

SUBMISSION COVER SHEET

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Registered Entity Identifier Code (optional): 22-223

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 05/24/22 Filing Description: Amendments to the Daily Settlement Procedure Document for Four (4) Steel Futures Contracts

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

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

Rule Numbers: See filing.

New Product

Please note only ONE product per Submission.

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

Official Product Name:

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

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

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

Rule Numbers:

May 24, 2022

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.6(a) Certification. Amendments to the Daily Settlement Procedure Document for Four (4) Steel Futures Contracts.
COMEX Submission No. 22-223**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to Daily Settlement Procedure document (the “Document”) in connection with four (4) steel futures contracts listed in the table below (the “Contracts”) effective Sunday, June 12, 2022 for trade date Monday, June 13, 2022.

Contract Title	Rulebook Chapter	CME ClearPort Code	CME Globex Code
U.S. Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Futures	920	HR	HRC
U.S. Midwest Busheling Ferrous Scrap (AMM) Futures	601	BUS	BUS
U.S. Midwest Domestic Steel Premium (CRU) Futures	969	HDG	HDG
North European Hot-Rolled Coil Steel (Argus) Futures	971	EHR	EHR

Currently, the Document provides the daily settlement methodology for the U.S. Midwest Hot-Rolled Coil Steel (CRU) Index Futures contract. The Exchange is amending the Document to standardize the methodology and increase transparency and clarity of the daily settlement process for the contract. As a result of enhanced trading activity in the U.S. Midwest Bushing Ferrous Scrap (AMM) Futures, U.S. Midwest Domestic Steel Premium (CRU) Futures, and North European Hot-Rolled Coil Steel (Argus) Futures contracts, COMEX is further amending the Document to include these contracts. The Exchange believes that a tiered process utilizing a value-weighted average price (“VWAP”) mechanism for daily settlement is appropriate at this time (collectively, the “Rule Amendments”).

Exhibit A and Exhibit B provide the current and revised Document, respectively in blackline format.

The Exchange reviewed the designated contracts market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may have some bearing on the following Core Principles:

- **Compliance with Rules:** The Exchange shall continue its normal practice to establish, monitor, and enforce compliance with the rules for the Contracts, including the Rule Amendments for the Contracts.

- **Prevention of Market Disruption:** The Exchange has the capacity to detect abnormal price movements and unusual trading volumes, including such abnormal price movements or trading volumes as may associated with bilaterally negotiated trades. The Exchange holds the authority to take remedial action as appropriate.
- **Daily Publication of Trading Information:** The Exchange will continue to publish on its website information regarding contract specifications, terms and conditions, as well as daily trading volume, open interest and price information for the Contracts.
- **Availability of General Information:** The Exchange shall disseminate a Special Executive Report (“SER”) regarding the Rule Amendments. The SER will also be posted on the CME Group website.
- **Execution of Transactions:** The Rule Amendments will further enable the Exchange to continue their current practice of providing a competitive, open, and efficient market mechanism for executing transactions.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.6(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

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

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: Current Daily Settlement Procedure Document
Exhibit B: Amended Daily Settlement Procedure Document

Exhibit A

Current Daily Settlement Procedure Document

(deletions struck through)

U.S. Midwest Domestic Hot-Rolled Coil Steel

U.S. Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Futures Daily Settlement Procedure

Normal Daily Settlement

CME Group staff determines the daily settlement of the U.S. Midwest Domestic Hot-Rolled Coil Steel Index futures (HRC) based on market information that may include (but is not limited to) the following:

1. ~~Resting bids and asks on CME Globex with consideration given to trades executed on Globex throughout the day.~~
2. ~~Price data obtained from a cross section of the OTC brokers collectively representing buyers and sellers in the OTC markets.~~
3. ~~Price data obtained from OTC market participants.~~
4. ~~Price data from other sources deemed reliable and accurate~~

Exhibit B

Amended Daily Settlement Procedure Document

(additions are underscored)

Normal Daily Settlement Procedure

CME Group staff determines the daily settlements for U.S. Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Futures (HRC), U.S. Midwest Busheling Ferrous Scrap (AMM) Futures (BUS), U.S. Midwest Domestic Steel Premium (CRU) Futures (HDG) and North European Hot-Rolled Coil Steel (Argus) Futures (EHR) based on outright trading activity on CME Globex (Globex) and CME ClearPort (CPC) between 12:30:00 and 13:00:00 Central Time (CT), the settlement period.

Tier 1: If there are outright trades in a given contract month on Globex or CPC during the respective settlement period, then that month settles to the volume-weighted average price (VWAP) of the trade(s) during this period.

Tier 2: If no trades in a given contract month occur during the respective settlement period, then the contract month settles to the last trade on either Globex or CPC that occurred between 04:00:00 and 12:30:00 CT. If the last trade is below a Globex bid or above a Globex ask that is active at the end of the respective settlement period, the settle will be adjusted to the Globex bid or Globex ask.

Tier 3: If no trades occur between 04:00:00 and 13:00:00 CT and there is a Globex bid higher than the previous days settlement price or a Globex ask that is lower than the previous days settlement price, the settle will be adjusted to the Globex bid or Globex ask. If the previous days settlement is between the Globex bid/ask at the end of the respective settlement period, that contract months settle will be adjusted to the net change of the previous listed contract month. If the resulting settlement from the previous listed contract month's net change is below a Globex bid or above a Globex ask that is active at the end of the respective settlement period, the settle will be adjusted to the Globex bid or Globex ask.

Tier 4: If no trades occur between 04:00:00 and 13:00:00 CT and there is no Globex bid or Globex ask active at the end of the respective settlement period, that contract months settle will be adjusted to the net change of the previous listed contract month.

Final Settlement Procedure

HRC – COMEX Rulebook [Chapter 920](#)

BUS – COMEX Rulebook [Chapter 601](#)

HDG – COMEX Rulebook [Chapter 969](#)

EHR – COMEX Rulebook [Chapter 971](#)

If you have any questions, please call the [CME Global Command Center](#).