

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 17-228

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 06/06/17 Filing Description: Decrease Spot Month Position Limits for the Lead 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.

June 6, 2017

**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 Limits of the Lead Futures Contract. COMEX Submission No. 17-228**

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 limits of Lead Futures contract (the “Contract”) commencing with the July 2017 contract month and beyond as noted in the table below. Specifically, the decreased spot month limits shall go into effect at the close of trading on June 29, 2017 for the July 2017 contract month. As a result, the Exchange shall concurrently reduce the reporting level and single month and all month accountability levels as also noted below. This submission shall become effective on June 21, 2017.

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

<b>Contract Title</b>	<b>Rule Chapter</b>	<b>Commodity Code</b>	<b>Reporting Level</b>	<b>Spot-Month Limit (In Net Futures Equivalents)</b>	<b>Single Month Accountability Level (In Net Futures Equivalents)</b>	<b>All Month Accountability Level (In Net Futures Equivalents)</b>
Lead Futures	187	LED	<del>25</del> <b><u>1</u></b>	<del>75</del> <b><u>10</u></b>	<del>750</del> <b><u>50</u></b>	<del>750</del> <b><u>50</u></b>

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 and reporting levels of the Contracts. (See Appendix A: 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.))

The Exchange is implementing these amendments as a result of a recent analysis of deliverable supply of its Lead futures contract in connection with efforts to ensure that the deliverable supply estimate reflects current market realities.

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 depositories (“Depositories”) 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)<sup>1</sup>.

As of June 1, 2017, lead inventories held at COMEX approved warehouses totaled 1,043 metric tons, the equivalent of approximately 42 COMEX Lead Futures contracts. Exchange practice is to set spot month position limits at a maximum level of 25% of deliverable supply over a three-year period. Deliverable supply is calculated as the sum of total registered lead with total reported eligible lead. The Exchange may at times determine it beneficial to set position limits lower depending on market conditions. Given current stock levels at Exchange warehouses, the Exchange determined to decrease the spot month limits for the Lead Futures contract from 75 futures equivalent contracts to 10 futures equivalent contracts beginning with the July 2017 contract month.

#### **Lead Inventories held at COMEX Depositories**

<b><i>Since Contract Launch - November 2015</i></b>	<b><i>Registered (Metric Tons)</i></b>	<b><i>Eligible (Metric Tons)</i></b>	<b><i>25% of Deliverable Supply (Contracts Equivalent)</i></b>
Average Since Contract Launch – November 2015	250	8,493	87
Total as of 6/1/2017	500	543	10

COMEX Lead stocks reached a high of 14,646 metric tons on January 19, 2016. Stocks held in COMEX warehouses have since dropped by approximately 93% to a low of 1,043 metric tons on June 1, 2017. The stocks have been slowly declining over the past seventeen months.

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 Principles:

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 spot month position limit decreases 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.

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

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](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A – Amendments to COMEX Rulebook Chapter 5 Position Limit, Position Accountability, and Reportable Level Table (attached under separate cover) (blackline format)

**Appendix A**

**COMEX Rulebook Chapter 5  
Position Limit, Position Accountability, and Reportable Level Table**

(under separate cover)

(blackline format)