

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 18-026

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 01/26/18 **Filing Description:** Increasing the Spot Month Position Limits for the Five (5) Copper Futures and Options 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: See filing.

Rule Numbers: See filing.

January 26, 2018

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) Rule Certification. Notification Regarding Increasing the Spot Month Position Limits of the Five (5) Copper Futures and Options Contracts. COMEX Submission No. 18-026

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or the “Commission”) that it is self-certifying an increase of the spot month position limits of five (5) copper futures and option contracts (the “Contracts”), commencing with the March 2018 contract month and beyond, as noted in the table below. Specifically, the increased spot month limits shall go into effect at the close of trading on February 27, 2018 for the March 2018 contract month and beyond. This submission shall become effective on February 26, 2018.

(**Bold/underline** indicates addition; ~~Strikethrough~~ indicates deletion)

Contract Title	Rule Chapter	Commodity Code	Reporting Level	Spot-Month Limit (In Net Futures Equivalents)	Single Month Accountability Level (In Net Futures Equivalents)	All Month Accountability Level (In Net Futures Equivalents)
Copper Futures	187	HG	25	4,200 <u>1,500</u>	5,000	5,000
Copper Option	117	HX	25	4,200 <u>1,500</u>	5,000	5,000
Copper Weekly Options	1010	H1E-H5E	25	4,200 <u>1,500</u>	5,000	5,000
Copper Financial Futures	1190	HGS	25	4,200 <u>1,500</u>	5,000	5,000
Copper Average Price Option	1191	CAP	25	4,200 <u>1,500</u>	5,000	5,000

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 COMEX Rulebook (the “Table”) will be amended to reflect the increased spot month position limits of the Contracts. (See Exhibit A: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the COMEX Rulebook with additions underscored and bolded and deletions overstruck (attached under separate cover.)

Consistent with Core Principle 3 of the Commodity Exchange Act, Appendix C of Part 38, the Exchange based the definition of deliverable supply on existing registered and eligible inventories at its Exchange approved warehouses for Exchange delivery. Below is the guidance provided for in Appendix C.

The quantity of the commodity meeting the contract's delivery specifications that reasonably can be expected to be readily available to short traders and salable by long traders at its market value in normal cash marketing channels at the contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce. Typically, deliverable supply reflects the quantity of the commodity that potentially could be made available for sale on a spot basis at current prices at the contract's delivery points. For a non-financial physical-delivery commodity contract, this estimate might represent product which is in storage at the delivery point(s) specified in the futures contract or can be moved economically into or through such points consistent with the delivery procedures set forth in the contract and which is available for sale on a spot basis within the marketing channels that normally are tributary to the delivery point(s)¹.

As of December 29, 2017, the 3-year average monthly copper inventory held at COMEX approved warehouses totaled 89,681 short tons, the equivalent of 7,175 COMEX Copper Futures contracts. Copper stocks have generally trended higher over the past three years. On January 2, 2015, copper stocks stood at 26,257 short tons, or 2,101 contract equivalents. As of December 29, 2017, copper inventories held at COMEX approved warehouses totaled 210,972 short tons, the equivalent of 16,877 COMEX Copper Futures contracts. Furthermore, copper stocks have increased by approximately 135% in 2017. Based on this updated deliverable supply, staff requests to increase the spot month limits for the Contracts from 1,200 futures equivalent contracts to 1,500 futures equivalent contracts or 20.90% of deliverable supply. This is proposed to be effective with the March 2018 contract month.

Inventory and Capacity of Exchange Approved Warehouses

Table 2 below provides the monthly average inventory levels of copper for the most recent three (3) year period stored at Exchange approved warehouses.

Month	Average Registered (Short Tons)	Average Eligible (Short Tons)	Average Total (Short Tons)	Average Total (Contract Equivalents)
15-Jan	15,174	8,783	23,957	1,917
15-Feb	15,197	3,575	18,772	1,502
15-Mar	21,496	2,194	23,690	1,895
15-Apr	23,480	1,387	24,867	1,989
15-May	22,153	638	22,791	1,823
15-Jun	23,214	2,534	25,748	2,060
15-Jul	30,043	5,733	35,776	2,862
15-Aug	33,175	1,912	35,087	2,807
15-Sep	38,011	1,023	39,034	3,123
15-Oct	42,856	3,025	45,881	3,670
15-Nov	58,945	5,785	64,730	5,178
15-Dec	60,210	11,401	71,611	5,729
16-Jan	60,906	6,108	67,014	5,361
16-Feb	65,273	1,821	67,094	5,368
16-Mar	69,589	322	69,911	5,593

¹ <http://www.cftc.gov/ucm/groups/public/@lfederalregister/documents/file/2012-12746a.pdf>

16-Apr	65,424	3,486	68,910	5,513
16-May	59,623	3,368	62,991	5,039
16-Jun	59,375	916	60,291	4,823
16-Jul	62,851	1,157	64,008	5,121
16-Aug	64,993	1,448	66,441	5,315
16-Sep	68,730	924	69,654	5,572
16-Oct	70,244	1,412	71,656	5,732
16-Nov	71,422	2,784	74,206	5,936
16-Dec	79,385	3,218	82,603	6,608
17-Jan	91,811	4,239	96,050	7,684
17-Feb	106,691	7,674	114,365	9,149
17-Mar	129,266	6,819	136,085	10,887
17-Apr	144,747	5,941	150,688	12,055
17-May	152,799	2,977	155,776	12,462
17-Jun	159,392	2,113	161,505	12,920
17-Jul	164,863	2,424	167,287	13,383
17-Aug	173,292	4,644	177,936	14,235
17-Sep	177,049	14,210	191,259	15,301
17-Oct	187,304	15,702	203,006	16,240
17-Nov	194,681	13,117	207,798	16,624
17-Dec	199,318	10,729	210,047	16,804
3 Year Average	85,083	4,598	89,681	7,175

Source: CME Group

Based on the above analysis, it is estimated that the deliverable supply for the Copper Futures contract to be 7,175 futures contract equivalents based on the average total inventory in the Exchange approved warehouses during the most recent three (3) year period. The proposed spot month position limit of 1,500 contracts represents approximately 20.90% of deliverable supply at Exchange approved warehouses during the most recent three (3) year period.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“Act”) and identified that the amendments to the Table may have some bearing on the following Core Principle:

Contracts Not Readily Subject to Manipulation: The Contracts are not readily subject to manipulation due to the deep liquidity and robustness in the underlying physical markets.

Position Limitations or Accountability: The speculative position limits for the Contracts as demonstrated in this submission are consistent with the Commission’s guidance.

Availability of General Information: The Exchange will make publicly available the details of the spot month position limit increases by publishing a Market Surveillance Notice (“MSN”) to the market. The MSN will also be available on CME Group’s website.

The Exchange certifies that the amendments to the Table comply with the Act and regulations thereunder. There were no opposing views to the amendments to Chapter 5.

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

Attachment: Exhibit A – Amendments to COMEX Rulebook Chapter 5 Position Limit, Position Accountability, and Reportable Level Table

Exhibit A

COMEX Rulebook Chapter 5 Position Limit, Position Accountability, and Reportable Level Table

(under separate cover)

(blackline format)