

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 22-097 (7 of 10)

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 04/13/22 Filing Description: Initial Listing of Monday and Wednesday Weekly Copper 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

**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:**

**Rule Numbers:**

April 13, 2022

**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 40.2(a) Certification. Initial Listing of Monday and Wednesday  
 Weekly Copper Option Contracts.  
 COMEX Submission No. 22-097 (7 of 10)**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of Monday and Wednesday Weekly Copper Option contracts (the “Contracts”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort, effective Sunday, May 1, 2022 for trade date Monday, May 2, 2022, as more specifically described below.

<b>Contract Title</b>	<b>Copper Weekly Monday Option</b>
	<b>Copper Weekly Wednesday Option</b>
<b>Commodity Code</b>	H1M, H2M, H3M, H4M, H5M
	H1W, H2W, H3W, H4W, H5W
<b>Rulebook Chapter</b>	1010
<b>Underlying Futures Contract</b>	Copper Futures (HG)
<b>Contract Size</b>	25,000 pounds
<b>Price Quotation</b>	US dollars and cents per pound
<b>Minimum Price Fluctuation</b>	\$0.0005 per troy ounce
<b>Value per Tick</b>	\$12.50
<b>Option Exercise Style</b>	American - exercises into the underlying futures
<b>Listing Schedule</b>	Weekly contracts listed for 4 weeks. No weekly contract will be listed if the expiration is the same day as the monthly option expiration
<b>Strike Price Increments</b>	Minimum 20 Strikes at \$0.05 per pound strike increment above and below the at-the-money strike. Dynamic strikes at \$0.05 per pound strike increment above and below the highest and lowest pre-listed strikes.

<b>Block Trade Minimum Threshold</b>	10 contracts - subject to a 15-minute reporting window
<b>Termination of Trading</b>	Trading terminates on Monday of the contract week
	Trading terminates on Wednesday of the contract week
<b>CME Globex Match Algorithm</b>	K - split FIFO and Pro Rata
<b>Trading and Clearing Hours</b>	<p><b>CME Globex Pre-open:</b> Sunday 4:00 p.m. - 5:00 p.m. Central Time/CT Monday – Thursday 4:45 p.m. - 5:00 p.m. CT</p> <p><b>CME Globex Open:</b> Sunday 5:00 p.m. – Friday 4:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT</p> <p><b>CME ClearPort:</b> Sunday 5:00 p.m. - Friday 4:00 p.m. CT with no reporting Monday - Thursday from 4:00 p.m. – 5:00 p.m. CT</p>

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

- **Compliance with Rules:** Trading in the Contracts will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in the Contracts will also be subject to the full panoply 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 the new 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 Contracts are not readily susceptible to manipulation and are based on the deep liquidity of the underlying futures contracts.
- **Prevention of Market Disruption:** Trading in the Contracts will be subject to the Rules of COMEX which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group’s designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department.
- **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 publish on its website information regarding contract specifications, terms and conditions, as well as daily trading volume, open interest and price information for the Contracts.
- **Daily Publication of Trading Information:** The Exchange will publish information contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.
- **Execution of Transactions:** The Contracts will be listed for trading on the CME Globex electronic trading and for clearing through 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 required trade information for the Contracts 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 Contracts will be cleared by the CME Clearing House which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- **Protection of Market Participants:** COMEX Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in these Contracts.
- **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 rules. Trading in these Contracts 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 these Contracts are identified.
- **Dispute Resolution:** Disputes with respect to trading in the Contracts will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. The rules in Chapter 6 allow all nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to the rules in 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 Regulations 40.2(a), the Exchange hereby certifies that listing the Contracts 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 (212) 299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
 Managing Director and Chief Regulatory Counsel

- Attachments:
- Exhibit A: COMEX Rulebook Chapter 1010
  - Exhibit B: Position Limits, Position Accountability and Reportable Level Table in Chapter 5 of the COMEX Rulebook (attached under separate cover)
  - Exhibit C: Exchange Fees
  - Exhibit D: COMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table (blackline format)
  - Exhibit E: COMEX Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table
  - Exhibit F: COMEX Rule 300.20. – Strike Price Listing and Exercise Procedures Table
  - Exhibit G: Cash Market Overview and Analysis of Deliverable Supply

## Exhibit A

### COMEX Rulebook

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

### Chapter 1010 Copper Weekly Option

#### 1010100. SCOPE OF CHAPTER

This chapter is limited in application to weekly put and call options on the Copper Futures contract. In addition to the Rules of this chapter, transactions in the Copper Weekly Monday Option, Copper Weekly Wednesday Option and Copper Weekly Friday Option contracts shall be subject to the general Rules of the Exchange insofar as applicable.

#### 1010101. OPTION CHARACTERISTICS

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##### **1010101.A. Trading Schedule**

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

##### **1010101.E. Termination of Trading**

~~Options will expire at the close of trading on a Friday schedule. If such Friday is an Exchange holiday, the weekly option will terminate on the business day immediately preceding the Friday.~~

##### Copper Weekly Monday Option

Options will expire at the close of trading on a Monday schedule. If such Monday is an Exchange holiday, the weekly option will not be listed for trading.

##### Copper Weekly Wednesday Option

Options will expire at the close of trading on a Wednesday schedule. If such Wednesday is an Exchange holiday, the weekly option will not be listed for trading.

##### Copper Weekly Friday Option

Options will expire at the close of trading on a Friday schedule. If such Friday is an Exchange holiday, the weekly option will not be listed for trading.

[Remainder of chapter is unchanged]

**Exhibit B**

**COMEX Rulebook  
Chapter 5  
("Trading Qualifications and Practices")**

**Position Limits, Position Accountability and Reportable Level Table**  
(attached under separate cover)

**Exhibit C  
Exchange Fees**

	<b>Member</b>	<b>Non-Member</b>	
CME Globex	\$0.70	\$1.50	
Block	\$0.80	\$1.65	
EFR/EOO	\$0.85	\$1.55	
<b>Processing Fees</b>		<b>House Account</b>	<b>Customer Account</b>
Option Exercise/Assignment Notice		\$0.40	\$0.85
		<b>Fee</b>	
Facilitation Fee		\$0.50	
Give-Up Surcharge		\$0.05	
Position Adjustment/Position Transfer		\$0.10	

**Exhibit D  
COMEX Rulebook  
Chapter 5  
("Trading Qualifications and Practices")**

**Rule 588.H. ("Globex Non-Reviewable Trading Ranges") Table**

<b>Metals Options</b>	<b>Globex Symbol</b>	<b>Globex Non-Reviewable Ranges (NRR)</b>
<a href="#">Copper Weekly Monday Option</a>	H1M-H5M	The greater of the following: •Delta multiplied by the underlying futures non-reviewable range •20% of premium up to ¼ of the underlying futures non-reviewable range •5 ticks
<a href="#">Copper Weekly Wednesday Option</a>	H1W-H5W	

**Exhibit E**  
**COMEX Rulebook**  
**Chapter 5**  
**(“Trading Qualifications and Practices”)**

**Rule 589. Special Price Fluctuation Limits and Daily Price Limits Table**

Product	Rulebook Chapter	Commodity Code	Primary/Associated	Associated With	Dynamically Calculated Variant	Daily Price Limit
<a href="#">Copper Weekly Monday Option</a>	1010	H1M, H2M, H3M, H4M, H5M	Associated	HG		
<a href="#">Copper Weekly Wednesday Option</a>	1010	H1W, H2W, H3W, H4W, H5W	Associated	HG		

**Exhibit F**  
**COMEX Rulebook**  
**Chapter 300**  
**(“Options Contracts”)**

**Rule 300.20.- Strike Price Listing and Exercise Procedure Table**

Commodity Code	CME Globex Code	Product Name	Product Group	Product Subgroup	Exchange	Rulebook Chapter	Strike Price Listing Rule	Option Style	Contrary Instructions	Exact At-The-Money Characteristics	Underlying Commodity Code	Underlying Product Name
H1M-H5M	H1M-H5M	Copper Weekly Monday Option	Metals	Base	COMEX	1010	Minimum 20 strikes at \$5.00 per pound strike increment above and below the at-the money strike. Dynamic strikes at \$5.00 pe pound strike increment above and below the highest and lowest pre-listed strikes.	American	No	Exercise Calls Abandon Puts	HG	Copper Futures
H1W-H5W	H1W-H5W	Copper Weekly Wednesday Option	Metals	Base	COMEX	1010	Minimum 20 strikes at \$5.00 per pound strike increment above and below the at-the money strike. Dynamic strikes at \$5.00 pe pound strike increment above and below the highest and lowest pre-listed strikes.	American	No	Exercise Calls Abandon Puts	HG	Copper Futures

## **Exhibit G**

### **Cash Market Overview and 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 Monday and Wednesday Weekly Copper Option contracts (the "Contracts") are referenced contracts and will be subject to federal position limits during the spot month. The core referenced futures contract is the Copper Futures contract (Commodity Code: HG; Rulebook Chapter 111).

Deliverable supply is defined as material that is readily available and meets the Exchange futures contracts' specifications in terms of shape, weight, and quality. As general practice, COMEX has relied on inventory stored in Exchange approved facilities to support spot month position limits of its physically delivered futures contracts. The proposal for spot month position limits for the weekly option contracts is based on the deliverable supply analysis of their respective futures contracts as the option contracts will aggregate into the futures contracts for position limit purposes.

#### **Approved Warehouses and Stock Reporting Requirements**

To date, Exchange approved warehouses for copper Arizona Commodity Storage, Inc., C. Steinweg (Baltimore), Inc., Tucson Port Authority, LLC, Utah Commodity Storage, Inc., 4 STOX NV, Access World (USA) LLC, Metal Ox Warehousing, Inc., Kodiak Warehouse, LLC, and Stagecoach Cartage and Distribution, LLC.

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>1</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>2</sup>

#### **Deliverable Supply Analysis**

##### **Inventory in Exchange Approved Warehouses for Copper**

Table 2. below provides the monthly inventory average of registered and eligible copper stored at Exchange approved warehouses for the February 2019 through January 2022 period.

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

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



**Table 2. Monthly Average Stock Levels at Exchange Approved Warehouses for Copper (in Contract Equivalents)**

Month	Average of Registered (Contract Equivalent)	Average of Eligible (Contract Equivalent)	Average Inventory Total in (Contract Equivalents)
Feb-19	3,578	1,987	5,565
Mar-19	3,193	756	3,949
Apr-19	2,633	419	3,052
May-19	2,394	189	2,583
Jun-19	2,422	74	2,496
Jul-19	2,624	345	2,969
Aug-19	2,889	457	3,346
Sep-19	2,817	594	3,411
Oct-19	2,596	362	2,958
Nov-19	2,951	177	3,129
Dec-19	2,915	256	3,171
Jan-20	2,368	397	2,764
Feb-20	2,262	82	2,345
Mar-20	2,132	186	2,318
Apr-20	2,726	443	3,169
May-20	3,121	906	4,027
Jun-20	4,202	1,675	5,876
Jul-20	5,808	1,276	7,085
Aug-20	6,618	390	7,007
Sep-20	6,375	166	6,541
Oct-20	6,187	132	6,319
Nov-20	6,375	159	6,534
Dec-20	5,914	385	6,298
Jan-21	5,745	417	6,162
Feb-21	4,461	989	5,450
Mar-21	4,636	1,013	5,649
Apr-21	4,291	1,190	5,481
May-21	4,025	1,045	5,070
Jun-21	3,661	695	4,356
Jul-21	3,491	196	3,688
Aug-21	3,646	179	3,825
Sep-21	3,995	211	4,206
Oct-21	4,276	241	4,517
Nov-21	4,318	361	4,679

Dec-21	4,518	435	4,953
Jan-22	5,368	878	6,246
<b>3-year average</b>	<b>3,931</b>	<b>546</b>	<b>4,478</b>

Source: CME Group

For the most recent three-year period, February 2019 through January 2022, the monthly average registered inventory for copper was 3,931 futures contract equivalents. For the same time period, the monthly average eligible inventory for copper was 546 futures contract equivalents. The Exchange estimates the average monthly deliverable supply for the most recent three-year period to be 4,478 futures contract equivalents. The proposed spot month position limit for the Contracts of 1,000 contracts represents 22.33% of the estimated deliverable supply.