

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 22-089

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 04/11/22 Filing Description: Initial Listing of the Micro Copper 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

April 11, 2022

**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. Initial Listing of the Micro Copper  
Futures Contract.  
COMEX Submission No. 22-089**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or Commission) that it is certifying the initial listing of the Micro Copper Futures contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort effective on Sunday, May 1, 2022 for trade date Monday, May 2, 2022, as set forth in the table below.

<b>Contract Title</b>	<b>Micro Copper Futures</b>
<b>Commodity Code</b>	MHG
<b>Rulebook Chapter</b>	914
<b>Settlement Type</b>	Financial
<b>Contract Size</b>	2,500 pounds – (one-tenth the size of Copper Futures (HG))
<b>Listing Schedule</b>	Monthly contracts listed for 23 consecutive months and any March, May, July, September, and December in the nearest 63 months
<b>Initial Listed Contract Month</b>	June 2022
<b>Price Quotation</b>	U.S. dollars and cents per pound
<b>Minimum Price Fluctuation</b>	\$0.0005 per pound
<b>Value per Tick</b>	\$1.25
<b>Termination of Trading</b>	Trading shall cease on the third last business day of the month preceding the contract month
<b>CME Globex Matching Algorithm</b>	First-In, First-Out (FIFO)
<b>Block Trade Minimum Threshold</b>	20 contracts - subject to a 15-minute reporting window
<b>Trading and Clearing Hours</b>	<b>CME Globex Pre-Open:</b> Sunday 4:00 p.m. - 5:00 p.m. Central Time/CT Monday - Thursday 4:45 p.m. - 5:00 p.m. CT

	<p><b>CME Globex:</b> Sunday - Friday 5:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT</p> <p><b>CME ClearPort:</b> 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</p>
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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 Contract may have some bearing on the following Core Principles:

- **Availability of General Information:** COMEX 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. In addition, the Exchange will advise the marketplace of the launch of the Contract by releasing a Special Executive Report (“SER”). The SER will also be posted on CME Group’s website
- **Contracts Not Readily Subject to Manipulation:** The Contract is not readily susceptible to manipulation due to its physically delivered nature and the terms and conditions of the delivery process.
- **Compliance with Rules:** Trading in the Contract will be subject to all COMEX Rules, including prohibitions against fraudulent, non-competitive, 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.
- **Position Limitations or Accountability:** The speculative position limits for the Contract will be consistent with the Commission’s guidance.
- **Execution of Transactions:** The Contract will be listed for trading on the CME Globex for electronic trading and for clearing through CME ClearPort. CME Globex provides a transparent, open, and efficient mechanism to electronically execute trades on screen.
- **Daily Publication of Trading Information:** COMEX 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 Contract. This will be accomplished by publishing this information on a daily basis on the Exchange’s website.
- **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 futures Contract proposed herein will be subject to monitoring and surveillance by CME Group’s Market Regulation Department.
- **Trade Information:** All requisite trade information for the Contract is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Financial Integrity of Contracts:** The Contract will be cleared by the CME Clearing House, a derivatives clearing organization registered with the CFTC and subject to all CFTC regulations related thereto.

- **Protection of Market Participants:** CME 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 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 these products are identified.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the listing of the 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 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: Appendix A: COMEX Rulebook Chapter  
 Appendix B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)  
 Appendix C: Exchange Fees  
 Appendix D: NYMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table  
 Appendix E: NYMEX Rule 589. – (“Special Price Fluctuation Limits and Daily Price Limits Table”)  
 Appendix F: NYMEX Rule 855. (“Offsetting Positions”) Contracts Eligible for Offset Table  
 Appendix G: Analysis of Deliverable Supply

## Appendix A

### COMEX Rulebook

#### Chapter 914 Micro Copper Futures

##### **914100. 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

For purposes of these rules, unless otherwise specified, times referred to herein shall refer to and indicate New York time.

##### **914101. CONTRACT SPECIFICATIONS**

The Floating Price for each contract month is equal to the COMEX Copper Futures contract's settlement price for the corresponding contract month on the third last business day of the month prior to the named contract month.

##### **914102. TRADING SPECIFICATIONS**

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

###### **914102.A. Trading Schedule**

The hours for trading shall be determined by the Exchange.

###### **914102.B. Trading Unit**

The contract unit shall be two thousand five hundred (2,500) pounds.

###### **914102.C. Price Increments**

The minimum price fluctuation shall be five one-hundredths of one cent (\$0.0005) per pound. Prices shall be quoted in dollars and cents per pound.

###### **914102.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.

###### **914102.E. Termination of Trading**

Trading shall cease on the third last business day of the month preceding the contract month.

###### **914102.F. Special Price Fluctuation Limits**

At the commencement of each trading day, the contract shall be subject to special fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits and Daily Price Limits Table in the Interpretations & Special Notices Section of Chapter 5.

##### **914103. FINAL SETTLEMENT**

Delivery under the contract shall be by cash settlement. The final settlement price will be the Floating Price calculated for each contract month. Final settlement will occur on the third last business day of the month preceding the named contract month.

**Appendix B**

**COMEX Rulebook  
Chapter 5  
("Trading Qualifications and Practices")**

**Position Limits, Position Accountability and Reportable Level Table**

(attached under separate cover)

**Appendix C**  
**Exchange Fees**

	<b>Member</b>	<b>Non-Member</b>
CME Globex	\$0.30	\$0.60
EFP	\$0.30	\$0.60
Block	\$0.30	\$0.60
EFR/EOO	\$0.30	\$0.60
<b>Processing Fees</b>	<b>Member</b>	<b>Non-Member</b>
Cash Settlement	\$0.30	\$0.60
Facilitation Fee	\$0.50	
Give-Up Surcharge	\$0.05	
Position Adjustment/Position Transfer	\$0.10	

**Appendix D**  
**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>Micro Copper Futures</u>	<u>MHG</u>	<u>\$.04 per pound</u>	<u>400</u>	<u>80</u>	<u>Each leg evaluated as an outright</u>	

**Appendix E**  
**COMEX Rulebook**  
**Chapter 5**

(“Trading Qualifications and Practices”)

**COMEX Rule 589. (“Special Price Fluctuation Limits and Daily Price Limits Table”)**

(additions underscored)

Product	Rulebook	Commodity Code	PRIMARY/ASSOCIATED	ASSOCIATED WITH	Dynamically Calculated Variant - All Hours	Daily Price Limit
<u>Micro Copper Futures</u>	<u>914</u>	<u>MHG</u>	<u>Associated</u>	<u>HG</u>	<u>10% of Dynamically Calculated Reference Price</u>	<u>Daily Price Limit Table</u>



**Appendix F**

**COMEX Rulebook**

**Chapter 8**

**(“Clearing House and Performance Bonds)**

**COMEX Rule 855. (“Offsetting Positions”) – Contracts Eligible for Offset Table**

(additions underscored)

<b>Clearing/ Globex Code</b>	<b>Product Name</b>	<b>Rulebook Chapter</b>	<b>Offset Ratio</b>	<b>Offset to Clearing/ Globex Code</b>	<b>Offset to Product Name</b>	<b>Rulebook Chapter</b>	<b>Cash/ Deliverable</b>	<b>Futures/ Option</b>
MHG/MHG	<u>Micro Copper Futures</u>	<u>914</u>	<u>5.0</u>	<u>QC/QC</u>	<u>E-mini Copper Futures</u>	<u>913</u>	<u>C</u>	<u>F</u>
QC/QC	<u>E-mini Copper Futures</u>	<u>913</u>	<u>0.2</u>	<u>MHG/MHG</u>	<u>Micro Copper Futures</u>	<u>914</u>	<u>C</u>	<u>F</u>

## Appendix G

### 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.”

The financially settled Micro Copper Futures contract expires prior to the spot period of its underlying core referenced futures contract (Copper Futures; Commodity Code HG; Rulebook Chapter 111). As such, spot month position limits are not applicable for the Micro Copper Futures contract. The single and all month accountability levels are equal to the current copper levels. The Exchange shall aggregate the Micro Copper Futures into the Exchange’s existing E-mini Copper Futures contract (Commodity Code QC; Rulebook Chapter 913) for position management purposes, at a conversion factor of 5 Micro Copper Futures contracts = 1 E-mini Copper Futures contract. The table below contains the proposed single-month and all-month accountability levels.

Contract Title	Commodity Code	Single Month Accountability Level	All Month Accountability Level	Ratio
Micro Copper Futures	MHG	Aggregate in QC	Aggregate in QC	5 MHG: 1 QC
E-mini Copper Futures	QC	10,000	10,000	

As of Jan 31, 2022, the copper inventory held at COMEX approved warehouses totaled 80,782 short tons, the equivalent of 6,463 the Exchange’s Copper Futures contracts (contract size – 25,000 pounds). Deliverable supply is calculated as the sum of total reported registered copper and total reported eligible copper. Table 1. below shows the monthly average copper stocks in Exchange approved warehouses for the most recent three-year period in contract equivalents.

**Table 1. Monthly Average Stock Levels at Exchange Warehouses**

**(in Copper Futures equivalent contracts)**

Month	Average of Registered (Contract Equivalent)	Average of Eligible (Contract Equivalent)	Average Inventory Total (Contract Equivalents)
Feb-19	3,578	1,987	5,565
Mar-19	3,193	756	3,949
Apr-19	2,633	419	3,052
May-19	2,394	189	2,583
Jun-19	2,422	74	2,496
Jul-19	2,624	345	2,969
Aug-19	2,889	457	3,346
Sep-19	2,817	594	3,411
Oct-19	2,596	362	2,958
Nov-19	2,951	177	3,129

Dec-19	2,915	256	3,171
Jan-20	2,368	397	2,764
Feb-20	2,262	82	2,345
Mar-20	2,132	186	2,318
Apr-20	2,726	443	3,169
May-20	3,121	906	4,027
Jun-20	4,202	1,675	5,876
Jul-20	5,808	1,276	7,085
Aug-20	6,618	390	7,007
Sep-20	6,375	166	6,541
Oct-20	6,187	132	6,319
Nov-20	6,375	159	6,534
Dec-20	5,914	385	6,298
Jan-21	5,745	417	6,162
Feb-21	4,461	989	5,450
Mar-21	4,636	1,013	5,649
Apr-21	4,291	1,190	5,481
May-21	4,025	1,045	5,070
Jun-21	3,661	695	4,356
Jul-21	3,491	196	3,688
Aug-21	3,646	179	3,825
Sep-21	3,995	211	4,206
Oct-21	4,276	241	4,517
Nov-21	4,318	361	4,679
Dec-21	4,518	435	4,953
Jan-22	5,368	878	6,246
3-year average	3,931	546	4,478

Source: CME Group

For the most recent three-year period, February 2019 through January 2022, the monthly average registered inventory for copper was 3,931 futures contract equivalents. For the same time period, the monthly average eligible inventory for copper was 546 futures contract equivalents. The Exchange estimates the average monthly deliverable supply for the most recent three-year period to be 4,478 futures contract equivalents.