## SUBMISSION COVER SHEET

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

**Registered Entity Identifier Code (optional): 17-384**

**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): 10/3/17 Filing Description: Amendments to the Daily Settlement Procedure Documents of Three (3) NYMEX Energy Futures Contracts.**

**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:** See filing.

**Christopher Bowen**
Managing Director and Chief Regulatory Counsel
Legal Department

October 3, 2017

**VIA ELECTRONIC PORTAL**

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

**Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments to the Daily Settlement Procedure Documents of Three (3) NYMEX Energy Futures Contracts.**
**NYMEX Submission No. 17-384**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. ("NYMEX") (the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to the daily settlement procedure documents of three (3) NYMEX energy contracts listed in the table below (the "Contracts") effective Sunday, November 5, 2017 for trade date Monday, November 6, 2017.

| Contract Title | Commodity Code | Rulebook Chapter |
|---|---|---|
| NY Harbor ULSD Futures | HO | 150 |
| RBOB Gasoline Futures | RB | 191 |
| Light Sweet Crude Oil Futures | CL | 200 |

The Exchange is amending the daily settlement procedures for the Contracts to standardize the methodology and increase transparency and clarity of this process. The amendments will harmonize the manner in which the Contracts are settled. The implementation of a tiered structure to determine settlement prices based upon availability of trade information further demonstrates the Exchange's commitment to transparency and price discovery. In an effort to settle the Contracts using a standardized methodology, the Exchange intends to use:

1. A volume weighted average price ("VWAP") for the active contract month of the Contracts.
2. Volume weighted average calendar spread prices as the Tier 1 settlement criterion and active and actionable calendar spread bid and offers as Tier 2 criterion to derive settlement prices for all other months. Specifically, the Exchange has designated precise volume levels for each futures contract upon which to base the VWAP of calendar spread transactions to reflect appropriate representation of significant trading in the product.

The current and amended daily settlement procedure documents are provided in Appendices A and B.

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA") and identified that the amendments to the daily settlement price procedure documents of the Contracts may have some bearing on the following Core Principles:

- Prevention of Market Disruption: The amendments reflect the Exchange's efforts to more effectively protect the market from large price fluctuations of the Contracts. The Exchange believes that the amendments are consistent with this Core Principle requiring the Exchange to maintain and promote an orderly market.

- Availability of General Information: The Exchange will publish a Special Executive Report ("SER") to advise the marketplace of these amendments. The SER will also be posted on the CME Group website.

- Execution of Transactions: The 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 Exchanges hereby certify that the amendments comply with the Act, including all regulations under the Act. There were no substantive opposing views to this proposal.

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: Exhibit A: Current Daily Settlement Procedure Documents
Exhibit B: Amended Daily Settlement Procedures

300 Vesey Street New York, NY 10282 T 212 299 2200 F 212 299 2299 christopher.bowen@cmegroup.com cmegroup.com

## Exhibit A

**Current Daily Settlement Procedure Documents**

(deletions ~~struckthrough~~)

# NYMEX WTI Crude Oil

~~The first six contract months in NYMEX WTI Crude Oil futures (CL)~~

~~are settled by CME Group staff based on trading activity on CME Globex between 14:28:00 and 14:30:00 Eastern Time (ET), the settlement period.~~

### ~~Daily Settlement Methodology~~

#### ~~Front Month~~

~~**The front month** settles to the volume-weighted average price (VWAP) of all trades in the outright contract that are executed between 14:28:00 and 14:30:00 ET, the settlement period, rounded to the nearest tradable tick. The procedure changes for the front month's last two days of trading. Please see the end of this document for further details.~~

#### ~~Second month~~

~~The second month settles to the price implied from the VWAP of all trades executed in the front month second month spread between 14:28:00 and 14:30:00 ET, the settlement period, using the front month settlement as the anchor price. To use the spread VWAP, this spread must satisfy the product's respective **minimum volume threshold**:~~

| ~~Product~~ | ~~Second Month Minimum Volume Threshold~~ |
|---|---|
| ~~Crude Oil~~ | ~~200 contracts~~ |

~~In the event that the spread does not satisfy the minimum volume threshold, the second month's settlement price is derived from the price implied from the midpoint of the spread between the front and second months, using the front month settlement as the anchor price.~~

#### ~~Third through Sixth Contract Months~~

~~The third through sixth months are settled in chronological order according to the following procedure:~~

~~**Tier 1:** Settlement is based on prices implied from the VWAPs of the contract's one-month (e.g. July/August) and two-month (e.g. June/August) spreads, provided that the nearer leg already has a settlement price and that the minimum volume thresholds for the spreads have been met.~~
~~The **minimum volume thresholds** for spreads used to settle NYMEX energy futures vary according to the product and month being settled:~~

| ~~Product~~ | ~~Months 3-4 Minimum Volume Threshold~~ | ~~Months 5-6 Minimum Volume Threshold~~ |
|---|---|---|
| ~~Crude Oil~~ | ~~100 contracts~~ | ~~One contract~~ |

~~Using the **implied prices weighting formula** below, an **85%** weighting factor is applied to the price implied from the one-month spread, and a **15%** weighting factor is applied to the price implied from the two-month spread. If either the one-month spread or the two-month spread does not trade during the two-minute window but the volume in the other spread meets the threshold, then the settlement price will be implied by the VWAP of the spread that traded.~~

~~Implied prices weighting formula~~

~~P = implied price~~

~~W = Weighting factor~~

~~V = Volume~~

$$\frac{\left(\left(\frac{(P_1 * V_1) + (P_2 * V_2)}{(V_1 + V_2)}\right) + \left(\frac{(P_1 * W_1) + (P_2 * W_2)}{(W_1 + W_2)}\right)\right)}{2}$$

~~**Tier 2:** If the combined volume of the spreads does not meet the volume threshold, then the midpoint of the best bids/asks in the relevant one-month and two-month spreads at 14:30:00 ET are used to imply prices for the contract.~~

~~The settlement price for that contract will be derived using the **implied prices weighting formula** (below).~~

~~**Settlement price weighted average formula**~~

~~P=implied price~~

~~W = Weighting factor~~

$$\left(\frac{(P_1 * W_1) + (P_2 * W_2)}{(W_1 + W_2)}\right)$$

### ~~Contracts Beyond Six Months~~

~~The far back months are settled by CME Group staff in conjunction with market participants based on relevant spread relationships. The greatest weight is given to spreads executed in large volumes late in the trading day.~~

~~In the absence of trading activity, spread bids and asks on Globex late in the trading day are used to determine settlements.~~

~~Wherever possible, no settlement price will be established that lies outside of an unfilled bid or ask available for execution during the final 15 minutes of trading if the volume of the spreads is 200 or more for Crude, 100 or more for Natural Gas, and 50 or more for Heating Oil and RBOB Gasoline.~~

~~Only bids and asks that remain active through expiration at 14:30:00 ET will be considered in these calculations. In the event there is insufficient activity to make the aforementioned calculations, staff may rely on earlier data or other available market information to determine an appropriate settlement price.~~

### ~~Settlement on Last Two Trading Days of the Front Month~~

~~On the *day before the front month contract expires*, the front and second months settle to the VWAP of the outright CME Globex trades executed between 14:28:00 and 14:30:00 ET, the settlement period, rounded to the nearest tradable tick. The next five months will settle based on the same procedures mentioned above.~~

~~On the *day of expiration*, the front (expiring) month will settle based on the VWAP of the outright CME Globex trades executed between 14:00:00 and 14:30:00 ET, and the second month will settle based on the VWAP of the outright CME Globex trades executed between 14:28:00 and 14:30:00 ET. The next five months will settle based on the same procedures mentioned above.~~

~~In the absence of outright or spread trades during this period, the settlement price will be the best bid or best ask in the expiring contract at 14:30:00 ET, whichever is closer to the last trade price. If there is not a bid/ask pair in the expiring contract at that time, the settlement price will be the best bid or ask implied by the bid/ask in the spread between the front (expiring) and second month contracts at 14:30:00 ET, whichever is closer to the last outright trade price in the front (expiring) contract.~~

~~Only bids and asks that remain active through expiration at 14:30:00 ET will be considered in these calculations. In the event there is insufficient activity to make the aforementioned calculations, staff may rely on earlier data or other available market information to determine an appropriate settlement price.~~

# NYMEX Heating Oil

## ~~Regular Sized Heating Oil~~

~~The first six contract months in NYMEX Heating Oil futures (HO) are settled by CME Group staff based solely upon trading activity on CME Globex between 14:28:00 and 14:30:00 Eastern Time (ET), the settlement peroid.~~

### ~~Daily Settlement Methodology~~

#### ~~Front Month~~

~~The front month settles to the volume-weighted average price (VWAP) of the outright, rounded to the nearest tradable tick. (The procedure changes for the front month's last two days of trading. Please see the end of this document for further details.)~~

#### ~~Second Month~~

~~The second month settles to the price implied from the VWAP of the spread between the front month and second month, using the front month settlement as the anchor price. To use the spread VWAP, this spread must satisfy the product's respective **minimum volume threshold**:~~

| ~~Product~~ | ~~Second Month Minimum Volume Threshold~~ |
|---|---|
| ~~Heating Oil~~ | ~~50 contracts~~ |

~~In the event that the spread does not satisfy the minimum volume threshold, the second month's settlement price is derived from the price implied from the midpoint of the spread between the front and second months, using the front month settlement as the anchor price.~~

### ~~Third through Sixth Contract Months~~

~~The third through sixth months are settled in chronological order according to the following procedure:~~

~~**Tier 1:** Settlement is based on prices implied from the VWAPs of the contract's one-month (e.g. July/August) and two-month (e.g. June/August) spreads, provided that the nearer leg already has a settlement price and that the minimum volume thresholds for the spreads have been met.~~
~~The **minimum volume thresholds** for spreads used to settle NYMEX energy futures vary according to the product and month being settled:~~

| ~~Product~~ | ~~Months 3-4 Minimum Volume Threshold~~ | ~~Months 5-6 Minimum Volume Threshold~~ |
|---|---|---|
| ~~Heating Oil~~ | ~~25 contracts~~ | ~~One contract~~ |

~~Using the **implied prices weighting formula** below, an **85%** weighting factor is applied to the price implied from the one-month spread, and a **15%** weighting factor is applied to the price implied from the two-month spread. If either the one-month spread or the two-month spread does not trade during the two-minute window but the volume in the other spread meets the threshold, then the settlement price will be implied by the VWAP of the spread that traded.~~

~~Implied prices weighting formula~~

~~P = implied price~~

~~W = Weighting factor~~

~~V = Volume~~

$$\cancel{\frac{\left(\left(\frac{(P_1 * V_1) + (P_2 * V_2)}{(V_1 + V_2)}\right) + \left(\frac{(P_1 * W_1) + (P_2 * W_2)}{(W_1 + W_2)}\right)\right)}{2}}$$

~~**Tier 2:** If the combined volume of the spreads does not meet the volume threshold, then the midpoint of the best bids/asks in the relevant one-month and two-month spreads at 14:30:00 ET are used to imply prices for the contract.~~

~~The settlement price for that contract will be derived using the **implied prices weighting formula** (below).~~

~~Settlement price weighted average formula~~

~~P=implied price~~

~~W = Weighting factor~~

$$\left(\frac{(P_1 * W_1) + (P_2 * W_2)}{(W_1 + W_2)}\right)$$

## ~~Contracts Beyond Six Months~~

~~The far back months are settled by CME Group staff in conjunction with market participants based on relevant spread relationships. The greatest weight is given to spreads executed in large volumes late in the trading day.~~

~~In the absence of trading activity, spread bids and asks on Globex late in the trading day are used to determine settlements.~~

~~Wherever possible, no settlement price will be established that lies outside of an unfilled bid or ask available for execution during the final 15 minutes of trading if the volume of the spreads is 200 or more for Crude, 100 or more for Natural Gas, and 50 or more for Heating Oil and RBOB Gasoline.~~

~~Only bids and asks that remain active through expiration at 14:30:00 ET will be considered in these calculations. In the event there is insufficient activity to make the aforementioned calculations, staff may rely on earlier data or other available market information to determine an appropriate settlement price.~~

## ~~Settlement on Last Two Trading Days of the Front Month~~

~~On the *day before the front month contract expires*, the front and second months settle to the VWAP of the outright CME Globex trades executed between 14:28:00 and 14:30:00 ET, the settlement period, rounded to the nearest tradable tick. The next five months will settle based on the same procedures mentioned above.~~

On the *day of expiration*, the ~~front~~ (expiring) month will settle based on the VWAP of the outright CME Globex trades executed between 14:00:00 and 14:30:00 ET, ~~and the second month will settle based on the VWAP of the outright CME Globex trades executed between 14:28:00 and 14:30:00 ET. The next five months will settle based on the same procedures mentioned above.~~

~~In the absence of outright or spread trades during this period, the settlement price will be the best bid or best ask in the expiring contract at 14:30:00 ET, whichever is closer to the last trade price. If~~

~~there is not a bid/ask pair in the expiring contract at that time, the settlement price will be the best bid or ask implied by the bid/ask in the spread between the front (expiring) and second month contracts at 14:30:00 ET, whichever is closer to the last outright trade price in the front (expiring) contract.~~

~~Only bids and asks that remain active through expiration at 14:30:00 ET will be considered in these calculations. In the event there is insufficient activity to make the aforementioned calculations, staff may rely on earlier data or other available market information to determine an appropriate settlement price.~~

# NYMEX RBOB Gasoline

## ~~Regular Sized NYMEX RBOB Gasoline~~

~~The first six contract months in NYMEX RBOB Gasoline futures (RB) are settled by CME Group staff based on trading activity on CME Globex between 14:28:00 and 14:30:00 Eastern Time (ET), the settlement period.~~

### ~~Normal Daily Settlement Procedure~~

#### ~~Front Month~~

~~**The front month** settles to the volume-weighted average price (VWAP) of all trades in the outright contract that are executed between 14:28:00 and 14:30:00 ET, the settlement period, rounded to the nearest tradable tick. The procedure changes for the front month's last two days of trading. Please see the end of this document for further details.~~

#### ~~Second Month~~

~~The **second month** settles to the price implied from the VWAP of all trades executed in the front month second month spread between 14:28:00 and 14:30:00 ET, the settlement period, using the front month settlement as the anchor price. To use the spread VWAP, this spread must satisfy the product's respective **minimum volume threshold**:~~

| ~~Product~~ | ~~Second Month Minimum Volume Threshold~~ |
|---|---|
| ~~RBOB Gasoline~~ | ~~50 contracts~~ |

~~In the event that the spread does not satisfy the minimum volume threshold, the second month's settlement price is derived from the price implied from the midpoint of the spread between the front and second months, using the front month settlement as the anchor price.~~

#### ~~Third through sixth contract months~~

~~The third through sixth months are settled in chronological order according to the following procedure:~~

~~**Tier 1:** Settlement is based on prices implied from the VWAPs of the contract's one-month (e.g. July/August) and two-month (e.g. June/August) spreads, provided that the nearer leg already has a settlement price and that the minimum volume thresholds for the spreads have been met.~~
~~The **minimum volume thresholds** for spreads used to settle NYMEX energy futures vary according to the product and month being settled:~~

| ~~Product~~ | ~~Months 3-4 Minimum Volume Threshold~~ | ~~Months 5-6 Minimum Volume Threshold~~ |
|---|---|---|
| ~~RBOB Gasoline~~ | ~~25 contracts~~ | ~~One contract~~ |

~~Using the **implied prices weighting formula** below, an **85%** weighting factor is applied to the price implied from the one-month spread, and a **15%** weighting factor is applied to the price implied from the two-month spread. If either the one-month spread or the two-month spread does not trade during the two-minute window but the volume in the other spread meets the threshold, then the settlement price will be implied by the VWAP of the spread that traded.~~

~~Implied prices weighting formula~~

~~P = implied price~~

~~W = Weighting factor~~

~~V = Volume~~

$$\frac{\left(\left(\frac{(P_1 * V_1) + (P_2 * V_2)}{(V_1 + V_2)}\right) + \left(\frac{(P_1 * W_1) + (P_2 * W_2)}{(W_1 + W_2)}\right)\right)}{2}$$

~~**Tier 1:**  If the combined volume of the spreads does not meet the volume threshold, then the midpoint of the best bids/asks in the relevant one-month and two-month spreads at 14:30:00 ET are used to imply prices for the contract.~~

~~The settlement price for that contract will be derived using the **implied prices weighting formula** (below).~~

~~Settlement price weighted average formula:~~

~~P = Implied price~~

~~W = Weighting factor~~

$$\left(\frac{(P_1 * W_1) + (P_2 * W_2)}{(W_1 + W_2)}\right)$$

~~**Contracts beyond six months**~~

~~The far back months are settled by CME Group staff in conjunction with market participants based on relevant spread relationships. The greatest weight is given to spreads executed in large volumes late in the trading day.~~

~~In the absence of trading activity, spread bids and asks on Globex late in the trading day are used to determine settlements.~~

~~Wherever possible, no settlement price will be established that lies outside of an unfilled bid or ask available for execution during the final 15 minutes of trading if the volume of the spreads is 200 or more for Crude, 100 or more for Natural Gas, and 50 or more for Heating Oil and RBOB Gasoline.~~

~~Only bids and asks that remain active through expiration at 14:30:00 ET will be considered in these calculations. In the event there is insufficient activity to make the aforementioned calculations, staff may rely on earlier data or other available market information to determine an appropriate settlement price.~~

~~**Settlement on Last Two Trading Days of the Front Month**~~

~~On the *day before the front month contract expires*, the front and second months settle to the VWAP of the outright CME Globex trades executed between 14:28:00 and 14:30:00 ET, the settlement period,  rounded to the nearest tradable tick. The next five months will settle based on the same procedures mentioned above.~~

On the *day of expiration*, the ~~front~~ (expiring) month will settle based on the VWAP of the outright CME Globex trades executed between 14:00:00 and 14:30:00 ET~~, and the second month will settle based on the VWAP of the outright CME Globex trades executed between 14:28:00 and 14:30:00 ET. The next five months will settle based on the same procedures mentioned above.~~

~~In the absence of outright or spread trades during this period, the settlement price will be the best bid or best ask in the expiring contract at 14:30:00 ET, whichever is closer to the last trade price. If there is not a bid/ask pair in the expiring contract at that time, the settlement price will be the best bid or ask implied by the bid/ask in the spread between the front (expiring) and second month contracts at 14:30:00 ET, whichever is closer to the last outright trade price in the front (expiring) contract.~~

~~Only bids and asks that remain active through expiration at 14:30:00 ET will be considered in these calculations. In the event there is insufficient activity to make the aforementioned calculations, staff may rely on earlier data or other available market information to determine an appropriate settlement price.~~

**Exhibit B**

**Amended Daily Settlement Price Procedure Documents**

**Effective on trade date Monday, November 6, 2017**

# Light Sweet Crude Oil (CL) Futures Daily Settlement Procedure

## Normal Daily Settlement Procedure

NYMEX Light Sweet Crude Oil (CL) futures are settled by CME Group staff based on trading activity on CME Globex during the settlement period. The settlement period is defined as: 14:28:00 to 14:30:00 ET for the Active Month and 14:28:00 to 14:30:00 ET for calendar spreads.

### Active Month

The active month is the nearest of the contract months listed. The active month becomes a non-active month effective two business days prior to the spot month expiration. For example; if the spot month expires on a Friday the next listed contract will be considered the Active Month on the Wednesday prior to the spot month expiration.

**Tier 1:** If a trade(s) occurs on Globex between 14:28:00 and 14:30:00 ET, the active month settles to the volume-weighted average price (VWAP), rounded to the nearest tradable tick.

**Tier 2:** If there is no VWAP, then the last trade price is checked against the 14:30 ET bid/ask.

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

2. 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.

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

2. 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 months other than the designated active month will settle per the following guidelines:

**Tier 1:** All months other than the designated active month will settle based upon the VWAP of accumulated calendar spread transactions between 14:28:00 - 14:30:00 ET, 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 in the contract month to be settled.

**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 the 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 relevant resting bids and asks, but VWAP trades will take precedence.

**Tier 3:** In the absence of an implied bid/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

On the day of expiration, the expiring month will settle based on the VWAP of the outright CME Globex trades executed between 14:00:00 and 14:30:00 ET.

In the absence of outright or spread trades during this period, the settlement price will be the best bid or best ask in the expiring contract at 14:30:00 ET, whichever is closer to the last trade price. If there is not a bid/ask pair in the expiring contract at that time, the settlement price will be the best bid or ask implied by the bid/ask in the spread between the front (expiring) and second month contracts at 14:30:00 ET, whichever is closer to the last outright trade price in the front (expiring) contract.

Only bids and asks that remain active through expiration at 14:30:00 ET will be considered in these calculations. In the event there is insufficient activity to make the aforementioned calculations, staff may rely on earlier data or other available market information to determine an appropriate settlement price.

### Additional Details

Light Sweet Crude Oil (CL) futures are physically delivered upon expiration. For additional details on delivery, please see the NYMEX Rulebook **(Chapter 200):**

http://www.cmegroup.com/rulebook/NYMEX/2/200.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.

**Note:** In the event the aforementioned calculations described in this advisory cannot be made or if staff, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, the staff may determine an alternative settlement price.

# NY Harbor ULSD (HO) Futures Daily Settlement Procedure

## Normal Daily Settlement Procedure

NYMEX NY Harbor ULSD (HO) futures are settled by CME Group staff based on trading activity on CME Globex during the settlement period. The settlement period is defined as: 14:28:00 to 14:30:00 ET for the Active Month and 14:28:00 to 14:30:00 ET for calendar spreads.

### Active Month

The active month is the nearest of the contract months listed. The active month becomes a non-active month (the same day the Crude Oil rolls) effective two business days prior to the Crude Oil spot month expiration.

**Tier 1:** If a trade(s) occurs on Globex between 14:28:00 and 14:30:00 ET, the active month settles to the volume-weighted average price (VWAP), rounded to the nearest tradable tick.

**Tier 2:** If there is no VWAP, then the last trade price is checked against the 14:30 ET bid/ask.

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

2. 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.

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

2. 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 months other than the designated active month will settle per the following guidelines:

**Tier 1:** All months other than the designated active month will settle based upon the VWAP of accumulated calendar spread transactions between 14:28:00 - 14:30:00 ET, 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 in the contract month to be settled.

**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 the 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 relevant resting bids and asks, but VWAP trades will take precedence.

**Tier 3:** In the absence of an implied bid/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

On the day of expiration, the expiring month will settle based on the VWAP of the outright CME Globex trades executed between 14:00:00 and 14:30:00 ET.

In the absence of outright or spread trades during this period, the settlement price will be the best bid or best ask in the expiring contract at 14:30:00 ET, whichever is closer to the last trade price. If there is not a bid/ask pair in the expiring contract at that time, the settlement price will be the best bid or ask implied by the bid/ask in the spread between the front (expiring) and second month contracts at 14:30:00 ET, whichever is closer to the last outright trade price in the front (expiring) contract.

Only bids and asks that remain active through expiration at 14:30:00 ET will be considered in these calculations. In the event there is insufficient activity to make the aforementioned calculations, staff may rely on earlier data or other available market information to determine an appropriate settlement price.

### Additional Details

NY Harbor ULSD (HO) futures are physically delivered upon expiration. For additional details on delivery, please see the NYMEX Rulebook **(Chapter 150):**

http://www.cmegroup.com/rulebook/NYMEX/1a/150.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.

**Note:** In the event the aforementioned calculations described in this advisory cannot be made or if staff, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, the staff may determine an alternative settlement price.

# RBOB Gasoline (RB) Futures Daily Settlement Procedure

## Normal Daily Settlement Procedure

NYMEX RBOB Gasoline (RB) futures are settled by CME Group staff based on trading activity on CME Globex during the settlement period. The settlement period is defined as: 14:28:00 to 14:30:00 ET for the Active Month and 14:28:00 to 14:30:00 ET for calendar spreads.

### Active Month

The active month is the nearest of the contract months listed. The active month becomes a non-active month (the same day Crude Oil rolls) effective two business days prior to the Crude Oil Spot Month expiration.

**Tier 1:** If a trade(s) occurs on Globex between 14:28:00 and 14:30:00 ET, the active month settles to the volume-weighted average price (VWAP), rounded to the nearest tradable tick.

**Tier 2:** If there is no VWAP, then the last trade price is checked against the 14:30 ET bid/ask.

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

2. 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.

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

2. 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 months other than the designated active month will settle per the following guidelines:

**Tier 1:** All months other than the designated active month will settle based upon the VWAP of accumulated calendar spread transactions between 14:28:00 - 14:30:00 ET, 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 in the contract month to be settled.

**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 the 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 relevant resting bids and asks, but VWAP trades will take precedence.

**Tier 3:** In the absence of an implied bid/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

On the day of expiration, the expiring month will settle based on the VWAP of the outright CME Globex trades executed between 14:00:00 and 14:30:00 ET.

In the absence of outright or spread trades during this period, the settlement price will be the best bid or best ask in the expiring contract at 14:30:00 ET, whichever is closer to the last trade price. If there is not a bid/ask pair in the expiring contract at that time, the settlement price will be the best bid or ask implied by the bid/ask in the spread between the front (expiring) and second month contracts at 14:30:00 ET, whichever is closer to the last outright trade price in the front (expiring) contract.

Only bids and asks that remain active through expiration at 14:30:00 ET will be considered in these calculations. In the event there is insufficient activity to make the aforementioned calculations, staff may rely on earlier data or other available market information to determine an appropriate settlement price.

### Additional Details

RBOB Gasoline (RB) futures are physically delivered upon expiration. For additional details on delivery, please see the NYMEX Rulebook **(Chapter 191):**

http://www.cmegroup.com/rulebook/NYMEX/1a/191.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.

**Note:** In the event the aforementioned calculations described in this advisory cannot be made or if staff, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, the staff may determine an alternative settlement price.