

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 17-536

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): 12/14/17 **Filing Description:** The Steel Index (TSI) Methodology Change and Amendments to Two (2) NYMEX Iron Ore Futures and Options 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

Official Product Name:

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.

December 14, 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 40.6(a). Notification Regarding The Steel Index (TSI) Methodology Change and Amendments to Two (2) NYMEX Iron Ore Futures and Options Contracts.
NYMEX Submission No. 17-536**

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 amendments to two (2) Iron Ore futures and options contracts (the “Contracts”) set out below to reflect the specification changes by The Steel Index (TSI) to its “Iron Ore 62% Fe Benchmark Index (collectively. The Rule Amendments”).

| Commodity Code (Clearing / CME Globex) | Contract Title | NYMEX Rulebook Chapter |
|---|---|---------------------------------------|
| TIO | Iron Ore 62% Fe, CFR China (TSI) Futures | 919 |
| ICT | Iron Ore 62% Fe, CFR China (TSI) Average Price Option | 644 |

TSI has advised the Exchange that it has analyzed the historical price difference based on the different quality specifications. As such, the Exchange determined that a price differential should be used to adjust all outstanding futures and options positions beyond and including the January 2018 contract month that will settle against the TSI Iron Ore 62% Fe Benchmark Index specifications. The differential to be applied is \$0.27 per dry metric tonne and reflects the price difference between the current 62% Fe fines, CFR Tianjin port price assessment and the new 62% Fe fines, CFR Qingdao price assessment during the months from July 2015 to December 2016. The differential represents a one-time increase in the value of the price assessment following the change in specification.

With regard to the Iron Ore 62% Fe, CFR China (TSI) Futures contract (commodity code TIO), contract valuations will be revised on the evening of **Friday, December 29, 2017** to reflect the \$0.27 per dry metric tonne increase. Holders of long positions will be required to make an additional payment to the CME Clearing House to neutralize the value change; holders of short positions will receive an additional payment from the CME Clearing House. Effective Monday, January 1, 2018 for trade date Tuesday, January 2, 2018, the Exchange will adjust the settlement valuations of the Contracts for all expiration months commencing with the January 2018 contract month and beyond to coincide with the underlying changes in the physical market price assessments, as outlined in Exhibit A.

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 methodology changes may have some bearing on the following Core Principles:

- Availability of General Information: NYMEX will issue a Special Executive Report (“SER”) to the marketplace regarding the Rule Amendments. The SER will also be posted on the CME Group website.
- Daily Publication of Trading Information: NYMEX will continue to comply with this Core Principle by making public daily information on settlement prices, volume, open interest, and opening and closing ranges for the contracts. This will be accomplished by publishing this information daily on the Exchange’s website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Rule Amendments comply 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 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.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A: Contract Valuation and Clearing House Cash Adjustment Process

Exhibit A

Contract Valuation and Clearing House Cash Adjustment Process

New York Mercantile Exchange, Inc. (“NYMEX” or Exchange”) has been advised that The Steel Index (“TSI”) has confirmed changes to the specifications of its “Iron Ore 62% Fe Benchmark Index”. Accordingly, commencing with the January 2018 contract month and beyond, the new underlying assessment will be reflected in NYMEX’s Iron Ore 62% Fe, CFR China (TSI) Futures and Options contracts (the “Contracts”) as provided in Table 1 below.

Table 1

| Commodity Code (Clearing / CME Globex) | Contract Title | NYMEX Rulebook Chapter |
|---|---|---------------------------------------|
| TIO | Iron Ore 62% Fe, CFR China (TSI) Futures | 919 |
| ICT | Iron Ore 62% Fe, CFR China (TSI) Average Price Option | 644 |

TSI has analyzed the historical quality premiums between the current and proposed values of the Iron Ore 62% Fe Benchmark Index. Based on the price differentials from July 2015 to December 2016, and through discussions with clients, TSI has recommended a one-time differential of \$0.27 per dry metric tonne that may be used in amending all outstanding derivatives positions commencing with the January 2018 contract month and beyond, that will settle against the new specification for TSI Iron Ore 62% Fe Benchmark Index.

The Exchange conducted client outreach and analysis of data and intends to implement the TSI recommended \$0.27 per dry metric tonne differential, between the two different specifications for Iron Ore 62% Fe Benchmark Index. NYMEX will amend the reference price and valuation of all the related futures and option contracts in Table 1 commencing with the January 2018 contract month and beyond.

With regard to the Iron Ore 62% Fe, CFR China (TSI) Futures contract (commodity code TIO), contract valuations will be revised on the evening of **Friday, December 29, 2017** to reflect the \$0.27 per dry metric tonne increase. Holders of long positions will be required to make an additional payment to the CME Clearing House to neutralize the value change; holders of short positions will receive an additional payment from the CME Clearing House.

With regard to the Iron Ore 62% Fe, CFR China (TSI) Average Price Option contract (commodity code ICT), contract valuations will be revised on the evening of **Friday, December 29, 2017** using the Exchange’s options pricing models. Option contract valuations will be assessed first using the pre-amendment underlying price, and again using the post-amendment underlying price. The difference in the option valuations in each of these scenarios will be the effective revision in the value of the option.

In the event an option contract is revalued higher, holders of long positions will be required to make an additional payment to the CME Clearing House to neutralize the value change; holders of short positions will receive an additional payment from the CME Clearing House. In the event an option contract is revalued lower, holders of short positions will be required to make an additional payment to the CME Clearing House to neutralize the value change; holders of long positions will receive an additional payment from the CME Clearing House.

These additional payments or the cash adjustment will be processed on Tuesday, January 2, 2018 at approximately 11:00 a.m. ET (10:00 a.m. CT).