

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 17-361

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/04/2017 **Filing Description:** Initial Listing of the FOB Australia Premium Hard Coking Coal (TSI) Average Price Option 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 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 |

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:



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

October 4, 2017

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Future Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**Re: CFTC Regulation 40.2(a) Certification. Notification Regarding the Initial Listing of the
FOB Australia Premium Hard Coking Coal (TSI) Average Price Option Contract.
NYMEX Submission No. 17-361**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying the initial listing of the FOB Australia Premium Hard Coking Coal (TSI) Average Price Option contract (the “Contract”) for trading on CME Globex, and for submission for clearing via CME ClearPort, effective on Sunday, October 22, 2017 for trade date Monday, October 23, 2017 as more specifically described in the table below.

Contract Title	FOB Australia Premium Hard Coking Coal (TSI) Average Price Option
Commodity Code	ACO
Rulebook Chapter	260
Settlement Method	Financially settled
Contract Size	1,000 metric tons
Listing Schedule	Monthly contracts listed for the current year and the next three (3) calendar years. List monthly contracts for a new calendar year following the termination of trading in the December contract of the current year.
Minimum Price Fluctuation	\$0.01 per metric ton
Value per Tick	\$10.00
First Listed Month	October 2017
Block Trade Minimum Threshold	5 contracts
Termination of Trading	Trading terminates on the last business day of the contract month.
Exercise Style	European
Strike Increment	\$0.50
Strike Price Listing Rule	Dynamic strikes only at \$0.50 per metric ton strike increment
Underlying Futures Contract	FOB Australia Premium Hard Coking Coal (TSI) Futures

Underlying Futures Contract Commodity Code	ACT
CME Globex Matching Algorithm	First in First Out (FIFO)

Trading and Clearing Hours:

CME Globex and CME ClearPort	Sunday – Friday 6:00 p.m. – 5:00 p.m. (5:00 p.m. – 4:00 p.m. Central Time/CT) with a 60-minute break each day beginning at 5:00 p.m. (4:00 p.m. CT)
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Exchange Fees:

Exchange Fees	Member	Non-Member	International Incentive Programs (IIP/IVIP)
CME Globex	\$1.40	\$2.90	\$2.15
Block	\$1.40	\$2.90	
EFR/EOO	\$1.40	\$2.90	

Processing Fees	Member	Non-Member
Cash Settlement	\$0.90	\$1.15

Other Fees	Fee
Facilitation Fee	\$0.60
Give-Up Surcharge	\$0.05
Position Adjustment/Position Transfer	\$0.10

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the new option contracts 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 new contract. These terms and conditions establish the all month/any one-month accountability levels, expiration month position limit, reportable level, and aggregation allocation for the new contract. Please see Exhibit B, attached under separate cover.

NYMEX is also self-certifying block trading on the Contract with a minimum block threshold of five (5) contracts, which represents 5,000 metric tons of coking coal. The block level is consistent with the Exchange's existing products.

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA") and staff identified that the Contract may have some bearing on the following Core Principles:

Compliance with Rules: Trading in the Contract will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading will also be subject to the full range of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group's designated

contract markets, activity in this 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.

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.

Prevention of Market Disruption: Trading in the Contract will be subject to Rulebook Chapter 4, 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 Contract will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.

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 publish information on the Contract's specifications on its website, together with daily trading volume, open interest and price information. In addition, the Exchange will advise the marketplace of the launch of the Contract by releasing a Special Executive Report ("SER"). The SER will also be posted on CME Group's website.

Daily Publication of Trading Information: The Exchange will publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contract.

Execution of Transactions: The Contract will be listed for trading on the CME Globex electronic trading platform, and for clearing through the CME ClearPort platform. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity. The CME ClearPort platform provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers.

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.

Financial Integrity of Contracts: The Contract will be cleared by the CME Clearing House, a derivatives clearing organization registered with the Commodity Futures Trading Commission and subject to all CFTC regulations related thereto.

Protection of Market Participants: Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in 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 the product are identified.

Dispute Resolution: Disputes with respect to trading in the Contracts 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 listing 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 e-mail CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: NYMEX Rulebook Chapter
Exhibit B: Position Limit, Position Accountability, and Reportable Level Table in
Chapter 5 of the NYMEX Rulebook (attached under separate cover)
Exhibit C: NYMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table
Exhibit D: Cash Market Overview and Analysis of Deliverable Supply

Exhibit A

Chapter 260

FOB Australia Premium Hard Coking Coal (TSI) Average Price Option

260100. 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.

260101. OPTION CHARACTERISTICS

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

260101.A. Trading Schedule

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

260101.B. Trading Unit

A FOB Australia Premium Hard Coking Coal (TSI) Average Price Call Option traded on the Exchange represents the differential between the Floating Price and the strike price, multiplied by 1,000 metric tons, or zero, whichever is greater. A FOB Australia Premium Hard Coking Coal (TSI) Average Price Put Option traded on the Exchange represents the differential between the strike price and the Floating Price, multiplied by 1,000 metric tons, or zero, whichever is greater.

The Floating Price is equal to the arithmetic average of the mid-point of the high and low quotations from TSI for "Premium Hard Coking Coal FOB Port East Coast Australia" for each business day during the contract month.

260101.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.01 per metric ton.

260101.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.

260101.E. Termination of Trading

Trading terminates on the last business day of the contract month.

260101.F. Type of Option

The option is a European-style option cash settled on expiration day.

260102. EXERCISE PRICES

Transactions shall be conducted for option contracts as set forth in Rule 300.20.

260103.

DISCLAIMER

NEITHER CME GROUP INC., NEW YORK MERCANTILE EXCHANGE, INC. NOR ANY OF THEIR AFFILIATES (COLLECTIVELY "CME") NOR THE STEEL INDEX ("TSI") GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE INDEX OR ANY OF THE DATA INCLUDED THEREIN. NEITHER CME NOR TSI MAKE ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE INDEX, TRADING BASED ON THE INDEX, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACTS, OR, FOR ANY OTHER USE. NEITHER CME NOR TSI MAKE ANY WARRANTIES, EXPRESS OR IMPLIED, AND EACH HEREBY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL CME OR TSI HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Exhibit B

Position Limit, Position Accountability, and Reportable Level Table in Chapter 5

of the NYMEX Rulebook

(Attached under separate cover.)

Exhibit C

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

(Additions are underscored.)

Instrument	Bid/Ask Reasonability	Non-Reviewable Range (NRR)
<u>FOB Australia Premium</u> <u>Hard Coking Coal (TSI)</u> <u>Average Price Options</u>	The greater of the delta times the <u>underlying futures' non-reviewable range</u> or <u>20% of the fair value premium up to the underlying futures' non-reviewable range</u> with a minimum reasonability of <u>\$0.30</u>	The greater of delta times the <u>underlying futures non-reviewable range</u> or <u>20% of premium up to 1/4 of the underlying futures' non-reviewable range</u> with a minimum of <u>1 tick</u>

Exhibit D

Cash Market Overview and Analysis of Deliverable Supply

Introduction

New York Mercantile Exchange (“NYMEX” or “Exchange”) reviewed of the underlying cash market of high quality coking coal in Australia to determine the deliverable supply for the FOB Australia Premium Coking Coal (TSI) Average Price Option contract (the “Contract”). The deliverable supply is estimated based on the Australian high quality coking coal exports.

Data Source

The Exchange based its analysis of deliverable supply of Australia coking coal exports data published by Department of Industry, Innovation and Services of Australian Government. The data is the primary source of data used for the number of Australian exports of high grade coking coal which is the underlying product of the TSI assessment and the proposed contract.

Department of Industry, Innovation and Services

The Department of Industry, Innovation and Services is a department of Australian Government. The department provides economic advice, analysis and statistics with focuses on industry policy, innovation, sectoral analysis, energy and resources, programme evaluation and macroeconomic issues that affect business.

The Steel Index (“TSI”)

The Contract will settle against the price assessments published for “Premium Coking Coal Australian Exports” by TSI. TSI is a leading price information provider for key steel, scrap, coking coal and iron ore products around the world. TSI's prices are used for market intelligence, index-linking and ferrous derivatives/futures. TSI's assessment methodologies for the Premium Coking Coal Australian Exports¹ is available on its website.

¹<https://www.thesteelindex.com/files/custom/Procedures%20&%20Methodology%20page/TSI%20Coking%20Coal%20Index%20-%20Methodology.pdf>

CME Group is a party to license agreements with TSI to utilize their pricing data.

Cash Market Overview

Australian Coking Coal Market

Coking coal, also known as metallurgical coal, is primarily used in steel production. In the process of producing steel, coking coal is heated to force out impurities and produce coke, which is an important raw material fed into blast furnace. Produced mainly in New South Wales and Queensland, coking coal is one of Australia's major exported commodities.

Australia has been the biggest coking coal exporting country, generally accounting for about 60% of global seaborne trades, followed by United States and Canada. Since 2011, Australia coking coal exports has gradually increased from about 132 million metric tons per year to close to 190 million metric tons per year in 2016. The main destinations for the Australian coking coal are China, Japan, South Korea, India and Taiwan.

The Department of Industry, Innovation and Science of Australian Government publishes exports of Australia coking coal. The Department breaks down the data between high and low quality of coking coal and the data is reported in quarterly frequency. Per the data, the average quarterly exports of high quality coking coal for the most recent 12 quarters (Q1 2014 to Q4 2016) was 30.3 million metric tons per quarter, or 10.1 million tons per month (see Table 1).

Table 1. Selected Australia Coking Coal Exports Data²

Units: Million Metric Tons

Source: Australian Government Department of Industry, Innovation and Science

² <https://industry.gov.au/Office-of-the-Chief-Economist/Publications/Documents/req/March-2017-Historic-data.xlsx> Table 24

Quarter Ending	Australia Coking Coal Exports (of High Quality)
Mar-14	27.9
Jun-14	31.5
Sep-14	30.0
Dec-14	32.0
Mar-15	29.8
Jun-15	31.3
Sep-15	30.6
Dec-15	29.4
Mar-16	27.5
Jun-16	32.0
Sep-16	30.6
Dec-16	31.0
Average	30.3

Analysis of Deliverable Supply

The Commission defines deliverable supply as the quantity of the commodity meeting a derivative 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."³

In its analysis of deliverable supply, the Exchange has determined deliverable supply as high quality coking coal exports out of Australia. Additionally, the Exchange determined not to adjust the deliverable supply estimates based on the spot availability because spot market liquidity is not restrictive and tends to vary depending on the market fundamentals of supply and demand. The typical term agreement in the cash market allows flexibility for re-trading of the contracted quantity in the spot market, so the term agreements do not restrict the potential deliverable supply.

Based on the data published by Australian Government Department of Industry, Innovation and Science, the deliverable supply of high quality coking coal in Australia is approximately 30.3 million metric tons per quarter. This equates to 10.1 million metric tons per month, or 10,100 contract equivalents (contract size 1000 mt).

A spot month position limit of 1,250 contracts, which represents 12.4% of the estimated deliverable supply, is proposed for the Contract.

³ 17 CFR 1,150-51 (2011), <http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2011-28809a.pdf>