

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-439

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 11/08/24 Filing Description: Initial Listing of the Chicago No1 Busheling Ferrous Scrap (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:

November 8, 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 Chicago No1 Busheling Ferrous Scrap (Fastmarkets) Futures Contract. COMEX Submission No. 24-439

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 Chicago No1 Busheling Ferrous Scrap (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, December 15, 2024, for trade date Monday, December 16, 2024.

Contract Title	Chicago No1 Busheling Ferrous Scrap (Fastmarkets) Futures
CME Globex / CME ClearPort Code	BCH
Rulebook Chapter	927
Settlement Type	Financial
Contract Size	20 gross tons/GT
Pricing Quotation	U.S. dollars and cents per GT
Minimum Price Fluctuation	\$1.00 per GT
Value per Tick	\$20.00
Termination of Trading	Trading terminates on the 13th day of the contract month. If the 13th day is not a business day, trading terminates on the next business day.
Listing Schedule	Monthly contracts listed for 24 consecutive months
Initial Listing	January 2025 – December 2027
Block Trade Minimum Threshold/Reporting Window	10 contracts – subject to a minimum 15-minute reporting window
CME Globex Matching Algorithm	First in First Out (FIFO)
Trading and Clearing Hours	CME Globex Pre-Open: Sunday 4:00 p.m. - 5:00 p.m. Central Time/CT Monday - Thursday 4:45 p.m. - 5:00 p.m. CT CME Globex: Sunday - Friday 5:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT CME ClearPort: 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 927. 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 Exchange fees. Exhibit E 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.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: COMEX Rulebook Chapter 927
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: Exchange Fees
Exhibit E: Cash Market Overview and Analysis of Deliverable Supply

Exhibit A

COMEX Rulebook

Chapter 927

Chicago No1 Busheling Ferrous Scrap (Fastmarkets) Futures

927100. 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.

927101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the price assessment published in the given calendar month for the Steel Scrap No1 Busheling, consumer buying price, delivered mill Chicago, \$/gross ton by Fastmarkets AMM.

927102. TRADING SPECIFICATIONS

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

601102.A. Trading Schedule

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

601102.B. Trading Unit

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

601102.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.

601102.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.

601102.E. Termination of Trading

Trading shall terminate on the 13th calendar day of the contract month. If 13th calendar day falls into a holiday or weekend, the price will settle on the immediately following business day. Business days are based on the U.S. Public Holiday calendar.

927103. FINAL SETTLEMENT

Final settlement 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.

927104. 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	Globex Symbol	Outrights			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Minimum Ticks	NRR: Globex Format	NRR: Outright Minimum Ticks
<u>Chicago No1 Busheling Ferrous Scrap (Fastmarkets) Futures</u>	<u>BCH</u>	<u>\$30.00 per gross ton</u>	<u>30</u>	<u>30</u>	<u>Each leg evaluated as an outright</u>	

Exhibit D
Exchange Fees

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

Exhibit E

Cash Market Overview and Analysis of Deliverable Supply

Cash Market Overview

Steel scrap is key to the production of new steel. Globally, approximately 30% of new steel is currently being produced from scrap and is forecast to rise to 50% by 2050.¹ The majority of steel is produced using two methods: Basic Oxygen Furnaces (“BOFs”) or Electric Arc Furnaces (“EAFs”). BOFs primarily use coal while EAFs utilize electricity to generate heat, which is a cleaner alternative to coal powered BOFs. EAFs can produce steel using up to 100% scrap as feedstock. According to the Steel Manufacturer’s Association, an estimated 70% of the steel produced in the U.S. is made using EAFs.² In 2023, the U.S. produced an estimated 63 million metric tons of iron and steel scrap, while consuming approximately 50 million metric tons, and remained a net exporter of ferrous scrap.

Index Provider

Fastmarkets Metals and Mining is one of the leading global providers of pricing intelligence for the non-ferrous metal, steel, steelmaking raw materials, industrial minerals, ferrous and nonferrous scrap markets, producing price assessments with Fastmarkets AMM since 1882. The Contract will reference the Fastmarkets AMM’s Steel Scrap No1 Busheling, consumer buying price, delivered mill Chicago, \$/gross ton (MB-STE-0232). Fastmarkets AMM publishes the price assessment monthly, typically before the 10th of the month.³

Deliverable Supply Analysis

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.”

Table 1: U.S. Ferrous scrap production and consumption⁴ (million metric tons)

Production	2019	2020	2021	2022	2023 (est)
Home Scrap	5.3	5.1	4.7	4.7 (est)	5.1
Purchased Scrap	55	50	59	59 (est)	58
Import/Export					
Imports for consumption	4.3	4.5	5.3	4.7	4.7
Exports	18	15	20	20	18
Consumption					
Reported	47	45	48	48 (est)	48
Apparent	48	45	48	48 (est)	50

Ferrous scrap can be categorized as Prime scrap or Obsolete scrap. Prime scrap is steel waste created within a steel mill through the production process (Home scrap) or is generated in the downstream

¹ <https://think.ing.com/articles/why-is-ferrous-scrap-a-strategic-raw-material/#:~:text=The%20steel%20sector%20accounts%20for,rise%20to%2050%25%20by%202050.>

² <https://www.chartersteel.com/about/news/eaf-vs-bof-furnaces-in-steelmaking#:~:text=The%20Steel%20Manufacturer's%20Association%20estimates,almost%2050%25%20by%202050.%E2%80%9D&text=While%20EAF%20steelmaking%20relies%20on,over%20Blast%20Furnace/BOF%20production.&text=EAF%20has%20pr oven%20to%20be,work%20and%20live%20in%20everyday.>

³ <https://www.fastmarkets.com/methodology/metals/ferrous-scrap/>

⁴ <https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-iron-steel-scrap.pdf>

manufacturing process and generally recovered and returned to the steel mill within a year (Prompt scrap). Obsolete scrap is collected at the end-of-life of a product containing steel. Prime scrap tends to have more pure iron content and priced at a premium to obsolete grade. Busheling scrap is considered to be Prime scrap. The U.S. Geological Survey estimates that U.S. recycled ferrous scrap consists of approximately 58% post-consumer scrap (obsolete scrap), 24% new scrap (prompt scrap), and 18% home scrap.⁵ The majority of prime scrap produced in North America is consumed in North America within the calendar year and when necessary, the ferrous scrap can be transferable to different regions within the U.S. via truck or rail on prompt delivery basis. The Exchange believes therefore that the U.S. domestic processing level of the ferrous prime scrap represents a reliable measure of the busheling ferrous scrap deliverable supply for the Contract.

Table 2: U.S. Ferrous Scrap Production

Year	Total Yearly U.S. Ferrous Scrap Production (MT)	Total Yearly U.S. Prime Scrap including Home Scrap Production (MT)	Total Yearly U.S. Prime Scrap including Home Scrap Production (GT)	Average Monthly U.S. Prime Scrap including Home Scrap Production (GT)	Average Monthly Production in Contract Equivalent (20 GT)
2021	63,700,000	26,754,000	26,331,287	2,194,274	109,714
2022	63,700,000	26,754,000	26,331,287	2,194,274	109,714
2023	63,100,000	26,502,000	26,083,268	2,173,606	108,680
Average	63,500,000	26,670,000	26,248,614	2,187,385	109,369

Source: USGS,⁶ 1 MT=0.9842 GT

The Exchange is assessing spot month position limits for the contract based on U.S. ferrous prime scrap production. Average prime scrap production in the U.S. represents 26,248,614 GT annually for the 2021-2023 period, equivalent to 2,187,385 GT per month (109,369 contract equivalents). The Exchange proposes a spot month position limit of 17,000 contracts, equivalent to 15.54% of deliverable supply.

⁵ <https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-iron-steel-scrap.pdf>

⁶ <https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-iron-steel-scrap.pdf>