

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 17-394

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

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

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

**Filing Date (mm/dd/yy):** 11/2/17 **Filing Description:** Notification Regarding the Initial Listing of Copper Premium Grade A CIF Shanghai (Metal Bulletin) 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:**

November 2, 2017

**VIA ELECTRONIC PORTAL**

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

**Re: CFTC Regulation 40.2(a) Certification. Notification Regarding the Initial Listing of the Copper Premium Grade A CIF Shanghai (Metal Bulletin) Futures Contract. COMEX Submission No. 17-394**

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 Copper Premium Grade A CIF Shanghai (Metal Bulletin) Futures contract (Rulebook Chapter: 972; Commodity Code: CUP) for trading on CME Globex and for submission for clearing through CME ClearPort effective on Sunday, November 19, 2017 for trade date Monday, November 20, 2017 as noted in the table below.

<b>Contract Name</b>	Copper Premium Grade A CIF Shanghai (Metal Bulletin) Futures
<b>Commodity Code</b>	CUP
<b>Rulebook Chapter</b>	972
<b>Settlement Method</b>	Financially settled
<b>Contract Size</b>	25 metric tons
<b>Listing Schedule</b>	CME Globex and CME ClearPort: eighteen (18) consecutive months.
<b>First Listed Month</b>	December 2017
<b>Minimum Price Fluctuation</b>	\$0.25
<b>Value per Tick</b>	\$6.25
<b>Block Trade Minimum Threshold</b>	10 contracts
<b>Termination of Trading</b>	Trading terminates on the last business day of the contract month.
<b>Business Days</b>	Business days are based on US and UK public holiday calendar.
<b>CME Globex Match Algorithm</b>	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 an hour break each day beginning at 5:00 p.m. (4:00 p.m. Central Time/CT).

**Trading and Clearing Fees:**

	Member	Non-Member	International Incentive Programs (IIP/IVIP)
<b>Exchange Fees</b>			
CME Globex	\$1.45	\$2.90	\$1.95
EFP	\$1.95	\$2.95	
Block	\$2.05	\$3.05	
EFR/EOO	\$1.95	\$2.95	
Agency Cross	\$1.45	\$2.45	

<b>Processing Fees</b>	Member	Non-Member
Cash Settlement	\$1.45	\$2.45
<b>Other Fees</b>		
Facilitation Fee		\$0.50
Give-Up Surcharge		\$0.05
Position Adjustment/Transfer		\$0.10

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the Contract 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 COMEX Rulebook in relation to the listing of the Contract. The terms and conditions establish the all month/any one month accountability levels, expiration month position limit, reportable level and aggregation allocation for the Contract. (See Exhibit B, attached under separate cover).

COMEX is self-certifying block trading on this Contract with a minimum block threshold of 10 contracts. This block level aligns with the comparable base metals contracts listed on the Exchange.

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

- **Compliance with Rules:** Trading in the Contract will be subject to all COMEX Rules, including prohibitions against fraudulent, noncompetitive, unfair and abusive practices as outlined in COMEX Rule Chapter 4, the Exchange’s trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the COMEX Rulebook, and the dispute resolution and arbitration procedures of COMEX Rule Chapter 6. As with all products listed for trading on one of CME Group’s designated contract markets, trading activity in the Contract will be subject to 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.
- **Contract Not Readily Subject to Manipulation:** The Contract is not readily subject to manipulation as a result of the deep liquidity and robustness of the underlying cash and futures market and the settlement index. Pursuant to the Exchange’s obligations under this core principle, the final settlement indices are published by Platts and sub-licensed to the Exchange.

- **Prevention of Market Disruption:** Trading in the Contract will be subject to the Rules of the Exchange, 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 futures 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.
- **Availability of General Information:** The Exchange will publish on its website information in regard to contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information for the Contract.
- **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 Contract:** 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:** COMEX 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 this 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 is 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 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 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 [CMEGSubmissionInquiry@cmegroup.com](mailto: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 972**

#### **Copper Premium Grade A CIF Shanghai (Metal Bulletin) Futures**

##### **972100. 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.

##### **972101. CONTRACT SPECIFICATIONS**

The Floating Price for each contract month shall be equal to the arithmetic average calculated to two decimal places of each available daily midpoint of the Copper Grade A cathode Cif Shanghai, low-high, US\$/metric tonne for that given calendar month published by Metal Bulletin.

##### **972102. TRADING SPECIFICATIONS**

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

###### **972102.A. Trading Schedule**

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

###### **97202.B. Trading Unit**

The contract unit shall be twenty-five (25) metric tons.

###### **972102.C. Price Increments**

Prices shall be quoted in multiples of twenty-five cents (\$0.25) per metric ton. Price shall be quoted in dollars and cents per metric tons.

###### **972102.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.

###### **972102.E. Termination of Trading**

Trading terminates on the last business day of the month.

##### **972103. FINAL SETTLEMENT**

The contract will be cash settled and this will reflect the final settlement price. This will also be based on the floating price, which will be determined following the termination of trading of contract month.

##### **972104. DISCLAIMER**

Metal Bulletin, a division of Euromoney Global Limited, licenses Commodity Exchange, Inc. ("COMEX") to use various Metal Bulletin price assessments (each an "Index" and collectively, the "Indexes") in connection with the trading or posting of certain contracts based upon such price assessments.

CME GROUP INC. AND ITS AFFILIATES (COLLECTIVELY, "CME") AND METAL BULLETIN AND ITS AFFILIATES (COLLECTIVELY "METAL BULLETIN") DO NOT GUARANTEE THE ACCURACY AND/ OR COMPLETENESS OF THE INDEX OR ANY OF THE DATA INCLUDED THEREIN AND NEITHER CME NOR METAL BULLETIN SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. NEITHER CME NOR METAL BULLETIN 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 METAL BULLETIN 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 METAL BULLETIN HAVE ANY LIABILITY FOR ANY LOST PROFITS OR DIRECT, 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  
COMEX Rulebook**

(attached under separate cover)



## Exhibit C

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

(additions are underscored)

Instrument Name	Globex Symbol	Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks
<u>Copper Premium Grade A CIF Shanghai (Metal Bulletin) Futures</u>	<u>CUP</u>	<u>\$2.00 per metric ton</u>	<u>200</u>	<u>8</u>

## Exhibit D

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

#### Cash Market Overview

The Exchange has taken the most recent 3 corresponding years of data available for copper cathode import into Shanghai, China for the period 2014-2016. Based on data provided by UN Comtrade for imports of unwrought, refined copper cathode imports into China averaged approximately **3.614 million metric tonnes** per annum over the three year period January 2014–December 2016 (see Table 1).

The Exchange, from discussions with the wider market has determined copper supplied under long term supply agreements is still freely traded on the spot market and not being restricted a haircut has not been applied. Copper imported into Shanghai on a CIF basis may be shipped further along the Yangtze River or to a different final port destination and the volume would appear as a CIF Shanghai import figure. This imported copper would still be priced basis CIF Shanghai with a freight differential being applied to the price.

#### Analysis of Deliverable Supply

In its November 18, 2011, final position limit rulemaking, the Commission defined 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.”<sup>1</sup>

In its analysis, the Exchange has determined to base its deliverable supply on the imports into China based on data provided by UN Comtrade Database. Domestic production has been excluded because the basis of the assessment is on CIF (Cost Insurance & Freight) basis as per Incoterms 2015.

Table 1. China Spot Import Market

	metric tonnes (mt)
Year	China import
2014	3,580,863
2015	3,652,161
2016	3,609,034
3 year average	3,614,019

Source: UN Comtrade Database. See Appendix 1 for complete data and tables.

Based on the above analysis, it is estimated that the deliverable supply for the Copper Premium Grade A CIF Shanghai (Metal Bulletin) Futures contract is **3.614 million metric tons per year** based on the most recent three year average from 2014 to 2016. This equates, on a monthly basis, to 12,047 contract equivalents per month assuming a contract size of 25 metric tonnes per lot. Therefore, the spot month position limit for the Copper Premium Grade A CIF Shanghai (Metal Bulletin) Futures of 2,500 contracts reflects 20.8% of the estimated deliverable supply. The spot month limit remains below the 25% of deliverable supply threshold.

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

Appendix 1

**Spot Market Estimate – Copper import China**  
(Yearly Totals in Metric Tonnes)

Year	Trade Flow	Reporter	Commodity Code	Commodity	Netweight (mt)
2014	Import	China	740311	Refined copper and copper alloys, unwrought. // - Refined copper : // -- Cathodes and sections of cathodes	3,580,863
2015	Import	China	740311	Refined copper and copper alloys, unwrought. // - Refined copper : // -- Cathodes and sections of cathodes	3,652,161
2016	Import	China	740311	Refined copper and copper alloys, unwrought. // - Refined copper : // -- Cathodes and sections of cathodes	3,609,034

Source: UN Comtrade Database<sup>2</sup>

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<sup>2</sup> <http://comtrade.un.org/data/>