

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 15-235

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 06/12/15 Filing Description: Listing of Zinc Futures Contract, Terms and Conditions, and Analysis of the Underlying Market

**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     |

Official Product Name: Zinc Futures

**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:

Rule Numbers:

June 12, 2015

**VIA ELECTRONIC PORTAL**

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 40.2(a) Certification. Notification Regarding the New Product Listing of Zinc Futures Contract.  
COMEX Submission No. 15-235**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. ("COMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of a Zinc Futures contract (the "Contract") for trading on CME Globex and for submission for clearing on CME ClearPort effective on Sunday, June 28, 2015 for trade date Monday, June 29, 2015.

The Contract specifications are as follows:

<b>Rule Chapter Number and Contract Title</b>	Chapter 186 Zinc Futures
<b>Commodity Code</b>	ZNC
<b>Contract Size</b>	25 metric tons
<b>First Listed and Delivery Month</b>	October 2015
<b>Listing Schedule (all venues)</b>	12 consecutive months
<b>Termination of Trading</b>	The third last business day of the delivery month
<b>Minimum Price Fluctuation</b>	\$0.50 per troy ounce
<b>Value per Tick</b>	\$12.50
<b>Block Trade Minimum Threshold</b>	10 contracts
<b>CME Globex Match Algorithm</b>	First In First Out (FIFO)

## Trading and Clearing Hours:

CME Globex and CME ClearPort: Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. Chicago Time/CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. Chicago Time/CT).

## Trading and Clearing Fees:

Exchange Fees	Pit*	Globex	ClearPort	Agency Cross
Member Day Rate	\$0.55	\$0.55		
Member Overnight Rate	\$0.70 (EFR/EFP \$0.85)	\$0.70	\$0.70 (EFR/EFP \$0.85)	\$0.70
Cross Division Rate	\$0.95 (EFR/EFP \$1.20)	\$0.95		
Non-Member Rate	\$1.45	\$1.45	\$1.45	\$1.45
International Incentive Program (IIP) and International Volume Incentive Program (IVIP)		\$0.88		
Asian Incentive Program (AIP), Central Bank Incentive Program (CBIP), Emerging Markets Bank Incentive Program (EMBIP), Latin American Commercial Incentive Program (LACIP), Latin American Fund Manager Incentive Program (FMIP), Latin American Proprietary Trading Incentive Program (LAPTIP) Participants		\$1.10		
<b>Other Processing Surcharges</b>	<b>Member</b>	<b>Non-Member</b>		
Futures from Exercise/Assignment	\$0.70	\$1.45		
<b>Other Processing Surcharges</b>	<b>House Account</b>	<b>Customer Account</b>		
Delivery Notice	\$1.00	\$1.00		
<b>Other Processing Surcharges</b>	<b>Rate</b>			
EFR Surcharge	\$2.50			
Block Surcharge	\$0.10			
Facilitation Fee	\$0.50			
Give-up Surcharge	\$0.05			
Position Transfer/Position Adjustment	\$0.10			

\* Effective as of the close of trading on July 2, 2015, the NYMEX and COMEX futures pits will be closed for open outcry trading. Brokers will still be able to submit Block Trades, EFPs, and EFRs through Front-End Clearing System (FEC); these trades will be assessed Pit Exchange Fees in addition to any surcharges.

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the Contract into 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 NYMEX Rulebook in relation to the listing of the Contract. The terms and conditions establish the all month/any one month accountability levels, expiration month position limit, reportable level and aggregation allocation for the Contract. (See Appendix B, attached under separate cover).

Pursuant to Commission Regulation 40.6(a), COMEX is self-certifying block trading on this Contract with a minimum block threshold of 10 contracts. This block level aligns with the Exchange's most recently listed base metals contract.

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 Contract may have some bearing on the following Core Principles:

- Prevention of Market Disruption: Trading in this Contract will be subject to the COMEX rules ("Rulebook") Chapters 4 and 7 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 product will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.
- Contracts not Readily Subject to Manipulation: This Contract is not readily subject to manipulation based on the ample sources of deliverable supply that insure a smooth and orderly delivery process.
- Compliance with Rules: Trading in this 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 panoply of trade practice rules, the majority of which are contained in Chapter 5 of the Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, activity in this 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.
- Position Limitations or Accountability: The spot month speculative position limits for the Contract is set to 200 contracts representative of 18.2% of deliverable supply.
- Availability of General Information: The Exchange will publish information on the Contract's specification on its website, together with daily trading volume, open interest and price information.
- Daily Publication of Trading Information: Trading volume, open interest and price information will be published daily on the Exchange's website and via quote vendors.
- Financial Integrity of Contracts: All contracts traded on the Exchange will be cleared by the Clearing House of the Chicago Mercantile Exchange Inc. which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- Execution of Transactions: The Contract will be listed for trading on CME Globex. The CME Globex platform provides a transparent, open, and efficient mechanism to electronically execute trades on screen
- Trade Information: All required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- Protection of Market Participants: 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 this product.
- 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 this 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 this product are identified.

- Dispute Resolution: Disputes with respect to trading in this contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows 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 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 the 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 [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: COMEX Rulebook Chapter  
Appendix B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX/COMEX Rulebook (attached under separate cover)  
Appendix C: COMEX Rule 588.H – Non-reviewable Range Table  
Appendix D: Cash Market Overview and Analysis of Deliverable Supply

## **APPENDIX A**

### **Chapter 186 Zinc Futures**

#### **186100. SCOPE OF CHAPTER**

This chapter is limited in application to physically delivered Zinc futures. The procedures for trading, clearing, delivery and settlement not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange.

The provisions of these Rules shall apply to all zinc bought or sold for future delivery on the Exchange.

The terms "seller" and "buyer" shall mean the seller of the physical product and the buyer of the physical product, respectively. Terms not specifically defined herein shall be defined in Chapter 7.

For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York time.

#### **186101. CONTRACT SPECIFICATIONS**

The contract for delivery on futures contract shall be twenty five metric tons (25 MT) of zinc with a weight tolerance of 2% either higher or lower and must be an approved brand. Zinc meeting all of the following specifications shall be deliverable in satisfaction of futures contract delivery obligations under this rule:

Eligible zinc must consist of Special High Grade zinc of 99.995% purity and meeting the chemical composition of either ASTM B6-12 (Standard Specification for Zinc), BS EN 1179:2003 (Zinc and Zinc Alloys), ISO 752:2004 (Zinc ingots), or GB/T 470-2008 (Zinc ingots). Zinc being placed on warrant must be accompanied by a Certificate of Analysis. The Certificate of Analysis shall indicate the brand and the chemical composition of the zinc. If the aforementioned standards adopt a change in the standard specifications for the special high grade zinc and such change is adopted and confirmed by the Exchange, zinc conforming to the change so adopted, as well as zinc conforming to the previous specifications shall have been placed in a Warehouse prior to the date of the adoption and confirmation by the Exchange of the new specifications.

Each warrant shall consist of zinc from one producer and of one brand and shall consist of ingots of one shape and size unless different shapes and sizes are needed for bundle stability. Each bundle shall not exceed 1.5 metric tons (1.5 MT). The brand and grade reference must be marked on each ingot or each bundle must have a durable label indicating the brand and grade reference. The cast number must be marked on the bundle label, the top surface of the bundle or each ingot within the bundle.

Eligible zinc must consist of any of the Exchange's approved brand marks, as provided in Chapter 7, current at the date of delivery of the contract.

The zinc must be weighed by an approved weighmaster. A weight certificate shall be issued by the approved weighmaster

Warehouse must declare that the zinc meets the specification for delivery in fulfillment of a Zinc futures contract. Upon request from the warehouse, the seller's clearing member shall provide verification that the zinc is of an approved brand meeting the specification of the contract.

The electronic certificate shall reference a signed declaration of the warehouse, as to the origin of the zinc and the grade thereof; such declaration to be in the following form and maintained on file at the warehouse.

*This is to certify that the brand of zinc covered by Warrant #..... issued by ..... (Warehouse) is the product of ..... (Producer) an approved refiner for delivery of zinc against the Commodity Exchange, Inc., Zinc futures contract and conforming to the specifications pursuant to the rules of the Exchange.*

Any insurance coverage for registered zinc shall be the responsibility of the warrant holder.

#### **186102. TRADING SPECIFICATIONS**

Trading in Zinc futures is regularly conducted in the following months: twelve (12) consecutive months.

##### **18602.A. Trading Schedule**

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

**18602.B. Trading Unit**

The contract unit shall be twenty five metric tons (25 MT).

**18602.C. Price Increments**

Prices shall be quoted in multiples of fifty cents (\$0.50) per metric ton. Price shall be quoted in dollars and cents per metric tons.

**18602.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.

**18602.E. Termination of Trading**

No trades in Zinc futures deliverable in the current month shall be made after the third last business day of that month. Any contracts remaining open after the last trade date must be either:

(A) Settled by delivery which shall take place on any business day beginning on the first business day of the delivery month or any subsequent business day of the delivery month, but no later than the last business day of the delivery month.

(B) Liquidated by means of a bona fide Exchange for Related Position ("EFRP") pursuant to Rule 538. An EFRP is permitted in an expired futures contract until 12:00 p.m. on the business day following termination of trading in the expired futures contract. An EFRP which establishes a futures position for either the buyer or the seller in an expired futures contract shall not be permitted following the termination of trading of an expired futures contract.

**186103.-107. [RESERVED]****186108. VALIDITY OF DOCUMENTS**

The Exchange makes no representation respecting the authenticity, validity or accuracy of any inspection certificate, Notice of Intention to Deliver, Notice of Intention to Accept, bill of lading, check or document or instrument delivered pursuant to these rules.

**APPENDIX B**

**COMEX Rulebook Chapter 5 Position Limit Table**

(Attached under separate cover)



## **APPENDIX C**

### **COMEX Rule 588.H Globex Non-Reviewable Ranges**

(additions are underscored)

<b>Instrument</b>	<b>Non-Reviewable Range (NRR) in Globex format</b>	<b>NRR including Unit of Measure</b>	<b>NRR Ticks</b>
<u>Zinc Futures</u>	<u>500</u>	<u>\$50.00 per metric ton</u>	<u>100</u>

## APPENDIX D

### **Cash Market Overview and Analysis of Deliverable Supply**

Commodity Exchange, Inc. (“COMEX” or “Exchange”) will list a Zinc Futures contract for trading on CME Globex and for submission for clearing through CME ClearPort.

<b>Contract</b>	<b>Commodity Code</b>	<b>Rule Chapter</b>
Zinc Futures	ZNC	186

Zinc is a natural component of the Earth’s crust and an integral part of the environment. Zinc is present in rock, soil, air, water, and the biosphere. Zinc ore deposits are widely spread throughout the world. Zinc ores are extracted in more than fifty countries including China, Australia, Peru, European nations, and Canada. Zinc is usually associated with lead, copper, and aluminum as well as gold and silver<sup>1</sup>.

Prior to being discovered in the metallic form, zinc was used to make brass, an alloy of copper and aluminum, as well as being used for medicinal purposes to heal wounds and soothe eye irritations. Zinc sulfide (sphalerite) is the primary ore mineral from which most of the world’s zinc is produced. Early production of zinc was from non-sulfide deposits, however, as these resources became exhausted, production shifted to sulfide deposits. Refined zinc is a bluish-white metal and is hard and brittle at most temperatures. It has relatively low melting and boiling points and readily combines with other metals. With exposure to air, it develops a thin, gray film (patina) which inhibits deeper corrosion of the metal. Zinc’s resistance to corrosion is its most important characteristic<sup>2</sup>.

Zinc was first recognized in India as a new metal in the mid-14<sup>th</sup> century – the 8<sup>th</sup> metal known to man at the time. By the 16<sup>th</sup> century, it was recognized in Europe and the first European zinc smelter was established in the United Kingdom. Technological improvement in the smelting processes led to new

---

<sup>1</sup> International Zinc Association [http://zinc.org/basics/zinc\\_natural\\_occurrence](http://zinc.org/basics/zinc_natural_occurrence)

<sup>2</sup> International Zinc Association [http://zinc.org/basics/history\\_of\\_zinc](http://zinc.org/basics/history_of_zinc)

production throughout Germany and other parts of Europe. In 1850, zinc production started in the United States<sup>3</sup>.

### Production and Consumption

Global zinc mine production in 2014 was 13.3 million tons, relatively unchanged from that of 2013<sup>4</sup>. Mine production was led by China, Australia and Peru as seen in Table 1. According to Table 2, of the zinc produced globally, 50% is used for galvanizing to prevent steel from corrosion. About 17% goes into the production of zinc based alloys to supply the die casting industry and another 17% goes into the production of brass and bronze. The remainder is used in zinc semi-manufacturing applications such as roofing and piping or consumed in chemical compounds such as zinc oxide and zinc sulfate<sup>5</sup>.

**Table 1. World Mine Production by Country**

<b>World Mine Production</b>		
<b>Country</b>	<b>2013</b>	<b>2014</b>
<b>United States</b>	<b>784</b>	<b>820</b>
<b>Australia</b>	<b>1,520</b>	<b>1,500</b>
<b>Bolivia</b>	<b>407</b>	<b>410</b>
<b>Canada</b>	<b>426</b>	<b>350</b>
<b>Chile</b>	<b>5,000</b>	<b>5,000</b>
<b>India</b>	<b>793</b>	<b>700</b>
<b>Ireland</b>	<b>327</b>	<b>300</b>
<b>Kazakhstan</b>	<b>362</b>	<b>330</b>
<b>Mexico</b>	<b>643</b>	<b>700</b>
<b>Peru</b>	<b>1,350</b>	<b>1,300</b>
<b>Other Countries</b>	<b>1,800</b>	<b>1,900</b>
<b>Total</b>	<b>13,400</b>	<b>13,300</b>

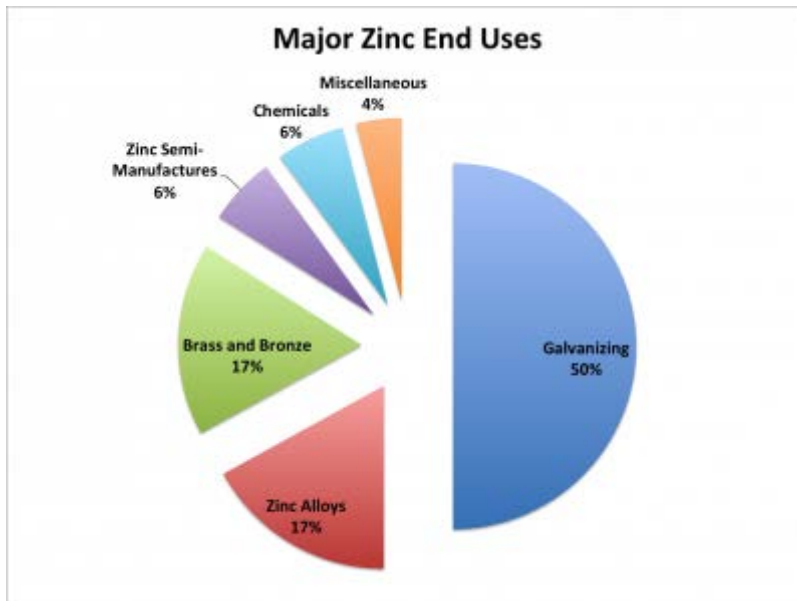
Source: USGS

<sup>3</sup> International Zinc Association [http://zinc.org/basics/history\\_of\\_zinc](http://zinc.org/basics/history_of_zinc)

<sup>4</sup> United States Geological Survey <http://minerals.usgs.gov/minerals/pubs/commodity/zinc/mcs-2015-zinc.pdf>

<sup>5</sup> International Zinc Association [www.zinc.org/basics/zinc\\_uses](http://www.zinc.org/basics/zinc_uses)<http://>

**Table 2. Major Zinc End Uses**



**Source: International Zinc Association**

In the United States, the value of mined zinc in 2014 (based on zinc contained in concentrate) was approximately \$1.94 billion. Zinc was mined in Tennessee, Missouri, Idaho and Alaska at fourteen mines which are owned by four companies. Of the total reported zinc consumed in the U.S., 80% was used in galvanizing, 6% in brass and bronze, 5% in zinc alloys, and 9% for other uses<sup>6</sup>. Domestic zinc production increased 5% in 2014 compared to 2013 as a direct result of the increased production of the Red Dog Mine in Alaska. Apparent zinc consumption increased by 5% in 2014 which was attributed to an increase in U.S. residential construction and infrastructure development<sup>7</sup>.

<sup>6</sup> United States Geological Survey <http://minerals.usgs.gov/minerals/pubs/commodity/zinc/mcs-2015-zinc.pdf>

<sup>7</sup> United States Geological Survey <http://minerals.usgs.gov/minerals/pubs/commodity/zinc/mcs-2015-zinc.pdf>

## ANALYSIS OF DELIVERABLE SUPPLY

In accordance with Core Principle 3 of the Commodity Exchange Act, Appendix C of Part 38, the term “deliverable supply” means:

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>8</sup>

Zinc is either produced in the U.S. or imported into the U.S. According to the data provided by the United States Geological Survey in Table 3 below, production of zinc in the United States in 2014 totaled 1.8 million MT which includes zinc mined from concentrate, recoverable zinc, and zinc refined by the smelter.

**Table 3. Zinc Salient Statistics<sup>9</sup>**

		2012	2013	2014
<b>Production</b>	<b>Mine (zinc from concentrate)</b>	738,000 MT	784,000 MT	831,000 MT
	<b>Mine (recoverable zinc)</b>	713,000 MT	758,000 MT	803,000 MT
	<b>Smelter (refined zinc)</b>	261,000 MT	233,000 MT	180,000 MT
<b>Consumption</b>	<b>Refined zinc</b>	904,000 MT	935,000 MT	962,000 MT
<b>Imports for Consumption</b>	<b>Ore and concentrate</b>	6,140 MT	2,550 MT	2 MT
	<b>Refined zinc</b>	655,000 MT	713,000 MT	806,000 MT
<b>Exports</b>	<b>Ore and concentrate</b>	592,000 MT	669,000 MT	642,000 MT
	<b>Refined zinc</b>	14,100 MT	11,500 MT	24,400 MT

Source: USGS

<sup>8</sup> <http://www.cftc.gov/ucm/groups/public/@Irfederalregister/documents/file/2012-12746a.pdf>

<sup>9</sup> United States Geological Survey <http://minerals.usgs.gov/minerals/pubs/commodity/zinc/mis-201412-zinc.pdf>

Imports for consumption in terms of ore and concentrate have decreased dramatically over the past three years as U.S. mine production has increased.

While production and net imports of zinc in the United States would assure that there are sources of supply that would insure that deliveries against the Zinc Futures contract will be smooth and orderly and that the contract will not be readily susceptible to manipulation, for the purpose of determining the deliverable supply of zinc for delivery against the Zinc Futures contract, these figures will not be included in the analysis.

### **COMEX Warehouse Stocks**

As a new, physically delivered metal futures contract and in accordance with Appendix C of Part 38, the deliverable supply will be based on the inventory levels of zinc stocks residing in Exchange approved warehouses. The warehouses that are approved for storage of zinc are C. Steinweg (Baltimore), Inc. (Baltimore), Henry Bath LLC (New Orleans and Chicago), and Dearborn Distribution Services (Detroit area) [BTG Pactual (Owensboro) and Scale Distribution (Detroit).

### **Inventory and Capacity of Exchange Approved Warehouses**

Table 4 below provides the inventory levels of zinc currently stored at Exchange approved warehouses and the corresponding capacities of those warehouses. The Exchange determined to only include material currently in store at Exchange approved warehouses as the basis of deliverable supply for Zinc Futures. While there is zinc meeting the specifications of the Zinc Futures contract stored within close proximity to Exchange approved warehouses, due to load-out queues potentially preventing such zinc from moving into Exchange-approved warehouses within the delivery month, the Exchange determined not to include such zinc as part of its deliverable supply.

**Table 4. Inventory and Capacity of Exchange Approved Warehouses**

<b>Warehouse</b>	<b>Location</b>	<b>Capacity (in metric tons)</b>	<b>Zinc Inventory at Exchange-approved Warehouses As of June 3, 2015 (in metric tons)</b>	<b>Zinc Inventory at Exchange-approved Warehouses As of June 3, 2015 (in futures contract equivalents)</b>
<b>Dearborn</b>	<b>Detroit</b>	<b>28,500</b>	<b>5,671</b>	<b>226</b>
<b>C. Steinweg</b>	<b>Baltimore</b>	<b>10,400</b>	<b>0</b>	<b>0</b>
<b>Henry Bath</b>	<b>Chicago</b>	<b>31,025</b>	<b>9,000</b>	<b>360</b>

<b>Henry Bath</b>	<b>New Orleans</b>	<b>18,000</b>	<b>12,800</b>	<b>512</b>
<b>TOTAL</b>		<b>87,925</b>	<b>27,471</b>	<b>1,098</b>

Based on the above analysis, it is estimated that the deliverable supply for the Zinc Futures contract to be 1,098 futures contract equivalents based on the total inventory in the Exchange-approved warehouses. The spot month position limit of 200 contracts represents approximately 18.2% of deliverable supply at Exchange-approved warehouses.