

SUBMISSION COVER SHEET

Exchange Identifier Code (optional) 06.111

Date Sept. 29, 2006

ORGANIZATION

New York Mercantile Exchange

FILING AS A:



DCM



DCO



DTEF

TYPE OF FILING

• **Rule Amendments**



Self-Certification Under Reg. 40.6(a)



Commission Approval Requested Under Reg. 40.5 or 40.4 (a)



Notification of Rule Amendment Under Reg. 40.6(c)



Non-Material Agricultural Rule Change Determination Under Reg. 40.4(b)

• **New Products**



Self-Certification Under Reg. 40.2 or 41.23



Commission Approval Requested Under Reg. 40.3

RULE NUMBERS

Amendments to Copper Supplements No. 2 and No. 3., Rule 111: COMEX Division – Copper Contract Rules

DESCRIPTION (Rule Amendments Only)

Proposed amendment to include C. Steinweg (Baltimore) Inc. for its Shed #7 facility at Baltimore, Maryland as an Exchange Licensed Warehouse and Exchange Licensed Weighmaster for copper.



September 29, 2006

**Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581**

BY E-MAIL

SUBJECT: Request for Commission Rule Approval: Proposed Amendment to include C. Steinweg (Baltimore) Inc. in Supplement No. 2, “Licensed Warehouses for Copper” and Supplement No. 3, “Licensed Weighmasters for Copper” of the Grade 1 Copper Futures Contract. Submission No. 06-111.

Dear Ms. Webb:

Pursuant to Section 5c(c)(2) of the Commodity Exchange Act (the “Act”) and CFTC Rule 40.5 (“Voluntary Submission of Rules for Commission Review and Approval”), the New York Mercantile Exchange Inc. (“NYMEX” or the “Exchange”) hereby requests on a voluntary basis CFTC approval for proposed amendments to Supplement No. 2, “Licensed Warehouses for Copper” and Supplement No. 3, “Licensed Weighmasters for Copper” of the Grade 1 Copper Futures Contract.

The proposed amendments and a complete explanation of their operation, purpose and effect are attached hereto.

If you have any questions concerning this submission, please contact the undersigned at 212-299-2390, Jay Gottlieb at 212-299-2607, jgottlieb@nymex.com, or James Zeng at 212-299-2612, jzeng@nymex.com.

Sincerely,

Robert A. Levin
Senior Vice President

I. EXPLANATION AND PURPOSE

The Exchange proposes to amend Supplement No. 2, “Licensed Warehouses for Copper” and Supplement No. 3, “Licensed Weighmasters for Copper” of the Grade 1 Copper Futures Contract. The proposed amendments add C. Steinweg (Baltimore) Inc. for its Shed #7 facility at Baltimore, Maryland as an Exchange Licensed Warehouse and to be an Exchange Licensed Weighmaster for copper.

The application submitted by Steinweg meets all of the requirements of the Exchange for the handling and storage of metal. However, it has not completed a Delivery Point Agreement with the Exchange. A condition precedent to the effective date of Steinweg becoming an Exchange Licensed Warehouse and Licensed Weighmaster is completion of such an agreement with the Exchange.

A. BACKGROUND

C. Steinweg (Baltimore), Inc is a part of the Steinweg group of companies based in the Netherlands with more than 150 years of experience in warehousing. The US company was set up in 1990 and has more than 10 years of local experience in operating metals warehouses, including but not limited to the operation of LME registered warehouses at aluminum, copper, lead and zinc. The company also stores minor metals, lumber and soft commodities such as pepper and cocoa beans. Shed #7 was built by Steinweg and has been primarily used thus far for the storage of aluminum, lumber and cocoa beans.

The operator of the warehouse facility is:

C. Steinweg (Baltimore) Inc
Shed #7
1201 Wallace Street
Baltimore, MD 21230

Telephone: 410 752-8254
Facsimile: 410 752-8292

Contact: John Connolly
Executive V.P., C.E.O

From time to time Steinweg has also utilized this facility to store, other non-ferrous metals such as aluminum, aluminum deox, non-exchange copper and lead, as well as certain lumber products, oriented strand board, paper pulp and cocoa beans as well as some steel products such as cold rolled coils.

B. FACILITY AND MATERIAL HANDLING

Indoor Storage: Shed #7 is a 16,000 sq ft (unobstructed) single span open floor frame building with a concrete floor designed for a 1,200 psi floor loading. It has a capacity to stack up 4 to 5

bundles of cathodes (approximately about 10 to 12.5 tons per sq meter) together. The total area of the warehouse is about 1,800 sq meters (16,000 sq ft), after deducting some accessing space. Thus, the estimated max storage capacity is about 10,000 tons of copper cathodes.

Security: The building (shed #7) is located in a fenced and guarded compound. Security guards are provided 24/7 and make periodic rounds of the facility during each shift. It is protected by a perimeter alarm system, which is monitored by a third party monitoring service. This system is comprised of contacts on all doors and 4 motion detection monitors sweeping virtually the entire inside of the building. The alarm system is activated and de-activated through a keypad into which authorized pass codes are entered. Management receives and reviews a monthly hard copy printout from the third party monitoring service detailing all activation and de-activation transactions.

Material Handling: Shed #7 has two (2) 16'x16' rollup doors on the north side and two (2) 16'x18' rollup doors one on either end of the building. A steel loading dock which can accommodate four (4) vans at a time is located adjacent to shed #7. The facility is served by CSX though a single rail spur into their yard located approximately 100' from shed #7. The warehouse has the equipment to dismount containers, so it can provide on-site containerization.

The warehouse is located within 100' of a 36ft draft berth that is also operated by Steinweg from which barges and ocean going vessels can be loaded/unloaded.

In the event that overtime or weekend hours are required to meet customers' shipping instructions there is a sufficient labor pool available to meet these requirements.

Weighing: The company has significant experience in the weighing of metals with respect to not only its LME operations, but for a wide variety of non-LME commodities.

Below is a listing of the type of scales utilized in this facility. This scale is calibrated on a quarterly basis by a 3rd party vendor (American Scale) and inspected on an annual basis by Maryland Department of Agriculture in accordance with Agriculture Article 11-204.2 Annotated Code of Maryland.

Weigh-Tronix Deck Scale Floor Scale W-125
Model: DS6060-10K
Capacity: 10,00 lbs x 2 lb (legal for Trade)
Modes: Lbs or Kg
Platform Size: 60"x60"x12.31"

Guaranteed Minimum Shipping Capacity: Steinweg will guarantee 500 tons per day as a minimum shipping rate on copper cathodes.

Inspection: Exchange staff visited and inspected the proposed facilities and determined that they are suitable for the storage of copper. Staff was impressed with the knowledge and operating history of the warehouse personnel at this major port facility.

C. INSURANCE

Steinweg indicated that it will participate in the insurance program arranged by the Exchange through Marsh USA. This program provides insurance coverage up to \$225 million for any one warehouse and/or location. The warehouse pays the insurance premiums based on the value at risk at the end of each month directly to Marsh USA.

D. CONDITIONS PRECEDENT

Conditions precedent to the effective date of Steinweg becoming an Exchange Licensed Warehouse are the execution of legal documentation, a Delivery Point Agreement, acceptable to the Exchange.

II. AMENDMENTS

The proposed amendments are attached.

Proposed Amendments. Underlining indicates additions; Strike through indicates deletions.

Copper Supplement
No. 2

COMMODITY EXCHANGE, INC.

LICENSED WAREHOUSES FOR COPPER

<u>FACILITIES</u>	<u>COMPUTER CODE</u>
<u>CAMDEN, NEW JERSEY</u>	
South Jersey Port Corporation----- P.O. Box 129 Camden, NJ 08101 (Orders: (856)-757-4983)	Second & Beckett Streets 2602 Camden, NJ
<u>BALTIMORE, MARYLAND</u>	
Edgemere Terminals, Inc.----- 8004 Stansbury Road Baltimore, Md. 21222 (Orders: (410) 282-4420)	8004 Stansbury Road 3402 Baltimore, Md.
Locust Industries Limited----- 4747 Hollins Ferry Road Baltimore, Md. 21227 (Orders: (410) 247-9520)	4747 Hollins Ferry Road 3606 Baltimore, Md.
Madison Warehouse Corporation----- 7330 Carbide Road Baltimore, Md. 21226 (Orders: (410) 360-2300)	7330 Carbide Road 3204 Baltimore, Md.
C. Steinweg (Baltimore) Inc. ----- <u>1201 Wallace St.</u> <u>Baltimore, Md. 21230</u> <u>(Orders: (410) 752-8254)</u>	<u>1201 Wallace St.</u> 3502 <u>Shed #7</u> <u>Baltimore, Md.</u>

NEW ORLEANS, LOUISIANA

Hayes/Dockside, Inc.----- P.O. Box 53315 New Orleans, La. 70153 (Orders: (504) 897-5020)	7200 North Peters Street Arabi, La. 6025 River Road Marrero, La.	5206 5210
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COMMODITY EXCHANGE, INC
LICENSED WAREHOUSES FOR COPPER
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FACILITIES COMPUTER CODE

TOLEDO, OHIO

MetalStore LLC----- 3332 St. Lawrence Drive Toledo, Ohio 43605 (Orders: (419) 698-3441)	3332 St. Lawrence Drive Toledo, Ohio	8101
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PANAMA CITY, FLORIDA

Panama City Port Authority ----- 5321 West Highway 98 Panama City, Florida (Orders: (850) 767-3220)	5321 West Highway 98 Panama City, Florida	9101
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AMARILLO, TEXAS

Dalby Moving & Storage Co., Inc.----- P.O. Box 78450 Tucson, Arizona 85703 (Orders: (520) 887-3606)	415 North Grand Avenue Amarillo, Texas	5606
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EL PASO, TEXAS

El Paso Terminal Warehouse, Inc.----- P.O. Box 9248 El Paso, Texas 79983 (Orders: (915) 772-2758)	5850 Welch Avenue, #1 El Paso, Texas 5850 Welch Avenue, #2 El Paso, Texas	5804 5806
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COMMODITY EXCHANGE, INC.
 LICENSED WAREHOUSES FOR COPPER
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	<u>FACILITIES</u>	<u>COMPUTER CODE</u>
<u>TUCSON, ARIZONA</u>		
Arizona Commodity Storage , Inc.----- 2724 Meadow Creek Court Park City, Utah 84060 (Orders: (435) 649-3333)	601 East 24th Street Tucson, Arizona	5502
	850 East Teton Tucson, Arizona	5506
	2004 S. Euclid Avenue Tucson, Arizona	5508
Southwest Commodity Warehouses, Inc.----- P.O. Box 78450 Tucson, Arizona 85703-8450 (Orders: (520) 887-3606)	4619 North Highway Drive Tucson, Arizona	5902
	1702 S. Euclid Tucson, Arizona	5904
	1 Jacobus Road San Manuel, Arizona	6202
<u>SALT LAKE CITY, UTAH</u>		
Utah Commodity Storage, Inc.----- 2724 Meadow Creek Court Park City, Utah 84060 (Orders: (435) 649-3333)	Building 661 1730 West I Avenue Tooele, Utah	5708
	Building 670 210 North Loadstone Way Tooele, Utah	5710

Proposed Amendments. Underlining indicates additions; Strike through indicates deletions.

Copper Supplement
No. 3

COMMODITY EXCHANGE, INC.

LICENSED WEIGHMASTERS FOR COPPER

ALMETCO, INC.
P.O. Box 85
Nocona, Texas 76255
(Orders: (940) 825-6975)

INSPECTION SERVICES INC.
3342 S. Hunter Farm Way
West Valley City, Utah 84128
(Orders: (801) 205-9066)

INSPECTORATE GRIFFITH U.S.A., INC.
5050 Timbercreek
Houston, Texas 77017
(Orders:(713) 944-2000)

LAUCKS TESTING LABORATORIES, INC.
940 South Harney Street
Seattle, Wash. 98101
(Orders: (206) 767-5060)

LEDOUX & COMPANY
359 Alfred Avenue
Teaneck, N.J. 07666
(Orders: (201) 837-7160)

METALSTORE LLC
3332 St. Lawrence Drive
Toledo, Ohio 43605
(Orders: (419) 698-3441)

C. STEINWEG (BALTIMORE) INC
1201 Wallace Street
Baltimore, MD 21230
(Orders: (410) 752-8254)

PANAMA CITY PORT AUTHORITY
5321 West Highway 98
Panama City, Florida
(Orders: (850) 767-3220)

Proposed Amendments. Underlining indicates additions; Strike through indicates deletions.

COMMODITY EXCHANGE, INC.
LICENSED WEIGHMASTERS FOR COPPER
PAGE 2

R. MARKEY & SONS, INC.
5 Hanover Square, 12th Floor
New York, N.Y. 10004
(Orders: (212) 482-8600)

SGS North America Inc.
Mineral Services Division
Suite 210-B
1919 S. Highland Avenue
Lombard, Illinois 60148
(Orders: (630) 953-9300)

ALEX STEWART (ASSAYERS) INC.
472 Westfield Avenue
Clark, New Jersey 07066
(Orders: (732) 827-0656)

U.S. COMMODITY SERVICES
1610 North 9th Street
Tacoma, Wash. 98403
(Orders: (253) 272-1402)

J.W. WISNER INC.
7670 East Broadway
Suite 105
Tucson, Arizona 85710
(Orders: (520) 296-3666)

ERSA GLOBAL USA, Inc.
Suite 707, 16607 Blanco Road
San Antonio, TX 78232
(Orders: (210) 826-3302)

SOUTHWEST COMMODITY WAREHOUSES, INC.
P.O. Box 78450
Tucson, Arizona 857
4619 North Highway Drive
Tucson, Arizona 85705
(Orders: (520) 887-3606)

III. EXCHANGE ACTION

The proposed amendments were approved by the NYMEX Board of Directors at a regularly scheduled meeting. No anti-competitive effects are anticipated or are apparent. There were no substantive opposing views concerning these amendments.

As the proposed amendments adding C. Steinweg (Baltimore) Inc. as an Exchange Licensed Warehouse and Weighmaster for the COMEX Division Grade 1 Copper Futures Contract affects a "Special Matter" under the COMEX By-Laws, notice was provided to the owners of COMEX Division Memberships who were provided with 10 days to submit a petition signed by owners of 155 COMEX Division Memberships requesting a vote of the COMEX Division to disapprove the amendments, pursuant to the procedures set forth under COMEX By-Law 205(D). No petitions were received.

While there are open positions in the Copper Futures Contract these amendments will not have an economic impact on positions or prices in the market.

The Exchange intends to implement the proposed amendments the latter of (1) the day after it receives notification of Commission approval or notification that such approval is not necessary or (2) the satisfaction of the condition precedent discussed above.

Notification of the proposed amendment to add Steinweg as an Exchange Licensed Warehouse and Weighmaster for Copper pursuant to COMEX By-Law 205(D), the Membership was informed in a Notice to Membership dated September 15, 2006 (Notice No. 06-497), that the Exchange intends to amend Supplement No. 2, "Licensed Warehouses for Copper" and Supplement No. 3, "Licensed Weighmasters for Copper" by adding C. Steinweg (Baltimore) Inc. as an Exchange Licensed Warehouse and Weighmaster for Copper as discussed above, pending notification from the Commission and completion of the Condition Precedent.