

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 18-239 (2 of 2)

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

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

**Please note - only ONE choice allowed.**

**Filing Date (mm/dd/yy):** 06/20/18 **Filing Description:** Amendments to NYMEX/COMEX Chapter 7 ("Delivery Rules and Procedures") to Expand the Location of Warehouses of Aluminum to Europe and Asia and Clarification of Warehouse Load Out Rule for Copper

**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 20, 2018

**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 Amendments to NYMEX/COMEX Chapter 7 (“Delivery Rules and Procedures”) to Expand the Location of Warehouses of Aluminum to Europe and Asia and Clarification of Warehouse Load Out Rule for Copper.  
COMEX Submission No. 18-239 (2 of 2)**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX”) and Commodity Exchange, Inc. (“COMEX”) (collectively, the “Exchanges”) are notifying the Commodity Futures Trading Commission (“CFTC” or the “Commission”) that they are self-certifying amendments to NYMEX/COMEX Rulebook Chapter 7 (“Delivery Facilities and Procedures”) effective on July 6, 2018.

Specifically, the Exchanges are amending Rule 703.A. (“Conditions of Approval”) in order to expand the location for the storage and delivery of aluminum delivered against the COMEX Aluminum Futures contract to Europe and Asia. Currently, aluminum delivered against the Aluminum Futures contract is deliverable in the Continental United States. An obsolete reference to storage sheds was also corrected and is an administrative, non-substantive change.

Also at this time, the Exchanges are clarifying language in Rule 703.B. (“Load-Out Procedures for Base Metals”) pertaining to copper warehouses to clarify the existing practice regarding the parameters of load-out rates in connection with the COMEX Copper Futures contract. Specifically, the amendments to Rule 702.B. will clarify that the load-out rate pertains to the combination of truck and rail conveyances. Currently, the language identifies the combination of truck and rail by not stipulating a rate by conveyance as in other base metals. A typographical error has also been corrected and is administrative and non-substantive in nature.

NYMEX/COMEX Rule 703.A and Rule 703.B. are set forth in Exhibits A and B respectively, with additions underlined and deletions overstruck.

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

**Availability of General Information:** In order to ensure that market participants are apprised of the amendment to NYMEX/COMEX Chapter 7, the Exchanges will issue a CME Group Market Surveillance Notice and a Registrar’s Office Notice to the marketplace notifying them of the rule amendments. The Market Surveillance Notice and the Registrar’s Office Notice will also be posted on the CME Group website.

The Exchanges certify that this submission has been concurrently posted on the Exchanges’ website at

<http://www.cmegroup.com/market-regulation/rule-filings.html>. There were no substantive opposing views to the aforementioned amendments.

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 – Amendments to NYMEX/COMEX Rule 703.A. (blackline format)  
Exhibit B – Amendments to NYMEX/COMEX Rule 703.B. (blackline format)

**EXHIBIT A**

**NYMEX/COMEX Rulebook**

**Chapter 7**

**DELIVERY FACILITIES AND DELIVERY PROCEDURES**

(additions underlined; deletions ~~overstruck~~)

**703. DESIGNATION AND OBLIGATIONS OF METAL SERVICE PROVIDERS**

**703.A. Conditions for Approval**

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12) The warehouse regular for delivery of copper, lead and zinc shall provide a fully secured indoor facility for the storage of copper, lead and zinc, as acceptable to the Exchange. The warehouse regular for delivery of copper must have direct unobstructed access to both a truck bay and rail. The warehouse regular for delivery of aluminum must consist of designated indoor and outdoor fully secured storage facilities~~sheds~~. The warehouse regular for delivery of aluminum, lead and zinc must have direct unobstructed access to a truck bay and/or rail. The warehouse regular for delivery of aluminum, lead and zinc must also qualify and be designated a weighmaster.

(13) ~~Aluminum and e~~Copper warehouses must be located in the Continental United States. Zinc, aluminum and lead warehouses can be located in the Continental United States, the European Union and/or Asia.

[remainder of rule unchanged]

## EXHIBIT B

### **NYMEX/COMEX Rulebook**

#### **Chapter 7**

### **DELIVERY FACILITIES AND DELIVERY PROCEDURES**

(additions underlined; deletions ~~overstruck~~)

## **703. DESIGNATION AND OBLIGATIONS OF METAL SERVICE PROVIDERS**

### **703.B. Load-Out**

#### **B. Load-Out Procedures for Base Metals**

In the event that a warehouse has not permitted the load out of aluminum, lead or zinc represented by a COMEX cancelled warrant within twenty (20) business days (five (5) business days for copper) after such warrant has been cancelled for load out (all applicable charges paid) or in the event the warehouse has not met the minimum daily load out requirement, then the warehouse shall immediately notify the Exchange, in writing, of the reason(s) for the delay. Upon receipt of such notification, the Exchange, at its discretion, may direct, in writing, the warehouse not to accept additional base metal for deposit until the Exchange directs it to do otherwise.

If the warehouse fails to comply with the delivery and load-out Rules as prescribed herein, the warehouse shall not charge the warrant holder for additional storage charges, provided, however, that the delay was not caused by the holder of a COMEX warrant cancelled for load out or their agent.

The warehouse shall be required to load out metal beginning on the third business day following receipt of loading orders or after a conveyance of the type identified in the loading orders is constructively placed, whichever occurs later. For load out by rail, the warehouse shall be required to load out metal beginning on the third business day following receipt of loading orders or one business day after a rail car is constructively placed, whichever occurs later. Loading orders must be received no later than five business days after warrants are cancelled for load out. If loading orders are not received within five business days after warrants are cancelled for load out, the load out of such metal shall not be subject to the load-out Rules herein.

The regular warehouse is required to ship out of the warehouse metal at a minimum guaranteed daily load out rate of 2% of total inventory, with a minimum daily load out rate of 1,000 metric tons, for each business day (via primary conveyance) for aluminum). In addition, the warehouse shall not be required to exceed the minimum daily load out rate of 500 metric tons for zinc (via primary conveyance), 500 short tons for copper (truck and rail conveyance combined), unless otherwise prescribed in the Interpretations & Special Notices Related to Chapter 7, or 500 metric tons for lead (via primary conveyance). Preference is given to load out of metal represented by COMEX cancelled warrants (via primary conveyance for aluminum, lead and zinc). In the event the warehouse has load out orders for COMEX cancelled warrants representing multiple metal types, the warehouse shall load out each metal concurrently on a pro rata by commodity basis at their prescribed minimum load out rate. If the pro rata exceeds the minimum load out rate, the warehouse shall only be required to load out at the prescribed minimum load out rate. Total inventory shall be defined as the sum of all COMEX registered and eligible aluminum, lead, zinc and copper stored at the regular warehouse as reported to the Exchange on the first business day of the month.

The warehouse shall transmit to the Registrar by 11:00 a.m. Central Prevailing Time, the name, location of regular facility, the number of warrants cancelled for load out (via primary conveyance for aluminum, lead and zinc) and associated loading orders on a daily basis. The Registrar shall maintain a current record of the number of warrants cancelled for load out (via primary conveyance for aluminum, lead and zinc) and shall be responsible for posting this record on the Exchange website.

Alternate Load-Out Instructions via Alternate Conveyance for Aluminum, Lead and Zinc: A party may elect to load out via an alternate conveyance, if available. Load-out via alternate conveyance shall be subject to the minimum guaranteed daily load out rate as published under the Interpretations & Special Notices Related to Chapter 7 contingent on any pending load-out orders submitted prior to the load-out order via alternate conveyance and shall be conducted on a first-come, first served, non-discriminatory basis.

[remainder of rule unchanged]