SUBMISSION COVER SHEET

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

Registered Entity Identifier Code (optional): 22-208 (3 of 4)

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a: ☒ **DCM** ☐ **SEF** ☐ **DCO** ☐ **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 05/18/22 Filing Description: Amendments to CME, CBOT, and NYMEX/COMEX Rule 589. ("Special Price Fluctuation Limits") Regarding Behavior of Dynamic Price Fluctuation Limits During the Final Settlement Determination Period of an Expiring Futures Contract

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.

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

May 18, 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, D.C. 20581

Re: CFTC Regulation 40.6(a) Certification. Amendments to CME, CBOT, and NYMEX/COMEX Rule 589. ("Special Price Fluctuation Limits") Regarding Behavior of Dynamic Price Fluctuation Limits During the Final Settlement Determination Period of an Expiring Futures Contract.
NYMEX Submission No. 22-208 (3 of 4)

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("CFTC" or "Commission") Regulation 40.6(a), Chicago Mercantile Exchange Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") are certifying amendments to CME, CBOT, and NYMEX/COMEX Rule 589. ("Special Price Fluctuation Limits") to codify the behavior of dynamic price fluctuations limits during the final settlement determination period of an expiring futures contract (collectively, the "Rule Amendments") effective on Sunday, June 5, 2022 for trade date Monday, June 6, 2022.

Specifically, if there should be a triggering event during the final settlement determination period in an expiring futures contract, the Exchanges will implement a five (5) second temporary trading halt in the contract month.

By way of background, effective April 1, 2019, the Exchanges adopted rules in connection the implementation of dynamic price fluctuation limits (see Submission 19-014 dated March 13, 2019).

Dynamic price fluctuation limit functionality assigns a price limit variant which is calculated as a percentage of the prior trading day's settlement price as determined by the Exchange (the "dynamic variant"). During the trading day, the dynamic variant is utilized in continuously rolling 60-minute look-back periods to establish dynamic upper and lower price fluctuation limits. Trades, bids or offers on CME Globex at a price that exceeds the dynamic price fluctuation limits will trigger a two (2) minute trading halt. This methodology is intended to promote continuous price discovery with less market disruption. At that time, the Rule did not distinguish the operation of the dynamic price fluctuation limit functionality during an expiring contract's final settlement determination period.

Upon review of the operations of the dynamic price fluctuation limits in various contracts, the CME Global Command Center ("GCC") determined that the functionality should enable a temporary trading halt for five (5) seconds in an expiring futures contract month should there be a triggering event during such contract's settlement determination period. The Exchanges propose to amend CME, CBOT, NYMEX/COMEX Rule 589. to codify the functionality of dynamic price fluctuation limits during a contract's final settlement determination period.

Exhibit A below provides the Rule Amendments to CME, CBOT, NYMEX/COMEX Rule 589. in blackline format.

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The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the following Core Principles may be impacted by this initiative as follows:

- **<u>Compliance with Rules</u>:** Changes to special price fluctuation limits constitute a change to a term and condition pursuant to Part 40 of the Regulations under the CEA. The Exchanges are amending the special price fluctuation limit functionality attendant to the various Exchange contracts. As such, the Rule Amendments remain in compliance with this Core Principle.

- **<u>Prevention of Market Disruption</u>:** CME, CBOT, NYMEX/COMEX Rule 589. is expressly intended to prevent unwarranted price movements in products subject to the Rule. The Rule Amendments codify the manner in which the limits are applied and remain in compliance with the Core Principle.

- **<u>Availability of General Information</u>:** The Exchanges will amend the Exchanges' rulebook accordingly which is publicly available on the CME Group website. In addition, the Exchange will publish a Special Executive Report ("SER") to advise the marketplace of the Rule Amendments. The SER will also be posted on the CME Group website.

- **<u>Protection of Market Participants</u>:** CME, CBOT, NYMEX/COMEX Rule 589. is expressly intended to promote fair and equitable trading by ensuring that there are limits on the permissible price movements on any given trading day in the products subject to the Rule. As such, the Rule Amendments are in compliance with this Core Principle.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges hereby certify that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

The Exchanges certify that this submission has been concurrently posted on the Exchanges' 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

Attachment: Exhibit A – Amendments to CME, CBOT, and NYMEX/COMEX Rule 589. ("Special Price Fluctuation Limits") (blackline format)

EXHIBIT A

CME and CBOT Rulebooks
Chapter 5
("Trading Qualifications and Practices")

(additions underscored)

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589. SPECIAL PRICE FLUCTUATION LIMITS

[Sections A.-C. remain unchanged.]

589.D. Dynamic Price Fluctuation Limits

At the commencement of each trading day, the subject contracts, as designated in the Table, shall be assigned a price limit variant which shall equal a percentage of the prior trading day's Exchange- determined settlement price, or a price deemed appropriate by the GCC, ("dynamic variant"). During the trading day, the dynamic variant shall be applied in rolling 60-minute look-back periods to establish dynamic lower and upper price fluctuation limits as follows:

(a) the dynamic variant shall be subtracted from the highest trade and/or bid price during a look-back period to establish the lower price fluctuation limit, i.e., trade and/or offer, and

(b) the dynamic variant shall be added to the lowest trade and/or offer price during a look-back period to establish the upper price fluctuation limit, i.e., trade and/or bid.

1. Triggering Events and Temporary Trading Halts

If the lead contract month (as identified by the Exchange) of the primary futures contract is traded, bid or offered on Globex at a price below the lower or above the upper dynamic price fluctuation limit, it shall be considered a triggering event which shall begin a two (2) minute temporary trading halt in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. If a non-lead contract month of the primary futures contract is traded, bid or offered on Globex at a price below the lower or above the upper dynamic price fluctuation limit, it shall be considered a triggering event which shall begin a two (2) minute temporary trading halt in that non-lead contract month of the primary futures contract.

2. Limits Following Temporary Trading Halt

Following the end of a temporary trading halt triggered by the lead contract month, the affected markets shall re-open simultaneously at the indicative opening price as determined by the Exchange in all contract months of the primary futures contract and in all contract months of the associated contracts of the primary futures contract as provided in the Table. When trading resumes, the dynamic lower and upper price fluctuation limits shall be recalculated as described above. Following the end of a temporary trading halt triggered by a non-lead contract month, the affected market shall re-open at the indicative opening price as determined by the Exchange and the dynamic lower and upper price fluctuation limits shall be recalculated as described above.

3. Additional Characteristics

On each trading day, should there be a triggering event in the lead contract month of the primary futures contract during such contract's settlement determination period, there shall be a (5) five second temporary trading halt in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. If a non-lead contract month of the primary futures contract, or any contract month of an associated product of the primary futures contract, experiences a triggering event during the primary futures contract's settlement determination period, there shall be a (5) five second temporary trading halt for that non-lead contract month or that contract month of an associated product of the primary contract.

Should there be a triggering event during the final settlement determination period in an expiring futures contract, there shall be a (5) five second temporary trading halt in that contract month.

On each trading day, should there be a triggering event in the lead contract month of the primary futures contract during the (2) two-minute period preceding the close of trading, there shall be a (5) five second temporary trading halt in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. If a non-lead contract month of the primary futures contract, or any contract month of an associated product of the primary futures contract, experiences a triggering event during the (2) two-minute period preceding the close of trading of the primary futures contract, there shall be a (5) five second temporary trading halt for that non-lead contract month or that contract month of an associated product of the primary contract.

[End of Rule.]

NYMEX/COMEX Rulebook
Chapter 5
("Trading Qualifications and Practices")

(additions underscored)

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589. SPECIAL PRICE FLUCTUATION LIMITS

[Sections A.-B. remain unchanged.]

589.C. Dynamic Price Fluctuation Limits

At the commencement of each trading day, the subject contracts, as designated in the Table, shall be assigned a price limit variant which shall equal a percentage of the prior trading day's Exchange- determined settlement price, or a price deemed appropriate by the GCC, ("dynamic variant"). During the trading day, the dynamic variant shall be applied in rolling 60-minute look-back periods to establish dynamic lower and upper price fluctuation limits as follows:

(a) the dynamic variant shall be subtracted from the highest trade and/or bid price during a look-back period to establish the lower price fluctuation limit, i.e., trade and/or offer, and

(b) the dynamic variant shall be added to the lowest trade and/or offer price during a look-back period to establish the upper price fluctuation limit, i.e., trade and/or bid.

1. Triggering Events and Temporary Trading Halts

If the lead contract month (as identified by the Exchange) of the primary futures contract is traded, bid or offered on Globex at a price below the lower or above the upper dynamic price fluctuation limit, it shall be considered a triggering event which shall begin a two (2) minute temporary trading halt in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. If a non-lead contract month of the primary futures contract is traded, bid or offered on Globex at a price below the lower or above the upper dynamic price fluctuation limit, it shall be considered a triggering event which shall begin a two (2) minute temporary trading halt in that non-lead contract month of the primary futures contract.

2. Limits Following Temporary Trading Halt

Following the end of a temporary trading halt triggered by the lead contract month, the affected markets shall re-open simultaneously at the indicative opening price as determined by the Exchange in all contract months of the primary futures contract and in all contract months of the associated contracts of the primary futures contract as provided in the Table. When trading resumes, the dynamic lower and upper price fluctuation limits shall be recalculated as described above. Following the end of a temporary trading halt triggered by a non-lead contract month, the affected market shall re-open at the indicative opening price as determined by the Exchange and the dynamic lower and upper price fluctuation limits shall be recalculated as described above.

3. Additional Characteristics

On each trading day, should there be a triggering event in the lead contract month of the primary futures contract during such contract's settlement determination period, there shall be a (5) five second temporary trading halt in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. If a non-lead contract month of the primary futures contract, or any contract month of an associated product of the primary futures contract, experiences a triggering event during the primary futures contract's settlement determination period, there shall be a (5) five second temporary trading halt for that non-lead contract month or that contract month of an associated product of the primary contract.

Should there be a triggering event during the final settlement determination period in an expiring futures contract, there shall be a (5) five second temporary trading halt in that contract month.

On each trading day, should there be a triggering event in the lead contract month of the primary futures contract during the (2) two-minute period preceding the close of trading, there shall be a (5) five second temporary trading halt in all contract months of the primary futures contract and in all contract months of associated products of the primary futures contract as provided in the Table. If a non-lead contract month of the primary futures contract, or any contract month of an associated product of the primary futures contract, experiences a triggering event during the (2) two-minute period preceding the close of trading of the primary futures contract, there shall be a (5) five second temporary trading halt for that non-lead contract month or that contract month of an associated product of the primary contract.

[End of Rule.]