

SUBMISSION COVER SHEET

Exchange Identifier Code (optional) _____

Date November 12, 2003

ORGANIZATION

New York Mercantile Exchange, Inc.

FILING AS A:

DCM

DCO

DTEF

TYPE OF FILING

• Rule Amendments

Self-Certification Under Reg. 40.6(a)

Commission Approval Requested Under Reg. 40.5 or 40.4 (a)

Notification of Rule Amendment Under Reg. 40.6(c)

Non-Material Agricultural Rule Change Determination Under Reg. 40.4(b)

• New Products

Self-Certification Under Reg. 40.2 or 41.23

Commission Approval Requested Under Reg. 40.3

RULE NUMBERS

Supplement No 2, "Licensed Warehouses and Weighmasters for Aluminum " of the Aluminum Futures Contract

DESCRIPTION (Rule Amendments Only)

The amendment adds Cottonwood Distribution Services, Inc. in Memphis, TN as a Licensed Warehouse and Weighmaster for the Aluminum Futures Contract.

November 11, 2003

**Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581**

BY E-MAIL AND AIRBORNE EXPRESS

SUBJECT: Request for Commission Approval: Proposed Amendment to the Aluminum Futures Contract Supplement No. 2, “List of Licensed Warehouses and Weighmasters for Aluminum.” Submission No. 03-153.

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 a proposed amendment to the Exchange’s Aluminum Futures Contract Supplement No. 2 “List of Licensed Warehouses and Weighmasters for Aluminum.”

The proposed amendment and a complete explanation of its operation, purpose and effect are attached hereto.

If you have any questions concerning this submission, please contact the undersigned at 212-299-2390 or Albert J. Getz at 212-299-2608.

Sincerely,

Robert A. Levin
Senior Vice President

cc: Richard Shilts, Division of Economic Analysis
Allen Cooper, Eastern Region

I. EXPLANATION AND PURPOSE

The Exchange proposes to amend Supplement No. 2 “List of Licensed Warehouses and Weighmasters” of the Aluminum Futures Contract by adding the warehouse facilities of Cottonwood Distribution Services, Inc. located at 185 W. Industrial Avenue, Memphis, TN as an Exchange Licensed Warehouse and Weighmaster for the storage of aluminum.

BACKGROUND

Cottonwood Distribution Services, Inc, (“Cottonwood”) an indirect wholly owned subsidiary of the Canadian National Railroad, has submitted an application to the New York Mercantile Exchange, Inc, (“Exchange”) requesting that a warehouse facility located at 185 W. Industrial Avenue, Memphis, TN 38109 be approved as an Exchange Licensed Warehouse for the storage of aluminum deliverable against the Aluminum Futures Contract. The warehouse facility is located in the geographical region defined by the Aluminum Futures Contract.

Cottonwood is owned by the Illinois Central Railroad Company, which in turn is wholly owned by the Canadian National Railway Company. Cottonwood Distribution Services has been in continuous operation for two years. In addition to the specific warehousing experience developed at the Cottonwood facility, the company as a part of the Canadian National organization is able to draw on the extensive experience and knowledge, including (ISO compliant) best practices, of CN as a whole. The Cottonwood facility has warehousing and logistics experience handling a wide variety of metal and forest products, including, but not limited to: aluminum ingots, T-ingots, finished aluminum coils, steel coil wire rod, steel pipe, wood pulp and finished lumber. Market participants in the aluminum industry currently use this facility as a storage and transshipment point for primary aluminum.

PHYSICAL FACILITIES

Indoor Storage: There are two buildings available for storage. Building A, which is the facility’s primary indoor storage area, is a 67,000 square foot warehouse with an adjoining 12,000 square foot covered cross dock to enable direct transloading from rail to truck and vice versa. The building, constructed of steel framing and cinder block walls, has a height of 26 feet. Overhead doors are steel sectional and are protected by a 3-foot wide canopy structure. Floors are 8-inch reinforced concrete with a load bearing capacity of 4,000 PSI.

Building B is of steel frame construction with reinforced concrete floor slab, which can provide an additional 30,000 square feet of indoor storage space.

Outdoor Storage: The facility is situated on 78 acres, covered by a combination of hard asphalt, concrete and hard packed crushed rock, with adequate drainage. The load bearing capacity of all of the outdoor storage areas is a minimum of 2,500 pounds per square foot.

Security: The entire facility is secured by a fence and is patrolled 24 hours by private security, with additional protection provided by the Canadian National (“CN”) police, which, as a railroad-operated police force is armed and has the arresting powers of a regular police force.

The CN police station covering the local area is physically situated on the warehouse facility proper. The entire facility is under video surveillance via closed circuit television.

Storage Capacity: The initial phase will allocate six acres for the outdoor storage of aluminum. A second phase will provide an additional 20 acres. Based on the load bearing capacity of 2,500 psi and allowing approximately one square foot of access space for each square foot of stored material, it is estimated that with 26 acres of total available storage space, the Cottonwood facility can store up to 319,000 short tons of aluminum. An additional 30 acres can be prepared for storage as business requires.

Material Handling Capability

Building A has a total of 29 truck docks of which 18 provide direct access into the warehouse facility. The balance are on an adjoining crossdock which allows for direct transloading from rail to truck. The building also has six rail doors adjacent to two rail sidings, which allow for the simultaneous loading and unloading of 12 rail cars. A further 4 rail doors at the crossdock provide access to an additional 8 rail cars.

Building B has a total of 5 truck doors and six rail car doors.

Material Handling: The warehouses can accommodate both van and flatbed trucks. The truck docks in Building A are equipped with remotely activated hydraulic dock levelers, by which the deck can lower and allow for float. There are 14 forklifts on site, manufactured by Hyster, Nissan and Komatsu, which have capacities ranging from 4,500 pounds to 13,200 pounds. There are an additional 5 rail sidings on the property. Since the facility has its own locomotive, it can reduce same-day transit time for the shipping and receiving of product by rail, typically reducing overall transit time by a minimum of one day.

Guaranteed Minimum: Current facilities and personnel permit a guaranteed minimum of 18 rail cars or 54 truck loads that can be processed (received or shipped) simultaneously in a single eight hour shift.

Labor Pool: The facility currently operates 20 hours per day in two ten hour shifts, 5 days per week with a total labor pool of 20 employees. All employees are cross-trained to work in all aspects of the operation and the facility is entirely a non-unionized environment. All twenty employees are available to work overtime and weekend hours as needed.

Scales and Weighing

The company has experience in weighing using an eighty foot electronic Mettler Toledo “Truck Mate” truck scale which has the capability of weighing loads up to 100,000 pounds in one pound increments. This scale will not be used for the weighing of aluminum.

Cottonwood will be acquiring two Mettler Toledo Vertex 2158002043-A floor scales with electronic readouts which will be used for weighing aluminum into contract sized lots of 44,000 pounds. Each scale will be certified to 1 pound accuracy. The scales are on order and have an

expected delivery date of December 1, 2003. The company has four of its employees qualified as licensed weighmasters by the Tennessee Department of Agriculture.

Guarantee:

The Canadian National Railway Company, the parent of Cottonwood, has guaranteed the performance of Cottonwood in accordance with the Rules of the Exchange. Should Cottonwood be unable to perform its responsibilities according to the Rules of the Exchange the Canadian National Railway Company will ensure an orderly transition of Cottonwood's operations and transfer metal for which a warrant has been issued to another Licensed Warehouse having ample space to store the metal. The format of the guarantee is acceptable to the Exchange's Legal Department.

Conditions Precedent

The conditions precedent to the effective date of Cottonwood Distribution Services, Inc.'s facility becoming Exchange Licensed Warehouse and Weighmaster for aluminum are: (1) installation of the appropriate weighing equipment and training of personnel; and (2) execution of acceptable legal documentation.

II. PROPOSED AMENDMENTS

The proposed amendment is attached.

Underlining indicates additions; [] indicates deletions.

ALUMINUM SUPPLEMENT No. 2

LIST OF LICENSED WAREHOUSES AND WEIGHMASTERS

<u>KENTUCKY</u>	<u>FACILITIES</u>	<u>COMPUTER CODE</u>
Owensboro Riverport Authority P.O. Box 21955 Owensboro, Kentucky 42304 Phone: 270-926-4238 Facsimile: 270-683-3711	2300 Harbor Road Owensboro, Kentucky	2101
Kinder Morgan Bulk Terminals, Inc. Owensboro Gateway Terminal 7550 Terminal Road Maceo, Kentucky 42355 Phone: 270-264-1045 Facsimile: 270-264-1065	7550 Terminal Road Maceo, Kentucky	4101
R. J. Corman Distribution Centers, LLC 444 N. Hardison Road South Union, Kentucky 42283 Phone: 270-542-7300 Facsimile: 270-542-7363	444 N. Hardison Road South Union, Kentucky	3102
<u>TENNESSEE</u>		
R.J. Corman Distribution Centers, LLC 931 Alfred Thun Road Clarksville, Tennessee 37040 Phone: 270-542-7300 Facsimile: 270-542-7363	931 Alfred Thun Road Clarksville, Tennessee	3101
<u>Cottonwood Distribution Services, Inc.</u> <u>185 W. Industrial Avenue</u> <u>Memphis, Tennessee 38109</u> <u>Phone: (901) 786-5000</u> <u>Facsimile: (901) 786-5011</u>	<u>185 W. Industrial Avenue</u> <u>Memphis, Tennessee</u>	<u>5101</u>

III. EXCHANGE ACTION

The proposed amendment to Supplement No. 2, "List of Licensed Warehouses and Weighmasters for Aluminum" of the Aluminum Futures Contract was approved by the NYMEX Board of Directors at a regularly scheduled meeting. No substantive opposing views were expressed and no anti-competitive effects are anticipated or are apparent.

While there are open positions in the Aluminum Futures Contract, this amendment will not have an economic impact on positions or prices in the market.

The Exchange intends to implement the proposed amendment 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 conditions precedent discussed above.

The Exchange Membership will be informed in a Notice to Members dated November 11, 2003, that the Exchange intends to amend Supplement No. 2, "List of Licensed Warehouses and Weighmasters for Aluminum" of the Aluminum Futures Contract by adding the Cottonwood Distribution Services, Inc. facility located at 185 W. Industrial Avenue, Memphis, Tennessee as a Licensed Warehouse and Weighmaster for the storage of aluminum deliverable against the Exchange's Aluminum Futures Contract, pending approval from the Commission.