

CME Group to Launch New Shanghai Gold Futures Contracts on October 14 Connecting Global Market Participants to the Chinese Physical Gold Market

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- Shanghai Gold Exchange (SGE) to Introduce New T+N Contracts Linked to COMEX Gold Futures Asia Spot Prices

CHICAGO and SHANGHAI, Sept. 11, 2019 /PRNewswire/ -- CME Group, the world's leading and most diverse derivatives marketplace, today announced the launch of two new gold futures contracts on October 14, 2019, pending regulatory approvals.

Designed to connect global market participants to Chinese physical gold markets, these two new financially-settled contracts will be denominated in U.S. dollars and Renminbi – Shanghai Gold (USD) futures and Shanghai Gold (CNH) futures, are based on the SGE Shanghai Gold Benchmark PM Price. CME Group will be using the EBS CNH Benchmark – 3pmBeijing for USD conversion. The contract sizes will be 1 kilogram, with the USD contract priced in troy ounces and the CNH contract priced in grams, and both contracts will be listed on and subject to the rules and regulations of the COMEX.

Additionally, SGE, the world's largest physical gold exchange, will launch new T+N contracts – NYAuTN contracts on October 14, 2019. NYAuTN contracts are linked to COMEX Gold Futures Asia Spot Prices and denominated in CNY. The contract sizes will be 100 grams.

The bilateral product-licensing agreement signed by CME Group and SGE in May, and the launch of these new products, mark a key milestone in promoting cross-market cooperation that will enhance the global liquidity of CME Group's COMEX Gold futures by aligning with the world's largest physical gold market in China through SGE. This will also provide global investors access to China's physical gold market through CME Shanghai Gold futures while also trading COMEX gold futures for maximum capital and margin efficiencies.

"We applaud both CME Group and SGE for bringing together these two very important gold markets. This is a great tool for the gold industry and we look forward to supporting both initiatives," said Zhen Mei, General Manager of Global Markets Department, Bank of China.

"As one of the world's leading gold refiners and an approved brand for both SGE and COMEX, this is an exciting opportunity for Metalor," said Nicolas Carrera, Global Treasurer of Metalor Technologies SA. "This solution provides a unique hedging tool for China gold exposure."

"We are extremely pleased to collaborate with SGE on these contracts that will bring market participants worldwide increased access to Chinese gold markets," said Derek Sammann, Senior Managing Director, Global Head of Commodity and Options Products, CME Group. "The Shanghai Gold Benchmark is widely-regarded as the Renminbi-denominated gold benchmark, and the launch of these new gold contracts, combined with our ability to offer both USD and CNH contracts utilizing EBS CNH Benchmark, will create new opportunities for clients who want to access China's physical gold prices alongside our liquid COMEX Gold futures and options."

"The launch of these two new Shanghai Gold futures contracts by CME Group marks a significant step in the internationalization of the Shanghai Gold Benchmark," said Wang Zhenying, President of SGE. "At the same time, our adoption of CME Group's COMEX Gold Futures Asia reference prices for the settlement of SGE's T+N contracts will provide our domestic market participants with the benefit of the world's most recognized gold futures price as they manage their exposure to the physical gold market, so it's a win-win cooperation between SGE and CME."

For more information, visit www.cmegroup.com/shanghaigold.

About CME Group

As the world's leading and most diverse derivatives marketplace, CME Group (www.cmegroup.com) enables clients to trade futures, options, cash and OTC markets, optimize portfolios, and analyze data – empowering market participants worldwide to efficiently manage risk and capture opportunities. CME Group exchanges offer the widest range of global benchmark products across all major asset classes based on [interest rates](#), [equity indexes](#), [foreign exchange](#), [energy](#), [agricultural products](#) and [metals](#). The company offers futures and options on futures trading through the [CME Globex](#)® platform, fixed income trading via BrokerTec and foreign exchange trading on the EBS platform. In addition, it operates one of the world's leading central counterparty clearing providers, CME Clearing. With a range of pre- and post-trade products and services underpinning the entire lifecycle of a trade, CME Group also offers optimization and reconciliation services through TriOptima, and trade processing services through Traiana.

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About Shanghai Gold Exchange

As the world's largest exchange-traded physical gold platform, Shanghai Gold Exchange (SGE) (www.sge.com.cn) is a national-level financial market specialized in precious metals trading including gold, silver and platinum. It has 269 members, 12,272 institutional customers and 9.93 million individual customers. Among them, 79 are international members and 81 are international customers. Its domestic members represent 90% of China's gold production output and consumption volume, as well as 95% of the country's refining capacity, while its International members are all major international banks, gold industry multinationals and investment institutions. With a decade's efforts, SGE has built a multi-layer market system comprising price matching, price asking, benchmark price, and gold leasing in terms of trading modes, featuring integration of main board and international board. SGE applies to the settlement principle as centralization, netting, and multi-tiered. Currently, there are 18 margin custodian banks for main board and 9 margin custodian banks for international board. With 66 certified vaults deployed across 36 cities, physical delivery through SGE

is rather convenient as allocation and distribution of gold ingots and gold bars are centrally arranged by SGE. In April 19, 2016, SGE launched the "Shanghai Gold", the world's first RMB-denominated benchmark price. The "Shanghai Gold" trading mechanism is an important attempt of China's financial market in innovation and opening-up, and global integration. It also provided a well-functioned tool for risk management and innovation for gold market participants, while accelerated the process of the internationalization of China's gold market. With 16 years' development, SGE has gradually become the core and hub of China's gold market, as well as an important global trading market for precious metals in terms of gold, silver, and platinum. Since 2007, SGE has been the world largest exchanged-traded physical gold platform for 12 consecutive years.

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