

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 18-292

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 07/18/2018 Filing Description: Amendments to the Daily Settlement Procedure Documents for the Zinc, Aluminum and Lead 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:

July 18, 2018

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments to the Daily Settlement Procedure Documents for the Zinc, Aluminum, and Lead Futures Contracts.
COMEX Submission No. 18-292**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or the “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying amendments to the daily settlement procedure documents for the Zinc, Aluminum and Lead Futures contracts listed in the table below (the “Contracts”) effective Thursday, August 2, 2018 for trade date Friday, August 3, 2018.

Commodity Code	Contract Title	COMEX Rulebook Chapter
ZNC	Zinc Futures	186
ALI	Aluminum Futures	107
LED	Lead Futures	187

Specifically, the Exchange is amending the settlement time period from one (1) minute to thirty (30) minutes for the lead month of the Contracts. In addition, the settlement methodology will be amended from settling to the midpoint of the low bid/high ask price to the nearest bid/ask price in the lead month of the Contracts. These amendments will align the settlement procedures for the Contracts with the settlement procedures of the benchmark metals contracts. Market participants indicated that it would be beneficial to harmonize the base metals settlement procedures with those of other metals contracts.

The amended Daily Settlement Procedure documents are provided in Exhibit A in blackline format.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA”) and identified that the amendments to the Daily Settlement P documents of the Contracts may have some bearing on the following Core Principles:

- **Prevention of Market Disruption:** The amendments reflect the Exchange’s efforts to more effectively protect the market from large price fluctuations of the Contracts. The Exchanges believe that the amendments are consistent with this Core Principle requiring the Exchanges to maintain and promote an orderly market.

- **Availability of General Information:** The Exchange will publish a Special Executive Report (“SER”) to advise the marketplace of these amendments. The SER will also be posted on the CME Group website.
- **Execution of Transactions:** The amendments will further enable the Exchange to continue its current practice of providing a competitive, open, and efficient market mechanism for executing transactions.

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

The Exchange certifies that this submission has been concurrently posted on the Exchange’s 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

Attachment: Exhibit A: Daily Settlement Procedure Documents for Zinc, Aluminum and Lead in blackline format

Exhibit A

Daily Settlement Procedure Documents

(additions underscored; deletions ~~struckthrough~~)

COMEX Zinc Futures Daily Settlement Procedure

Normal Daily Settlement Procedure

Lead Month

The lead month is the anchor month for settlements and will always be the second chronological month. For instance, if the October ZNC contract is the spot (front chronological) month, then the November ZNC contract would be the lead month. The lead month is settled based on market activity on CME Globex between ~~11:59:00 and 12:00:00~~ 11:30:00 and 12:00:00 Eastern Time (ET) – the lead month settlement period.

Tier 1: If a trade(s) occurs on Globex between ~~11:59:00 and 12:00:00~~ 11:30:00 and 12:00:00 ET, the lead month settlement period, then the lead month contract settles to the volume-weighted average price (VWAP) of the trade(s) during this period, rounded to the nearest tradable tick. If the VWAP results in a value that is equidistant between two tradable ticks, a symmetric rounding convention will be followed.

Tier 2: ~~If no trades occur on Globex between 11:59:00 and 12:00:00 ET, the lead month settlement period, then the lead month contract settles to the midpoint of the low bid / high ask of the settlement period.~~

If there is no VWAP, then the last trade price is checked against the 12:00:00 ET bid/ask.

1. If the last trade price is outside of the bid/ask spread, then the contract settles to the nearest bid or ask price.
2. If the last trade price is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the last trade price.

Tier 3: If there are no trades in the contract during the settlement period and no two-sided Globex markets available, settlements will be derived using available market data including last trade or prior settlement.

All Other Months

All other months settle based on market activity on CME Globex between 11:30:00 and 12:00:00 ET.

Tier 1: All months other than the designated lead month will settle based upon the VWAP of calendar spread transactions executed on CME Globex between 11:30:00 - 12:00:00 ET.

Tier 2: In the absence of a VWAP of calendar spread transactions the net change of the previous contract month will be applied to determine the contract's settlement price. If the settlement price in a deferred month created by using the "net change" method described above violates a bid or an ask in a calendar spread or in the deferred month itself that could otherwise be honored, the settlement price for that deferred month will be adjusted to honor that bid or ask.

COMEX Aluminum Futures Daily Settlement Procedure

Normal Daily Settlement Procedure

Daily settlements for Aluminum (ALI) futures are determined by CME Group staff based on trading and market activity on CME Globex.

Lead Month

The lead month is the anchor month for settlements and will always be the second chronological month. For instance, if the October ALI contract is the spot (front chronological) month, then the November ALI contract would be the lead month. The lead month is settled based on market activity on CME Globex between ~~11:59:00 and 12:00:00~~ 11:30:00 - 12:00:00 Eastern Time (ET) – the lead month settlement period.

Tier 1: If a trade(s) occurs on Globex between ~~11:59:00 and 12:00:00~~ 11:30:00 - 12:00:00 ET, the lead month settlement period, then the lead month contract settles to the volume-weighted average price (VWAP) of the trade(s) during this period, rounded to the nearest tradable tick. If the VWAP results in a value that is equidistant between two tradable ticks, a symmetric rounding convention will be followed.

Tier 2: ~~If no trades occur on Globex between 11:59:00 and 12:00:00 ET, the lead month settlement period, then the lead month contract settles to the midpoint of the low bid / high ask of the settlement period.~~

If there is no VWAP, then the last trade price is checked against the 12:00:00 ET bid/ask.

1. If the last trade price is outside of the bid/ask spread, then the contract settles to the nearest bid or ask price.
2. If the last trade price is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the last trade price.

Tier 3: If there are no trades in the contract during the settlement period and no two-sided Globex markets available, settlements will be derived using available market data including last trade or prior settlement.

All Other Months

All other months settle based on market activity on CME Globex between 11:30:00 and 12:00:00 ET.

Tier 1: All months other than the designated lead month will settle based upon the VWAP of calendar spread transactions executed on CME Globex between 11:30:00 - 12:00:00 ET.

Tier 2: In the absence of a VWAP of calendar spread transactions the net change of the previous contract month will be applied to determine the contract's settlement price. If the settlement price in a deferred month created by using the "net change" method described above violates a bid or an ask in a calendar spread or in the deferred month itself that could otherwise be honored, the settlement price for that deferred month will be adjusted to honor that bid or ask.

COMEX Lead Futures Daily Settlement Procedure

Normal Daily Settlement Procedure

Daily settlements for Lead (LED) futures are determined by CME Group staff based on trading and market activity on CME Globex.

Lead Month

The lead month is settled based on market activity on CME Globex between ~~41:59:00 and 12:00:00~~ 11:30:00 - 12:00:00 Eastern Time (ET) – the lead month settlement period. The lead month is the anchor month for settlements and will always be the second chronological month. For instance, if the October Lead (LED) contract is the spot (front chronological) month, then the November Lead (LED) contract would be the lead month.

Tier 1: If a trade(s) occurs on Globex between ~~41:59:00 and 12:00:00~~ 11:30:00 - 12:00:00 ET, the lead month settlement period, then the lead month contract settles to the volume-weighted average price (VWAP) of the trade(s) during this period, rounded to the nearest tradable tick. If the VWAP results in a value that is equidistant between two tradable ticks, a symmetric rounding convention will be followed.

~~**Tier 2:** If no trades occur on Globex between 11:59:00 and 12:00:00 ET, the lead month settlement period, then the lead month contract settles to the midpoint of the low bid / high ask of the settlement period.~~

If there is no VWAP, then the last trade price is checked against the 12:00:00 ET bid/ask.

1. If the last trade price is outside of the bid/ask spread, then the contract settles to the nearest bid or ask price.
2. If the last trade price is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the last trade price.

Tier 3: If there are no trades in the contract during the settlement period and no two-sided Globex markets available, settlements will be derived using available market data including last trade or prior settlement.

All Other Months

All other months settle based on market activity on CME Globex between 11:30:00 and 12:00:00 ET.

Tier 1: All months other than the designated lead month will settle based upon the VWAP of calendar spread transactions executed on CME Globex between 11:30:00 - 12:00:00 ET.

Tier 2: In the absence of a VWAP of calendar spread transactions the net change of the previous contract month will be applied to determine the contract's settlement price. If the settlement price in a deferred month created by using the "net change" method described above violates a bid or an ask in a calendar spread or in the deferred month itself that could otherwise be honored, the settlement price for that deferred month will be adjusted to honor that bid or ask.