



Special Executive Report

DATE: May 9, 2017

SER#: 7898

SUBJECT: Amendments to NYMEX/COMEX Rules 589. (Special Price Fluctuation Limits) Table and 588.H. (Globex Non-Reviewable Trading Ranges) Table and Administrative Rule Amendments for Certain Metals Futures and Option Contracts

Effective Sunday, June 4, 2017 for trade date Monday, June 5, 2017, and pending all relevant CFTC regulatory review periods, New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") will amend the NYMEX/COMEX Rules 589. ("Special Price Fluctuation Limits") Table and NYMEX/COMEX Rule 588.H. ("Globex Non-Reviewable Trading Ranges") Table for the contracts provided in Table 1. below.

Table 1.

Exchange	Contract Title	Commodity Code	Rulebook Chapter
NYMEX	U.S Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Futures	HRC	920
NYMEX	U.S Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Average Price Options	HRO	1095
NYMEX	Iron Ore 62% Fe, CFR China (TSI) Futures	TIO	919
NYMEX	Iron Ore 62% Fe, CFR China (TSI) Average Price Options	ICT	644
COMEX	Aluminum Futures	ALI	107
COMEX	Alumina FOB Australia (S&P Global Platts) Futures	ALA	195
COMEX	Alumina FOB Australia (Metal Bulletin) Futures	ALB	196
COMEX	Aluminum Japan Premium (Platts) Futures	MJP	109
COMEX	Zinc Futures	ZNC	186

More specifically, the Exchanges are implementing special price fluctuation limits to its steel, iron ore, and aluminum contracts. In addition, the Exchanges are amending the CME Globex non-reviewable trading ranges for certain aluminum and zinc contracts. The aforementioned amendments are provided in Tables 2. and 3. below.

Table 2.

Rule 589. (“Special Price Fluctuation Limits”) Table
(additions underscored)

Product	Rulebook Chapter	Commodity Code	Primary/ Associated	Associated With	Base in Real Economic Value	Level 1	Level 2	Level 3	Level 4	Level 5
<u>U.S Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Futures</u>	<u>920</u>	<u>HRC</u>	<u>Primary</u>	<u>Primary</u>	<u>\$90</u>	<u>\$90</u>	<u>\$180</u>	<u>\$270</u>	<u>\$360</u>	<u>No Limit</u>
<u>U.S Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Average Price Options</u>	<u>1095</u>	<u>HRO</u>	<u>Associated</u>	<u>HRC</u>						No Limit
<u>Iron Ore 62% Fe, CFR China (TSI) Futures</u>	<u>919</u>	<u>TIO</u>	<u>Primary</u>	<u>Primary</u>	<u>\$12</u>	<u>\$12</u>	<u>\$24</u>	<u>\$36</u>	<u>\$48</u>	<u>No Limit</u>
<u>Iron Ore 62% Fe, CFR China (TSI) Average Price Options</u>	<u>644</u>	<u>ICT</u>	<u>Associated</u>	<u>TIO</u>						No Limit
<u>Aluminum Futures</u>	<u>107</u>	<u>ALI</u>	<u>Primary</u>	<u>Primary</u>	<u>\$200</u>	<u>\$200</u>	<u>\$400</u>	<u>\$600</u>	<u>\$800</u>	<u>No Limit</u>

Table 3.

Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) Table(additions underscored; deletions ~~struck through~~)

Instrument Name	Globex	Globex	NRR:	NRR:
	Symbol	Non-Reviewable	Globex	Ticks
		Ranges	Format	
		(NRR)		
Alumina FOB Australia (S&P Global Platts) Futures	ALA	\$4.00 <u>\$5.00</u> per metric ton	400 <u>500</u>	400 <u>500</u>
Alumina FOB Australia (Metal Bulletin) Futures	ALB	\$4.00 <u>\$5.00</u> per metric ton	400 <u>500</u>	400 <u>500</u>
Aluminum Japan Premium (Platts) Futures	MJP	\$5.00 <u>\$20.00</u> per metric ton	500 <u>2000</u>	500 <u>2000</u>
Zinc Futures	ZNC	\$5.00 <u>\$50.00</u> per metric ton	500 <u>5000</u>	100

Also, at this time, NYMEX will implement non-substantive amendments to the product rulebook chapters for the contracts listed in Table 4. below. The amendments are designed to harmonize the product chapters with other NYMEX/COMEX product rulebook chapters. The harmonized NYMEX Rulebook chapters are set forth further below.

Table 4.

Exchange	Contract Title	Commodity Code	NYMEX Rulebook Chapter
NYMEX	U.S Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Futures	HRC	920
NYMEX	Iron Ore 62% Fe, CFR China (TSI) Futures	TIO	919
NYMEX	Iron Ore 62% Fe, CFR China (TSI) Average Price Options	ICT	644

Chapter 920

U.S. Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Futures

920100. 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.

920101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the average price calculated for all available price assessments published for that given month by the U.S. Midwest Domestic Hot-Rolled Coil Steel (CRU) Index.

920102. TRADING SPECIFICATIONS

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

920102.A. Trading Schedule

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

108102.B. Trading Unit

The contract unit shall be twenty (20) short tons.

920102.C. Price Increments

Prices shall be quoted in multiples of \$1.00 per short ton. Price shall be quoted in dollars and cents per short ton.

920102.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.

920102.E. Termination of Trading

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

920103. FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of the 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 rounded to the nearest \$1.00/short ton.

920104. DAILY SETTLEMENT PRICE

Settlement prices for days other than that which is addressed in Rule 920.07 shall be established pursuant to this rule and shall be determined by the President's designee. For purposes of this rule, the President's designee shall refer to Exchange staff from various Exchange departments assigned to this responsibility ("Staff"). Staff shall determine such prices by considering market information deemed to be appropriate, and such information may include, but is not limited to:

- (1) trading activity on Globex;
- (2) price data obtained from a cross-section of over-the-counter ("OTC") markets;
- (3) price data obtained from OTC market participants, considering both buyers and sellers in such markets;
- (4) price data from other sources deemed to be reliable and accurate; and
- (5) other relevant data and information

920105. DISCLAIMER

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Chapter 919
Iron Ore 62% Fe, CFR China (TSI) Futures

919100. 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.

919101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the average price calculated for all available price assessments published for "Iron ore fines 62% Fe – CFR China Port" for that given calendar month by The Steel Index (TSI).

919102. TRADING SPECIFICATIONS

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

919102.A. Trading Schedule

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

919102.B. Trading Unit

The contract unit shall be five hundred (500) dry metric tons.

919102.C. Price Increments

Prices shall be quoted in multiples of cents (\$0.01) per dry metric ton. Price shall be quoted in dollars and cents per dry metric ton.

919102.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.

919102.E. Termination of Trading

Trading shall cease on the last business day of the contract month. Business days are based on the Singapore public holiday calendar.

919103. FINAL SETTLEMENT

Delivery under the contract shall be by cash settlement. Final settlement, following termination of the 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.

919104. DISCLAIMER

NEITHER CME GROUP INC., NEW YORK MERCANTILE EXCHANGE, INC. NOR ANY OF THEIR AFFILIATES (COLLECTIVELY "CME") NOR THE STEEL INDEX ("TSI") GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE INDEX OR ANY OF THE DATA INCLUDED

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Chapter 644

Iron Ore 62% Fe, CFR China (TSI) Average Price Option

644100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Iron Ore 62% Fe, CFR China (TSI) futures contract. In addition to the rules of this chapter, transactions in options on Iron Ore 62% Fe, CFR China (TSI) futures shall be subject to the general rules of the Exchange insofar as applicable.

644101. OPTION CHARACTERISTICS

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

644101.A. Trading Schedule

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

644101.B. Trading Unit

An Iron Ore 62% Fe, CFR China (TSI) Average Price Option is a cash settled option. On expiration of a call option, the value will be the difference between the final settlement price of the contract month of the underlying Iron Ore 62% Fe, CFR China (TSI) Futures contract and the strike price multiplied by 500 tons, or zero, whichever is greater. On expiration of a put option, the value will be the difference between the strike price and the final settlement price of the contract month of the underlying Iron Ore 62% Fe, CFR China (TSI) Futures contract multiplied by 500 tons, or zero, whichever is greater.

644101.C. Price Increments

Prices shall be quoted in dollars and cents per dry metric ton. The minimum price increment will be \$0.01. A cabinet trade may occur at the price of \$.002 per dry metric ton or \$1.00.

644101.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.

644101.E. Termination of Trading

An Iron Ore 62% Fe, CFR China (TSI) Average Price Option shall expire on the last business day of the contract month. If the last business day of the contract month is a Singapore banking holiday, the last trade date shall be the business day immediately preceding the holiday.

644101.F. Type of Option

An Iron Ore 62% Fe, CFR China (TSI) Average Price Option is a European-style average price option cash settled on expiration day.

644102. EXERCISE PRICES

Transactions shall be conducted for option contracts as set forth in Rule 300.20.

644103. 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 Table in the Interpretations & Special Notices Section of Chapter 5.

644104. DISCLAIMER

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