

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 19-102

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 02/19/19 Filing Description: Decrease of the Spot Month Position Limit, Single Month Accountability Level and All Month Accountability Level of the Zinc Futures Contract

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers:

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Official Product Name:

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

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

Official Name(s) of Product(s) Affected: See filing.

Rule Numbers: See filing.



February 19, 2019

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) Rule Certification. Notification Regarding Decrease of the Spot Month Position Limit, Single Month Accountability Level and All Month Accountability Level of the Zinc Futures Contract. COMEX Submission No. 19-102

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or the “Commission”) that it is self-certifying a decrease of the spot month position limit, single month accountability level and all month accountability level of the Zinc Futures contract (the “Contract”) effective with the close of business on March 28, 2019 and commencing with the April 2019 contract month and beyond as noted in the table below.

(Bold/underline indicates addition; ~~Strikethrough~~ indicates deletion)

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)
Zinc Futures	186	ZNC	25-5	150-75	2,000-250	2,000-250

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 decreased spot month position limits of the Contracts. (See Exhibit A and Exhibit B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the COMEX Rulebook with additions underscored and bolded and deletions overstruck (attached under separate cover.)

Consistent with Core Principle 3 of the Commodity Exchange Act, Appendix C of Part 38, the Exchange based the definition of deliverable supply on existing registered and eligible inventories at its Exchange approved warehouses for Exchange delivery. Below is the guidance provided for in Appendix C.

The quantity of the commodity meeting the contract’s delivery specifications that reasonably can be expected to be readily available to short traders and salable by long traders at its market value in normal cash marketing channels at the contract’s delivery points during the specified delivery period, barring abnormal movement in interstate commerce. Typically, deliverable supply reflects the quantity of the commodity that potentially could be made available for sale on a spot basis at current prices at the contract’s delivery points. For a non-financial physical-delivery commodity contract, this estimate might represent product which is in storage at the delivery point(s) specified in the futures contract or can be moved economically into or through such points consistent

with the delivery procedures set forth in the contract and which is available for sale on a spot basis within the marketing channels that normally are tributary to the delivery point(s)¹.

As of January 31, 2019, the 3-year average monthly zinc inventory held at COMEX approved warehouses totaled 12,652 metric tons, the equivalent of 506 COMEX Zinc Futures contracts. Zinc stocks have generally trended lower over the past three years. On February 1, 2016, zinc stocks stood at 36,161 metric tons, or 1,446 contract equivalents. As of January 31, 2019, zinc inventories held at COMEX approved warehouses totaled 2,747 metric tons, the equivalent of 110 COMEX Zinc Futures contracts.

Inventory and Capacity of Exchange Approved Warehouses

Table 2 below provides the monthly average inventory levels of zinc for the most recent three (3) year period stored at Exchange approved warehouses.

Table 2. Inventory at Exchange Approved Warehouses

	Average of Registered	Average of Eligible	Average of Total	Average of Inventory in Contract Equivalents
Feb-16	73	35,722	35,795	1,432
Mar-16	64	28,686	28,750	1,150
Apr-16	30	28,262	28,292	1,132
May-16	0	28,053	28,053	1,122
Jun-16	73	27,649	27,722	1,109
Jul-16	175	26,886	27,061	1,082
Aug-16	226	23,460	23,686	947
Sep-16	262	18,684	18,945	758
Oct-16	34	15,567	15,601	624
Nov-16	100	13,922	14,022	561
Dec-16	0	12,726	12,726	509
Jan-17	18	12,051	12,068	483
Feb-17	59	10,883	10,942	438
Mar-17	11	11,392	11,403	456
Apr-17	0	10,596	10,596	424
May-17	0	22,678	22,678	907
Jun-17	34	20,492	20,526	821
Jul-17	117	17,882	17,999	720
Aug-17	11	16,466	16,476	659
Sep-17	0	15,615	15,615	625
Oct-17	17	7,548	7,565	303
Nov-17	48	4,662	4,710	188
Dec-17	75	4,297	4,372	175
Jan-18	410	3,448	3,857	154
Feb-18	1,024	2,180	3,204	128

¹ <http://www.cftc.gov/ucm/groups/public/@Irfederalregister/documents/file/2012-12746a.pdf>

Mar-18	993	2,147	3,140	126
Apr-18	850	2,187	3,037	121
May-18	850	2,125	2,975	119
Jun-18	811	2,149	2,960	118
Jul-18	761	2,139	2,900	116
Aug-18	837	2,231	3,068	123
Sep-18	974	2,224	3,198	128
Oct-18	895	2,150	3,045	122
Nov-18	748	2,205	2,952	118
Dec-18	622	2,160	2,782	111
Jan-19	616	2,131	2,747	110
3-year average	328	12,324	12,652	506

Source: CME Group

Based on this updated deliverable supply, staff proposes to decrease the spot month limit for the Contract from 150 contracts to 75 contracts which represents 14.82% of deliverable supply for the most recent 3-year period. This is proposed to be effective with the April 2019 contract month.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“Act”) and identified that the amendments to the Table may have some bearing on the following Core Principle:

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

Position Limitations or Accountability: The speculative position limit for the Contract as demonstrated in this submission is consistent with the Commission’s guidance.

Availability of General Information: The Exchange will make publicly available the details of the spot month position limit decrease 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 amendments to the Table 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 212-299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A – Amendments to COMEX Rulebook Chapter 5 Position Limit, Position Accountability, and Reportable Level Table (Effective March 6, 2019)

Exhibit B – Amendments to COMEX Rulebook Chapter 5 Position Limit, Position Accountability, and Reportable Level Table (Effective close of business March 28, 2019)

Exhibit A

COMEX Rulebook

Chapter 5

(“Trading Qualifications and Practices”)

Position Limit, Position Accountability, and Reportable Level Table

(under separate cover)

(Effective March 6, 2019)

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 March 28, 2019)