

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-063

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 02/23/23 **Filing Description:** Initial Listing of the Molybdenum Oxide (Platts) 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 checked="" 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 |

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

- | | | |
|--------------------------|---|----------------------|
| <input 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 23, 2023

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.2(a) Certification. Initial Listing of the Molybdenum Oxide (Platts) Futures Contract.
 COMEX Submission No. 23-063**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of the Molybdenum Oxide (Platts) Futures contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort effective Sunday, March 12, 2023, for trade date Monday, March 13, 2023.

| | |
|--------------------------------------|---|
| Contract Title | Molybdenum Oxide (Platts) Futures |
| CME Globex/CME ClearPort Code | MOX |
| Rulebook Chapter | 649 |
| Settlement Type | Financial |
| Contract Size | 1,322.77 pounds |
| Listing Schedule | Monthly contracts listed for 12 consecutive months |
| Initial Listed Contract Month | March 2023 |
| Pricing Quotation | U.S. dollars and cents per pound |
| Minimum Price Fluctuation | \$0.01 per pound |
| Value per tick | \$13.2277 |
| Block Trade Minimum Threshold | 2 contracts – subject to a 15-minute reporting window |
| Termination of Trading | Trading in the contract shall terminate at the close of trading on the last UK business day of the contract month. If such day is not an Exchange business day, trading in the contract shall terminate on the Exchange business day that is immediately prior. |
| CME Globex Matching Algorithm | First in First Out (FIFO) |
| Trading and Clearing Hours | CME Globex Pre-Open: Sunday 4:00 p.m. - 5:00 p.m. Central Time/CT Monday - Thursday 4:45 p.m. - 5:00 p.m. CT CME Globex: Sunday - Friday 5:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT CME ClearPort: Sunday - Friday 5:00 p.m. - 4:00 p.m. CT with no reporting Monday - Thursday from 4:00 p.m. - 5:00 p.m. CT |

COMEX is certifying block trading on the Contract with a minimum block threshold of two (2) contracts which is commensurate with the Exchange’s other similar products such as Cobalt Futures and Lithium Futures.

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

[300 Vesey Street](#) [New York, NY 10282](#) [t 212 299 2200](#) [f 212 301 4645](#) christopher.bowen@cmegroup.com cmegroup.com

- **Compliance with Rules:** Trading in the Contract will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in this Contract will also be subject to the full range of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, activity in this product will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- **Contract Not Readily Subject to Manipulation:** The Contract is not readily subject to manipulation due to the deep liquidity and robustness in the underlying cash market.
- **Prevention of Market Disruption:** Trading in the Contract will be subject to Rules of COMEX, which include prohibitions on manipulation, price distortion and disruption of the delivery or cash-settlement process. As with any new products listed for trading on a CME Group designated contract market, trading activity in the Contract proposed herein will be subject to monitoring and surveillance by CME Group's Market Regulation Department.
- **Position Limitations or Accountability:** The speculative position limits for the Contract as demonstrated in this submission are consistent with the Commission's guidance.
- **Availability of General Information:** The Exchange will publish on its website information regarding the Contract's specifications, terms, and conditions, as well as daily trading volume, open interest, and price information.
- **Daily Publication of Trading Information:** The Exchange will publish the Contract's trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.
- **Execution of Transactions:** The Contract will be listed for trading on the CME Globex electronic trading and for clearing through the CME ClearPort. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.
- **Trade Information:** All requisite trade information for the Contract will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Financial Integrity of Contract:** The Contract will be cleared by the CME Clearing House, a derivatives clearing organization registered with the CFTC and subject to all CFTC regulations related thereto.
- **Protection of Market Participants:** COMEX Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange's competitive trading venues and will be applicable to transaction in the Contract.
- **Disciplinary Procedures:** Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in the Contract will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in the product are identified.
- **Dispute Resolution:** Disputes with respect to trading in the Contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all non-members to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A

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member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), the Exchange hereby certifies that the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to listing of the Contract.

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 e-mail CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: COMEX Rulebook Chapter 649
Exhibit B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the COMEX Rulebook (attached under separate cover)
Exhibit C: COMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table
Exhibit D: COMEX Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table
Exhibit E: Exchange Fees
Exhibit F: Cash Market Overview and Analysis of Deliverable Supply

EXHIBIT A
COMEX Rulebook

Chapter 649
Molybdenum Oxide (Platts) Futures

649100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

649101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of all available price assessments published for Molybdenum Oxide Daily Dealer (Global) in \$/lb Mo contained, mid-price of daily range, by Platts during the contract month.

649102. TRADING SPECIFICATIONS

The number of months open for trading at a given time shall be determined by the Exchange.

649102.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

649102.B. Trading Unit

The contract quantity shall be 1,322.77 pounds (equivalent to 60% of 1 Metric Ton). Each contract shall be valued as the contract quantity (1,322.77) multiplied by the settlement price.

649102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per pound. The minimum trading price fluctuation shall be \$0.01 per pound. The minimum daily and final settlement price fluctuation shall be \$0.01 per pound.

649102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5. A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion. Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

649102.E. Termination of Trading

Trading in the contract shall terminate at the close of trading on the last UK business day of the contract month. If such day is not an Exchange business day, trading in the contract shall terminate on the Exchange business day that is immediately prior.

649102.F. Special Price Fluctuation

Limits at the commencement of each trading day, the contract shall be subject to special fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits and Daily Price Limits Table in the Interpretations & Special Notices Section of Chapter 5.

649103. FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

649104. DISCLAIMER

See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.

EXHIBIT B

COMEX Rulebook

Chapter 5

(“Trading Qualifications and Practices”)

Position Limit, Position Accountability, and Reportable Level Table

(attached under separate cover)

EXHIBIT C
COMEX Rulebook
Chapter 5
(“Trading Qualifications and Practices”)
COMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table
(additions underscored)

| Instrument | Globex Symbol | Outrights | | | Spreads | |
|--|---------------|------------------------------------|--------------------|--------------------|--------------------|-----------------------------|
| | | Globex Non-Reviewable Ranges (NRR) | NRR: Globex Format | NRR: Minimum Ticks | NRR: Globex Format | NRR: Outright Minimum Ticks |
| <u>Molybdenum Oxide (Platts) Futures</u> | <u>MOX</u> | <u>\$.50 per pound</u> | <u>50</u> | <u>50</u> | <u>N/A</u> | <u>N/A</u> |

EXHIBIT D
COMEX Rulebook
Chapter 5

(“Trading Qualifications and Practices”)

COMEX Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table

(additions underscored)

| Product | Rulebook Chapter | Commodity Code | PRIMARY/ASSOCIATED | ASSOCIATED WITH | Dynamically Calculated Variant | Daily Price Limit |
|--|------------------|----------------|--------------------|-----------------|--|--|
| <u>Molybdenum Oxide (Platts) Futures</u> | <u>649</u> | <u>MOX</u> | <u>Primary</u> | <u>Primary</u> | <u>10% of Dynamically Calculated Reference Price</u> | <u>Daily Price Limit Table</u> |

EXHIBIT E

Exchange Fees

| Exchange Fees | Member | Non-Member |
|----------------------|---------------|-------------------|
| CME Globex | \$4.00 | \$8.00 |
| EFP | \$9.00 | \$10.00 |
| Block | \$9.00 | \$10.00 |
| EFR/EOO | \$9.00 | \$10.00 |

| Processing Fees | Member | Non-Member |
|---------------------------------------|---------------|-------------------|
| Cash Settlement | \$9.00 | \$10.00 |
| Facilitation Fee | \$0.60 | |
| Give-Up Surcharge | \$0.05 | |
| Position Adjustment/Position Transfer | \$0.10 | |

EXHIBIT F

Cash Market Overview and Analysis of Deliverable Supply

In its cash market and deliverable supply analysis, the Exchange has incorporated data from a range of sources as described below.

Platts is a leading global provider of price information for commodity products. Platts' assessment methodologies for molybdenum ("moly") is available on its website¹ (under product code MMAYQ00). The Exchange is a party to license agreements with Platts to utilize its pricing data for final settlement of the Contract.

The United States Geological Survey (USGS) is a scientific public agency in the United States. It is tasked with studying the landscape of the United States, its natural resources, and the natural hazards that threaten it.

The UN Comtrade Database (Comtrade) provides free access to detailed global trade data. UN Comtrade is a data repository of official trade statistics and relevant analytical tables. It contains annual trade statistics starting from 1962 and monthly trade statistics since 2010.

The International Molybdenum Association (IMOA) is a non-profit trade association with scientific purposes based in Belgium. Representing the majority of the global molybdenum industry, it works to raise awareness about the unique properties of molybdenum, its beneficial effects on materials performance, its safety in use and its contribution to sustainable development.

Final settlement of the futures contract will be based on the monthly average of the daily "Molybdenum Oxide Daily Dealer (Global)" price assessment published by Platts during the contract month. The assessment is for "repeatable" dealer to consumer, producer-to-consumer, producer-to-dealer and/or dealer-to-dealer spot sales, technical-grade moly oxide (roasted molybdenum concentrates), min 57% Mo, max 0.5% Cu, 0.05% Pb, drummed material. Platts takes into account pricing information on the following bases: CIF Japan, in-warehouse European ports, delivered US, delivered duty-unpaid South Korean ports, CIF Nhava Sheva/Mumbai, India and in bonded warehouses in Tianjin, China. Reported sales of powdered material packed in big bags or cans, and of oxide briquettes, are normalized to an equivalent price for powdered material in drums. The daily assessment takes into account all information reported to Platts in the 24-hour period up to 4:30 pm London time each day, except on the last business day of the calendar month, when the cut-off point for information to be included is 1:00 pm London time. Platts publishes weekly volume figures to show total tonnage by region for concluded deals accounted for in the assessment. Platts assesses molybdenum in \$/lb. and also publishes a conversion into \$/mt.

CASH MARKET OVERVIEW

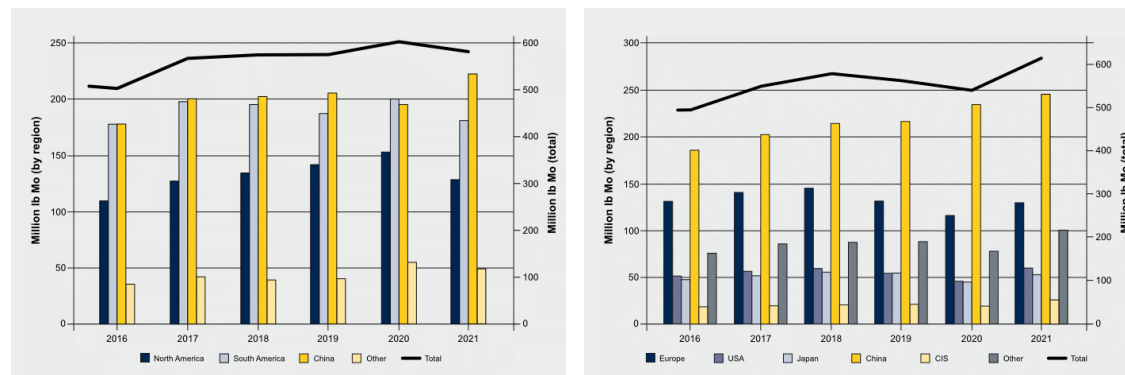
According to the [USGS](https://www.usgs.gov/), Molybdenum (Mo) is a refractory metallic element used principally as an alloying agent in steel, cast iron, and superalloys to enhance hardenability, strength, toughness, and wear and corrosion resistance. To achieve desired metallurgical properties, molybdenum, primarily in the form of molybdic oxide or ferromolybdenum, is frequently used in combination with or added to chromium, manganese, niobium, nickel, tungsten, or other alloy metals. The versatility of molybdenum in enhancing a variety of alloy properties has ensured it a significant role in contemporary industrial technology, which increasingly requires materials that are serviceable under high stress, expanded temperature ranges, and

¹ <https://www.spglobal.com/commodityinsights/PlattsContent/assets/files/en/our-methodology/methodology-specifications/steel-ferrous-methodology.pdf>

highly corrosive environments. Moreover, molybdenum finds significant usage as a refractory metal in numerous chemical applications, including catalysts, lubricants, and pigments. Few of molybdenum's uses have acceptable substitutes.

IMOA data shows that China and South America are the main producing regions, while consumption is strongest in China, followed by Europe and the US. According to the IMOA, global consumption of moly accounted for 614m lbs., or 279,000 metric tons, in 2021. Engineering steels accounted for 39% of that number, followed by stainless steels (24%) and chemicals (13%).

Charts 1 and 2 – Molybdenum Production and Consumption (source IMOA)



The USGS provides mining production figures as per below. World production over the period 2019-2021 is estimated at an average yearly figure of 297,333 metric tons, in line with the IMOA estimates.

Table 1 – Global Moly Production in metric tons (source: USGS²)

| | 2019 | 2020 | 2021 | Average 2019-2021 |
|-----------------------|---------|---------|---------|-------------------|
| United States* | 43,600 | 51,000 | 48,000 | 47,533 |
| Argentina | - | - | - | - |
| Armenia | 5,000 | 8,700 | 8,200 | 7,300 |
| Canada | 3,900 | 2,530 | 1,700 | 2,710 |
| Chile | 56,000 | 59,400 | 51,000 | 55,467 |
| China* | 130,000 | 120,000 | 130,000 | 126,667 |
| Iran | 3,500 | 1,400 | 1,400 | 2,100 |
| Korea, Republic of* | | 411 | 400 | 406 |
| Mexico | 16,600 | 16,600 | 18,000 | 17,067 |
| Mongolia | 1,800 | 2,890 | 2,900 | 2,530 |
| Peru | 30,400 | 32,200 | 32,000 | 31,533 |
| Russia | 2,800 | 2,700 | 2,800 | 2,767 |
| Turkey | 400 | - | - | 133 |
| Uzbekistan | 200 | 200 | 200 | 200 |
| World Total (rounded) | 294,000 | 298,000 | 300,000 | 297,333 |

* denotes countries included in the Platts moly assessment

² <https://pubs.usgs.gov/periodicals/mcs2022/mcs2022-molybdenum.pdf>
<https://pubs.usgs.gov/periodicals/mcs2021/mcs2021-molybdenum.pdf>

The Platts assessment which forms the contract settlement basis provides a global reference price for moly. It is based on activity reported in Japan, the Netherlands, the US, South Korea, India, and China. Table 2 shows that an average of 16,537 metric tons of moly oxide was imported into these countries during the past three years for which data is available.

Table 2 – Moly Oxide – Imports in MT (source: [UN Comtrade](#), commodity code 282570)

| | 2019 | 2020 | 2021 | Average 2019-2021 |
|---------------|--------|--------|--------|-------------------|
| China | 1 | 1,529 | 1,025 | 851 |
| India | 8,993 | 7,324 | 8,633 | 8,317 |
| Japan | 2,613 | 2,860 | 1,770 | 2,414 |
| Netherlands | \ 861 | \ 789 | 185 | 612 |
| Rep. of Korea | 367 | 501 | 644 | 504 |
| USA | 4,290 | 3,453 | 3,772 | 3,838 |
| Grand Total | 17,125 | 16,456 | 16,029 | 16,537 |

Moly is traded both in the spot and term markets. Term contracts are using fixed price or a “formula pricing,” meaning a floating price component that typically includes price indexation. Market sources estimate that the spot market may account for approximately 10% of total sales in a given year. This percentage figure may underestimate volume that could be accessible to cash market traders since some of the term contracted volume could be re-traded into spot markets.

ANALYSIS OF DELIVERABLE SUPPLY

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.”

The Exchange is assessing spot month position limits for the contract based on UN Comtrade import data for moly oxide into China, India, Japan, Netherlands, the Republic of Korea and the USA as well as domestic production in the U.S. and China. Based on market sources’ estimates of spot volumes, we adjust deliverable supply by a 90% haircut to represent cash market volume only (10% of total volume). In total, import and production volumes amount to 190,000 metric tons per year (16,537 MT imports, 47,533 MT US production and 126,667 MT China production). This is equivalent to 418.88m lbs. per year or 34.91m lbs. per month. In contract terms of 1,322.77 lbs. per contract, this is equivalent to approximately 26,000 contracts. Applying the 90% haircut gives us a figure of 2,600 contracts. The Exchange proposes a spot month position limit of 500 contracts, equivalent to 19% of deliverable supply.