



Market Surveillance

DATE: April 26, 2022

NOTICE #: MSN04-26-22

SUBJECT: Procedures For Insurance Claims For Metal Covered By An Outstanding Warrant Issued Under Exchange Rule 705

Pending all relevant CFTC regulatory review periods, the New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") will implement an addition to NYMEX/COMEX Rulebook Chapter 7, Rule 705 ("Metal Warrants") in order to clarify the process for an insurance claim on metal covered by an outstanding warrant. Specifically, the Exchange will institute Rule 705.C. Procedures for Insurance Claims.

Effective May 10, 2022 and pending all relevant CFTC regulatory review periods, Chapter 7 of the NYMEX/COMEX Rulebook shall be amended as noted below and in accordance with NYMEX/COMEX Submission No. [22-184](#) to reflect the aforementioned amendment.

**NYMEX/COMEX Rulebook Chapter 7
("Delivery Facilities and Procedures")
(additions are underscored)**

705. METAL WARRANTS

[705.A.-705.B. is unchanged.]

705.C. Procedures for Insurance Claims

A service provider shall promptly notify the Exchange of any claims it files against the insurance policy it maintains as a condition of regularity with respect to metal covered by an outstanding warrant issued under Exchange Rule 705. The service provider shall also promptly notify the Exchange of any proceeds that it receives from any such claim.

Prior to using or disbursing the proceeds received, the service provider shall provide the Exchange with the opportunity to prescribe the manner in which the proceeds or a portion thereof are to be used or disbursed by the service provider to compensate the owner of registered metal for the loss of metal.

If the Exchange prescribes the manner in which such proceeds are to be used or disbursed, then the service provider shall use or disburse the proceeds solely in the manner prescribed by the Exchange. To the extent any disbursement is prescribed by the Exchange, the service provider shall make payment to the owner of the registered metal or, at the service provider's discretion, to such owner's Clearing Member.

Notwithstanding the above, the Exchange may in its sole discretion determine not to prescribe the manner in which such proceeds or a portion thereof are to be used or disbursed.

Please refer questions on this subject to:

Market Regulation

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