

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 20-247

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): 06/03/20 **Filing Description:** Amendment to Rule 589. ("Special Price Fluctuation Limits") for the Palladium Futures Contract and Related Termination of Emergency Action

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.



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

June 3, 2020

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. Amendment to Rule 589. (“Special Price Fluctuation Limits”) for the Palladium Futures Contract and Related Termination of Emergency Action.
NYMEX Submission No. 20-247**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) pursuant to Commodity Futures Trading Commission (“CFTC” or the “Commission”) 40.6(a) hereby notifies the Commission of the termination of the emergency action taken by the CME Group Global Command Center (“GCC”) regarding amendments to NYMEX Rule 589. (“Special Price Fluctuation Limits”) for the Palladium Futures contract (the “Contract”) (see [NYMEX Submission No. 20-157](#)) and the permanent amendment to Rule 589. to the Contract (the “Rule Amendments”) effective on Thursday, June 18, 2020.

The GCC increased the dynamic price fluctuation limit for the Contract from 5% to 10% as an emergency action on Friday, March 13, 2020. The emergency action was taken in light of recent Palladium price movements and intended to ensure fair and orderly trading in Palladium Futures which are subject to NYMEX Rule 589.

Market volatility has diminished since the emergency action was taken, with realized volatility above 140 during the height of market volatility in March 2020 to more normalized levels around 50 at present. Despite the decrease in realized volatility since March, the GCC believes that the 10% dynamic price fluctuation limit remains the most appropriate level to accommodate fair and orderly trading in the Contract going forward.

**NYMEX Rulebook
Chapter 5
 (“Trading Qualifications and Practices”)
Rule 589. Special Price Fluctuation Limits and Daily Price Limits Table
(additions underscored; deletions ~~struck through~~)**

Contact Title	Rulebook Chapter	Commodity Code	Dynamic Circuit Breaker
Palladium Futures	106	PA	5% <u>10%</u>

The marketplace has been informed of the termination of the emergency action and the permanent amendment to Rule 589. via CME Group Special Executive Report (“SER”) SER-8611. A copy of SER - 8611 appears in Exhibit A.

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

Availability of General Information: The Exchange will make publicly available the details of the Rule Amendments by publishing a Special Executive Report (“SER”) to the market. The SER will also be available on CME Group’s website.

The Exchange certifies that the Rule Amendments comply with the Act and regulations thereunder. There were no substantive opposing views to the Rule Amendments.

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: SER - 8611

EXHIBIT A



Special Executive Report

DATE: June 3, 2020

SER#: 8611

SUBJECT: Amendment to Rule 589. (“Special Price Fluctuation Limits”) for the Palladium Futures Contract and Related Termination of Emergency Action

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) will terminate the emergency action taken by the CME Group Global Command Center (“GCC”) regarding amendments to NYMEX Rule 589. (“Special Price Fluctuation Limits”) for the Palladium Futures contract (the “Contract”) (see [SER 8561](#)) and the permanent amendment to Rule 589. to the Contract (the “Rule Amendments”) will be effective on Thursday, June 18, 2020.

**NYMEX Rulebook
Chapter 5
 (“Trading Qualifications and Practices”)
Rule 589. Special Price Fluctuation Limits and Daily Price Limits Table
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Contact Title	Rulebook Chapter	Commodity Code	Dynamic Circuit Breaker
Palladium Futures	106	PA	5% <u>10%</u>

The GCC increased the dynamic price fluctuation limit for the Palladium Futures contract from 5% to 10% as an emergency action on Friday, March 13, 2020 and has determined to amend Rule 589. on a permanent basis due to continued and recent activity in the Contract and in an effort to continue to accommodate fair and orderly trading in the Contract.

Inquiries regarding the aforementioned may be directed to the CME Group Global Command Center at 312.456.2391. Questions regarding this Special Executive Report may be directed to the CME Global Command Center at +1.800.438.8616, in Europe at +44.800.898.013, in Asia at +65.6532.5010, or GCC@cmegroup.com.