

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 14-303 (1 of 2)

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): July 31, 2014 **Filing Description:** Listing of Brent Crude Oil Weekly Option Contract, Terms and Conditions, and Analysis of the Underlying Market.

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 checked="" 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: Brent Crude Oil Weekly Option

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

- | | | |
|--------------------------|---|----------------------|
| <input 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:

Rule Numbers:

July 31, 2014

VIA ELECTRONIC PORTAL

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**RE: CFTC Regulation 40.2(a) Certification. Notification of New Product Listing of the Brent Crude Oil Weekly Option Contract.
NYMEX Submission No. 14-303 (1 of 2)**

Dear Ms. Jurgens:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying the listing of the Brent Crude Oil Weekly Option contract (“Contract”) for trading on the NYMEX trading floor, CME Globex, and for submission for clearing through CME ClearPort effective on Sunday, August 17, 2014, for trade date Monday, August 18, 2014.

Pursuant to Commission Regulation 40.6(a), NYMEX is separately self-certifying block trading on the Contract with a minimum threshold of 10 contracts in NYMEX/COMEX Submission No. 14-315.

The contract specifications are as follows:

Rule Chapter Number and Contract Title	Chapter 1007 Brent Crude Oil Weekly Option
Commodity Code	BW1, BW2, BW3, BW4, BW5
Contract Size	1,000 barrels
First Listing	August 22, August 29, September 5, September 12
Listing Period	The nearest four Fridays
Termination of Trading	Options expire on Friday. If the Friday of the listing is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday. However, if the first Business Day immediately preceding the Friday is the expiration of a Brent Crude Oil Last Day Financial option contract, the weekly option shall not be listed for trading.
Minimum Price Fluctuation	\$0.01 per barrel
Value per Tick	\$10.00
Block Trade Minimum Threshold	10 contracts

Trading and Clearing Hours:

Open Outcry: Monday – Friday 9:00 a.m. – 2:30 p.m. (8:00 a.m. – 1:30 p.m. Chicago Time/CT).
CME Globex: Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT).

Fee Schedule:

Brent Crude Oil Weekly Option

Exchange Fees					
	Member Day	Member	Cross Division	Non-Member	IIP
Pit	\$0.45	\$0.70	\$0.95	\$1.45	
Globex	\$0.45	\$0.70	\$0.95	\$1.45	\$0.95
ClearPort		\$1.75		\$2.50	

Other Processing Fees			
	Member	Non-Member	
	House Acct	Customer Acct	
Options E/A Notice	\$0.40	\$0.85	<i>*applies to physical options</i>

Additional Fees and Surcharges		
Facilitation Desk Fee	\$0.20	<i>*fee applies to CPC trades entered by ClearPort Market Ops</i>

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the Brent Crude Oil Option contract into 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 NYMEX Rulebook in relation to the listing of the Contract. The terms and conditions establish the all month/any one month accountability levels, expiration month position limit, reportable level and aggregation allocation for the Contract (See Appendix B, attached under separate cover).

Exchange business staff responsible for the new product and the Exchange Legal Department collectively reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”). During the review, Exchange staff identified that the new product may have some bearing on the following Core Principles:

- Prevention of Market Disruption: Trading in the Contract will be subject to the NYMEX rules (“Rulebook”) Chapters 4 and 7 which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group’s designated contract markets, activity in the new product will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department.
- Contracts Not Readily Susceptible to Manipulation: The Contract is not readily susceptible to manipulation due to the liquidity and robustness in the underlying cash markets, which provides diverse participation and sufficient spot transactions to support the final settlement index.

- Compliance with Rules: Trading in this Contract will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in these contracts will also be subject to the full panoply of trade practice rules, the majority of which are contained in Chapter 5 of the Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, activity in this new product will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- Position Limitations or Accountability: The spot month position limit for the Contract is set at a conservative level that is less than 25% of the monthly deliverable supply in the underlying market in accordance with the guidelines included in CFTC Part 150.
- Availability of General Information: The Exchange will publish information on the Contract's specification on its website, together with daily trading volume, open interest and price information.
- Daily Publication of Trading Information: Trading volume, open interest and price information will be published daily on the Exchange's website and via quote vendors.
- Financial Integrity of Contracts: All contracts traded on the Exchange will be cleared by the Clearing House of the Chicago Mercantile Exchange Inc. which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- Execution of Transactions: The Contract will be listed for trading on CME Globex and the NYMEX trading floor and for clearing through CME ClearPort. The CME Globex platform provides a transparent, open, and efficient mechanism to electronically execute trades on screen. In addition, the NYMEX trading floor continues to be available as a trading venue and provide for competitive and open execution of transactions. The CME ClearPort platform continues to provide a competitive and open execution of transactions by brokers.
- Trade Information: All required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- Protection of Market Participants: Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in these products.
- Disciplinary Procedures: Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in these contracts will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in this product are identified.
- Dispute Resolution: Disputes with respect to trading in this contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), the Exchange hereby certifies that the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to the listing of the Contract.

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 Christopher.Bowen@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: Rule Chapters
Appendix B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)
Appendix C: Rule 588.H – Non-reviewable Range Table
Appendix D: Cash Market Overview and Analysis of Deliverable Supply

APPENDIX A

Chapter 1007 Brent Crude Oil Weekly Option

1007100. SCOPE OF CHAPTER

This chapter is limited in application to weekly put and call options on Brent Crude Oil Last Day Financial futures contract. In addition to the rules of this chapter, transactions in weekly options on Brent Crude Oil Last Day Financial Futures shall be subject to the general rules of the Exchange insofar as applicable.

1007101. OPTION CHARACTERISTICS

The number of weeks open for trading at a given time shall be determined by the Exchange.

1007101.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1007101.B. Trading Unit

A Brent Crude Oil Weekly call option traded on the Exchange represents an option to assume a long position in the nearest to expiry Brent Crude Oil Last Day Financial futures contract. If expiration occurs after the Brent Last Day Financial option contract and on or before the first nearby Brent Crude Oil Last Day Financial futures contract expiration, the contract will be exercisable into second closest to expiry Brent Crude Oil Last Day Financial futures contract.

A Brent Crude Oil Weekly put option traded on the Exchange represents an option to assume a short position in the nearest to expiry Brent Crude Oil Last Day Financial futures contract. If expiration occurs after the Brent Last Day Financial option contract and on or before the first nearby Brent Crude Oil Last Day Financial futures contract expiration, the contract will be exercisable into second closest to expiry Brent Crude Oil Last Day Financial futures contract.

1007101.C. Price Increments

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of \$0.01 per barrel. The minimum price increment will be \$0.01. A cabinet trade may occur at a price of \$0.001 per barrel, or \$1.00 per contract.

1007101.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1007101.E. Termination of Trading

Options will expire at the close of trading on a Friday schedule. If such Friday falls on the expiration of a Brent Last Day Financial option contract, the weekly option shall not be listed.

For the first (1st) weekly option of the month, if the first Friday of the listing is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

For the second (2nd) weekly option of the month, if the second Friday of the listing is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

For the third (3rd) weekly option of the listing, if the third Friday of the listing is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

For the fourth (4th) weekly option of the listing, if the fourth Friday of the listing is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

1007101.F. Type Option

The option is an American-style option which can be exercised on any business day prior to and until expiration day. Notwithstanding Rule 300, Brent Crude Oil Weekly option contracts will be exercised automatically as of the settlement price of the underlying futures contract, with no contrary instructions. All options at least one minimum price increment in-the-money will be exercised and all options with zero intrinsic value will be abandoned.

1007102.**EXERCISE PRICES**

(A) On the first Business Day of trading in a Brent Crude Oil Weekly option contract, trading shall be at the following strike prices: (i) the previous day's settlement for the underlying Brent Crude Oil Last Day Financial futures contract rounded off to the nearest fifty-cent increment strike price, unless such settlement price is precisely midway between two fifty-cent strike prices, in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the twenty fifty cent increment strike prices which are twenty increments higher than the strike price described in (i) of this Rule and (iii) the twenty fifty-cent increment strike prices which are twenty increments lower than the strike price described in (i) of this Rule and (iv) an additional ten strike prices for both call and put options will be listed at \$2.50 increments above the highest fifty-cent increments as described in (ii) of this Rule beginning with the first available such strike that is evenly divisible by \$2.50 and (v) an additional ten strike prices for both put and call options will be listed at \$2.50 increments below the lowest fifty-cent increment as described in (iii) of this Rule, beginning with the first available such strike that is evenly divisible by \$2.50.

(B) Thereafter, on any Business Day prior to the expiration of the Brent Crude Oil Weekly option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least twenty fifty-cent (\$0.50) increment and ten two dollar and fifty cent (\$2.50) strike prices strike prices above and below the at-the-money strike price available for trading in all Brent Crude Oil Weekly options. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in the Brent Crude Oil Weekly option contract will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new weekly option, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a Brent Crude Oil Weekly option in which no new strike prices may be introduced.

APPENDIX B

NYMEX Rulebook Chapter 5 Position Limit Table

(Attached under separate cover)

APPENDIX C

Rule 588.H Globex Non-Reviewable Ranges

Instrument	Bid/Ask Reasonability	Non-Reviewable Range (NRR)
Brent Crude Oil Weekly Options	The greater of the delta times the underlying futures' non-reviewable range or 20% of the fair value premium up to the underlying futures' non-reviewable range with a minimum reasonability of \$0.10	20% of premium up to ¼ of the underlying futures non-reviewable range with a minimum of 1 tick.

APPENDIX D

Cash Market Overview and Analysis of Deliverable Supply

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is intending to launch a Brent Crude Oil Weekly option contract for trading on CME Globex and the NYMEX trading floor, and for clearing through CME ClearPort.

Contract	Commodity Code	Rule Chapter
Brent Crude Oil Weekly Option	BW1-BW5	1007

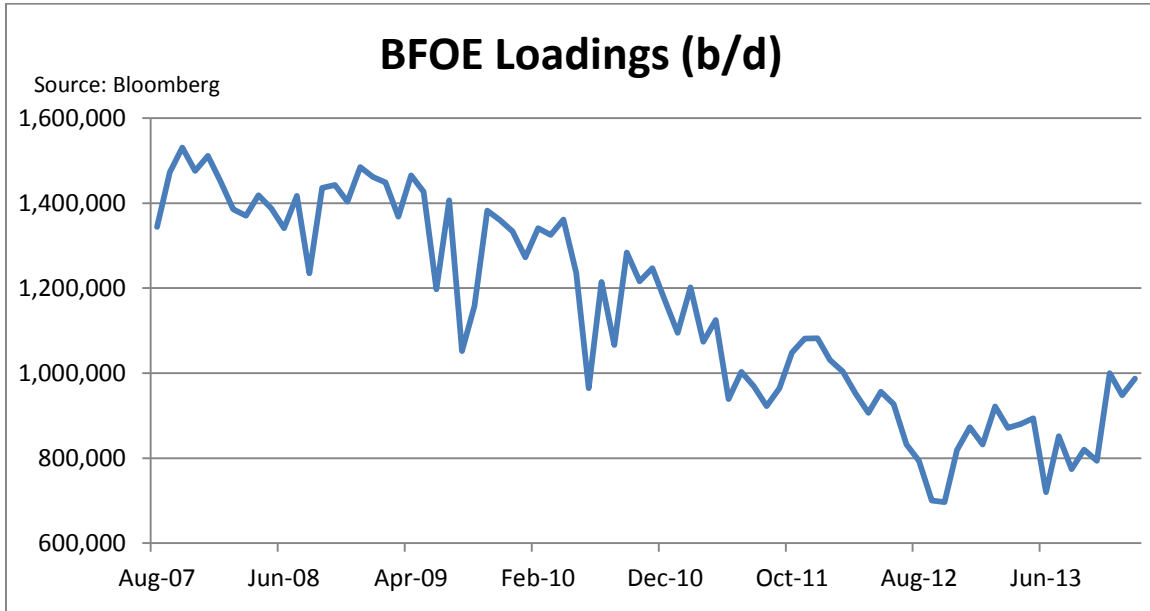
Production

The Brent market is comprised of four North Sea Brent Crude oil grades: Brent, Forties, Oseberg, and Ekofisk (“BFOE” or “Brent”). The standard cargo size in the BFOE market is 600,000 barrels. These four North Sea grades are segregated blends delivered at different locations in the North Sea, and each can be substituted by the seller in the 25-Day BFOE cash market. The four BFOE fields lie in the North Sea. Brent and Forties are in the UK sector, whilst Ekofisk and Oseberg are in the Norwegian sector.

Bloomberg LP (“Bloomberg”) provides details of the BFOE loading programs for the four grades that comprise the Brent market. According to data published by Bloomberg¹, daily Brent Crude oil production for these four grades has been declining over the past few years, as shown in Chart 1. Based on the most recent 3-year average of the Bloomberg data on BFOE loadings (from January 2011 through December 2013), the total loadings of Brent (BFOE) Crude oil was approximately 925,000 barrels per day, which is equivalent to approximately 27.75 million barrels per month, or 27,750 contract equivalents (contract size: 1,000 barrels). In the latest 12 months (from January 2013 to December 2013), the average loadings of Brent (BFOE) Crude oil have declined to 859,000 barrels per day, which is equivalent to 25.8 million barrels per month, or 25,800 contract equivalents.

¹ See various news reports at www.bloomberg.com, for example <http://www.bloomberg.com/news/2011-08-10/north-sea-ekofisk-crude-oil-loadings-at-14-cargoes-in-september.html>, although consolidated loading data requires a subscription to access.

Table 1: Monthly Loadings of Brent, Forties, Oseberg, Ekofisk



Bloomberg BFOE Loadings		
Year	Month	B/D
2013	Jan	832,258
	Feb	921,429
	Mar	870,968
	Apr	880,000
	May	893,548
	Jun	720,000
	Jul	851,613
	Aug	774,000
	Sep	820,000
	Oct	793,500
	Nov	1,000,000
	Dec	948,000
	2013 Avg.	858,776
2012	Jan	1,030,645
	Feb	1,003,448
	Mar	951,613
	Apr	906,667
	May	956,452

	Jun	926,667
	Jul	832,258
	Aug	793,548
	Sep	700,000
	Oct	696,774
	Nov	819,667
	Dec	872,581
	2012 Avg	874,193
2011	Jan	1,095,161
	Feb	1,201,786
	Mar	1,074,194
	Apr	1,125,000
	May	938,710
	Jun	1,003,333
	Jul	969,355
	Aug	922,581
	Sep	965,000
	Oct	1,048,387
	Nov	1,081,667
	Dec	1,082,258
	2011 Avg	1,042,286
2010	Jan	1,272,581
	Feb	1,341,071
	Mar	1,325,258
	Apr	1,361,667
	May	1,235,484
	Jun	964,900
	Jul	1,214,516
	Aug	1,066,032
	Sep	1,283,667
	Oct	1,216,452
	Nov	1,246,667
	Dec	1,169,356
	2010 Avg	1,224,804
3-YearAvg.	Aug 2010-Dec 2013	970,825

The U.S. Department of Energy’s Energy Information Administration (“EIA”) publishes data for Brent Crude oil production at a country level. The country levels below encompass more than the four BFOE fields.

However, they are indicative of the amount of oil production from the region that is traded with reference to the Dated Brent price benchmark. Production data is shown below in Table 2.

Table 2: Brent Crude oil Production (thousand barrels per day)

	2007	2008	2009	2010	2011	2012
Norway	2,564.9	2,463.9	2,352.6	2,134.6	2,007.4	1,902.1
UK	88.9	85.1	87.4	87.1	82.7	86.2
UK (Offshore)	1,601.8	1,502.9	1,422.1	1,318.7	1,084.1	922.4

Source: Energy Information Administration²:

<http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=53&aid=1&cid=r3.&syid=2008&eyid=2013&unit=TBPD>

Market Participants

Brent Crude oil has active over-the-counter (“OTC”) physical and paper markets. The liquidity in the cash and OTC swaps market is robust. The OTC market participation is deep and diverse, and includes both cash market and OTC market players. The Brent cash and OTC market participants include many commercial companies, refiners, end users, brokers and financial institutions with over 50 participants.

Physical Market Trading Structure

The Brent physical market is comprised of two main components: 1) the “Dated” Brent market for cargo transactions in the spot market for delivery in the next of 10 to 25 days; and 2) the forward market, for cargo transactions for delivery in the timeframe beyond 25 days, i.e., the forward month 25-day Brent cash market.

The core of the Brent market is the forward cash market. The Brent forward market consists of the trading of cargoes of any of the Brent, Forties, Osberg or Ekofisk streams, for delivery beyond 25 days with no specific date assigned for loading. The cargoes are 600,000 barrels and, in the forward market, the precise loading date is not provided, only the delivery month—i.e., August BFOE Cargo. However, the commercial contracts, which are standardized, underlying the forward market specify the minimum timing the Seller must provide the Buyer to notify them as to the specific cargo loading date—currently 25 days in advance. After the Seller of a BFOE forward cargo notifies the Buyer as to the loading date and which stream is being loaded, the contract now is considered to move from the forward-market to the Dated-Market; historically, this moment has been referred as the cargo “going wet”.

² See: <http://www.eia.gov/cfapps/ipdbproject/IEDIndex3.cfm?tid=5&pid=53&aid=1>

Dated cargoes (or wet cargoes) are distinguished from forward cargoes simply because the loading dates (and the stream) are known. Dated cargoes are also traded in the cash market, and those transactions are reported by price reporting agencies.

The Brent cash market is essentially a reseller market where buyers either: resell the oil to someone else; transport the cargo and resell it later; or transport the cargo to consume it. Most of the sales in the Brent market are conducted as spot-market transactions; in fact, Brent cargoes in the physical market are estimated to trade 10 or more times. Typically, there is a chronology of sales and purchases of Brent Crude oil in the Brent cash market that starts with a sale from the equity producer in a spot market transaction, and finishes with a purchase by an end-user to consume the Brent Crude oil. Equity producers typically utilize the robust spot market to sell their BFOE production at the cargo loading terminal, as a “Free on Board” (FOB) delivery. Traders play an active role in the Brent market as middlemen with the expressed responsibility of reselling the oil. Further, the refiners typically rely on the spot market to purchase Brent Crude oil, because there is vibrant liquidity in the spot market, and hence, the refiners have developed a preference for short-term spot market purchases, rather than long-term contracts. This applies to refiners affiliated with equity producers as well as those not affiliated; this is the standard practice, established and institutionalized over the past 34 years.

The Exchange has spoken with a number of market participants regarding common commercial practices with respect to the use of spot versus term contracts in the Brent Crude oil market.³ The responses we received were consistent and they can be summarized as follows:

- The majority of BFOE production is sold on a spot market or short-term basis, rather than on a long-term basis; as discussed in the previous section, equity producers typically utilize the robust spot market to sell their BFOE production, while refiners prefer to purchase in the spot market, because there is vibrant liquidity in the cash market.
- There are no restrictions applied to the resale of BFOE cargoes bought in the cash market. In fact, traders play an important role as middleman with the responsibility of reselling the oil. Hence, given the robust

³ These include: equity producers, refiners, traders, and price reporters. Each has requested to remain anonymous.

liquidity in the Brent cash market, market participants have preferred to transact their commercial contracts in the spot market, rather than via long-term contracts.

- There is one refinery located in Grangemouth, UK that is connected directly via pipeline to the Forties loading terminal. This refinery, which runs 210,000 barrels per day, was formerly owned by BP, and is currently owned by PetroIneos, a 50:50 joint venture between PetroChina and INEOS. According to market participants, the Grangemouth refinery sources Brent Crude oil directly via the Forties pipeline, as well as from imported cargoes. The refinery does not publicly disclose its Brent Crude oil purchases, but the market sources with whom the Exchange consulted indicated that BFOE barrels refined there are typically sourced via the spot-market. Notwithstanding that practice, in the interest of erring on the side of underestimating deliverable supply, the Exchange is assuming that approximately 50% of its Brent Crude oil are delivered directly from the Forties Brent Crude oil stream—bypassing the spot market--, and the deliverable supply of Forties Brent Crude oil is being reduced accordingly. Therefore, we assume that the deliverable supply of Forties is reduced by 105,000 barrels per day, which is equivalent to 3.2 million barrels per month.

ANALYSIS OF DELIVERABLE SUPPLY

In its analysis of deliverable supply, the Exchange concentrated on the actual loadings of Brent-related (BFOE) crude oil. In addition, the Exchange has reduced the deliverable supply of Forties to account for the crude oil purchases by the Grangemouth refinery.

Based on the most recent 3-year average of the Bloomberg data on BFOE loadings (from January 2011 through December 2013), the total loadings of Brent (BFOE) crude oil was approximately 925,000 barrels per day, which is equivalent to approximately 27.75 million barrels per month, or 27,750 contract equivalents (contract size: 1,000 barrels). Further, to account for the crude oil purchases by the Grangemouth refinery, the deliverable supply would be reduced by 3.2 million barrels per month. Therefore, the total deliverable supply of BFOE is approximately 24.5 million barrels per month, which is equivalent to 24,500 contracts. The weekly options on Brent Futures contracts will have the same spot month limits as those of the parent contract, which, as per this analysis are set at 4,000 contracts (which is equivalent to 4.0 million barrels) and is approximately 14.4% of the 24,500 contract equivalents of monthly supply (or 15.5% of the most recent 12-month average supply).