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January 23, 2009

OFFICE OF THE SECRETARIAT

VIA E-MAIL

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

**Re: Rule Certification. New York Mercantile Exchange, Inc. Submission #09.03:
Notification of Amendments to Chapter 113, Gold Futures Rules; and
Chapter 112, Silver Futures Rules**

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to Chapter 113, Gold Futures Rules, and Chapter 112, Silver Futures Rules. Chapter 113 and Chapter 112 are being amended in connection with the change from paper warrants to electronic warrants for both the Gold futures contract and the Silver futures contract. Furthermore, Chapters 113 and 112 are being redesigned for consistency with the defined terms of Chapter 7A – Metals Rules, and certain sections contained in Chapters 113 and 112 deemed unnecessary or dormant and are deleted from these chapters.

In addition, the size of each warrant for both the Gold and Silver futures contracts has been modified to accommodate the implementation of the Exchange's electronic delivery system, even though each of the contract units for both the Gold and Silver Futures remains the same. Finally, new Rules 113.00, Scope and 112.00, Scope, are added to reflect that these contracts will be governed by Chapter 7A upon the launch of the Exchange's electronic delivery system for the Gold and Silver futures contracts. All of the Exchange Licensed Depositories for the storage of gold and silver deliverable against the Exchange's Gold and Silver Futures contracts will use the new electronic delivery system.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rule 40.6, the Exchange hereby certifies that the attached rule amendments comply with the Act, including regulations under the Act. These changes will be made effective on January 27, 2009.

Should you have any questions concerning the above, please contact Robert A. Levin at (212) 299-2390 or the undersigned at (202) 638-3838.

Sincerely,

A handwritten signature in cursive script, appearing to read "De'Ana H. Dow".

De'Ana H. Dow
Managing Director
Government Relations

Attachments

(additions/underline, deletions/strikethrough)

GOLD FUTURES RULES

113.00 Scope

The provision of these rules shall apply to all 113.01 Tenderable Gold

In fulfillment of every contract of gold bought or sold for future delivery on, the Exchange. As used in this Chapter, defined terms shall have the meanings ascribed to them in Chapter 7A, Metals Rules for Electronic Warrants.

113.01 Definitions

For the purpose of this Chapter, the following terms shall have the meanings stated below: "Contract Unit" shall mean one hundred (seller must deliver 100) troy ounces.

113.02 Contract Unit for Gold

The seller shall deliver one Contract Unit (5% more or less) of refined gold with a weight tolerance of 5%, assaying not less than 995 fineness, cast either higher or lower. Said delivery shall consist exclusively of:

- (a) Each Contract Unit shall consist of either one (1) 100 troy ounce in one bar or in three (3) one (1) kilo-kilogram bars.
- (b) Each Contract unit shall consist of gold made up of one or more of the officially listed brands or markings as provided in Rule 113.04, current at the date of delivery of such gold.
- (c) Each bar of eligible gold must have the by an approved refiner. The weight, fineness, bar number, and brand or hallmark identifying stamp of the refiner must be clearly incised on the bar. The weight may be in troy ounces or grams. If the weight is in grams, it must be converted to troy ounces for documentation purposes by dividing the weight in grams by 31.1035 and rounding to the nearest one hundredth of a troy ounce. All documentation must show the weight in troy ounces each bar by the approved refiner.

113.03 Grade and Quality Specification

Gold delivered under this Contract shall assay to a minimum of 995 fineness.

113.04 Listing of Gold Brands

(a) The Exchange 113.02 Approved Refiners; Licensed Depositories; Licensed Weighmasters; Approved Deliverers; Approved Assayers

~~(a) The Board Trade Group, upon the recommendation of the Committee on Precious Metals, shall designate as Approved Producers ~~approved refiners~~ those gold refiners whose gold bars shall be eligible ~~accepted as tenderable~~ gold in connection with deliveries of gold in fulfillment of an Exchange contract for gold. Additional Approved Producers ~~approved refiners~~ may be designated in the same manner from time to time. ~~The Exchange~~ Board Trade Group may also terminate the designation of a gold refiner at any time as an Approved Producer ~~approved refiner~~, and from and after the date of such termination; gold produced by such refiners may not be placed in a Licensed Depository ~~licensed depository~~ for delivery in fulfillment of an Exchange contract for gold. Neither the addition nor deletion of a gold refiner as an Approved Producer ~~approved refiner~~ shall be deemed to affect the amount of money to be paid or the grade or quality of gold to be delivered in fulfillment of an Exchange contract for gold, and shall be binding upon all contracts entered into before as well as after the adoption of any such change, anything in these Rules to the contrary notwithstanding.~~

(b) Gold refiners, in order to have their gold brands registered as eligible, shall file such documents as required by the Exchange in its sole discretion, to establish their qualifications.

113.05 Licensed Depositories for Gold

~~The Exchange~~In addition, if an approved refiner shall have a material decline in its operating condition, as defined in the application for brand approval, or fail to respond to a request for information from the Exchange or an Exchange committee, the refiner may be designated as inactive on the Exchange's Official List of Approved Refiners and Brands for gold upon the recommendation of the Committee on Precious Metals and approval of the Board Trade Group. Any refiner designated as inactive which remains inactive for a continuous period of three years or more shall automatically be removed from the official list of Exchange approved refiners and brands. Any refiner designated as inactive pursuant to this provision may be returned to active status by a majority vote of the Board Trade Group upon recommendation of the Committee on Precious Metals. During any period when a refiner shall be designated inactive, gold produced by such refiner may not be placed in a licensed depository for delivery in fulfillment of an Exchange contract for gold. Nothing in this subsection (a) shall limit any way the power of the Board Trade Group to terminate the designation of a gold refiner as an approved refiner at any time.

~~(b) Reporting Responsibilities of Approved Refiners. An approved refiner shall furnish to the Exchange, such information as may be called for at any time by the Board, by any Committee of the Exchange, or by any provision of any By Law, Rule or Resolution of the Exchange. The refiner shall report to the Director of Metal Services, in writing, any change in its majority ownership or control. If the refiner has prior knowledge of a change in its majority ownership or control, it shall file a report with the Director of Metal Services before the proposed change is implemented. No modification in the majority ownership or control shall be deemed effective by the Exchange until such time as the Board Trade Group has reviewed the report and notified the refiner of its approval.~~

~~(e) The Board Trade Group, upon the recommendation of the Committee on Precious Metals, shall license facilities located within a 150 mile radius of the City of New York, in which gold may be stored for delivery on Exchange contracts ("Licensed Depositories"). Licensed Depositories~~depositories may be added or eliminated from time to time, and the ~~Exchange Committee on Precious Metals~~ shall notify members of such changes and of the time when such changes shall become effective. The addition to or elimination of the names of ~~Licensed Depositories~~licensed depositories shall not be deemed to affect the amount of money to be paid or the grade or quality of gold to be delivered on Exchange contracts, and shall be binding upon all such contracts entered into before as well as after the effective date of any such change, anything in these Rules By Laws to the contrary notwithstanding.

~~(d) Each Licensed Depository~~licensed depository for gold shall also be designated as a ~~Licensed Weighmaster~~licensed weighmaster for gold. ~~Other Licensed Weighmasters~~weighmasters may be licensed and/or designated by the ~~Exchange Board Trade Group~~ either upon application to said group or upon the ~~Board Trade Group's~~ own motion.

113.06 Approved Carriers

~~(e) The Exchange Board Trade Group shall designate as Approved Carriers~~approved deliverers of gold, firms which are authorized to transport and deliver gold to ~~Licensed Depositories~~licensed depositories. ~~Authorized deliverers may be added to or eliminated from time to time by the Board Trade Group, which shall notify members of such changes and of the time when such changes become effective.~~

113.07 Approved Assayers

~~(f) The Exchange Board Trade Group shall designate as Approved Assayers~~approved assayers firms whose assay certificates shall be accepted in connection with deliveries of gold in fulfillment of an Exchange contract for gold.

113.08 ~~(g) There shall be on file in the Office of the Secretary current lists setting forth (i) the names of approved refiners; (ii) the names and locations of licensed depositories; (iii) the names of licensed weighmasters; (iv) the names of approved assayers; and (v) the names of approved deliverers.~~

113.03 Weight Certificates and Assay Certificates for Gold

(a) Every ~~Warrant warehouse receipt~~ issued by a ~~Licensed Depository~~licensed depository for a lot of gold tendered for delivery upon an Exchange contract shall reference the ~~be accompanied by a~~ weight certificate issued by an Exchange ~~Licensed Weighmaster~~licensed weighmaster certifying the weight of each bar of gold in the lot and setting forth the serial number and the name of the ~~Approved Producer~~approved refiner of each bar.

(b) Every assay certificate issued by an ~~Approved Assayer~~approved assayer shall certify that each bar of gold in the lot assays not less than 995 fineness and weight of each bar and the name of the ~~Approved Producer~~ that ~~approved refiner~~ which produced each bar.

(c) The weighmaster's certificate issued by a Licensed Weighmaster ~~Exchange licensed weighmaster~~ shall show the weight of each bar of gold in the lot measured to 1/100 of a troy ounce (two decimal points). In accomplishing such measurement, each bar shall be weighed to the nearest 1/1000 of a troy ounce (three decimal points); weights of 4/1000 of a troy ounce or less shall be rounded down to the nearest 1/100 of a troy ounce and weights of 5/1000 of a troy ounce or more shall be rounded up to the nearest 1/100 of a troy ounce.

113.09 ~~(d) Depository receipts and weighmaster certificates for bars of gold placed in store directly from an approved refiner by an approved deliverer prior to the commencement of trading may be presented by the approved deliverer to the Exchange for registration in accordance with Rule 113.05.~~

113.04 Packaging of Tenderable Gold

~~Every bar of gold tendered for delivery upon an Exchange contract may be packaged in a manner satisfactory to the Exchange.~~

113.05 Storage of Gold

(a) Gold, to be eligible for delivery upon an Exchange contract must be, ~~after being packaged as required by these By-Laws, shall be delivered to a Licensed Depository~~ licensed depository by an Approved Carrier ~~approved deliverer~~ as follows:

(i) directly from an Approved Producer ~~approved refiner~~ for the account of such Approved Producer ~~approved refiner~~ or an Exchange Clearing Member; ~~clearing member~~;

(ii) directly from an Approved Assayer ~~approved assayer~~ for the account of an Exchange Clearing Member; ~~clearing member~~; *provided*, that such gold is accompanied by an assay certificate of such Approved Assayer; ~~approved assayer~~; or

(iii) directly from another Licensed Depository ~~licensed depository~~ for the account of an Exchange Clearing Member; ~~clearing member~~; *provided*, that such gold was placed in such other Licensed Depository ~~licensed depository~~ pursuant to paragraphs (i) or (ii) of this Rule 113.09(a); ~~113.05(a)~~.

(b) Warrants for gold shall be in negotiable form. Each Warrant (i) shall be lettered or numbered consecutively by the Licensed Depository issuing it and no two Warrants issued by any Licensed Depository

~~The licensed depository receiving such gold shall issue a negotiable warehouse receipt in such form as may be approved by the Exchange, to which shall be attached the weight certificate of a licensed weighmaster for each bar in the lot and, if required, the assay certificate of an approved assayer, and shall then deliver the same to the clearing member for whose account such gold has been placed in storage. Each holder of a warehouse receipt, weight certificate and assay certificate shall be deemed to agree that the Exchange may cause the gold represented by such warehouse receipt to be weighed, examined and otherwise tested for the purpose of ascertaining that such gold meets the requirements of an Exchange contract for gold, and that neither the~~

Exchange nor its governors, officers, employees or agents shall be under any liability or obligation to any holder of a warehouse receipt, to any person who is entitled to receive a warehouse receipt, or to any other person because gold described in a warehouse receipt is different (in quantity or quality or both) from the description contained on such warehouse receipt.

(b) Warehouse receipts for gold shall be in negotiable form. Each warehouse receipt (i) shall be lettered or numbered consecutively by the licensed depository issuing it and no two warehouse receipts issued by any licensed depository shall bear the same letter or number (if letters are used, they must not exceed three (3) characters, and if used in combination with numbers, they must precede the numbers. The numbers must not exceed seven (7) digits); (ii) shall be issued for only one lot of gold; (iii) shall ~~reference~~ identify the Weight Certificate ~~accompanying weight certificate~~ and, if required, Assay Certificate; ~~assay certificate~~; (iv) shall specify the name of the Approved Producer, ~~approved refiner~~, serial number, weight and fineness of each bar in the lot, ~~lot~~; and (v) shall describe the package in which each bar is contained. The Exchange Committee on Precious Metals may adopt regulations from time to time specifying the form and content of a Warehouse Receipts for gold, but such regulation shall not render warehouse receipts issued prior thereto ineligible in connection with delivery on a gold contract.

113.10 Delivery Months

During each calendar month (the "current calendar month"), the Exchange will make available for trading contracts that provide for delivery of gold in the following months: 1) the current calendar month; 2) the first calendar month following the current calendar month; 3) the second calendar month following the current calendar month; 4) each February, April, August, and October falling within a 23-month period beginning with the current month; and 5) each June and December falling within a 60-month period beginning with the current month.

113.11 Price Fluctuations for Gold

Prices for gold on future delivery contracts shall be in multiples of ten cents (10 cents) per troy ounce. Contracts made on any other basis are prohibited.

113.12 ~~113.06~~ Gold Deposit Annual Audit Procedures

~~Every depository licensed by the Exchange for the storage of gold shall:~~

~~(a) have an annual audit conducted by independent certified public accountants selected by it (and satisfactory to the Exchange) on a date to be selected by such accountants without prior notice to such depository, which audit shall consist of the following:~~

~~(i) observation of and participation in accounting for all gold receipts issued by the depository since the date of the inauguration of trading in gold futures contracts on Commodity Exchange, Inc., or the date of the last audit performed in accordance with this Rule whichever is later;~~

~~(ii) observation of and participation in the counting of all bars of gold on hand and reconciling such counts with the depository's records of gold stored;~~

~~(iii) for selected lots of gold observation of and participation in determining serial numbers and weight imprinted on each bar therein reconciles with the receipt therefore;~~

~~(vi) confirmation by direct communication with holders of receipts (to the extent considered necessary by such accountants) that the depository's records with respect to their gold in storage are correct;~~

~~(v) confirmation by direct communication with former holders of receipts who have withdrawn their gold from the depository (to the extent considered necessary by such accountants) that the depository's records of such withdrawals are correct;~~

~~(vi) study and evaluation of the depository's internal controls relating to the accountability for and the custody of all gold placed in the depository;~~

~~(vii) not drilling any bars of gold or employing any alternative procedures for the purpose of verifying the true content of the bars counted, nor physically weighing any bars of gold to determine that the weights imprinted thereon are accurate;~~

~~(b) notify the Exchange not later than January 15 in each year of the name of such independent Certified Public Accountants and at the same time deliver to the Exchange, a signed copy of an agreement from such accountants in the form appended hereto provided however, that if a depository appoints new independent Certified Public Accountants in any year prior to the time the audit described in (a) above is conducted, such depository shall, within 15 days after such appointment, notify the Exchange of the name of the new independent Certified Public Accountants and deliver to the Exchange, a copy of the agreement in the form appended hereto, signed by such new accountants.~~

~~(e) furnish to the Exchange within 5 days after receipt thereof by the depository, a signed copy of any other audit, examination, or report with respect to its gold vault made by its independent Certified Public Accountants, any governmental agency or department having jurisdiction over such depository, or by its own internal auditing staff;~~

~~(d) notify the Exchange immediately upon discovery by it of any shortage, error, or other discrepancy with respect to gold stored thereat, or with respect to receipts for gold issued by it.~~

113.07 Form of Gold Contract

All contracts for the future delivery of gold shall be in the following form:

COMMODITY EXCHANGE, INC.

GOLD CONTRACT

New York, N.Y. 20..

(sold) (deliver to)

~~A.B. has this day (bought) and agreed to (receive from) C.D. 100 troy ounces (5% more or less) of bar gold, assaying not less than 995 fineness, at the price of per ounce in accordance with the provisions, By Laws and Rules of Commodity Exchange, Inc., deliverable from licensed depository within a 150 mile radius of the City of New York, between the first and last delivery days of, inclusive, the delivery within such time to be at seller's option, upon notice to buyer as provided by the By Laws and Rules of Commodity Exchange, Inc.~~

~~Either party may call for a margin, as the variations of the market for like deliveries may warrant, which margin shall be kept good.~~

~~This contract is made in view of, and in all respects subject to the By Laws and Rules of Commodity Exchange, Inc.~~

~~For and in consideration of one dollar to the undersigned, in hand paid, receipt whereof is hereby acknowledged, the undersigned accepts this contract with all its obligations and conditions.~~

~~Verbal contracts (which shall always be presumed to have been made in the approved form) shall have the same standing, force and effect as written ones, if notice in writing of such contracts shall have been given by one of the parties thereto to the other party during the day on which such contract is made.~~

~~113.08 Delivery Months and Days for Trading in Gold~~

~~Trading in gold shall be conducted for delivery in every current calendar month, the immediately following two calendar months every February, April, August and October in a 23-month period from the current calendar month, and every June and December in a 60-month period from the current calendar month. Trading in a gold future shall commence on the last business day of the month in which it is listed ("First Day of Trading") and shall cease at the close of trading on the business day preceding Last Notice Day for the named delivery month ("Last Day of Trading").~~

~~113.09 Price Multiples for Gold~~

~~Prices for gold on future delivery contracts shall be in multiples of ten cents (10 cents) per ounce. Contracts made on any other basis are prohibited.~~

~~113.10 Deleted~~

~~113.11 Delivery of Notice for Gold~~

(a) The following definitions shall be applicable to the delivery of gold.

~~Date of Presentation—The day on which notice(s) of intention to deliver are presented to the Clearinghouse or its designee.~~

~~(i) First Date of Presentation—The next to the last business day of the calendar month preceding the named delivery month.~~

~~(ii) Last Date of Presentation—The next to the last business day of the named delivery month.~~

~~Notice Day—The day on which invoices are issued by the Clearinghouse or its designee, which shall be the business day prior to the day of delivery of the commodity specified in the notice of intention to deliver.~~

~~(i) First Notice Day—The last business day of the calendar month preceding the named delivery month.~~

~~(ii) Last Notice Day—The next to the last business day of the named delivery month.~~

~~Delivery Day—The day on which delivery in fulfillment and liquidation of an Exchange contract shall be made.~~

~~(i) First Delivery Day—The first business day of the named delivery month.~~

~~(ii) Last Delivery Day—The last business day of the named delivery month.~~

~~(b) Except as provided in paragraph (c), the day referred to in "Date of Presentation", "Notice Day" and "Delivery Day" shall end not later than one hour after the close of the market.~~

~~(c) On the Last Date of Presentation in the current month, notices against contracts remaining open on said day shall be presented to the Clearinghouse or its designee not later than 12:30 p.m.~~

~~(d) The notice of intention to deliver gold shall be presented by the member making delivery to the Clearinghouse or its designee in a computer-readable form approved by the Clearinghouse or its designee. Said notice shall indicate the approved gold refiner, the receipt number of the warrant, the weight and fineness thereof and the licensed depository in which the same is stored and shall be accompanied by a Notice Summary in the following form:~~

~~Notice Summary
Commodity Exchange, Inc.
Notice of Intention to Deliver~~

~~Clearing Member Name Clearing Member #
Issuance Date House/Customer (H/C)
Delivery Date~~

~~HIGH GRADE COPPER Total Number of Notices~~

~~GOLD Total Number of Notices~~

~~SILVER Total Number of Notices~~

~~TO CLEARINGHOUSE:~~

~~Take notice that on the above delivery date, for each delivery notice record presented, we shall make delivery as indicated above to the clearing member(s) to which you allocate the above stated Notices of Intention to Deliver at the delivery notice price established by the Clearinghouse. Each delivery of a futures contract hereunder shall be in accordance with the specifications for such contract as set forth in the Rules of Commodity Exchange, Inc.~~

Print Name of Preparer Signature

Telephone Number

~~(e) All notices of intention to deliver shall be presented to the Clearinghouse or its designee in accordance with such rules and procedures as the Clearinghouse may adopt.~~

~~(f) On the date of issuance, the clearing member to which the notice of intention to deliver has been allocated shall receive from the Clearinghouse, or its designee, an invoice for the gold specifying the refiner, the warrant number, the weight and fineness, and the licensed depository in which the gold is stored, the price, and the name of the member making delivery.~~

~~(g) A member to whom a delivery notice is allocated shall be obligated to accept delivery in accordance with the By-Laws and Rules of the Exchange and may not transfer this obligation.~~

~~(h) In the event that the automated delivery system is not operational, the Exchange will notify all clearing members of this occurrence and advise them of the substitute procedure to be followed.~~

~~(i) In the event that the office of a member to whom a notice of intention to deliver has been allocated shall be closed, good delivery of the invoice shall be effected by handing it to the Secretary of the Exchange, who shall endorse thereon the date and the time of its receipt and post notice thereof on the bulletin of the Exchange.~~

~~(j) Gold shall be paid for at the settlement price of the current month on the Date of Presentation and on the basis set forth in Rule 113.12.~~

(k) No notices of intention to deliver shall be presented, no invoices shall be issued, and no transmittal of delivery documents shall be made on a Saturday or any other day designated as a holiday by the By-Laws, by the Exchange, or by the Board, except as provided in paragraphs (l) and (m) of this Rule 113.11.

(l) When the last date of issuance is declared a holiday too late to permit the presentation and allocation of notices of intention to deliver such notice may be given in the usual manner on the holiday.

(m) When the last delivery day is declared a holiday too late to permit a notice of intention to deliver to be presented and allocated requiring delivery on the business day preceding the last delivery day, then the delivery shall be completed on the holiday.

(n) Members having contracts open in the current month must keep their offices open for the purpose of receiving the notices or of completing such deliveries.

113.12 Delivery of Gold

(a) Gold may be delivered in fulfillment of an Exchange contract for gold only from a Licensed Depository. ~~A Warrant licensed depository. A negotiable warehouse receipt issued by and signed on behalf of a Licensed Depository and referencing a Weight Certificate licensed depository, endorsed as provided in this Rule 113.12, and accompanied by a weight certificate and, if required, an Assay Certificate assay certificate and invoice;~~ shall be good delivery in fulfillment of an Exchange contract for gold and shall be deemed a liquidation of the contract in respect of which such delivery is made.

A Clearing Member ~~(b) All gold must be delivered to the receiver with handling and storage charges paid up to and including the day of delivery, and the buyer may require the seller to furnish satisfactory proof of payment thereof. Any storage charges prepaid by the seller for a period extending beyond the delivery day (but not in excess of thirty days) shall be refunded by the buyer to the seller on a pro rata basis for the unexpired term, and an adjustment made upon the invoice.~~

~~(c) A warehouse receipt must be endorsed by each party whose endorsement is necessary to pass title thereto and, in addition, must be endorsed and dated by every Exchange member who transfers it in connection with an Exchange transaction.~~

~~(d) A member to whom delivery is made in fulfillment of an Exchange contract for gold shall not be required to accept the same if the gold delivered weighs more than 5% above or below 100 troy ounces or is otherwise not in accordance with these Rules.~~

~~(e) The Clearing Member member to whom delivery is made shall at once make payment to the member making delivery by the electronic transfer of federal funds ("payment"). Payment shall be made upon the basis of the weight as certified in the weight certificate for the lot and the fineness of such gold up to 9999 fine as stamped on the bars.~~

(f) The invoice distributed by the Clearinghouse or its designee shall be accepted by the delivering member as a legal demand for the gold. Before 2:00 p.m. on the day of delivery, the delivering member shall tender to the member allocated the delivery notice the warehouse receipt and weight certificate as hereinabove provided.

(g) By the tender of a warehouse receipt for gold, duly endorsed for transfer, the endorser shall be deemed to warrant that the gold described therein weighs 100 troy ounces (5% more or less) and is not less than 995 fine. Such warranty shall remain in effect through successive endorsements of the warehouse receipt in connection with deliveries of gold in fulfillment of an Exchange contract for gold, and shall be for the benefit of each member of the Exchange who shall have taken delivery of the gold in fulfillment of an Exchange contract for gold and for the benefit of the immediate principal of such member.

(h) Each delivery of gold in fulfillment of an Exchange contract and the delivery of any invoices required in connection herewith shall be made at the Exchange or such location as may be mutually agreed upon by the Short and Long Clearing Members. Any delivery pursuant to the previous sentence shall be made and accepted between the hours of 12:00 noon and 2:00 p.m. on the day of delivery. The Exchange shall not be liable or responsible for any failure to make or take delivery at such other location or for any other act or omission which can or may occur in connection therewith.

In the event that such Exchange member or principal shall claim a breach of such warranty, the lot shall be immediately submitted for sampling, assaying and/or weighing to an assayer designated by the Exchange. The expense of sampling, assaying and/or weighing shall, in the first instance, be borne by the claimant. If a deficiency in quality and/or quantity shall be determined by such assayer, the claimant shall have the right to recover the difference in the market value and expenses incurred in connection with the sampling, assaying and/or weighing, and any cost of replacement of the gold. The claimant may, at his option, proceed directly against the original endorser of the warehouse receipt upon an Exchange delivery without seeking recovery from his immediate deliverer on the Exchange contract, and if the claim is satisfied by the original endorser of the warehouse receipt, intervening endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from his immediate deliverer, and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from the original endorser of the warehouse receipt or from his immediately preceding endorser. Such claims as are in dispute between members of the Exchange, shall in each case be submitted to arbitration under the Rules of the Exchange.

The liability of an endorser of a warehouse 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 warehouse 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 licensed depositories

~~for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty.~~

(additions/underline, deletions/strikethrough)

SILVER FUTURES RULES

112.00 Scope

~~The provisions~~112.01 Tenderable Silver

(a) In fulfillment of these rules shall apply to all every contract of silver bought or sold for future delivery on, the Exchange. As used in this Chapter, defined terms shall have the meanings ascribed to them in Chapter 7A, Metals Rules for Electronic Warrants.

112.01 Definitions

For the purpose of this chapter, the following terms shall have the meanings stated below:

“Contract Unit” shall mean five thousand (5,000) troy ounces.

112.02 Contract Unit for Silver

The seller shall must deliver one Contract Unit of silver with a weight tolerance of 6% either higher or lower. Said delivery shall be made up exclusively of:

(a) Each Contract Unit shall consist of four (4) or five (5) bars of refined silver each cast in bars of one thousand (1,000) ~~1,000~~ troy ounces or 1,100 troy ounces, with a weight tolerance of 10% either higher with tolerances above and below said weights customary in the trade, weighing in the aggregate 5,000 troy ounces (6% more or lower.

(b) Each Contract Unit shall consist of silver~~less~~), assaying not less than 999 fineness and made up of one or more of the officially listed brands or markings as provided in Rule 112.04, current at the date of delivery of such silver.

(c) Each bar of eligible silver must have the weight, fineness, bar number, and brand or hallmark clearly incised on the bar. The weight may be in troy ounces or grams. If the weight is in grams, it must be converted to troy ounces for documentation purposes by dividing the weight in grams by 31.1035 and rounding to the nearest tenth of a troy ounce. All documentation must show the weight in troy ounces.

112.03 Grade and Quality Specifications

Silver delivered under this contract shall assay to a minimum of 999 fineness.

112.04 (b) Notwithstanding the provisions of paragraph (a) above, in fulfillment of an even number of contracts of silver a seller may deliver for each two (2) contracts of silver, eight (8), nine (9), ten (10) or eleven (11) bars of refined silver cast in bars of 1,000 troy ounces or 1,100 troy ounces (in either case with tolerances above or below said weights customary in the trade), weighing in the aggregate 10,000 troy ounces (5% more or less), assaying not less than 999 fineness and made up of one or more of the officially listed brands or markings as provided in Rule 112.04 of these Rules current at the date of

delivery of such silver; provided, however, that a seller may deliver bars cast in 1,100 troy ounces only if

(i) such bars were placed in an Exchange licensed warehouse or vault prior to April 29, 1974 and have remained continuously in a licensed warehouse or vault to the time of delivery; or

(ii) such bars were placed in an Exchange licensed warehouse or vault on or after April 29, 1974, have remained continuously in a licensed warehouse or vault to the time of delivery, and are being delivered in fulfillment of a contract of silver entered into on the Exchange prior to April 29, 1974; or

(iii) such bars are being delivered in fulfillment of contract of silver entered into on or after April 29, 1974 by a party (or a successor in interest to such party) who received such bars in a transaction pursuant to (ii) above.

(e) The Exchange will deliver to holders of vault or warehouse receipts covering 10,000 troy ounces of refined silver (5% more or less) and which pursuant to paragraph (b) of this Rule 112.01 may be used in fulfillment of contracts of silver on the Exchange, two vault or warehouse receipts, each for 5,000 troy ounces (6% more or less) of refined silver and otherwise meeting the quality and quantity requirements of paragraph (a) of this Rule 112.01 in exchange for each such receipt for 10,000 troy ounces of silver. All such exchanges will be effected at the sole cost and expense of the Exchange and in accordance with such regulations as the Exchange from time to time may adopt.

RESOLUTION

~~.10 Tolerance Above or Below Basic Weights of Individual Bars of Silver.~~

RESOLVED, that the provision of Rule 112.01 referring to tolerances above and below the basic weights for individual bars customary in the trade be interpreted as limiting such tolerances to not more than ten percent (10%) above the maximum or ten percent (10%) below the minimum of the weights therein set forth.

~~.20 Deliveries of Silver. (Deleted 11/26/97)~~

~~.30 Delivery of Bars of Silver Cast in Basic Weight of 1,100 Troy Ounces.~~

Effective on and after April 29, 1974, the member making the delivery of bars cast in basic weight of 1,100 troy ounces shall prepare a certificate in triplicate and

(a) One copy shall accompany each negotiable warehouse or vault receipt and other documents tendered for the delivery on the Exchange of bars having a basic weight of 1,100 troy ounces; and

(b) One copy shall be submitted to the Exchange; and

~~(c) One copy shall be retained for the member's files.~~

~~.40 Certificate Required in Connection with Delivery of Bar Silver in Weight of 1,100 Troy Ounces.~~

~~A certificate as set forth in .30 must be prepared and submitted by each deliverer if:~~

~~(a) The lot being tendered is comprised of 8 or 9 bars; or~~

~~(b) The warehouse receipt identifies any bar or bars in the lot to be 1,100 troy ounces or more.~~

~~The receiver of such lot shall retain the certificate as part of his record of the delivery received.~~

~~Upon retender of such lot, a new certificate shall be prepared and submitted by the member making the redelivery.~~

112.02 Splitting Lots of Silver in Exchange Licensed Warehouses or Vaults

~~(a) Ten Bar Lot Receipts. A holder of a receipt for a 10 bar lot who wishes to receive in substitution therefor two receipts each for 5,000 troy ounces (6% more or less) of refined silver eligible for delivery in fulfillment of an Exchange contract for silver in accordance with Rule 112.01 ("5 bar lots") shall deliver the receipt for the 10 bar lot to such holder's Clearing Member, accompanied by a Representation Letter in the form of Appendix I Form P and Instructions to Vault in the form Appendix I Form Q. If the holder of a receipt for a 10 bar lot is a Clearing Member, such Clearing Member shall complete Forms P and Q for its own account and otherwise shall comply with the provisions of this Rule.~~

~~Such Clearing Member promptly shall deliver Appendix I Form P to the Secretary of the Exchange and simultaneously shall transmit the receipt for the 10 bar lot Appendix I Form Q to the Exchange licensed warehouse or vault which issued the receipt.~~

~~As promptly as practicable, the Exchange licensed warehouse or vault shall divide each 10 bar lot into two 5 bar lots, shall issue two receipts therefor in the name of the holder entitled thereto in substitution for the receipt for the 10 bar lot received, and shall return the receipts for two 5 bar lots to the Clearing Member from whom the receipt for the 10 bar lot had been received.~~

~~The Exchange shall reimburse each licensed warehouse or vault for its charges in dividing 10 bar lots into 5 bar lots upon presentation of invoices.~~

~~(b) Nine Bar Lot Receipts. A holder of a receipt for a 9 bar lot who wishes to receive in substitution therefor two receipts each for a 5 bar lot shall deliver the receipt for the 9 bar lot endorsed to such holder's Clearing Member, accompanied by a Representation Letter in the form of Appendix I Form P and Instructions to Clearing Member in the form of~~

~~Appendix I Form R. If the holder of a receipt for a 9 bar lot is a Clearing Member, such Clearing Member shall complete Appendix I Forms P and R for its own account and otherwise shall comply with the provisions of this Rule.~~

~~Such Clearing Member promptly shall notify the Secretary of the Exchange that it has received the documents referred to in (a) above, shall complete Appendix I Form R and shall deliver such receipt for the 9 bar lot and Appendix I Form R to such party as may be specified by the Secretary ("Substitution Agent"). Simultaneously, the Clearing Member shall send Appendix I Form P to the Secretary of the Exchange.~~

~~Within fifteen (15) business days following the date on which the Clearing Member has delivered the receipt for the 9 bar lot as specified in (b) above, the Substitution Agent shall return to such Clearing Member two receipts each for a 5 bar lot in the name of the Clearing Member, which receipts shall be accompanied by a notice specifying the quantity of refined silver received from the Clearing Member and the quantity of refined silver returned to the Clearing Member, determined in both cases by the weights stamped on the bars of silver.~~

~~By 12:00 Noon, New York City time, on the business day following the day on which the receipts for the 5 bar lots are returned to the Clearing Member, the Clearing Member and the Substitution Agent shall make settlement for the difference between the aggregate weight of silver stamped on the bars contained in the 9 bar lot and the aggregate weight of the silver stamped on the bars contained in the 5 bar lots. Such settlement shall be based on the Exchange settlement price of the current delivery month of silver for the day on which the receipts for the 5 bar lots were returned to the Clearing Member.~~

~~(c) Receipts Held by Members for the Accounts of Others. A member of the Exchange who holds a receipt for a 10 bar lot or for a 9 bar lot as agent for the account of two separate parties shall be entitled to receive, in substitution therefor, two receipts for 5 bar lots in accordance with the procedures set forth in paragraphs 1 and 2 above.~~

~~(d) Other Receipts. If any person holds receipts for 10,000 troy ounces (5% more or less) of refined silver eligible for delivery in fulfillment of an Exchange contract for silver in accordance with Rule 112.01 issued by an exchange licensed warehouse or vault, but which are not receipts described in Paragraphs 1, 2 or 3 above, such person shall be entitled to receive, in substitution therefor, two receipts for 5 bar lots in accordance with such special procedures as may be adopted by the Exchange which shall be as consistent with the procedures set forth in Paragraphs 1 and 2 above as is practical.~~

~~(e) Limitation on Liability. There shall be no liability or obligation to any holder of a warehouse receipt, to any person who is entitled to receive a warehouse receipt, or to any other person, for delays caused by force majeure or any other unforeseen circumstances. No person, including without limitation, the Exchange, the Clearinghouse, any governor, officer, employee, agent, member, member firm or member corporation of the Exchange or said Clearinghouse, any licensed depository or Substitution Agent, shall be in any way~~

liable or responsible to any person in connection with any transaction contemplated by these regulations, except for gross negligence.

~~(f) Expenses. The Exchange shall reimburse licensed warehouses and vaults and Substitution Agents for their costs and expenses in connection with effecting substitutions pursuant to these Rules, and such licensed warehouses and vaults and such Substitution Agents shall not impose any fee or charge of any nature whatever upon holders of Receipts for effecting substitutions pursuant to these Rules.~~

~~(g) Prior Advise to the Clearinghouse. Not later than the fifth day before the first day on which Notices of Intention to Deliver with respect to a given delivery month may be made, each Clearing Member shall advise the Clearinghouse of the number of single lots of silver of which such Clearing Member expects to take delivery during the course of such month. Each Clearing Member also shall advise the Clearinghouse of change in such number during the course of said month.~~

112.03-Listing of Silver Brands

~~(a) The Exchange(a) The Board Trade Group, upon the recommendation of the Committee on Precious Metals, shall designate as Approved Producers approved refiners those silver refiners whose silver bars shall be eligibleaccepted as tenderable silver in connection with deliveries of silver in fulfillment of an Exchange contract for silver. Additional Approved Producersapproved refiners may be designated in the same manner from time to time. The ExchangeBoard Trade Group may also terminate the designation of a silver refiner at any time as an Approved Producer,approved refiner, and from and after the date of such termination, silver produced by such refiners may not be placed in a Licensed Depositorylicensed depository for delivery in fulfillment of an Exchange contract for silver. Neither the addition nor deletion of a silver refiner as an Approved Producerapproved refiner shall be deemed to affect the amount of money to be paid or the grade or quality of silver to be delivered in fulfillment of an Exchange contract for silver, and shall be binding upon all contracts entered into before as well as after the adoption of any such change, anything in these Rules to the contrary notwithstanding.~~

(b) Silver refiners, in order to have their silver brands registered as eligible, shall file such documents as required by the Exchange in its sole discretion, to establish their qualifications.

~~In addition, if an approved refiner shall have a material decline in its operating condition, as defined in the application for brand approval, or fail to respond to a request for information from the Exchange or an Exchange committee, the refiner may be designated as inactive on the Exchange's Official List of Approved Refiners and Brands for silver upon the recommendation of the Committee on Precious Metals and approval of the Board Trade Group. Any refiner designated as inactive which remains inactive for a continuous period of three years or more shall automatically be removed from the official list of Exchange approved refiners and brands. Any refiner designated as inactive pursuant to this provision may be returned to active status by a majority vote of the Board~~

~~Trade Group upon recommendation of the Committee on Precious Metals. During any period when a refiner shall be designated inactive, silver produced by such refiner may not be placed in a licensed depository for delivery in fulfillment of an Exchange contract for gold. Nothing in this subsection (a) shall limit any way the power of the Board Trade Group to terminate the designation of a silver refiner as an approved refiner at any time.~~

~~(b) Reporting Responsibilities of Approved Refiners. An approved refiner shall furnish to the Exchange, such information as may be called for at any time by the Board, by any Committee of the Exchange, or by any provision of any By-Law, Rule or Resolution of the Exchange. The refiner shall report to the Director of Metal Services, in writing, any change in its majority ownership or control. If the refiner has prior knowledge of a change in its majority ownership or control, it shall file a report with the Director of Metal Services before the proposed change is implemented. No modification in the majority ownership or control shall be deemed effective by the Exchange until such time as the Board Trade Group has reviewed the report and notified the refiner of its approval.~~

~~(c) An applicant for approval of a brand of silver shall file with the Secretary:~~

~~(i) a detailed drawing of the brand as it appears on the ingot;~~

~~(ii) a request for approval of the brand;~~

~~(iii) a statement signed by the applicant certifying the following:~~

~~(A) the nature of the applicant's business and his relationship, if any, with the producer of the brand;~~

~~(B) the extent of the applicant's knowledge of the producer's business history and operations;~~

~~(C) the applicant's knowledge of the source of the materials from which the silver is produced;~~

~~(D) the approximate annual production capacity of the producer;~~

~~(E) the producer's marketing channels and area of marketing; and~~

~~(F) the applicant's familiarity with the distributors and users of the brand.~~

~~(iv) letters of recommendation with respect to the brand from users thereof;~~

~~(v) audited financial statements of recent preparation of both the producer and the applicant;~~

~~(vi) a statement in such form as may be required by the Exchange authorizing the Secretary of State of New York to accept service in any suit against the producer of~~

the brand and/or the applicant if either or both are non residents of the State of New York and consenting to the jurisdiction of the courts of the State of New York in any such litigation; and

(vii) such additional information as may be requested by the Committee on Precious Metals or the Board Metal Trade Group.

(d) If the applicant for approval is the producer of the brand, he shall file with his application a letter in the form found in Appendix I Form S. If the applicant for approval is a person or party other than the producer of the brand, he shall either furnish the Exchange with a guarantee in form hereinabove set forth executed by the producer or he shall furnish his own guarantee, together with such bond, collateral or other security as may be satisfactory to the Exchange. In the event that the material used in the production of the brand consists in whole or in part of secondary metal, the applicant shall furnish detailed information with respect to the refining process and shall furnish such additional warranties and guaranties as may be required by the Exchange in connection therewith.

(e) The applicant shall confirm to the Exchange that the approval of the brand, if granted, shall at all times remain subject to limitation or revocation by the Exchange and that the representations and warranties with respect to the brand shall remain effective at all times with respect to silver delivered prior to the revocation of approval of the brand with respect to silver delivered on Exchange contract prior to revocation thereof.

112.04 Official List of Brands or Markings of Silver Bars

There shall be on file in the Office of the Secretary descriptions and/or replicas of the brands or markings of silver bars which may be delivered against the silver contract; said official list shall at all times be available to members for inspection.

112.05 Removal of Silver Brand or Marking ~~from~~ From Official List

(a) All Brands. If the Exchange shall at any time determine that the metallurgical assay of any silver bars bearing a brand or marking on the Official List of Approved Refiners and Brands, official list (as provided in Rule 112.04 of these Rules), has depreciated below 999 fineness, thereupon the Exchange may exclude said brand or marking from the Official List of Approved Refiners and Brands official list unless deliveries of bars bearing said brand or markings are accompanied by certificates of analysis of one of the Approved Assayers official assayers of the Exchange showing a silver fineness of not less than 999. Any brand or marking so affected by such decision of the Exchange shall be listed posted upon the Official List bulletin board of Approved Refiners the Exchange and Brands so as to the official list shall indicate the limitation upon deliveries of said brand or marking. The limitation upon deliveries of such brand or marking shall not be deemed to affect the amount of money to be paid or the grade or quality of silver to be delivered under the silver contract, and shall be binding upon all such contracts entered into before, as well as after, the adoption of such changes, anything in these Rules to the contrary notwithstanding.

(b) Brands No Longer in Production

1. The Exchange, in its discretion, may determine to remove from the Official List ~~official list of Approved Refiners approved brands and Brands markings~~ a particular silver brand or marking of an Approved Producer ~~producer or refiner~~ that has ceased production. The factors to be considered in delisting an approved brand include, but are not limited to, limited commercial acceptability of the brand; ~~or~~ concerns about quality or quality uniformity of the brand; or total inventory on warrant at all Exchange-Licensed Silver Depositories ~~for silver~~ of the brand that is less than 2,000 bars.

2. Effective September 30, 1997, silver bars incised with the "SM" brand, i.e., Spiral Metal Co., Inc., that are not residing in a Exchange-Licensed Silver Depository ~~for silver~~ and on warrant as of that date shall not be deliverable against an Exchange Silver Futures Contract. Beginning June 25, 1998, no warrant containing any silver bars incised with the "SM" brand may be presented for delivery against an Exchange Silver Futures Contract.

112.06 Fees, Charges and Storage Requirements of Depositories Licensed for Delivery of Silver

~~(a) Statement of Fees and Charges. Each depository licensed by the Exchange for the storage of silver shall furnish the Exchange with a written statement setting forth its current range of fees and charges applicable to silver stored in Exchange lots.~~

~~(b) Increases of Fees and Charges. No depository licensed by the Exchange for the storage of silver may increase its fees and charges above those set forth in such written statement without giving not less than 90 days prior written notice thereof to the Secretary of the Exchange, which notice shall itemize each proposed increase and the effective date thereof. The Secretary shall promptly transmit to all members of the Exchange copies of such statements and notices.~~

~~(c) Storage Requirements. A Licensed Depository depository shall accept all eligible ~~deliverable~~ silver offered for storage. In the event a Licensed Depository ~~is licensed vault shall be~~ unable to store additional silver because of physical limitation of facilities, notification shall be given to the Exchange's Research and Product Development Department ~~Secretary of the Exchange~~ at once, and further notice shall be given when the depository is again to receive additional silver for storage.~~

112.07 Warrants Silver Depositories Annual Audit Procedures

~~Every depository licensed by the Exchange for the storage of silver shall:~~

~~(a) have an annual audit of its silver vault conducted by independent certified public accountants selected by it (and satisfactory to the Exchange) on a date to be selected by such accountants without prior notice to such depository, which audit shall consist of the following:~~

~~(i) observation of and participation in accounting for all silver receipts issued by the depository since June 30, 1972, or the date of the last audit performed in accordance with this Rule whichever is later;~~

~~(ii) observation of and participation in the counting of all bars of silver on hand and reconciling such counts with the depository's records of silver stored;~~

~~(iii) for selected lots of silver observation of and participation in determining serial numbers and weight imprinted on each bar therein reconciles with the receipt therefor;~~

~~(iv) confirmation by direct communication with holders of receipts (to the extent considered necessary by such accountants) that the depository's records with respect to their silver in storage are correct;~~

~~(v) confirmation by direct communication with former holders of receipts who have withdrawn their silver from the depository (to the extent considered necessary by such accountants) that the depository's records of such withdrawals are correct;~~

~~(vi) study and evaluation of the depository's internal controls relating to the accountability for and the custody of all silver placed in the depository;~~

~~(vi) not drilling any bars of silver or employing any alternative procedures for the purpose of verifying the true content of the bars counted, nor physically weighing any bars of silver to determine that the weights imprinted thereon are accurate;~~

~~(b) notify the Exchange not later than January 15 each year of the name of such independent certified public accountants and at the same time deliver to the Exchange a signed copy of an agreement from such accountants in the form appended hereto provided however that if a depository appoints new independent certified public accountants in any year prior to the time the audit described in (a) above is conducted, such depository shall, within 15 days after such appointment, notify the Exchange of the name of the new independent certified public accountants and deliver to the Exchange a copy of the agreement in the form appended hereto signed by such new accountants.~~

~~(c) furnish to the Exchange within five days after receipt thereof by the depository a signed copy of any other audit, examination, or report with respect to its silver vault made by its independent certified public accountants, any governmental agency or department having jurisdiction over such depository, or by its own internal auditing staff;~~

~~(d) notify the Exchange immediately upon discovery by it of any shortage, error, or other discrepancy with respect to silver stored thereat, or with respect to receipts for silver issued by it.~~

112.08 Form of Silver Contract

All contracts for the future delivery of silver shall be in the following form:

COMMODITY EXCHANGE, INC.

SILVER CONTRACT

New York, N.Y. 20..

A.B. & Co. has this day (sold) and agreed to (receive from) (bought)
(deliver to)

..... C.D. 5,000 troy ounces (6% more or less) of bar silver (in bars weighing within the limits specified in Rule 112.01) assaying not less than 999 fineness and bearing one or more of the brands or markings listed upon the official list of the Exchange, at the price of cents per ounce in accordance with the provisions of the By-Laws and Rules of Commodity Exchange, Inc., deliverable from licensed or designated warehouse or vault between the first and last delivery days of, inclusive, the delivery within such time to be at seller's option, upon notice to buyer as provided by the By-Laws and Rules of Commodity Exchange, Inc.

Either party may call for a margin, as the variations of the market for like deliveries may warrant, which margin shall be kept good.

This contract is made in view of, and in all respects subject to the By-Laws and Rules of Commodity Exchange, Inc.

For and in consideration of one dollar to the undersigned, in hand paid, receipt whereof is hereby acknowledged, the undersigned accepts this contract with all its obligations and conditions.

Verbal contracts (which shall always be presumed to have been made in the approved form) shall have the same standing, force and effect as written ones, if notice in writing of such contracts shall have been given by one of the parties thereto to the other party during the day on which such contract is made.

112.09 Warehouse or Vault Receipts For Silver

(a) Issuance of the Warrants Receipts. After eligible silver has been placed in a Licensed Depository, licensed or designated warehouse or vault, accompanied by itemized bar list showing brand, bar numbers and weight as stamped on the bars, Warrants negotiable warehouse or vault receipts stating the brand or markings, serial numbers, and the number of bars, shall be issued to its owners. Warrants Receipts shall be lettered or numbered consecutively by each Licensed Depository warehouse or vault and no two receipts shall bear the same letter or number. If letters are used, they must not exceed three (3) characters and if used in combination with numbers, they must precede the numbers. The numbers must not exceed 7 digits.

(b) No Warrant receipt shall be issued for more or less than one contract unit. unit, except a receipt may be issued for two (2) contract units in the following circumstances:

112.08(i) for 10,000 troy ounces of silver cast in bars of 1,000 troy ounces, provided that such bars may be delivered pursuant to Rule 112.01, of these Rules;

(ii) for 10,000 troy ounces of silver cast in bars of 1,000 troy ounces, provided that such silver is placed in Exchange licensed vault or warehouse prior to September 27, 1974; or

(iii) in substitution for receipts issued pursuant to paragraphs (i) or (ii) above which have been filed with endorsements and have been surrendered to the warehouseman for issuance of a substitute receipt in accordance with the By Laws, Rules and Resolutions.

(b) Substitute Receipts. When the back of a warehouse receipt for silver has been filled up with endorsements, a Clearing Member may surrender it to the warehouseman and request the issuance of a substitute receipt in place thereof. The warehouseman shall issue the substitute receipt in the name of the party making the request but shall preserve the surrendered receipt, either in its existing form or on microfilm, unless the party surrendering it appears as the depositor on the surrendered receipt and informs the warehouseman in writing that the surrendered receipt may be destroyed.

The warehouseman shall, in the event that the surrendered receipt is to be preserved, note on the substitute receipt the name of the depositor appearing on the surrendered receipt and its identifying number. Except in those instances in which a party surrendering a receipt informs the warehouseman that it may be destroyed, the warehouseman shall preserve the surrendered receipt in its existing form or on microfilm, and make the records of such receipts available to any holder of a substitute or successive receipt who requests access to the records to ascertain the chain of title of the lot of silver covered by a receipt held by him. The warehouseman shall, however, not be liable to any holder of a receipt for failure or inability to produce earlier receipts or copies thereof covering the same lot of silver, unless such failure or inability is due to negligence or willful act or omission on the part of the warehouseman.

112.10 Program of Periodic Test Sampling and Assaying of Silver Stored in Licensed Warehouses

(a) The Committee on Precious Metals is authorized by the Governors Committee of the Exchange to implement these Rules and to supervise the activities of the samplers and assayers in carrying out the Rules. The Committee on Precious Metals may in its discretion determine the procedure of the samplers from time to time and with respect to any specific lot or lots of silver.

(b) From time to time the Committee on Precious Metals shall direct the samplers and assayers as to the licensed warehouse or vault to be inspected with due regard to the periodic inspection of each of the licensed warehouses or vaults and to the fixing of irregular intervals for such inspections.

~~(c) The samplers and assayers shall arrange with the warehouse or vault to be inspected to have access to all of the silver received into store subsequent to the last preceding inspection date. Subject to such variation as may be required by the Committee on Precious Metals with respect to any lot or lots of silver to be sampled and assayed, the samplers and assayers shall take random samples from approximately ten percent of the lots available for inspection but the percentage of lots to be sampled and assayed may be varied in the discretion of the samplers and assayers. The samplers and assayers shall, in each case, be guided by their own judgment in selection of the lot or lots and the bar or bars to be sampled and assayed.~~

~~(d) Except as otherwise directed by the Committee on Precious Metals, or except as otherwise determined by the samplers and assayers in any given instance, one bar of each lot selected for sampling shall be drilled in such pattern or place as the sampler may determine, but not more than 1/2 ounce shall be removed. The samples shall be packaged and marked with the lot and bar number or numbers from which they are taken, and the amount of silver in each sample shall be weighed. The assayer shall then assay the samples keeping a portion of each sample for his own record and returning the balance to the Exchange.~~

~~(e) In the event that a lot is found upon assay to be less than 999 fine, the report of the assayer shall be referred to the Committee on Precious Metals which shall take such steps as may be necessary or appropriate to disqualify the lot from tenderability upon Exchange contracts and to inform the membership with respect thereto.~~

~~(f) There shall be a transactions tax on all trades on the Exchange sufficient in amount to provide a fund for the payment of the cost of sampling and assaying and for labor charges on the part of the warehouses. The Governors Committee will fix the amount of the tax from time to time to cover the current costs.~~

~~(g) Assayers and weighmasters shall file a report with the depository in the form in Appendix I Form T.~~

112.11 Weighing of Silver Bars Bearing Approved Brands

Any barlet of silver ~~that~~which does not have the bar weights stamped or incised on the bars by the refiner, and which is identified by a refiner's~~refiner's~~ bar list without indicating or specifying the bar weights, but which is otherwise qualified for delivery on Exchange contract, may be put in tenderable condition for such delivery by the following procedure:

(a) The silver must be weighed by a Licensed Weighmaster~~Exchange licensed weighmaster~~.

(b) The weight of each bar and the identification stamp of the Licensed Weighmaster~~licensed weighmaster~~ must be incised ~~thereon~~ with an appropriate tool which will create a permanent record on each bar.

(c) The weight so marked on each bar shall be to the nearest 1/10th of an ounce.

(d) The Licensed Weighmaster weighmaster shall prepare a certificate stating the procedures which he has followed, and said certificate shall be attached to the itemized bar list identifying the bars by number and weights of each. Said Weighmaster's Certificate and bar list shall be maintained by the Licensed Depository.

~~(e)~~ (e) In all cases in which weighmaster's certificate is attached to the bar list, the owner of the silver shall add a notation to the bar list giving the name of the weighmaster and stating that the numbers and weights of the bars shown thereon were determined by said weighmaster whose certificate has been attached to the bar list.

(f) The bar list, supplemented by the weighmaster's certificate, shall be deemed in compliance with the requirements of Rule 112.16(b) on a delivery of the lot of silver on a Commodity Exchange, Inc. contract.

(g) For all silver placed in tenderable condition prior to December 1, 2003, a separate bar number incised ~~thereon~~ with an appropriate tool will be acceptable in lieu of the identification stamp of the Licensed Weighmaster. ~~icensed weighmaster.~~

112.09~~112.12~~ Delivery Months

During each calendar month (the "current calendar month"), the Exchange will make available~~and Days~~ for trading futures contracts that provide Trading in Silver

Trading in silver shall be conducted for delivery of silver in ~~the~~ every current calendar month, the immediately following months: 1) the current calendar month; 2) the first calendar month following the current calendar month; 3) the second calendar month following the current calendar month; 4) ~~each~~two calendar months, every January, March, May, and September falling within a 23-month period beginning with~~from~~ the current month;~~calendar month,~~ and 5) each~~every~~ July and December falling within a 60-month period beginning with the current month

~~from the current calendar month. Trading in a silver future shall commence on the last business day of the month in which it is listed ("First Day of Trading") and shall cease at the close of trading on the business day preceding Last Notice Day for the named delivery month ("Last Day of Trading").~~

112.10 Prices and Fluctuations

112.13 Price Multiples for Silver

Silver futures contracts shall be traded in one-half cent per ounce (\$.005) multiples, with respect to outright transactions, ~~except as provided in Rule 104.02(e)(1),~~ and one-tenth cent per ounce (\$.001) multiples, with respect to straddles (also known as switches or spreads) executed by trading the differential, as described in Rule 104.38. Contracts traded on any other price basis are prohibited.

~~112.11-112.14 Deleted~~

112.15 Delivery Notice of Silver

~~(a) The following definitions shall be applicable to the delivery of silver.~~

~~Date of Presentation—The day on which notice(s) of intention to deliver are presented to the Clearinghouse or its designee.~~

~~(i) First Date of Presentation—The next to the last business day of the calendar month preceding the named delivery month.~~

~~(ii) Last Date of Presentation—The next to the last business day of the named delivery month.~~

~~Notice Day—The day on which invoices are issued by the Clearinghouse or its designee, which shall be the business day prior to the day of delivery of the commodity specified in the notice of intention to deliver.~~

~~(i) First Notice Day—The last business day of the calendar month preceding the named delivery month.~~

~~(ii) Last Notice Day—The next to the last business day of the named delivery month.~~

~~Delivery Day—The day on which delivery in fulfillment and liquidation of an Exchange contract shall be made.~~

~~(i) First Delivery Day—The first business day of the named delivery month.~~

~~(ii) Last Delivery Day—The last business day of the named delivery month.~~

~~(b) Except as provided in paragraph (c), the day referred to in "Date of Presentation", "Notice Day" and "Delivery Day" shall end not later than one hour after the close of the market.~~

~~(c) On the Last Date of Presentation in the current month, notices against contracts remaining open on said day shall be presented to the Clearinghouse or its designee not later than 12:30 p.m.~~

~~(d) The notice of intention to deliver silver shall be presented by the member making delivery to the Clearinghouse or its designee in a computer readable form approved by the Clearinghouse or its designee. Said notice shall indicate the approved refiner, the receipt number of the warrant, and the weight thereof and the licensed depository in which the same is stored and shall be accompanied by a Notice Summary in the following form:~~

Notice Summary
Commodity Exchange, Inc.
Notice of Intention to Deliver

~~Clearing Member Name Clearing Member #~~

~~Issuance Date House/Customer (H/C)~~

~~Delivery Date~~

~~HIGH GRADE COPPER Total Number of Notices~~

~~GOLD Total Number of Notices~~

~~SILVER Total Number of Notices~~

~~TO CLEARINGHOUSE:~~

~~Take notice that on the above delivery date, for each delivery notice record presented, we shall make delivery as indicated above to the clearing member(s) to which you allocate the above stated Notices of Intention to Deliver at the delivery notice price established by the Clearinghouse. Each delivery of a futures contract hereunder shall be in accordance with the specifications for such contract as set forth in the Rules of Commodity Exchange, Inc.~~

~~Print Name of Preparer Signature~~

~~Telephone Number~~

~~(e) All notices of intention to deliver shall be presented to the Clearinghouse its designee in accordance with such rules and procedures as the Clearinghouse may adopt.~~

~~(f) On the date of issuance, the clearing member to which the notice of intention to deliver has been allocated shall receive from the Clearinghouse or its designee an invoice for the silver, specifying the refiner, the warrant number, the weight, and the licensed depository in which the silver is stored, the price, and the name of the member making delivery.~~

~~(g) A member to whom a notice of intention to deliver is allocated shall be obligated to accept delivery in accordance with the By Laws and Rules of the Exchange and may not transfer this obligation.~~

~~(h) In the event that the automated delivery system is not operational, the Exchange will notify all clearing members of this occurrence and advise them of the substitute procedure to be followed.~~

~~(i) In the event that the office of a member to whom a notice of intention to deliver has been allocated shall be closed, good delivery of the invoice shall be effected by handing it to the Secretary of the Exchange, who shall endorse thereon the date and the time of its receipt and post notice thereof on the bulletin of the Exchange.~~

~~(j) Silver shall be paid for at the settlement price of the current month on the Date of Presentation and on the basis set forth in Rule 112.16(e).~~

~~(k) No notices of intention to deliver shall be presented, no invoices shall be issued, and no transmittal of delivery documents shall be made on a Saturday or any other day designated as a holiday by the By Laws, by the Exchange, or by the Board, except as provided in paragraphs (l) and (m) of this Rule 112.16.~~

~~(l) When the last date of issuance is declared a holiday too late to permit the presentation and allocation of notices of intention to deliver, such notice may be presented and allocated in the usual manner on the holiday.~~

~~(m) When the last delivery day is declared a holiday too late to permit a notice of intention to deliver to be presented and allocated requiring delivery on the business day preceding the last delivery day, then the delivery shall be completed on the holiday.~~

~~(n) Members having contracts open in the current month must keep their offices open for the purpose of receiving the notices of intention to deliver or of completing such deliveries.~~

112.16 Delivery of Silver

~~(a) Silver may be delivered against a silver contract from any Licensed Depository warehouse or vault licensed and/or designated by the Exchange specifically for the storage of silver, and may not be delivered except from such Licensed Depository warehouse or vault. Each contract unit shall be delivered from a single Licensed Depository warehouse or vault. The Exchange Board may from time to time add to or eliminate Licensed Depositories licensed or designated warehouses or vaults after notice to members. Said notice shall fix the time when such changes shall become effective. The addition or elimination of a Licensed Depository licensed or designated warehouses or vaults shall not be deemed to affect the amount of money to be paid or the grade or quality of the silver to be delivered upon an Exchange contract, and shall be binding upon all such contracts entered into before, as well as after the adoption of such change, anything in these Rules to the contrary notwithstanding.~~

~~(b) The bar list must be an instrument prepared and signed by the refiner of the silver identified therein or by the Licensed Depository issuing the Warrant.~~

~~Only whole bars may be delivered.~~

~~(b) Negotiable warehouse or vault receipts as provided in these By Laws, issued and signed by a licensed warehouseman, and endorsed as provided in this section and~~

accompanied by (i) invoice, (ii) itemized bar list showing brand, bar numbers and weight as stamped on the bars, and (iii) if any such receipt is being used for a delivery pursuant to Rule 112.01(b) and is for bars cast in 1,100 troy ounces, a certificate of the member making the delivery, in form satisfactory to the Exchange, attesting that such bars may be delivered in accordance with Rule 112.01(b) of these By-Laws shall be a good delivery in fulfillment of a contract for future delivery and shall be deemed a liquidation of the contract on which such delivery is made. The delivery of silver shall be considered complete when the documents required pursuant to the first sentence of this Rule 112.16 (b) have been delivered to the receiver. All silver must be delivered to the receiver with handling and storage charges paid up to and including the day of delivery. Storage charges shall be prepaid at the time of delivery, and the buyer may require the seller to furnish satisfactory proof of such prepayment. Any prepaid storage charges for a period extending beyond the delivery day (but not in excess of thirty days) shall be refunded by the buyer to the seller on a pro rata basis for the unexpired term and an adjustment made upon the invoice.

RESOLUTION

~~.10 Interpretation of Term "Bar List".~~

The "bar list" referred to in Rule 112.16 must be an instrument prepared and signed by the refiner of the silver identified therein or by any Clearing Member.

(c) A Warrant warehouse or vault receipt must be endorsed by each person or party whose endorsement is necessary to pass title thereto; and in addition, a Warrant warehouse or vault receipt, irrespective of its form, must be endorsed and dated by every member of the Exchange who passes it in connection with an Exchange transaction.

(d) The receiver shall not be required to accept any tender varying more than 6% above or below 5,000 troy ounces.

(e) Payment shall be made upon the basis of the weight stamped upon the bars delivered. If the material is stamped in grams the weight must be converted to troy ounces in accordance with Rule 112.02 (c).

(e) The member to whom delivery is made shall at once make payment to the member making delivery by the electronic transfer of federal funds ("payment"). Payment shall be made upon the basis of the weight stamped upon the bars delivered. If the material is stamped in kilos and the total weight as shown by the depository on the receipt is in kilos then the total kilo weight should be converted to ounces for the purpose of determining the billable weight.

(f) The invoice distributed by the Clearinghouse or its designee shall be accepted by the delivering member as a legal demand for the silver. Before 2:00 p.m. on the day of delivery, the delivering member shall tender to the member allocated the delivery notice the warehouse receipt and weight certificate as hereinabove provided.

~~(g) By the tender of a warehouse or vault receipt for silver duly endorsed for delivery of the lot on an exchange contract, the endorser shall be deemed to warrant that the lot is 999 fine. Such warranty shall remain in effect through successive endorsements of the receipt for delivery on exchange contracts. The warranty shall continue for the benefit of a member of the Exchange who shall have taken delivery of the lot in fulfillment of the exchange contracts, or in favor of such member's immediate principal.~~

~~(h) Each delivery of silver in fulfillment of an Exchange contract and the delivery of any invoices required in connection herewith shall be made at the Exchange or such location as may be mutually agreed upon by the Short and Long Clearing Members. Any delivery pursuant to the previous sentence shall be made and accepted between the hours of 12:00 noon and 2:00 p.m. on the day of delivery. The Exchange shall not be liable or responsible for any failure to make or take delivery at such other location or for any other act or omission which can or may occur in connection therewith.~~

~~In the event that such Exchange member or principal shall claim a breach of such warranty, the lot shall be immediately submitted for sampling and assaying to an assayer licensed by the Exchange. The expense of sampling and assaying shall, in the first instance, be borne by the claimant. If a deficiency in quality shall be determined by the assayer, the claimant shall have the right to recover the difference in 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 warehouse or vault receipt upon an Exchange delivery without seeking recovery from his immediate deliverer on the Exchange contract and if the claim is satisfied by the original endorser of the warehouse or vault receipt, intervening endorsers will be thereby discharged from liability to the claimant. If the claimant seeks recovery from his immediate deliverer and his claim is satisfied by such endorser, the party thus satisfying the claim will have a similar option to claim recovery directly from the original endorser of the warehouse or vault receipt or from his immediately preceding endorser. Such claims as are in dispute between members of the Exchange shall in each case be submitted to arbitration under the Rules of the Exchange.~~

~~The liability of an endorser of a warehouse or 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 warehouse or 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 licensed store for use in deliveries upon Exchange contracts, such endorsers shall not be entitled to recover from any prior endorser for the breach of warranty.~~