

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-392

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/23/24 Filing Description: Increase of Spot Month Position Limits of Aluminum 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.

October 23, 2024

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. Increase of Spot Month Position
 Limits of Aluminum Futures and Option Contracts.
 COMEX Submission No. 24-392**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or the “Commission”) an increase of the spot month position limits of Aluminum Futures and Option contracts as noted below (the “Contracts”) effective the close of business on November 27, 2024, and commencing with the December 2024 contract month and beyond. This submission shall become effective on November 7, 2024.

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

Contract Title	Rulebook 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)
Aluminum Futures	107	ALI	10	200 <u>250</u>	500	500
Aluminum Option	123	AX	10	200 <u>250</u>	500	500

Background

In October of 2023, the spot month position limits for Aluminum Futures and Aluminum Option contracts were increased from 150 contracts to 200 contracts. At that time, aluminum inventories had been on the rise. Since then, aluminum inventories have more than doubled, and another increase in spot month position limits would support further growth in the Aluminum contracts.

Stock Reporting Requirements

Pursuant to the rules of the Exchange, each warehouse is required to report to the Exchange the level of Exchange grade inventory on a daily basis. The inventory shall include eligible and registered metal. Eligible metal shall mean all such metal that is acceptable for delivery against the respective Exchange futures contract (i.e., which meets the specifications and approved brands of the respective futures contract) for which a warrant has not been issued. Registered metal shall mean eligible metal for which a warrant has been issued. Specifically, on a daily basis, each warehouse is required to provide the Exchange (1) the

total quantity of registered metal stored at the warehouse, (2) the total quantity of eligible metal stored at the warehouse, and (3) the quantity of eligible metal and registered metal received and withdrawn from the warehouse.

The inventory levels at all Exchange-approved warehouses for aluminum are made publicly available daily on the Exchange website.¹ Further, the rules of the Exchange require an independent inventory audit to be performed annually to provide a comprehensive reconciliation of stocks stored at warehouses with records maintained by both the Exchange and the warehouse.²

Deliverable Supply Analysis

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.”

As of September 30, 2024, the three (3)-year average monthly aluminum inventory held at COMEX approved warehouses totaled 29,641 metric tons, the equivalent of 1,186 COMEX Aluminum Futures contracts.

Aluminum Inventory in Exchange Approved Warehouses

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

Table 1. Inventory at Exchange Approved Warehouses

Month	Average of Registered (MT)	Average of Eligible (MT)	Average of Total (MT)	Average Inventory in Contract Equivalents
Oct-21	16,069	22,926	38,995	1,560
Nov-21	11,478	23,373	34,851	1,394
Dec-21	8,044	22,566	30,610	1,224
Jan-22	7,706	21,378	29,083	1,163
Feb-22	5,968	19,694	25,662	1,026
Mar-22	6,119	17,635	23,754	950
Apr-22	12,198	15,365	27,563	1,103
May-22	11,405	13,692	25,097	1,004
Jun-22	10,029	12,620	22,649	906
Jul-22	9,553	13,875	23,428	937
Aug-22	9,553	14,196	23,749	950
Sep-22	9,553	11,726	21,279	851

¹ <http://www.cmegroup.com/market-data/reports/registrar-reports.html>

² <https://www.cmegroup.com/rulebook/NYMEX/1/7.pdf>

Oct-22	9,553	10,037	19,590	784
Nov-22	9,553	9,208	18,761	750
Dec-22	10,457	8,587	19,044	762
Jan-23	10,269	7,638	17,907	716
Feb-23	7,480	9,681	17,161	686
Mar-23	8,780	14,704	23,484	939
Apr-23	4,354	22,608	26,962	1,078
May-23	8,587	13,005	21,591	864
Jun-23	6,711	12,486	19,197	768
Jul-23	12,206	7,316	19,522	781
Aug-23	9,139	10,216	19,356	774
Sep-23	10,144	11,728	21,872	875
Oct-23	13,203	10,567	23,770	951
Nov-23	19,692	15,074	34,766	1,391
Dec-23	34,456	9,378	43,834	1,753
Jan-24	43,384	3,766	47,149	1,886
Feb-24	30,380	12,906	43,286	1,731
Mar-24	25,994	16,577	42,571	1,703
Apr-24	20,789	17,411	38,200	1,528
May-24	18,858	14,475	33,333	1,333
Jun-24	19,435	18,811	38,245	1,530
Jul-24	17,667	23,517	41,184	1,647
Aug-24	18,854	41,871	60,725	2,429
Sep-24	17,538	31,305	48,843	1,954
3-year average	14,032	15,609	29,641	1,186

Source: CME Group

Three (3)-year's average inventory in COMEX warehouses is 1,186 contract equivalents. Twenty five percent of calculated deliverable supply is 296.5 contract equivalents. The proposed spot month position limit of 250 contracts, represents 21.08% of the estimated monthly deliverable supply for the most recent three (3)-year period. This is proposed to commence with the December 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 as of November 7, 2024, the effective date of this submission, and Exhibit B reflects the amendments to the Table effective the close of business on November 27, 2024, the date that December 2024 becomes the lead contract month (collectively, the “Rule Amendments”). Exhibits A and B are 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 Principles:

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 Rule Amendments by publishing a Market Surveillance Notice (“MSN”) to the market. The MSN will also be available on CME Group’s website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the proposal complies 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 (312) 466-7478 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A – Amendments to COMEX Rulebook Chapter 5 Position Limit, Position Accountability, and Reportable Level Table (under separate cover)
[Effective November 7, 2024]

Exhibit B – Amendments to COMEX Rulebook Chapter 5 Position Limit, Position Accountability, and Reportable Level Table (under separate cover)
[Effective close of business November 27, 2024]

Exhibit A

**COMEX Rulebook
Chapter 5
("Trading Qualifications and Practices")
Position Limit, Position Accountability, and Reportable Level Table**

(under separate cover)
[Effective close of business November 7, 2024]

Exhibit B

**COMEX Rulebook
Chapter 5
("Trading Qualifications and Practices")
Position Limit, Position Accountability, and Reportable Level Table**

(under separate cover)
[Effective close of business November 27, 2024]