

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 15-145

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): April 14, 2015 Filing Description: Amendments to Decrease Position Limits for Two (2) Palladium Contracts

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers:

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Official Product Name:

Product Terms and Conditions (product related Rules and Rule Amendments)

- | | | |
|-------------------------------------|---|----------------------|
| <input checked="" type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | “Non-Material Agricultural Rule Change” | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

Official Name(s) of Product(s) Affected: Palladium Futures and Palladium Options

Rule Numbers: 106 and 119

April 14, 2015

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Decreasing Position Limits for Two (2) Palladium Contracts (Futures and Option). NYMEX Submission No. 15-145

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying amendments to decrease the spot month position limit for the Palladium Futures and associated Palladium Option contracts, effective at the close of trading on Thursday, May 28, 2015 for the June 2015 contract month. The new spot month limit shall be 400 contract units as indicated below.

Contract Name	Rule Chapter	Clearing Code	Spot Month Limits (In Futures Equivalent)	Spot-Month Limit (In Contract Units)
Palladium Futures	106	PA	500 <u>400</u>	50,000 <u>40,000</u>
Palladium Option	119	PAO	500 <u>400</u>	50,000 <u>40,000</u>

The Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook is being amended to reflect the changes in the position limits as reflected above (See Appendix A: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook, attached under separate cover).

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 rule amendments may have some bearing on the following Core Principles:

- **Contracts Not Readily Subject to Manipulation:** Due to the liquidity and robustness in the underlying physical market, the contracts are not readily subject to manipulation (See Appendix B: Cash Market Overview and Analysis of Deliverable Supply).
- **Position Limitations or Accountability:** The spot-month speculative position limits for the contracts are set at less than 25% of the deliverable supply in the underlying market.
- **Availability of General Information:** The information contained herein will be disseminated to the marketplace via Market Surveillance Notice. The Exchange will publish information on the contracts’ specifications on its website, together with daily trading volume, open interest, and price information.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the attached amendments comply with the Act, including the regulations under the Act.

There were no substantive opposing views to this proposal. A cash market overview and analysis of deliverable supply is attached hereto as Appendix B.

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 via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments:

Appendix A – Position Limit, Position Accountability, and Reportable Level Table in
Chapter 5 of the NYMEX Rulebook (attached under separate cover)

Appendix B – Cash Market Overview and Analysis of Deliverable Supply

Appendix A

Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook

(Attached under separate cover)

Appendix B

CASH MARKET OVERVIEW AND ANALYSIS OF DELIVERABLE SUPPLY

Palladium is a component of the Platinum Group Metals (“PGM”) that also includes palladium, and other minor PGM’s. Like platinum it serves as a precious metal, but in reality is more an industrial metal. Palladium’s primary use is in the electronics, jewelry, and automotive industries. Though not considered as much a safe haven financial investment as gold and silver, palladium does still attract investors to purchase the metal in response to economic, political, and fiscal concerns as a hedge against negative economic developments.

Palladium supply increased 6.7%% in 2013 to a record 9.2 million ounces¹ driven primarily by a sharp increase in secondary supply of palladium during the year. Mine production rose 3.7% in 2013 to 6.78 million ounces mainly due to recovery of mine production in South Africa following multiple strikes during 2012² Fabrication demand rose for the fourth consecutive year reaching a record 8.8 million ounces as result of strong and steady demand from the auto sector.³

The Exchange bases deliverable supply on the 3-year inventory average at Exchange-approved depositories. For the 3-year period of January 2012 – December 2014, the monthly average inventory of palladium at Exchange-approved depositories was 455,400 troy ounces or 4,554 futures contract equivalents as described in Table 1 below.

As of March 23, 2015, palladium inventories held at Exchange-approved depositories totaled 184,474 troy ounces, the equivalent of 1,844 NYMEX Palladium futures contracts. While the current spot month limit of 500 contracts represents approximately 11% of deliverable supply, at this time, the Exchange determined it beneficial to set position limits based on current stock inventory at Exchange-approved depositories. As such, the Exchange will lower spot month limits in its Palladium futures contract to 400 contracts, representing approximately 8.8% of deliverable supply or approximately 22% of inventory as of March 23, 2015.

Table 1.

3 Year Average/Current	Total (Troy Ounces)	Contracts Equivalent	25% of Deliverable Supply (Contracts Equivalent)
3-Year Average	455,400	4,554	1,138
Total As of 3/23/2015	184,474	1,844	461

¹ CPM Group Platinum Group Metals Yearbook 2014, p. 106

² CPM Group Platinum Group Metals Yearbook 2014, p. 106

³ CPM Group Platinum Group Metals Yearbook 2014, p. 101