CBOT® Metals Complex

Introducing CBOT® Electronic Gold Options

The Chicago Board of Trade has opened a new window of opportunity for traders, institutional customers and commercial users of precious metals with the launch of CBOT® 100 Ounce Gold Futures Options.

The 100 ounce Gold option contract is a flexible addition to the CBOT Precious Metals Complex which includes the 100 ounce Gold futures, the CBOT mini-sized Gold futures (33.2 ounces), the 5,000 ounce Silver futures and the CBOT mini-sized Silver futures (1,000 ounces).

All CBOT precious metals contracts, including CBOT 100 ounce Gold options, are traded exclusively on the Chicago Board of Trade's premier electronic trading platform, e-cbot® (supported by LIFFE Connect® technology).

For More Information Visit: **www.cbot.com/metals**

Benefits of Trading

Benefits of trading CBOT 100 ounce Gold options include:

- *Speed* – 100% electronic market with near instantaneous trade execution which reduces delays in fills, improves order confirmation and provides straight-through processing
- *Availability* – nearly 22 market hours allow you to trade when and where you want
- *Market transparency* – the CBOT electronic trading platform allows all traders to see the market, including prices and quantities for current bids and offers
- *Liquidity* – continuous two-sided markets provide efficient market access
- *Financial integrity* – CBOT Gold options are cleared through the CME/CBOT Common Clearing Link, the largest derivative clearing facility in the world, which provides financial security and potential spread benefits
- *Flexibility* – options allow flexibility in your trading, risk management or investment portfolio
- *Low Transaction Fees* – competitive Exchange fees provide low cost of entry

Salient Features

Salient features of CBOT 100 ounce Gold options:

Product:	An option (call or put) on one CBOT 100 ounce Gold futures contract
Trading Hours:	6:18 p.m. to 4:00 p.m. (Chicago time) On the last day of trading in an expiring option, the closing time for such options is 12:30 p.m. (Chicago time)
Trading Months:	The current standard contract cycle of February, April, June, August, October and December. In addition to the current cycle of six contracts, the next four June and four December contracts will be available at all times. The serial option months (Jan, Mar, May, Jul, Sep and Nov) will be listed for a two-month trading period.
Last Trading Day:	The last trading day for standard options is the fourth business day prior to the first calendar day of the underlying CBOT 100 ounce Gold futures contract month. The last trading day for serial options is the fourth business day prior to the first calendar day of the serial option month. If this day (for standard or serial options) is a Friday or a day immediately prior to an Exchange holiday, the last trading day will be the previous business day.
Exercise Style:	American style exercise; options can be exercised on any business day on which an option contract is trading. Exercise prior to 6:00 p.m. on a business day will result in a position in the underlying futures market. On the last day of trading, in-the-money options are automatically exercised.
Strike Price Intervals:	$5 per ounce, $10 per ounce and $25 per ounce
Tick Size:	$0.10 per troy ounce ($10 per contract)
Daily Price Limits:	None
Expiration:	7:00 p.m. (Chicago time) on the last day of trading
Ticker Symbol:	OZG (OZGC for calls and OZGP for puts); for vendor-specific ticker symbols, refer to www.cbot.com/metals

Frequently Asked Questions

1. **Why did the Chicago Board of Trade decide to launch CBOT 100 ounce Gold options?**
   The decision to launch CBOT 100 ounce Gold options was in direct response to customer demand. The success of the CBOT precious metals complex makes the 100 ounce Gold option a natural complement, providing additional trading flexibility for CBOT customers.

2. **What platform are CBOT Gold options traded on?**
   As with all CBOT precious metals contracts, the 100 ounce Gold option is traded exclusively on e-cbot®, the Chicago Board of Trade's premier electronic platform.

3. **Are there Market Makers in CBOT 100 ounce Gold options?**
   Yes, there are designated Electronic Market Makers committed to making two-sided markets.

4. **What is the contract size of a CBOT 100 ounce Gold option contract?**
   One underlying CBOT Gold futures contract of 100 troy ounces.

5. **What are some common conversion factors in the Gold market?**
   1 troy ounce = 31.1 grams (31.1034768)
   1 kilogram = 32.2 troy ounces (32.151)
   CBOT Gold futures contract size: 100 troy ounces = 3.1 kilograms (3.1103231)

6. **What is American style exercise and why did the CBOT designate their 100 ounce Gold option contract as American style exercise?**
   American style exercise refers to options that can be exercised on any business day during the life of the option. The other alternative, European style exercise, can only be exercised at expiration. The CBOT selected American style exercise because it is the most common type used in the futures industry and it provides additional trading flexibility.

7. **What is the difference between a CBOT Gold call option and a CBOT Gold put option?**
   A call option conveys the right to buy (go long) the underlying 100 ounce Gold futures contract and a put option conveys the right to sell (go short) the underlying 100 ounce Gold futures contract.

8. **Who has the right to exercise a CBOT Gold option?**
   Only the option buyer can exercise the rights specified in either the call or put option. Note that all options which are in-the-money at expiration will be automatically exercised, unless the option buyer notifies their clearing firm otherwise.

9. **What is a CBOT 100 ounce Gold serial option contract?**
   Serial options are short term options that trade for about 60 days. They are listed in months that are not included in the standard CBOT Gold futures contract cycle. They include Jan, Mar, May, Jul, Sep and Nov. Exercising a serial option will result in a position in the futures month following the serial month. Note that only one serial option will be listed at any time. Upon expiration of a serial option, the next serial month will be listed.

10. Are CBOT Gold options exercised into physical Gold?

No. CBOT 100 ounce Gold options are exercised into a 100 ounce Gold futures contract position. Standard month Gold options are exercised into an underlying futures position of the same month. For example, December options are exercised into December futures. Serial month Gold options are exercised into the underlying futures month that immediately follows the serial option month. For example, January Gold serial options would be exercised into February Gold futures.

11. If you exercise a CBOT 100 ounce Gold option contract, can that eventually lead to delivery of physical gold?

Yes. Although the exercise of an option position will result in a futures position, holding the resulting futures position until the delivery month may result in an obligation to take or make physical delivery.

12. Why do options expire in the month prior to the underlying futures contract month?

If exercise occurs on option expiration day, there is still time to offset the assigned underlying futures position prior to the beginning of the futures delivery process.

13. What is Option Premium?

It is the current value, price or cost of the option rights. The option buyer pays the premium and the option seller collects the premium. The option premium is discovered through trading on the electronic platform.

14. What are the position limits for CBOT 100 ounce Gold options?

Option contract positions are combined with futures positions when determining position limits for CBOT products. Information on how options positions are treated for purposes of determining position limits, current position limits and reportable levels is located in section 425.01 and Appendix 4c in the CBOT Rules & Regulations.

15. What are the margin requirements for CBOT 100 ounce Gold options?

Buyers of CBOT 100 ounce Gold options do not have margin requirements. Sellers of CBOT 100 ounce Gold options will have margin requirements determined by the Chicago Board of Trade. The appropriate margin levels are based on price volatility, price levels and other factors. Current margins are posted at www.cbot.com>Clearing>Margins.

16. What are the CBOT Exchange Transaction fees for CBOT 100 ounce Gold options?

CBOT transaction fees are based on the trader's association with the Exchange. Current transaction fees are posted at www.cbot.com>Clearing>Exchange Transaction and Clearing Fees.

17. Who do I contact if I want to begin trading CBOT 100 ounce Gold options or any other CBOT precious metals contract?

Contact your commodity broker. If you are new to trading futures and are looking for a broker, you may want to refer to www.cbot.com>Education>Find a Broker.

18. How do you get connected to the Chicago Board of Trade electronic platform?

Call CBOT Functional Member Readiness at 312-341-7955 or send an email to fmr@cbot.com. Additional information, including the direct connection package, is located on the CBOT website at www.cbot.com>About CBOT>Electronic Trading>Get Connected.

19. Will the Chicago Board of Trade launch options on the other CBOT precious metal contracts?

At the present time, the CBOT is launching 100 ounce Gold Futures options. However, the CBOT will continue to evaluate customer demand for options on other precious metal contracts.

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06-00015