

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 20-337

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 07/30/20 Filing Description: Increase of the Spot Month Position Limit of the Aluminum Futures Contract

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 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:

Product Terms and Conditions (product related Rules and Rule Amendments)

- | | | |
|-------------------------------------|---|----------------------|
| <input checked="" 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: See filing.

Rule Numbers: See filing.



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

July 30, 2020

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 Increase of Spot Month Position Limit of the Aluminum Futures Contract. COMEX Submission No. 20-337

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or the “Commission”) an increase of the spot month position limit for the Aluminum Futures contract as noted below (the “Contract”), effective on the close of business on Friday, August 28, 2020 and commencing with the September 2020 contract month and beyond.

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

Contract Title	Rule Chapter	CME Globex and CME Clearport Code	Reporting Level	Spot-Month Limit (In Net Futures Equivalents)	Single Month Accountability Level (In Net Futures Equivalents)	All Month Accountability Level (In Net Futures Equivalents)
Aluminum Futures	107	ALI	10	400-150	500	500

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 increased spot month position limits of the Contract. (See Exhibit A and Exhibit B: 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.)

This submission shall become effective on Friday, August 14, 2020.

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 warehouses 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)¹.

As of June 30, 2020, the 3-year average monthly aluminum inventory held at COMEX approved warehouses totaled 19,693 metric tons, the equivalent of 788 COMEX Aluminum Futures contracts. While aluminum stocks had decreased significantly from March 2018 through May 2019, there has been a steady increase in inventory over the past year. The level of inventory as of June 30, 2020 was 37,375 metric tons which equates to 1,495 COMEX Aluminum Futures contracts.

Inventory and Capacity of Exchange Approved Warehouses

The table below provides the monthly average inventory levels of aluminum for the most recent three (3) year period stored at Exchange approved warehouses.

Inventory at Exchange Approved Warehouses

Month	Average Registered (Metric Tons)	Average Eligible (Metric Tons)	Average Total (Metric Tons)	Average Total (Contract Equivalents)
Jul-17	5,773	29,699	35,472	1,419
Aug-17	6,330	26,514	32,844	1,314
Sep-17	3,845	28,004	31,849	1,274
Oct-17	2,935	25,606	28,542	1,142
Nov-17	1,381	36,786	38,166	1,527
Dec-17	856	40,644	41,500	1,660
Jan-18	125	50,311	50,436	2,017
Feb-18	51	60,698	60,749	2,430
Mar-18	51	58,695	58,746	2,350
Apr-18	51	21,311	21,362	854
May-18	51	10,288	10,339	414
Jun-18	51	9,272	9,323	373
Jul-18	51	8,374	8,425	337
Aug-18	51	8,189	8,240	330
Sep-18	51	7,834	7,885	315
Oct-18	51	7,651	7,702	308
Nov-18	51	6,720	6,771	271
Dec-18	51	6,124	6,175	247
Jan-19	51	5,329	5,380	215
Feb-19	30	6,715	6,745	270
Mar-19	0	6,310	6,310	252
Apr-19	0	5,783	5,783	231

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

May-19	0	138	138	6
Jun-19	825	686	1,511	60
Jul-19	1,500	4,140	5,640	226
Aug-19	1,500	4,882	6,382	255
Sep-19	2,529	10,366	12,895	516
Oct-19	6,822	14,002	20,824	833
Nov-19	10,237	11,271	21,509	860
Dec-19	7,180	10,702	17,882	715
Jan-20	7,974	9,556	17,530	701
Feb-20	9,628	9,337	18,965	759
Mar-20	10,798	10,003	20,801	832
Apr-20	12,449	10,874	23,323	933
May-20	12,286	10,476	22,763	911
Jun-20	16,867	13,178	30,045	1,202
3-year average	3,402	16,291	19,693	788

Source: CME Group

Based on the continued steady increase in aluminum inventory, the Exchange proposes to increase the spot month limit for the Contract from 100 contracts to 150 contracts which represents 19.04% of deliverable supply for the most recent 3-year period.

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 Principle:

Contracts Not Readily Subject to Manipulation: The Contract is not readily subject to manipulation due to the deep liquidity and robustness in the underlying physical markets.

Position Limitations or Accountability: The speculative position limit for the Contract as demonstrated in this submission is consistent with the Commission’s guidance.

Availability of General Information: The Exchange will make publicly available the details of the spot month position limit increase 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 increased limits of the Contract comply with the Act and regulations thereunder. There were no opposing views to this proposal.

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.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A – Amendments to COMEX Rulebook Chapter 5 Position Limit, Position Accountability, and Reportable Level Table (Effective August 14, 2020) (under separate cover)

Exhibit B – Amendments to COMEX Rulebook Chapter 5 Position Limit, Position Accountability, and Reportable Level Table (effective close of business August 28, 2020) (under separate cover)

Exhibit A

**COMEX Rulebook
Chapter 5
("Trading Qualifications and Practices")
Position Limit, Position Accountability, and Reportable Level Table**

(under separate cover)
(Effective August 14, 2020)

Exhibit B

**COMEX Rulebook
Chapter 5
("Trading Qualifications and Practices")
Position Limit, Position Accountability, and Reportable Level Table**

(under separate cover)
(Effective close of business August 28, 2020)