

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 24-379

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

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

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

**Filing Date (mm/dd/yy):** 10/03/24 **Filing Description:** Initial Listing of the Spodumene CIF China (Fastmarkets) 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:** See filing.

**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:**

**Rule Numbers:**



Timothy Elliott  
 Managing Director and Chief Regulatory Counsel  
 Legal Department

October 3, 2024

**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 40.2(a) Certification. Initial Listing of the Spodumene CIF China (Fastmarkets) Futures Contract. COMEX Submission No. 24-379**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of the Spodumene CIF China (Fastmarkets) Futures contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort effective Sunday, October 27, 2024, for trade date Monday, October 28, 2024.

<b>Contract Title</b>	<b>Spodumene CIF China (Fastmarkets) Futures</b>
<b>CME Globex/CME ClearPort Code</b>	SPM
<b>Rulebook Chapter</b>	709
<b>Settlement Type</b>	Financial
<b>Contract Size</b>	10 MT (metric tons)
<b>Listing Schedule</b>	Monthly contracts listed for the current year and the next 2 calendar years. List monthly contracts for a new calendar year following the termination of trading in the December contract of the current year.
<b>Pricing Quotation</b>	U.S. dollars and cents per metric ton
<b>First Listed Month</b>	November 2024
<b>Minimum Price Fluctuation</b>	\$1.00 per MT
<b>Value per tick</b>	\$10.00
<b>Block Trade Minimum Threshold/Reporting Window</b>	2 contracts – subject to a minimum 15-minute reporting window
<b>Termination of Trading</b>	Trading in the contract shall terminate at the close of trading on the last Exchange business day of the contract month.
<b>CME Globex Matching Algorithm</b>	First in First Out (FIFO)
<b>Trading and Clearing Hours</b>	<b>CME Globex Pre-Open:</b> Sunday 4:00 p.m. - 5:00 p.m. Central Time/CT Monday - Thursday 4:45 p.m. - 5:00 p.m. CT <b>CME Globex:</b> Sunday - Friday 5:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT <b>CME ClearPort:</b> Sunday - Friday 5:00 p.m. - 4:00 p.m. CT with no reporting Monday - Thursday from 4:00 p.m. - 5:00 p.m. CT

Exhibit A provides COMEX Chapter 709. Exhibit B provides the Position Limit, Position Accountability, and Reportable Level Table (under separate cover). Exhibit C provides the COMEX Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) Table. Exhibit D provides the COMEX Rule 589. Special Price Fluctuation Limits and Daily Price Limits Table. Exhibit E provides the Exchange fees. Exhibit F provides the Cash Market Overview and Analysis of Deliverable Supply.

The Exchange reviewed the designated contracts 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:

- **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.
- **Contracts Not Readily Subject to Manipulation:** The Contract is based on a cash price series that is reflective of the underlying cash market and is commonly relied on and used as a reference price by cash market brokers and commercial market participants.
- **Compliance with Rules:** Trading in this Contract will be subject to Chapter 4 of the Exchange rules which includes prohibitions against fraudulent, non-competitive, unfair and abusive practices and will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department may use its investigatory and enforcement power where potential rule violations are identified during its regular surveillance reviews.
- **Prevention of Market Disruption:** Trading in the Contract will be subject to the Rules of COMEX which include prohibitions on manipulation, price distortion, and disruption to the cash settlement process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the Contract proposed herein will be subject to monitoring and surveillance by CME Group’s Market Regulation Department.
- **Position Limitations or Accountability:** The speculative position limits for the Contract as demonstrated in this submission are consistent with the Commission’s guidance.
- **Financial Integrity of Contracts:** The Contract traded on the Exchange will be cleared by the CME Clearing House.
- **Execution of Transactions:** The Contract will be listed for trading on the CME Globex electronic trading and for clearing through CME ClearPort. The CME Globex electronic trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.
- **Trade Information:** All requisite trade information for the Contract will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Protection of Market Participants:** Chapter 4 contains multiple prohibitions precluding intermediaries from disadvantaging their customers and which apply to trading on all of the Exchange’s competitive trading venues.
- **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 the 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 the Contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all non-members 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 non-member 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.
- **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.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.2(a), the Exchange certifies that the listing of the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

The Exchange certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (312) 466-7478 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Timothy Elliott  
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: COMEX Rulebook Chapter 709  
Exhibit B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the COMEX Rulebook (attached under separate cover)  
Exhibit C: COMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table  
Exhibit D: COMEX Rule 589. Special Price Fluctuation Limits and Daily Price Limits Table  
Exhibit E: Exchange Fees  
Exhibit F: Cash Market Overview and Analysis of Deliverable Supply

## Exhibit A

### COMEX Rulebook

#### Chapter 709 Spodumene CIF China (Fastmarkets) Futures

**709100. SCOPE OF CHAPTER**

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

**709101. CONTRACT SPECIFICATIONS**

The Floating Price for each contract month is equal to the arithmetic average of all available price assessments published for “Spodumene min 6% Li<sub>2</sub>O, spot price, cif China, \$/tonne” by Fastmarkets during the contract month.

**709102. TRADING SPECIFICATIONS**

The number of months open for trading at a given time shall be determined by the Exchange.

**709102.A. Trading Schedule**

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

**709102.B. Trading Unit**

The contract quantity shall be 10 metric tons. Each contract shall be valued as the contract quantity (10) multiplied by the settlement price.

**709102.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum trading price fluctuation shall be \$1.00 per metric ton. The minimum daily and final settlement price fluctuation shall be \$1.00 per metric ton.

**709102.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.

**709102.E. Termination of Trading**

Trading in the contract shall terminate at the close of trading on the last Exchange business day of the contract month.

**709102.F. Special Price Fluctuation**

Limits at the commencement of each trading day, the contract shall be subject to special fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits and Daily Price Limits Table in the Interpretations & Special Notices Section of Chapter 5.

**709103. FINAL SETTLEMENT**

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

**709104. DISCLAIMER**

See [NYMEX/COMEX Chapter iv. \(“DISCLAIMERS”\)](#) incorporated herein by reference.

**Exhibit B**

**COMEX Rulebook  
Chapter 5  
("Trading Qualifications and Practices")**

**Position Limits, Position Accountability and Reportable Level Table**

(attached under separate cover)

**Exhibit C**

**COMEX Rulebook**

**Chapter 5**

**(“Trading Qualifications and Practices”)**

**COMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table**

(additions underscored)

Instrument	Globex Symbol	Outrights			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Minimum Ticks	NRR: Globex Format	NRR: Outright Minimum Ticks

Spodumene CIF China  
(Fastmarkets) Futures

SPM

\$50.00 per metric ton

50

50

N/A

**Exhibit D**

**COMEX Rulebook**

**Chapter 5**

**(“Trading Qualifications and Practices”)**

**COMEX Rule 589. – Special Price Fluctuation Limits and Daily Price Limits Table**

(additions underscored)

<b>Product</b>	<b>Rulebook</b>	<b>Commodity Code</b>	<b>PRIMARY/ASSOCIATED</b>	<b>ASSOCIATED WITH</b>	<b>Dynamically Calculated Variant - All Hours</b>	<b>Daily Price Limit</b>
<u>Spodumene CIF China (Fastmarkets) Futures</u>	<u>709</u>	<u>SPM</u>	<u>Primary</u>	<u>Primary</u>	<u>10% of Dynamically Calculated Reference Price</u>	<u>Daily Price Limit Table</u>



## **Exhibit E**

### **Exchange Fees**

<b>Exchange Fees</b>	<b>Member</b>	<b>Non-Member</b>
CME Globex	\$3.00	\$6.00
EFP	\$4.00	\$7.00
Block	\$4.00	\$7.00
EFR/EOO	\$4.00	\$7.00
<b>Processing Fees</b>	<b>Member</b>	<b>Non-Member</b>
Cash Settlement	\$4.00	\$7.00
Facilitation Fee	\$0.70	
Give-Up Surcharge	\$0.05	
Position Adjustment/Position Transfer	\$0.10	

## **Exhibit F**

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

In its cash market and deliverable supply analysis, the Exchange has incorporated data from a range of sources as described below.

**Fastmarkets (“FM”)** is a leading global provider of price information for metals, agriculture and forestry products. FM’s assessment methodologies for spodumene are available on its website<sup>1</sup> (under product code MB-LI-0012). CME Group Inc. (parent company of COMEX) is a party to license agreements with Fastmarkets to utilize its pricing data for final settlement of the contract.

**The United States Geological Survey (“USGS”)** is a scientific public agency in the United States. It is tasked with studying the landscape of the United States, its natural resources, and the natural hazards that threaten it.

The **UN Comtrade Database (“Comtrade”)** provides free access to detailed global trade data. Comtrade is a data repository of official trade statistics and relevant analytical tables. It contains annual trade statistics starting from 1962 and monthly trade statistics since 2010.

Final settlement of the futures contract is based on the monthly average of all daily price assessments for **“Spodumene min 6% Li<sub>2</sub>O, spot price, cif China, \$/tonne”** price assessment published by Fastmarkets (FM) during the contract month. The methodology refers to spodumene as “(a) mineral concentrate accepted by buyers for conversion in lithium chemicals used in battery applications (any size will be accepted) and with the following chemical composition: Li<sub>2</sub>O 6% (min 5.7 Li<sub>2</sub>O and max 6.1% Li<sub>2</sub>O accepted if it can be normalized to 6%); Fe<sub>2</sub>O<sub>3</sub> < 1.3% (max 1.5% Fe<sub>2</sub>O<sub>3</sub> accepted if it can be normalized to < 1.3%), H<sub>2</sub>O”.

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<sup>1</sup> <https://www.fastmarkets.com/methodology/metals/lithium/>

## CASH MARKET OVERVIEW

Lithium is a metal that is widely used in industrial applications, notably in battery manufacturing. The global lithium industry is concentrated in Asia, which accounts for most of the global refining and battery manufacturing capacity. Lithium mining comes in two main forms: the metal can be produced from lithium-containing rock (such as spodumene or lepidolite) or brine. Major producing countries include Australia, Chile and China (Table 1). After extraction, lithium raw materials are refined into lithium carbonate or lithium hydroxide. According to the USGS, end-user markets for refined lithium were batteries, 87%; ceramics and glass, 4%; lubricating greases, 2%; air treatment, 1%; continuous casting mold flux powders, 1%; medical, 1%; and other uses, 4%.<sup>2</sup>

As a key material for lithium-ion batteries used in electric vehicles (“EVs”), market analysts expect that the global lithium industry will grow significantly over the coming decade(s) – Fastmarkets stated that global lithium production must quadruple from 2020 to 2030 in order to meet growing demand.<sup>3</sup>

**Table 1 – Global Lithium Production (source: USGS<sup>4</sup>)**

Metric tons contained lithium	2021	2022	2023 (estimate)
United States	Withheld	Withheld	Withheld
Argentina	5,970	6,590	9,600
Australia	55,300	74,700	86,000
Brazil	1,700	2,630	4,900
Canada		520	3,400
Chile	28,300	38,000	44,000
China	14,000	22,600	33,000
Portugal	900	380	380
Zimbabwe	710	1,030	3,400
Other countries	0	0	0
Total (rounded)	107,000	146,000	180,000

Table 2 shows that an average of 4.528m metric tons of spodumene was imported into China during the past three years for which data is available.

**Table 2 – Spodumene – imports into China<sup>5</sup>**

Imports – ‘000 Metric tons	2020*	2022	2023	Average
China	2,748	4,290	6,547	4,528

*\*2021 data was not available and 2020 data was used instead*

Please note that the HS code (253090: *Other mineral substances*) that was used to retrieve spodumene import data also includes other commodity products not classified elsewhere.<sup>6</sup> Other sources state that

<sup>2</sup> <https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-lithium.pdf>

<sup>3</sup> <https://www.fastmarkets.com/article/3999803/lithium-supply-and-demand-to-2030>

<sup>4</sup> <https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-lithium.pdf>

<sup>5</sup> <https://wits.worldbank.org/trade/comtrade/en/country/ALL/year/2023/tradeflow/Imports/partner/WLD/product/253090>

<https://wits.worldbank.org/trade/comtrade/en/country/ALL/year/2022/tradeflow/Imports/partner/WLD/product/253090>

<https://wits.worldbank.org/trade/comtrade/en/country/ALL/year/2021/tradeflow/Imports/partner/WLD/product/253090>

<sup>6</sup> <https://www.uktradeinfo.com/commodities/253090>

China imported approximately 4m metric tons of spodumene in 2023 (Platts: 4.01m MT<sup>7</sup>; mysteel 4.42m MT<sup>8</sup>). Therefore, the Exchange will adjust the import data by a factor of 60% (since 4m MT / 6.547 is approximately 60%) to account for the 'spodumene only' share of imports captured under this specific HS code.

Spodumene is traded both in the spot and term markets. Term contracts use a fixed price or a "formula pricing", meaning a floating price component that may include price indexation to lithium chemical indices. Term contracts typically allow for the ability to freely re-trade contracted volume.

### **ANALYSIS OF DELIVERABLE SUPPLY**

Appendix C to part 38 of the Commission's regulations defines deliverable supply as "the quantity of the commodity meeting the contract's delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce."

The Exchange is assessing spot month position limits for the contract based on Comtrade import data for spodumene into China. Average annual import volume represents 4,528,000 MT annually for the 2021-2023 period, equivalent to 377,333 MT per month (37,333 contracts equivalent). Applying the 60% adjustment to account for 'spodumene only imports' results in a monthly figure of 22,400 contract equivalent. The Exchange proposes a spot month position limit of 4,000 contracts, equivalent to 17.9% of deliverable supply.

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<sup>7</sup> <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/metals/041224-factbox-china-set-to-raise-african-lithium-output-in-2024-with-diversification-plans>

<sup>8</sup> <https://www.mysteel.net/news/5047376-china-spodumene-imports-up-14-mom-in-dec>