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OFFICE OF THE SECRETARIAT

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August 14, 2009

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: COMEX Chapter 334 – London Gold Forwards
CME Submission No. 09-157**

Dear Mr. Stawick,

Chicago Mercantile Exchange Inc. ("CME") pursuant Commission Regulations 39.4(c)(2) and 40.2, makes this submission to the Commodity Futures Trading Commission ("CFTC") with regards to plans of the CME Clearing House to accept for clearing certain over-the-counter ("OTC") London Gold Forwards contracts that will be listed by Commodity Exchange, Inc. ("COMEX" or "Exchange"), for clearing-only.

CME will provide central counterparty clearing services for Cleared OTC London Gold Forward transactions. The New York Mercantile Exchange, Inc. ("NYMEX") rulebook chapter (which is where COMEX contract specifications are located) attached to this letter set out the terms for which such OTC transactions may be accepted for clearing, and establish the terms for such transactions that are accepted into clearing.

These contracts will remain as forward contracts within the clearing environment. Contracts will require physical delivery, as described below, and such delivery will occur at the original transaction price. Customer positions and associated funds will be held in accounts governed by Commission Regulation 30.7. CME shall restrict the availability of the clearing service to Eligible Contract Participants, as defined in Section 1a(12) of the Commodity Exchange Act.

The clearing service being offered by CME supports the OTC market which is based on standards established by the London Bullion Market Association ("LBMA"). The LBMA provides, inter alia, standards for the physical delivery of gold, generally referred to as "London Good Delivery" standards. In the existing OTC market, deliveries of gold can take one of two forms: "allocated gold," which refers to the delivery of a certified good delivery gold bar at a registered vault; or "unallocated gold," which refers to the delivery of gold held in an account with an LBMA member bank – the account represents a claim on the bank which can be met through the delivery of allocated good delivery gold. Cleared OTC London Gold Forward



contracts to be cleared by CME will result in the delivery of unallocated gold via accounts maintained with LBMA member banks in London. The rules for Cleared OTC London Gold Forward contracts will be made effective on September 6, 2009.

In line with OTC market practice, Cleared OTC Gold Forward contracts will be available for any market standard delivery date as defined by the LBMA – typically any day that is a business day in both London and New York that is mutually agreed to by buyer and seller, subject to a maximum valid delivery date determined by the Exchange.

The Exchange intends to establish accountability levels for London Gold Forward contracts, which will be certified to the Commission at a later date prior to the time when Cleared OTC London Gold Forwards are first listed for clearing.

Pursuant to Commission Regulations 39.4(c)(2) and 40.2, CME hereby certifies that the clearing of the attached contracts and their rules and terms and conditions comply with the Commodity Exchange Act and regulations thereunder.

Should you have any questions concerning the above, please contact Richard Stevens at 011 44 20 7796 7129, or me at (312) 648-5422.

Sincerely,

/s/ Stephen M. Szarmack
Director and Associate General Counsel

Attachment: Contract Terms and Conditions

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CLEARED OTC LONDON GOLD FORWARDS

334.00. SCOPE OF CHAPTER

This chapter is limited in application to the clearing of Gold Forwards, where the parties to the transaction are "eligible contract participants" as defined in Section 1a(12) of the Commodity Exchange Act. Gold Forwards are listed by COMEX for clearing-only. Although the specifications for cleared Gold Forwards are set forth in this chapter, and the position rules applicable to Gold Forwards are set forth in Chapter 9a, Gold Forwards are not traded on, nor are they traded subject to the rules of, COMEX in its capacity as a designated contract market. Clearing members that clear Gold Forwards are subject to rules generally applicable to clearing members in Chapter 4 (Enforcement of Rules), Chapter 6a (Arbitration), Chapter 7b (Delivery Facilities and Procedures), Chapter 8 (Clearing House and Performance Bonds), and Chapter 9 (Clearing Members), as applicable. The clearing and settlement of transactions in Gold Forwards shall also be subject to the provisions of Chapter 8-F of the CME Rulebook (Over-the-Counter Derivative Clearing).

334.01. CONTRACT SPECIFICATIONS

334.01.A. Unit of Clearing

The unit of clearing shall be 100 fine troy ounces of gold.

334.01.B. Hours for Clearing Entry

The Exchange shall determine the hours during which Gold Forwards may be submitted to the Clearing House. Positions shall be initiated or closed out using off-exchange transactions.

334.01.C. Minimum Price Increments

Minimum price fluctuations shall be in multiples of one tenth of one cent (\$0.001) per fine troy ounce which shall equal \$0.10 per contract. Contracts shall not be made on any other price basis.

334.01.D. Valid Delivery Dates for Cleared Gold Forwards

Delivery in respect of Gold Forwards shall be permitted for any valid value date mutually agreed to by buyer and seller, subject to a maximum valid delivery date determined by the Exchange.

In general, a valid value date shall be any business day that is a banking business day in London and New York. Where the agreed delivery date of a Gold Forward is subsequently determined to fall on a day that is not a valid value date, the delivery date shall be the following valid value date, unless such date falls in the calendar month following the calendar month of the originally agreed delivery date, in which case the delivery date shall be the preceding valid value date.

334.01.E. Delivery Price and Delivery Value

On the Delivery Date, the Delivery Price shall be the price agreed by buyer and seller as part of the original transaction, subject to Rule 334.01.C. The Delivery Value shall be the Delivery Price multiplied by the number of fine troy ounces of gold to be delivered.

Notwithstanding the forgoing, the Clearing House may determine an alternative Delivery Price and Delivery Value in order to facilitate the netting of multiple contracts. In such cases, the revised Delivery Price and Delivery Value shall be an arithmetic average of the Delivery Price and Delivery Value of the constituent contracts, weighted by the number of fine troy ounces to be delivered in respect of each contract.

334.01.F. Position Accountability

Position accountability, as defined in Chapter 9a of the Rules, will apply to cleared positions held in Gold Forwards.

334.01.G. Last Day of Clearing

The last day on which a Gold Forward transaction may be submitted for clearing in respect of a specified delivery date shall be one valid business day prior to the delivery date.

334.01.H. Liquidation

(1) At Maturity. After clearing of Gold Forwards in respect of a specified delivery date has ceased, in accordance with Rule 334.01.G. of this chapter, outstanding contracts for such delivery date shall be liquidated by delivery through book-entry transfer as prescribed in Rules 334.01.I and 334.02.

(2) Prior to Maturity. Rule 806 shall not apply to positions in Gold Forwards. Prior to the Delivery Date, positions may be closed out upon the request of the clearing firm to the Clearing House, and in the manner prescribed by the Clearing House.

334.01.I. Deliverable Standard

In respect of Gold Forwards, delivery shall be made through book-entry transfer of gold in 'unallocated' form via an account denominated in gold operated by a member of London Precious Metals Clearing Limited. Such gold shall represent metal which meets or exceeds the standards of the London Bullion Market Association within its Good Delivery Rules and Good Delivery Specifications for 'Loco London' delivery.

334.01.J. Contract Modifications

Specifications shall be fixed as of the first day of clearing of a contract, except that all deliveries must conform to government regulations in force at the time of delivery. If any national or international government agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such government orders.

334.02. DELIVERY

334.02.A. Last Day of Clearing

By the time prescribed by the Clearing House on the Last Day of Clearing, as defined in Rule 334.01.G, Clearing Members having either open long or open short positions shall notify the Clearing House of the following information:

(1) Clearing Members having open long positions (buyers) shall provide the following information in respect of each open position in a manner prescribed by the Clearing House:

- (a) the name and address of the long Clearing Member's bank used for the acceptance of gold, and account number; and
- (b) the name and address of the long Clearing Member's bank used for the payment of US dollars, and account number.

(2) Clearing Members having open short positions (sellers) shall provide the following information in respect of each open position in a manner prescribed by the Clearing House:

- (a) the name and address of the short Clearing Member's bank used for the delivery of gold, and account number; and
- (b) the name and address of the short Clearing Member's bank used for the receipt of US dollars, and account number.

334.02.B. Day of Delivery

On the Delivery date,

(1) Clearing Members having open short positions (sellers) shall deliver gold to the account of the Clearing House as specified in Rule 334.01.I., by the time prescribed by the Clearing House.

(2) Clearing Members having open long positions (buyers) shall pay the Delivery Value, as defined in Rule 334.01.E, by such method as prescribed by the Clearing House to the account of the Clearing House, by the time prescribed by the Clearing House.

(3) Subject to the notification of the Clearing House of all of the information specified in Rule 334.02.A. and successful fulfillment of the transfers described in Rule 334.02.B(1) and 334.02.B(2), the Clearing House shall (i) deliver gold to the account of the Clearing Member with the open long position as provided in accordance with Rule 334.02.A(1)(a), and (ii) transfer the Delivery Value to the account of the Clearing Member with the open short position as provided in accordance with Rule 334.02.A(2)(b), by the time prescribed by the Clearing House, provided, however, that if the Clearing House is unable to do so by such time as a result of circumstances beyond its control, it will do so as soon as practicable after the condition of impossibility has ceased to exist.

334.02.C. Amendments to Timings

The Exchange may amend the timings of notifications deliveries, and transfers under this Rule 334.02 to reflect the adoption of daylight savings time in New York and/or London.

334.03. DISPUTES

All disputes between interested parties may be settled by arbitration as provided in the Rules.