

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-251

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 06/10/24 Filing Description: Decrease of Spot Month Position Limits of Seven (7) Copper Futures and Option 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:**

**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:** See filing.

**Rule Numbers:** See filing.

June 10, 2024

**VIA ELECTRONIC PORTAL**

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

**Re: CFTC Regulation 40.6(a) Certification. Decrease of Spot Month Position Limits of Copper Futures of Seven (7) Copper Futures and Option Contracts. COMEX Submission No. 24-251**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or the “Commission”) a decrease of the spot month position limits of seven (7) copper futures option contracts as noted below (the “Contracts”) effective on the close of business on June 27, 2024 and commencing with the July 2024 contract month and beyond (collectively, the “Rule Amendments”).

(additions underscored; deletions ~~struck through~~)

Contract Title	Rule Chapter	Commodity Code	Reporting Level	Spot-Month Limit (In Net Futures Equivalents)	Single Month Accountability Level (In Net Futures Equivalents)	All Month Accountability Level (In Net Futures Equivalents)
Copper Futures	111	HG	25	<del>600</del> 300	<del>5,000</del> 3,000	<del>5,000</del> 3,000
Copper Option	117	HX	25	<del>600</del> 300	<del>5,000</del> 3,000	<del>5,000</del> 3,000
Copper Weekly Monday Option	1010	H1M-H5M	25	<del>600</del> 300	<del>5,000</del> 3,000	<del>5,000</del> 3,000
Copper Weekly Tuesday Option	1010	H1T-H5T	25	<del>600</del> 300	<del>5,000</del> 3,000	<del>5,000</del> 3,000
Copper Weekly Wednesday Option	1010	H1W-H5W	25	<del>600</del> 300	<del>5,000</del> 3,000	<del>5,000</del> 3,000
Copper Weekly Thursday Option	1010	H1R-H5R	25	<del>600</del> 300	<del>5,000</del> 3,000	<del>5,000</del> 3,000
Copper Weekly Friday Option	1010	H1E-H5E	25	<del>600</del> 300	<del>5,000</del> 3,000	<del>5,000</del> 3,000

## Federal Position Limits

The Copper Option, Copper Weekly Monday Option, Copper Weekly Tuesday Option, Copper Weekly Wednesday Option, Copper Weekly Thursday Option, and Copper Weekly Friday Option contracts are referenced contracts and are subject to federal position limits during the spot month. The core referenced futures contract is the Copper Futures contract (Commodity Code: HG; COMEX Rulebook Chapter: [111](#)).

## Background

Historically, copper has been used in a wide array of applications and industries due to its resistance to corrosion, malleability, and its ability to conduct heat and electricity efficiently. These industries include construction, telecommunications, industrial machinery, electronics and transportation. In recent years, usage in the transportation sector, in support of electric vehicles, has grown rapidly.

### Supply and Demand

According to the United States Geological Survey (USGS), as of 2020, annual global copper demand was approximately 28 million metric tons.<sup>1</sup> To meet that demand, approximately 18 metric tons are from mine production, with the balance being met by recycled copper. Copper is nearly infinitely recyclable, and therefore it is highly unlikely that the world would ever deplete the copper supply. As of 2020, it was estimated that global reserves of copper were approximately 870 million metric tons, with total copper resources exceeding 5 billion metric tons. Reserves are considered to be discovered, evaluated and assessed to be profitable, while resources include reserves, discovered deposits which are potentially profitable and undiscovered deposits predicted based on preliminary geological surveys.<sup>2</sup>

### Electric Vehicles

The introduction of electric vehicles (EVs) to the market has, in some cases, increased the amount of copper needed for production by as much 273%. A traditional internal combustion engine vehicle requires about 49 pounds of copper, while a hybrid electric vehicle (HEV) requires approximately 85 pounds of copper, and a battery electric vehicle (BEV) requires 183 pounds.<sup>3</sup> In 2013, EV sales represented only 0.2% of all vehicle sales. That market share has increased to 16.7% in 2023, which has exponentially increased the amount of copper needed for vehicle production.<sup>4</sup>

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<sup>1</sup><https://internationalcopper.org/sustainable-copper/about-copper/cu-demand-long-term-availability/#:~:text=Copper%20Reserves%20and%20Resources&text=Copper%20is%20naturally%20present%20in,demand%20is%2028%20million%20tonnes>.

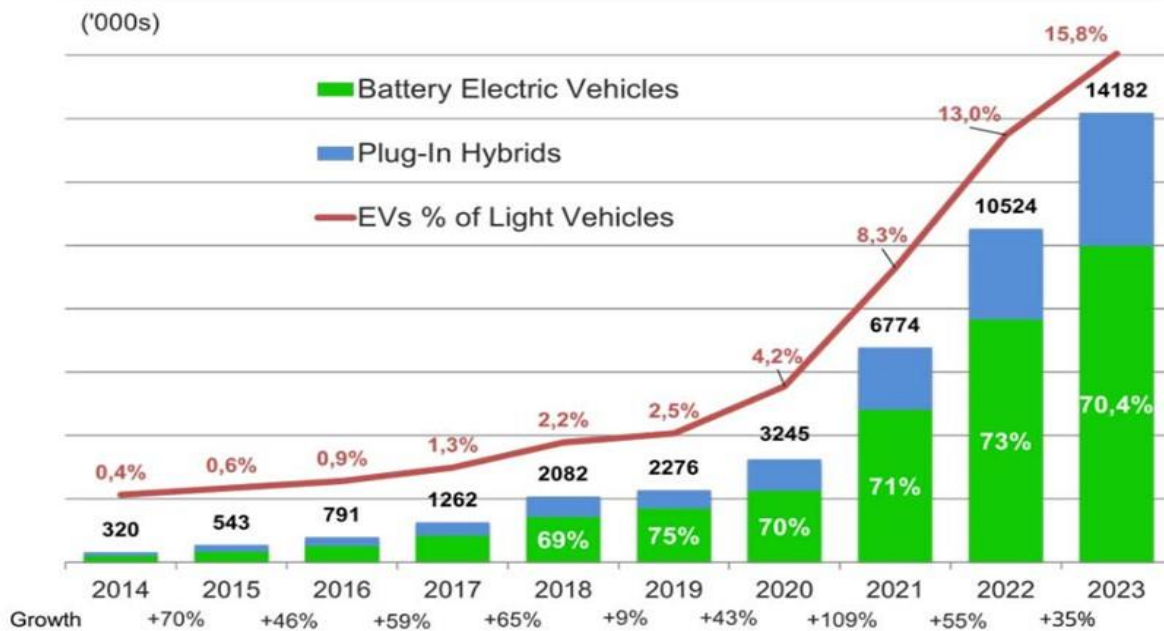
<sup>2</sup> [Copper Demand and Long-Term Availability - Copper Alliance](#)

<sup>3</sup> [A6191-ElectricVehicles-Factsheet.pdf \(copper.org\)](#)

<sup>4</sup> [EV-Volumes - The Electric Vehicle World Sales Database](#)

## GLOBAL BEV & PHEV SALES

EV VOLUMES



Source: EV-volumes.com

Appendix C to part 38 of the Commission’s regulations defines deliverable supply as “the quantity of the commodity meeting the contract’s delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract’s delivery points during the specified delivery period, barring abnormal movement in interstate commerce.”

In 2023, the Exchange decreased the spot month limits of the Contracts effective with the May 2023 contract month and beyond (see COMEX Submission No. [23-114](#) dated February 27, 2023). As of May 31, 2024, the 3-year average monthly copper inventory held at COMEX approved warehouses totaled 43,626 short tons, the equivalent of 3,490 COMEX Copper Futures contracts.

## Copper Inventory in Exchange Approved Warehouses

Table 1. below provides the monthly average inventory levels of copper for the most recent three (3) year period stored at Exchange approved warehouses.

Table 1. Inventory at Exchange Approved Warehouses

Month	Average of Registered (ST)	Average of Eligible (ST)	Average of Total (ST)	Average Inventory (Contract Equivalents)
Jun-21	45,765	8,686	54,451	4,356
Jul-21	43,643	2,452	46,095	3,688
Aug-21	45,571	2,243	47,814	3,825
Sep-21	49,934	2,643	52,577	4,206
Oct-21	53,448	3,013	56,461	4,517
Nov-21	53,991	4,508	58,498	4,680
Dec-21	56,476	5,439	61,915	4,953
Jan-22	67,105	10,970	78,075	6,246
Feb-22	66,537	9,575	76,112	6,089
Mar-22	64,886	7,030	71,915	5,753
Apr-22	67,980	11,436	79,416	6,353
May-22	68,687	13,326	82,013	6,561
Jun-22	67,753	11,086	78,839	6,307
Jul-22	57,224	8,399	65,624	5,250
Aug-22	43,337	12,379	55,716	4,457
Sep-22	33,869	12,682	46,552	3,724
Oct-22	28,942	11,945	40,888	3,271
Nov-22	29,493	7,228	36,721	2,938
Dec-22	31,273	4,149	35,422	2,834
Jan-23	28,874	3,295	32,168	2,573
Feb-23	17,850	4,557	22,407	1,793
Mar-23	14,610	827	15,437	1,235
Apr-23	21,496	1,932	23,427	1,874

May-23	26,589	1,072	27,660	2,213
Jun-23	27,318	2,221	29,538	2,363
Jul-23	29,992	11,253	41,246	3,300
Aug-23	28,514	11,290	39,805	3,184
Sep-23	24,988	1,504	26,492	2,119
Oct-23	21,767	2,057	23,824	1,906
Nov-23	18,295	2,257	20,552	1,644
Dec-23	14,959	2,505	17,464	1,397
Jan-24	15,401	6,084	21,486	1,719
Feb-24	13,887	11,876	25,764	2,061
Mar-24	18,444	11,809	30,253	2,420
Apr-24	21,220	6,364	27,584	2,207
May-24	15,209	5,098	20,307	1,625
<b>3-year average</b>	37,092	6,533	43,626	3,490

While the 3-year average inventory supports the current spot month position limit of 600 contracts, based on the continuing decline in copper inventory, staff proposes to decrease the spot month position limit for the Contracts from 600 contracts to 300 contracts which represents 8.6% of deliverable supply for the most recent 3-year period. The decrease of the spot month position limits of the Contracts shall be effective with the July 2024 contract month and beyond.

The Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the COMEX Rulebook (the "Table") will be amended to reflect the amended spot month position limits of the Contracts. Exhibit A reflects the amendments to the Table effective as of June 27, 2024. Exhibits A is provided in blackline format under separate cover.

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("Act") and identified that the Rule Amendments may have some bearing on the following Core Principle:

**Contracts Not Readily Subject to Manipulation:** The Contracts are not readily subject to manipulation due to the deep liquidity and robustness in the underlying physical markets.

**Position Limitations or Accountability:** The speculative position limits for the Contracts as demonstrated in this submission are consistent with the Commission's guidance.

**Availability of General Information:** The Exchange will make publicly available the details of the spot month position limit decreases by publishing a Market Surveillance Notice ("MSN") to the market. The MSN will also be available on CME Group's website.

The Exchange certifies that the Rule Amendments comply with the Act and regulations thereunder. There were no opposing views to the amendments to Chapter 5.

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 312-466-7478 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Timothy Elliott  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A - Amendments to COMEX Rulebook Chapter 5 Position Limit, Position Accountability, and Reportable Level Table (under separate cover)

**Exhibit A**

**COMEX Rulebook**

**Chapter 5**

**(“Trading Qualifications and Practices”)**

**Position Limit, Position Accountability, and Reportable Level Table**

(under separate cover)