

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 19-358

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/25/19 Filing Description: Initial Listing of the U.S. Midwest Shredded Scrap (Platts) 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

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:



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

October 25, 2019

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) Certification. Notification Regarding the Initial Listing of U.S. Midwest Shredded Scrap (Platts) Futures Contract. COMEX Submission No. 19-358

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 initial listing of the U.S. Midwest Shredded Scrap (Platts) Futures contract (the “Contract”) for trading on the CME Globex electronic trading platform and for submission for clearing via CME ClearPort effective Sunday November 10, 2019 for trade date Monday, November 11, 2019 as noted in the table below:

Contract Title	U.S. Midwest Shredded Scrap (Platts) Futures
Commodity Code	SHR
Rulebook Chapter	925
Settlement Type	Financial
Contract Size	20 gross tons
Listing Schedule	Monthly contracts listed for 24 consecutive months. A monthly contract will be added following the termination of trading in the spot month.
Minimum Price Fluctuation	\$1.00 U.S. dollar per gross ton
Value per tick	\$20.00
First Listed Month	December 2019
Block Trade Minimum Threshold	5 contracts
Termination of Trading	Trading terminates on the last business day of the first week, that begins on a Monday, of the contract month.
CME Globex Matching Algorithm	First-In, First-Out (FIFO)

Trading and Clearing Hours:

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

	Member	Non-Member	International Incentive Programs (IIP/IVIP)
CME Globex	\$2.50	\$5.00	\$4.00
EFP	\$4.00	\$5.00	
Block	\$4.00	\$5.00	
EFR/EOO	\$4.00	\$5.00	

Processing Fees	Member	Non-Member
Cash Settlement	\$2.50	\$5.00
Other Processing Fees	Fee	
Facilitation Fee	\$0.50	
Give-Up Surcharge	\$0.05	
Position Adjustment/Position Transfer	\$0.10	

The Exchange is also notifying the CFTC that it is self-certifying block trading on the Contract with a minimum block threshold of 5 contracts.

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 Contracts 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 (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: COMEX Rulebook Chapter
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: Cash Market Overview and Analysis of Deliverable Supply

Exhibit A

Chapter 925

U.S. Midwest Shredded Scrap (Platts) Futures

925100. 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.

925101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the final daily print of the Platts Shredded Scrap Delivered US Midwest price assessment in the contract month.

925102. TRADING SPECIFICATIONS

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

925102.A. Trading Schedule

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

925102.B. Trading Unit

The contract quantity shall be 20 gross tons. Each contract shall be valued as the contract quantity (20) multiplied by the settlement price.

925102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per gross ton. The minimum price fluctuation shall be \$1.00 per gross ton.

925102.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.

925102.E. Termination of Trading

Trading shall cease on the last business day of the first week, that begins on a Monday, of the contract month.

925103. 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.

925104. 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 in
Chapter 5 of the COMEX Rulebook**

(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 Name	Globex Symbol	Outright			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks	NRR: Globex Format	NRR: Minimum Outright Ticks
<u>U.S. Midwest Shredded Scrap (Platts) Futures</u>	<u>SHR</u>	<u>\$10.00 per gross ton</u>	<u>1000</u>	<u>10</u>	<u>Each leg evaluated as an outright</u>	

Exhibit D

Cash Market Overview and Analysis of Deliverable Supply

SUPPLEMENTAL MARKET INFORMATION

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is self-certifying the listing of U.S. Midwest Shredded Scrap (Platts) Futures contract (the “Contract”).

As shown in the table below, the Contract will be listed for trading on CME Globex, and for submission for clearing through CME ClearPort.

Contract Title	Commodity Code	Rulebook Chapter
U.S. Midwest Shredded Scrap (Platts) Futures	SHR	925

METHODOLOGY & DATA SOURCES

For the U.S. Midwest Shredded Scrap (Platts) Futures contract, the Exchange considered three components in evaluating deliverable supply:

1. Steel scrap production
 - a. Home scrap
 - b. Purchased scrap
2. Stock data
3. Import data

The Exchange determined to use data collected by the United States Geological Survey (“USGS”) for its analysis and evaluation of deliverable supply estimates for steel scrap. The USGS publishes monthly statistics on steel scrap production and imports broken down by region and state. Stocks, however, are reported on an aggregate U.S. level and, therefore, will be reduced based on a ratio of Midwest production to aggregate U.S. production. Through conversations with market participants, the Exchange has learned that approximately 5% of deliverable supply is tied to long-term contractual agreements. The Exchange will aggregate production, stocks, and imports adjusted for the percentage of supply tied to long-term contractual agreements to arrive at total steel scrap deliverable supply for the Midwest.

The USGS labels the Midwest as “North Central” in its monthly report. The North Central region consists of Illinois, Indiana, Iowa, Minnesota, Nebraska, Wisconsin, Michigan, and Ohio. The Exchange will be utilizing the USGS North Central data points to determine deliverable supply for the Midwest region.

United States Geological Survey

Created by an act of Congress in 1879, USGS has evolved over the ensuing 125 years, matching its talent and knowledge to the progress of science and technology. USGS is the sole science agency for the Department of the Interior. It is sought out by thousands of partners and customers for its natural science expertise and its vast earth and biological data holdings. As the Nation's largest water, earth, and biological science and civilian mapping agency, USGS collects, monitors, analyzes, and provides science about natural resource conditions, issues, and problems.¹

PRICE SOURCES²

¹ <https://www.usgs.gov/about/about-us/who-we-are>

² The Exchange has a license agreement with Platts

S&P Global Platts³

S&P Global Platts (“Platts”) is a global provider of energy, petrochemicals, metals and agriculture information, and a source of benchmark price assessments for those commodity markets. Platts uses a market appropriate methodology to assess prices in the markets it covers. Platts consults with the range of participants involved in different markets and publishes methodologies for each price report on its website. Each methodology is reviewed regularly to ensure that it always meets the needs of market participants and is in line with industry practice.

U.S. STEEL MARKET BACKGROUND

Iron and steel scrap, also referred to as ferrous scrap, comes from many consumer and industrial products such as automobiles, steel structures, household appliances, railroad tracks, ships, farm equipment, and other sources. The largest single source of obsolete ferrous scrap in the United States is used vehicle scrappage. In addition to obsolete scrap, prompt scrap, which is generated from the manufacturing process, accounts for approximately half of the ferrous scrap supply. Ferrous scrap is the most recycled material in the United States and worldwide.⁴

Shredded steel scrap according ISRI 211 classification or equivalent, consists of iron and steel scrap originating from automobiles, unprepared No. 1 and No. 2 steel, and miscellaneous baling and sheet scrap⁵. In 2018, production from home scrap was 4.4 million metric tons, but averaged 5.9 million metric tons from 2015 – 2017. Domestic purchases of iron and steel scrap by brokers, dealers, and other outside sources was 56 million metric tons in 2018. The total value of these purchases was estimated to be \$19.7 billion, approximately 25% more than the \$15.7 billion in purchases from 2017.⁶

Physical trade in steel takes place throughout the supply chain, and includes steel mills, service centers, distributors, merchants and end-users. The U.S. scrap market trades using a “buy-week” period that can take place towards the end of the month or the beginning of the subsequent month. These periods are, in any case, the times that tend to see the highest degree of trade activity.⁷ The U.S. Census Bureau defines four census regions and identifies each one with a single-digit census code – Northeast (1), Midwest (2), South (3), and West (4). The Midwest is comprised of twelve states including the Great Lakes states of Illinois, Indiana, Michigan, Minnesota, Ohio and Wisconsin.⁸

³ See <https://www.spglobal.com/platts/en>

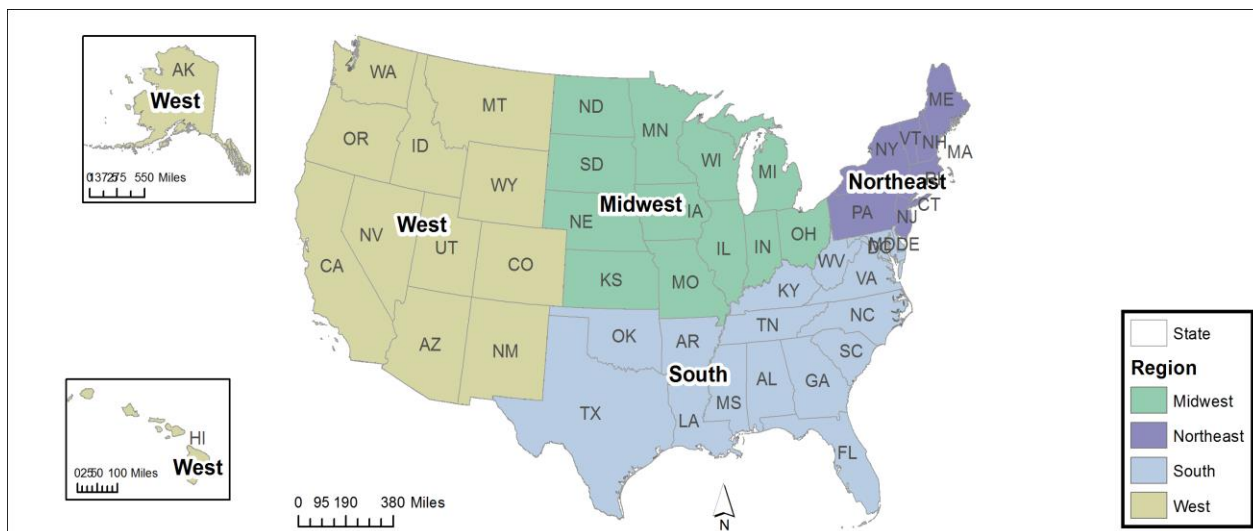
⁴ <https://www.isri.org/recycling-commodities/ferrous-scrap>

⁵ https://www.spglobal.com/platts/plattscontent/_assets/_files/en/our-methodology/methodology-specifications/steel.pdf

⁶ https://minerals.usgs.gov/minerals/pubs/commodity/iron_&_steel_scrap/mcs-2019-fescr.pdf

⁷ https://www.spglobal.com/platts/plattscontent/_assets/_files/en/our-methodology/methodology-specifications/steel.pdf

⁸ <https://www.census.gov/geo/reference/webatlas/regions.html>



Source: U.S. Census Bureau

PRODUCTION

Scrap metal can be categorized as either “home scrap” or “purchased scrap.” Home scrap is scrap generated at the mill, refinery, or foundry, and is generally re-melted and used again at the same plant. Purchased scrap is either metal that has been cut or drilled out and not incorporated into the finished product (industrial) or scrap that is worn out or unwanted in its form (obsolete). The USGS refers to purchased scrap production as “receipts of scrap” in its monthly reports. The Exchange will calculate total U.S. scrap production as the sum of total U.S. purchased and home scrap production. As illustrated in Table 1, over the past three years an average of 1.436 million metric tons of scrap per month was produced in the Midwest. Average monthly scrap production for the entire U.S. was 3.696 million metric tons during the same time period. From 2016 – 2018, the Midwest accounted for approximately 39% of total monthly U.S. steel scrap supply.⁹

Table 1. Midwest Steel Scrap Production¹⁰

metric tons (MT)					
Date	Midwest Home Scrap Production	Midwest Scrap Receipts	Midwest Scrap Production	U.S. Scrap Production	MW Production to U.S. Production Ratio
Jan-16	236,000	1,170,000	1,406,000	3,746,000	37.53%
Feb-16	238,000	1,200,000	1,438,000	3,746,000	38.39%
Mar-16	226,000	1,190,000	1,416,000	3,793,000	37.33%
Apr-16	219,000	1,150,000	1,369,000	3,696,000	37.04%
May-16	204,000	1,210,000	1,414,000	3,788,000	37.33%
Jun-16	571,000	1,220,000	1,791,000	4,312,000	41.54%
Jul-16	233,000	1,230,000	1,463,000	3,796,000	38.54%

⁹ https://minerals.usgs.gov/minerals/pubs/commodity/iron_&_steel_scrap/mis-201712-fescr.pdf

¹⁰ https://minerals.usgs.gov/minerals/pubs/commodity/iron_&_steel_scrap/mis-201712-fescr.pdf
(Bloomberg Codes: STIS0177; STIS0243; STIS0185; STIS0088)

Aug-16	218,000	1,240,000	1,458,000	3,824,000	38.13%
Sep-16	220,000	1,220,000	1,440,000	3,839,000	37.51%
Oct-16	204,000	1,160,000	1,364,000	3,494,000	39.04%
Nov-16	209,000	1,120,000	1,329,000	3,497,000	38.00%
Dec-16	207,000	1,160,000	1,367,000	3,574,000	38.25%
Jan-17	183,000	1,210,000	1,393,000	3,484,000	39.98%
Feb-17	172,000	1,200,000	1,372,000	3,513,000	39.05%
Mar-17	189,000	1,210,000	1,399,000	3,748,000	37.33%
Apr-17	181,000	1,150,000	1,331,000	3,517,000	37.84%
May-17	193,000	1,290,000	1,483,000	3,626,000	40.90%
Jun-17	535,000	1,200,000	1,735,000	3,959,000	43.82%
Jul-17	188,000	1,180,000	1,368,000	3,553,000	38.50%
Aug-17	193,000	1,170,000	1,363,000	3,516,000	38.77%
Sep-17	185,000	1,180,000	1,365,000	3,606,000	37.85%
Oct-17	177,000	1,150,000	1,327,000	3,482,000	38.11%
Nov-17	182,000	1,130,000	1,312,000	3,386,000	38.75%
Dec-17	181,000	1,160,000	1,341,000	3,508,000	38.23%
Jan-18	189,000	1,230,000	1,419,000	3,498,000	40.57%
Feb-18	187,000	1,200,000	1,387,000	3,620,000	38.31%
Mar-18	188,000	1,280,000	1,468,000	3,780,000	38.84%
Apr-18	188,000	1,210,000	1,398,000	3,663,000	38.17%
May-18	202,000	1,240,000	1,442,000	3,721,000	38.75%
Jun-18	189,000	1,270,000	1,459,000	4,007,000	36.41%
Jul-18	195,000	1,230,000	1,425,000	3,750,000	38.00%
Aug-18	203,000	1,240,000	1,443,000	3,781,000	38.16%
Sep-18	193,000	1,230,000	1,423,000	3,720,000	38.25%
Oct-18	198,000	1,250,000	1,448,000	3,778,000	38.33%
Nov-18	198,000	1,780,000	1,978,000	4,203,000	47.06%
Dec-18	194,000	1,240,000	1,434,000	3,723,000	38.52%
Jan-19	204,000	1,220,000	1,424,000	3,588,000	39.69%
Feb-19	195,000	1,190,000	1,385,000	3,606,000	38.41%
3-year Average	217,553	1,218,684	1,436,237	3,695,816	38.86%

STOCKS

Aggregate U.S. steel scrap inventories remained relatively stagnant from 2016 – 2018.¹¹ USGS does not breakdown inventories by region, so the Exchange has determined to use the ratio of total Midwest production to total U.S. production to estimate Midwest steel scrap stocks. This ratio will be applied to total U.S. steel scrap stocks to estimate Midwest steel scrap stocks, as seen in Table 2.

¹¹ https://minerals.usgs.gov/minerals/pubs/commodity/iron_&_steel_scrap/mis-201712-fescr.pdf

IMPORTS

The USGS categorizes imports by customs district in its monthly publication. The following states are included in the list of import districts and will represent Midwest imports of steel scrap: Ohio, Michigan, Minnesota, North Dakota. Table 2 illustrates estimated Midwest scrap imports which are then combined with estimated Midwest stocks and Midwest production (Table 1) to arrive at total supply. Total supply is then reduced by 5% to reflect supply tied to long term contractual agreements and converted to gross tons.

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Table 2. Midwest Steel Scrap Stocks and Imports¹³

Date	metric tons (MT)					gross tons (gt)*
	U.S. Ending Scrap Stocks	Estimated MW Ending Scrap Stocks	U.S. Scrap Imports	Estimated MW Scrap Imports	Total Supply (MW Production + MW Stocks + MW Imports)	Deliverable Supply
Jan-16	3,920,000	1,471,308	220,000	82,573	2,959,881	2,767,479
Feb-16	3,840,000	1,474,084	314,000	120,537	3,032,621	2,835,491
Mar-16	3,790,000	1,414,880	336,000	125,435	2,956,315	2,764,145
Apr-16	3,720,000	1,377,890	336,000	124,455	2,871,344	2,684,697
May-16	3,720,000	1,388,617	447,000	166,858	2,969,475	2,776,449
Jun-16	3,830,000	1,590,800	330,000	137,066	3,518,866	3,290,128
Jul-16	3,890,000	1,499,228	417,000	160,714	3,122,942	2,919,941
Aug-16	4,080,000	1,555,607	425,000	162,042	3,175,649	2,969,221
Sep-16	4,300,000	1,612,920	261,000	97,900	3,150,821	2,946,007
Oct-16	4,190,000	1,635,707	269,000	105,013	3,104,720	2,902,903
Nov-16	4,270,000	1,622,771	287,000	109,071	3,060,842	2,861,877
Dec-16	3,970,000	1,518,464	295,000	112,833	2,998,297	2,803,398
Jan-17	3,800,000	1,519,346	350,000	139,940	3,052,285	2,853,877
Feb-17	3,790,000	1,480,182	392,000	153,095	3,005,278	2,809,924
Mar-17	3,940,000	1,470,667	430,000	160,504	3,030,171	2,833,200
Apr-17	3,940,000	1,491,083	522,000	197,550	3,019,633	2,823,347
May-17	4,050,000	1,656,412	389,000	159,097	3,298,509	3,084,095
Jun-17	3,550,000	1,555,759	452,000	198,085	3,488,844	3,262,058
Jul-17	4,150,000	1,597,861	333,000	128,214	3,094,075	2,892,950
Aug-17	4,000,000	1,550,626	392,000	151,961	3,065,587	2,866,314
Sep-17	4,180,000	1,582,280	378,000	143,087	3,090,366	2,889,482
Oct-17	4,160,000	1,585,388	391,000	149,011	3,061,399	2,862,398
Nov-17	4,130,000	1,600,284	363,000	140,654	3,052,938	2,854,487
Dec-17	4,110,000	1,571,126	358,000	136,852	3,048,978	2,850,785
Jan-18	4,100,000	1,663,208	368,000	149,283	3,231,491	3,021,433
Feb-18	4,170,000	1,597,732	330,000	126,439	3,111,171	2,908,935

¹² <https://minerals.usgs.gov/minerals/pubs/commodity/iron & steel scrap/mis-201712-fescr.pdf>

¹³ <https://minerals.usgs.gov/minerals/pubs/commodity/iron & steel scrap/mis-201712-fescr.pdf>
(Bloomberg Codes: STIS0157; IMIS0140)

Mar-18	4,140,000	1,607,810	409,000	158,839	3,234,649	3,024,386
Apr-18	4,130,000	1,576,233	366,000	139,686	3,113,918	2,911,503
May-18	4,170,000	1,616,001	591,000	229,030	3,287,031	3,073,363
Jun-18	4,370,000	1,591,173	413,000	150,379	3,200,552	2,992,505
Jul-18	4,270,000	1,622,600	496,000	188,480	3,236,080	3,025,724
Aug-18	4,320,000	1,648,707	414,000	158,001	3,249,708	3,038,466
Sep-18	4,340,000	1,660,167	416,000	159,131	3,242,298	3,031,538
Oct-18	4,500,000	1,724,722	454,000	174,005	3,346,727	3,129,179
Nov-18	5,090,000	2,395,437	369,000	173,657	4,547,094	4,251,518
Dec-18	4,590,000	1,767,945	439,000	169,091	3,371,036	3,151,908
Jan-19	4,520,000	1,793,891	466,000	184,945	3,402,836	3,181,640
Feb-19	4,520,000	1,736,051	336,000	129,052	3,250,103	3,038,835
3-year Average	4,119,737	1,600,657	383,000	148,752	3,185,646	2,978,568

*Note: 1 gross ton is equal to 1.016 metric tons

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."

Deliverable Supply (gt)	Monthly Contract Equivalent	Spot Month Position Limit Contract Equivalent	% of Deliverable Supply
2,978,568	148,928	15,000	10.07%

In estimating deliverable supply and calculating the proposed spot month position limit, the Exchange relied on steel scrap production, stocks, and imports in the Midwest. The deliverable supply is calculated as the sum of these three figures adjusted for supply tied to long-term contractual agreements and converted to gross tons. Based on the above analysis, it is estimated that the deliverable supply for U.S. Midwest Shredded Steel Scrap is 2,978,568 gross tons based on the most recent three-year average from January 2016 to February 2019 which equates to 148,928 monthly contract equivalents based on a contract size of 20 gross tons per lot. Therefore, the proposed spot month position limit for the U.S. Midwest Shredded Scrap (Platts) Futures contract is 15,000 contracts which represents 10.07% of the estimated deliverable supply.