

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-010

Organization: Commodity Exchange, Inc. ("COMEX")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 02/08/24 Filing Description: Amendments to the Daily Settlement Procedure Document for the Aluminum Futures Contract

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: See filing.

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Official Product Name:

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

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

February 8, 2024

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

**Re: CFTC Regulation 40.6(a) Certification. Amendments to the Daily Settlement Procedure Document for the Aluminum Futures Contract.  
COMEX Submission No. 24-010**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to the Daily Settlement Procedure Document (the “Document”) for the Aluminum Futures contract effective on Sunday, February 25, 2024, for trade date Monday, February 26, 2024.

<b>Contract Title</b>	<b>Commodity Code</b>	<b>Rulebook Chapter</b>
Aluminum Futures	ALI	107

Specifically, the daily settlement period and expiration time of the Aluminum Futures contract, as well as the related Aluminum Option contract (Commodity Code: AX; Rulebook Chapter 123) (collectively, the “Contracts”) will be amended from 16:30:00-16:35:00 London Time to **16:25:00-16:30:00 London Time** (the “Rule Amendments”). The Rule Amendments are intended to more closely align the settlement period of the Contracts with other similar and related international aluminum markets.

Exhibit A provides the amendments to the Document in blackline format.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may have some bearing on the following Core Principles:

- **Compliance with Rules:** The Exchange shall continue its normal practice to establish, monitor, and enforce compliance with the rules for the Contract, including the Rule Amendments.
- **Daily Publication of Trading Information:** The Exchange will continue to publish on its website information regarding contract specifications, terms and conditions, as well as daily trading volume, open interest and price information for the Contract.
- **Availability of General Information:** The Exchange shall disseminate a Special Executive Report (“SER”) regarding the Rule Amendments. The SER will also be posted on the CME Group website.

- **Execution of Transactions:** The Rule Amendments will further enable the Exchange to continue their current practice of providing a competitive, open, and efficient market mechanism for executing transactions.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

The Exchange certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (312) 466-7478 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Timothy Elliott  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A: Daily Settlement Procedure Document – Aluminum Futures (blackline format)

## Exhibit A

### Daily Settlement Procedure Document

(additions underscored; deletions ~~struck through~~)

## Aluminum Futures

### Normal Daily Settlement Procedure

Aluminum futures (ALI) are settled by CME Group staff based on trading activity on CME Globex during the settlement period. The settlement period is defined as: ~~16:30:00 to 16:35:00~~ 16:25:00 to 16:30:00 London Time.

### Lead Month

The lead month is the anchor month for settlements and will be the third chronological month. However, on the 15<sup>th</sup> of the current calendar month, the lead month becomes the 4<sup>th</sup> chronological month, and remains the 4<sup>th</sup> chronological month until expiry of the current calendar month. The lead month is settled based on market activity on CME Globex between ~~16:30:00 to 16:35:00~~ 16:25:00 to 16:30:00 London Time – the lead month settlement period.

**Tier 1:** The lead month contract settles to the volume-weighted average price (VWAP) of the trades executed on CME Globex between ~~16:30:00 to 16:35:00~~ 16:25:00 to 16:30:00 London Time, the settlement period, rounded to the nearest tradable tick

**Tier 2:** If there is no VWAP, then the last trade price is checked against the bid/ask.

a. If the last trade price is outside of the bid/ask spread, then the contract settles to the nearest bid or ask price.

b. If the last trade price is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the last trade price.

**Tier 3:** If there is no last trade price available, then the prior settle is checked against the current bid/ask.

a. If the prior settle is outside of the bid/ask spread, then the contract settles to the nearest bid or ask price.

b. If the prior settle is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the prior settlement price.

### All Other Months

All non-lead months settle per the following guidelines:

**Tier 1:** All months other than the designated lead month will settle based upon the VWAP of calendar spread transactions between ~~16:30:00 to 16:35:00~~ 16:25:00 to 16:30:00 London Time, the calendar spread settlement period. These calendar spreads will be used in conjunction with settlements from any months where a settlement price has been determined to form a VWAP in the contract month to be settled. For examples please click [here](#).

**Tier 2:** In the absence of relevant calendar spread trades, bid/asks in those calendar spreads will be used in conjunction with settlements from any months where a settlement price has been determined to form an implied market in the contract month to be settled. These implied markets will be used to derive the best possible bid and the best possible ask. Provided that implied bid/ask spread is consistent with reasonability thresholds as determined by the Global Command Center (GCC), the contract will settle within the implied bid/ask spread. Note-Efforts will be made to honor resting bids and asks, but VWAP trades will take precedence.

**Tier 3:** In the absence of an implied bid/best ask that meets reasonability thresholds, the net change of the previous contract month will be applied to determine the contract month's settlement price.

**Final Settlement Calculation for Expiring Contract**

CME Group staff determines the settlement of the expiring Aluminum futures (ALI) contract by following the regular daily settlement procedures for non-Lead months. The expiring contract, considered to be a non-lead month, is settled based on relevant spread relationships on CME Globex throughout the settlement period up to expiration.

**Additional Details**

<https://www.cmegroup.com/content/dam/cmegroup/rulebook/COMEX/1a/107.pdf>

If you have any questions, please call the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

If you have any questions, please call the [CME Global Command Center](#).