

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 20-380 (2 of 2)

**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):** 10/27/20 **Filing Description:** Increase in the Minimum Price Fluctuation of the Palladium Futures and Micro Palladium Futures Contracts

**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:** See filing.

**Rule Numbers:** See filing.

October 27, 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) Certification. Notification Regarding Increase in the Minimum Price Fluctuation of the Palladium Futures and Micro Palladium Futures Contracts.  
NYMEX Submission No. 20-380 (2 of 2)**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to the Price Increments rules of the Palladium Futures and Micro Palladium Futures contracts (the “Contracts”) to increase the minimum price fluctuation of the Contracts from \$0.10 to \$0.50 per troy ounce for trades executed on the CME Globex electronic trading platform (“CME Globex”) and for transactions submitted for clearing on CME ClearPort effective on Sunday, December 6, 2020 for trade date Monday, December 7, 2020 as noted in the table below.

<b>Contract Title</b>	<b>CME Globex/ CME ClearPort Code</b>	<b>Rulebook Chapter</b>	<b>Current Minimum Price Fluctuation</b>	<b>Increased Minimum Price Fluctuation</b>
Palladium Futures	PA	106	\$0.10	\$0.50
Micro Palladium Futures	PAM	118	\$0.10	\$0.50

The minimum price fluctuation in connection with implied spread functionality on CME Globex of the Contracts will remain unchanged at \$0.10. Daily and final settlement of the Contracts will remain at \$0.10. Additionally, the minimum price fluctuation for the Trading-at-Settlement (TAS) functionality for the Palladium Futures contract will also remain at \$0.10.

As a result of the increased minimum price fluctuation of the Contracts, the Exchange is implementing corresponding amendments to the NYMEX Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) table (the “Table”) (collectively, the “Rule Amendments”).

Pursuant to [NYMEX Submission No. 18-128](#) dated April 12, 2018, the Exchange increased the minimum price fluctuation for the Palladium Futures contract from \$0.05 to \$0.10 to more accurately reflect 2018 market conditions. At this time, the Exchange intends to further increase the minimum price fluctuation as

\$0.10 is no longer supported by the current liquidity profile and an increased minimum price fluctuation level would improve the contract's overall liquidity. Therefore, NYMEX is proposing a further increase to further align the minimum price fluctuation with current the contract's liquidity.

Market participants have advised that the Rule Amendments will more accurately reflect current market practices and provide the marketplace with more relevant minimum price fluctuations. In addition, the Rule Amendments will promote top of book and overall liquidity in the Contracts while tightening the bid/ask spread. While the current price for Commodity Exchange, Inc.'s ("COMEX") Gold Futures and NYMEX's Palladium Futures are similar on a USD/troy ounce basis, the underlying liquidity profiles are not similar. The liquidity in COMEX's gold market is sufficient to support a minimum price fluctuation of \$0.10. A less granular minimum price fluctuation for NYMEX's Palladium market more appropriately aligns with a less robust liquidity profile and quoting convention of the underlying physical market. With specific regard to spread transactions, the current liquidity level is sufficient to support the current minimum price fluctuation of \$0.10. Therefore, the minimum price fluctuation for spread transactions shall remain unchanged. The Rule Amendments will not affect the value of existing positions as the minimum price fluctuation for the daily and final settlement of the Contracts will remain unchanged.

To facilitate the change, the Exchange will request that customers cancel all Good 'Till Cancel (GTC) and Good 'Till Date (GTD) orders of the Contract after the close on Friday, December 4, 2020. After 16:00 Central Time (CT) on Friday, December 4, 2020, all remaining Good 'Till (GT) orders for this future will be cancelled or deleted by the CME Global Command Center (GCC).

The Rule Amendments are provided in Appendix A in blackline format.

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 Rule Amendments may have some bearing on the following core principles:

- **Availability of General Information:** The Exchange will publish information on the changes via a Special Executive Report ("SER") to notify the marketplace of the Rule Amendments. The SER will also be posted on the CME Group website.
- **Daily Publication of Trading Information:** The Exchange shall continue to make public daily information on settlement prices, volume, open interest, and opening and closing ranges for the Contracts.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange certifies that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the 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](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A - Amendments to NYMEX Rules 106102.C., 18102.C., and 588.H. ("Globex Non-Reviewable Trading Ranges") Table (blackline format)

300 Vesey Street New York, NY 10282 T 212 299 2200 F 212 301 4645 [christopher.bowen@cmegroup.com](mailto:christopher.bowen@cmegroup.com) [cmegroup.com](http://cmegroup.com)

## Appendix A

### NYMEX Rulebook

(additions underscored; deletions ~~struckthrough~~)

#### Chapter 106 ("Palladium Futures")

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#### 106102. TRADING SPECIFICATIONS

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##### 106102.C. Price Increments

The minimum price fluctuation shall be ~~ten~~ fifty cents (\$0.40-50) per troy ounce for outright transactions and ten cents (\$0.10) for implied spread transactions as well as daily and final settlement. Prices shall be quoted in dollars and cents per troy ounce.

[Remainder of Rule Unchanged.]

#### Chapter 118 ("Micro Palladium Futures")

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#### 118102. TRADING SPECIFICATIONS

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##### 118102.C. Price Increments

The minimum price fluctuation shall be ~~ten~~ fifty cents (\$0.40-50) per troy ounce for outright transactions and ten cents (\$0.10) for implied spread transactions as well as daily and final settlement. Prices shall be quoted in dollars and cents per troy ounce.

[Remainder of Rule Unchanged.]

#### Chapter 5 ("Trading Qualifications and Practices") NYMEX Rule 588.H. ("Globex Non-Reviewable Trading Ranges") Table

Instrument	Globex Symbol	Outrights			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR:Minimum Ticks	NRR: Globex Format	NRR: Outright Minimum Ticks
Palladium Futures	PA	\$30.00 per troy ounce	3000	<del>300</del> <u>60</u>	Each leg evaluated as an outright	
Micro Palladium Futures	PAM	\$30.00 per troy ounce	3000	<del>300</del> <u>60</u>	Each leg evaluated as an outright	