

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 24-393

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 Nine (9) 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.

October 23, 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. Increase of Spot Month Position  
 Limits of Nine (9) Copper Futures and Option Contracts.  
 COMEX Submission No. 24-393**

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 nine (9) copper 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 (collectively, the “Rule Amendments”). This submission shall become effective on November 7, 2024.

(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>300</del> <b><u>800</u></b>	3,000	3,000
Copper Option	117	HX	25	<del>300</del> <b><u>800</u></b>	3,000	3,000
Copper Weekly Monday Option	1010	H1M-H5M	25	<del>300</del> <b><u>800</u></b>	3,000	3,000
Copper Weekly Tuesday Option	1010	H1T-H5T	25	<del>300</del> <b><u>800</u></b>	3,000	3,000
Copper Weekly Wednesday Option	1010	H1W-H5W	25	<del>300</del> <b><u>800</u></b>	3,000	3,000
Copper Weekly Thursday Option	1010	H1R-H5R	25	<del>300</del> <b><u>800</u></b>	3,000	3,000
Copper Weekly Friday Option	1010	H1E-H5E	25	<del>300</del> <b><u>800</u></b>	3,000	3,000

Copper Financial Futures	1190	HGS	25	<del>600</del> <b>800</b>	5,000	5,000
Copper Average Price Option	1191	CAP	25	<del>600</del> <b>800</b>	5,000	5,000

### 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](#)). The Copper Financial Futures and Copper Average Price Option contracts are based on referenced contracts.

### 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 million metric tons is 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 five (5) billion metric tons. Reserves are deposits that 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 15.8% in 2023, which has exponentially increased the amount of copper needed for vehicle production.<sup>4</sup>

<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>.

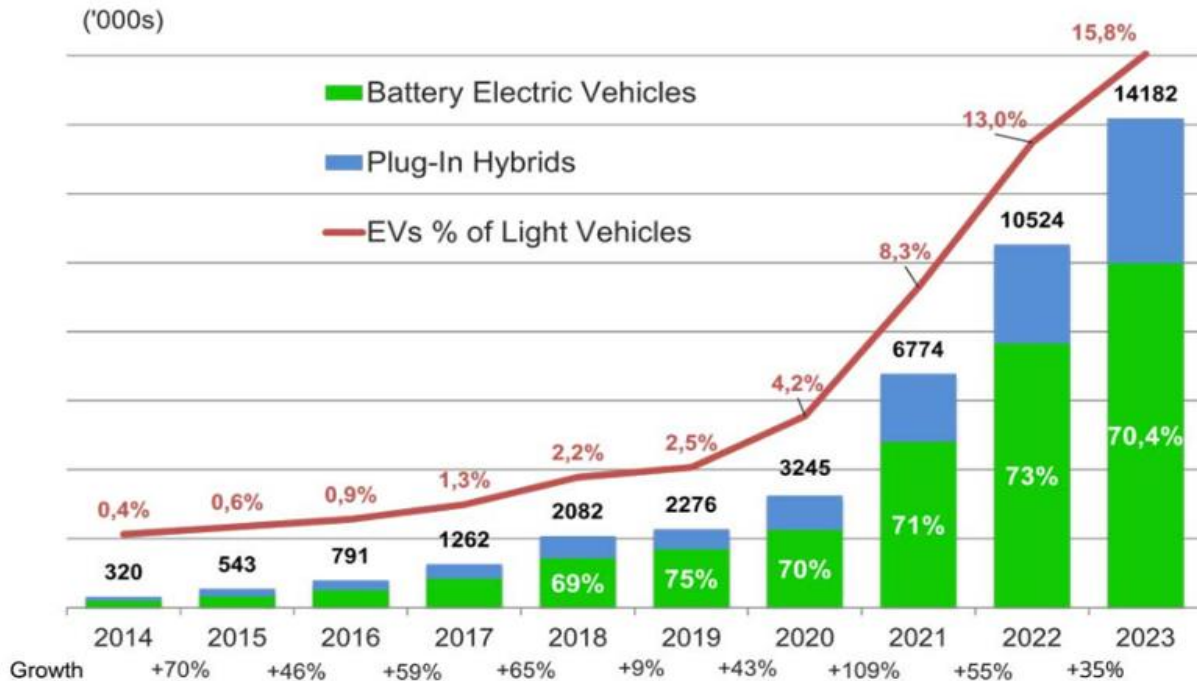
<sup>2</sup> [Copper Demand and Long-Term Availability - Copper Alliance](#)

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

<sup>4</sup> <https://ev-volumes.com/news/ev/global-ev-sales-for-2023/>

## GLOBAL BEV & PHEV SALES

EV VOLUMES



Source: EV-volumes.com

### 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 copper are made publicly available daily on the Exchange website.<sup>5</sup> 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.<sup>6</sup>

<sup>5</sup> <http://www.cmegroup.com/market-data/reports/registrar-reports.html>

<sup>6</sup> <https://www.cmegroup.com/rulebook/NYMEX/1/7.pdf>

## 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 copper inventory held at COMEX approved warehouses totaled 40,748 short tons, the equivalent of 3,260 COMEX Copper Futures contracts. Copper stocks, after having reached historically low levels earlier this year, have been steadily on the rise, increasing by 621% since the end of June 2024.

## 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 in Contract Equivalents
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
Jun-24	8,441	2,412	10,853	868
Jul-24	8,913	2,434	11,347	908
Aug-24	18,689	9,319	28,009	2,241
Sep-24	36,658	10,464	47,122	3,770
<b>3-year average</b>	<b>33,975</b>	<b>6,772</b>	<b>40,748</b>	<b>3,260</b>

Source: CME Group

Based on the continuing incline in copper inventory, the Exchange will increase the spot month position limit for the Contracts to 800 contracts which represents 18.41% of deliverable supply for the most recent three (3)-year period. The increased spot month position limits of the Contracts shall be effective 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](mailto: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 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)