August (Q)
July (N)	August (Q)	December (Z)
November (X)	December (Z)	February (G)

If you have any questions, please call the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

**Note:** In the event the aforementioned calculations described in this advisory cannot be made or if staff, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, the staff may determine an alternative settlement price.

## **EXHIBIT B**

# London Spot Silver Futures Daily Settlement Procedure

## **Normal Daily Settlement Procedure**

**London Spot Silver Futures settlement is derived from the COMEX Silver Active Month settlement minus the Inter-Commodity Spread [COMEX (Active Month) Silver vs. London Spot Silver] settlement. The settlement methodology of these components is as follows:**

The COMEX Silver Active Month futures (SI) is settled by CME Group staff based on trading activity on CME Globex between 13:24:00 and 13:25:00 Eastern Time (ET), the settlement period. The active month is the nearest base contract month that is not the current delivery month. The base months for Silver futures are March, May, July, September and December (Active month futures roll schedule below).

**Tier 1:** If a trade occurs on Globex between 13:24:00 and 13:25:00 ET, the settlement period, then the active month settles to the volume-weighted average price (VWAP), rounded to the nearest \$0.001 per troy ounce.

**Tier 2:** In the absence of outright trades during the settlement window, the active month settles to the midpoint of the market at 13:25:00 ET – provided that there is a two-sided market (both a bid and ask).

**Tier 3:** In the absence of a two-sided market at 13:25:00 ET, the last trade price (or prior settlement) in the active month is checked against any one-sided markets.

c. If the last trade price (or prior settlement in the case of no trades during the trade date) is below an active bid at 13:25:00 ET, then the contract settles to that respective bid price. If the last trade price (or prior settlement in the case of no trades during the trade date) is above an active ask at 13:25:00 ET, then the contract settles to that respective ask price.

d. If there are no active bids or asks at 13:25:00 ET, then the contract settles to the last trade price (or prior settlement in the case of no trades during the trade date).

The Inter-Commodity Spread [COMEX (Active Month) vs. London Spot Silver] is settled by CME Group staff based on trading activity on CME Globex between 13:24:00 and 13:25:00 Eastern Time (ET), the settlement period.

**Tier 4:** If a trade(s) occurs on Globex between 13:24:00 and 13:25:00 ET, the settlement period, then the Inter-Commodity spread settles to the volume-weighted average price (VWAP), rounded to the nearest tradable tick.

**Tier 5:** In the absence of outright trades during the settlement window, the Inter-Commodity spread settles to the midpoint of the market at 13:25:00 ET – provided that there is a two-sided market (both a bid and ask).

**Tier 6:** In the absence of a two-sided market at 13:25:00 ET, the last trade price (or prior settlement) in the Inter-Commodity spread is checked against any one-sided markets.

- a. If the last trade price (or prior settlement in the case of no trades during the trade date) is below an active bid at 13:25:00 ET, then the contract settles to that respective bid price. If the last trade price (or prior settlement in the case of no trades during the trade date) is above an active ask at 13:25:00 ET, then the contract settles to that respective ask price.
- b. If there are no active bids or asks at 13:25:00 ET, then the contract settles to the last trade price (or prior settlement in the case of no trades during the trade date).

**Silver futures active month roll schedule**

<b>Last notice day for:</b>	<b>New spot month:</b>	<b>New active month:</b>
February (G)	March (H)	May (K)
April (J)	May (K)	July (N)
June (M)	July (N)	September (U)
August (Q)	September (U)	December (Z)
November (X)	December (Z)	March (H)

If you have any questions, please call the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

**Note:** In the event the aforementioned calculations described in this advisory cannot be made or if staff, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, the staff may determine an alternative settlement price.