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OFFICE OF THE SECRETARIAT

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](mailto:jgottlieb@nymex.com), or James Zeng at 212-299-2612, [jzeng@nymex.com](mailto: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 3<sup>rd</sup> 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 Camden, NJ	2602
<u>BALTIMORE, MARYLAND</u>		
Edgemere Terminals, Inc.----- 8004 Stansbury Road Baltimore, Md. 21222 (Orders: (410) 282-4420)	8004 Stansbury Road Baltimore, Md.	3402
Locust Industries Limited----- 4747 Hollins Ferry Road Baltimore, Md. 21227 (Orders: (410) 247-9520)	4747 Hollins Ferry Road Baltimore, Md.	3606
Madison Warehouse Corporation----- 7330 Carbide Road Baltimore, Md. 21226 (Orders: (410) 360-2300)	7330 Carbide Road Baltimore, Md.	3204
<u>C. Steinweg (Baltimore) Inc. -----</u> <u>1201 Wallace St.</u> <u>Baltimore, Md. 21230</u> <u>(Orders: (410) 752-8254)</u>	<u>1201 Wallace St.</u> <u>Shed #7</u> <u>Baltimore, Md.</u>	<u>3502</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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FACILITIES                      COMPUTER CODE

TUCSON, ARIZONA

Arizona Commodity Storage , Inc.---- 2724 Meadow Creek Court Park City, Utah 84060 (Orders: (435) 649-3333)	601 East 24th Street Tucson, Arizona 850 East Teton Tucson, Arizona 2004 S. Euclid Avenue Tucson, Arizona	5502  5506  5508
Southwest Commodity Warehouses, Inc.----- P.O. Box 78450 Tucson, Arizona 85703-8450 (Orders: (520) 887-3606)	4619 North Highway Drive Tucson, Arizona 1702 S. Euclid Tucson, Arizona 1 Jacobus Road San Manuel, Arizona	5902  5904  6202

SALT LAKE CITY, UTAH

Utah Commodity Storage, Inc.----- 2724 Meadow Creek Court Park City, Utah 84060 (Orders: (435) 649-3333)	Building 661 1730 West I Avenue Tooele, Utah  Building 670 210 North Loadstone Way Tooele, Utah	5708   5710
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**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  
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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 9<sup>th</sup> 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.