

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 20-007 (2 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): 01/24/20 Filing Description: Initial Listing of Two (2) Tanker Freight (Baltic) Futures

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:

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

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:



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

January 24, 2020

VIA ELECTRONIC PORTAL

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

Re: CFTC Regulation 40.2(a) Certification. Notification Regarding the Initial Listing of Two (2) Tanker Freight (Baltic) Futures Contracts. NYMEX Submission No. 20-007 (2 of 2)

Dear Mr. Kirkpatrick:

The 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 two (2) tanker freight (Baltic) futures contracts (the “Contracts”) for trading on the CME Globex electronic trading platform and for submission for clearing via CME ClearPort effective Sunday, February 9, 2020 for trade date Monday, February 10, 2020.

Contract Title	Freight Route TC7 (Baltic) Futures
CME Globex and CME ClearPort Code	TC7
Rulebook Chapter	673
Settlement Type	Financial
Contract Size	1,000 metric tons
Pricing Quotation	U.S. dollars and cents per metric ton
Minimum Price Fluctuation	\$0.0001 per metric ton
Value Per Tick	\$0.10
First Listed Contract	February 2020
Termination of Trading	January to November contract months: the last business day of the calendar month. December contract month: the 24th calendar day of the month, or if this is not a business day, the first preceding business day.
Settlement Period	January to November contract months: The Settlement Period shall be the full calendar month. December contract month: The Settlement Period shall be the period from and including the 1st calendar day of the month through to and including the 24th calendar day of the month.
Listing Schedule	Monthly contracts listed for the current year and the five (5) consecutive calendar years. Additional monthly contracts will be listed for a new calendar year following the termination of trading in the December of the current year.
Block Trade Minimum Threshold	5 contracts – subject to a minimum 15-minute reporting window
CME Globex Match Algorithm	First-In, First-Out (FIFO)

Contract Title	Freight Route TD19 (Baltic) Futures
CME Globex and CME ClearPort Code	TDM
Rulebook Chapter	674
Settlement Type	Financial
Contract Size	1,000 metric tons
Pricing Quotation	U.S. dollars and cents per metric ton
Minimum Price Fluctuation	\$0.0001 per metric ton
Value Per Tick	\$0.10
First Listed Contract	February 2020
Termination of Trading	January to November contract months: the last business day of the calendar month. December contract month: the 24th calendar day of the month, or if this is not a business day, the first preceding business day.
Settlement Period	January to November contract months: The Settlement Period shall be the full calendar month. December contract month: The Settlement Period shall be the period from and including the 1st calendar day of the month through to and including the 24th calendar day of the month.
Listing Schedule	Monthly contracts listed for the current year and the five (5) consecutive calendar years. Additional monthly contracts will be listed for a new calendar year following the termination of trading in the December of the current year.
Block Trade Minimum Threshold	5 contracts – subject to a minimum 15-minute reporting window
CME Globex Match Algorithm	First-In, First-Out (FIFO)

Trading and Clearing Hours

CME Globex and CME ClearPort	Sunday - Friday 6:00 p.m. - 5:00 p.m. Eastern Time/ET (5:00 p.m. - 4:00 p.m. Central Time/CT) with a 60-minute break each day beginning at 5:00 p.m. ET (4:00 p.m. CT)
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Exchange Fees

	Member	Non-Member	International Incentive Programs (IIP/IVIP)
CME Globex	\$2.60	\$3.25	\$2.90
EFP	\$2.60	\$3.25	
Block	\$2.60	\$3.25	
EFR/EOO	\$2.60	\$3.25	

Processing Fees	
Cash Settlement	\$0.50
Facilitation Fee	\$0.60
Give-Up Surcharge	\$0.05
Position Adjustment/Position Transfer	\$0.10

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the new futures contracts into the Position Limit, Position Accountability and Reportable Level Table and
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Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook in relation to the listing of the new contract. These terms and conditions establish the all month/any one-month accountability levels, expiration month position limit, reportable level, and aggregation allocation for the new contract. Please see Appendix B, attached under separate cover.

In addition, NYMEX is self-certifying block trading on the Contracts with a minimum block threshold of five (5) contracts, which represents 5,000 metric tons. This aligns with the existing freight futures contracts listed on NYMEX and matches the OTC market convention. The submission of blocks for these contracts will be subject to a 15-minute reporting period.

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

- **Compliance with Rules:** Trading in the Contracts will be subject to the rules in NYMEX Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in this Contract will also be subject to the full range of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the NYMEX Rulebook, and the dispute resolution and arbitration procedures of NYMEX Rule Chapter 6. As with all products listed for trading on one of CME Group’s designated contract markets, activity in this 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.
- **Contracts Not Readily Subject to Manipulation:** The Contracts are not readily subject to manipulation because of its structural attributes, underlying market and reliance on a well administered index. The Contracts final settle against an index based on market assessments published by Baltic and sub-licensed to the Exchange.
- **Prevention of Market Disruption:** Trading in the Contracts will be subject to Rules of NYMEX, which include prohibitions on manipulation, price distortion and disruption to the cash settlement process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the Contracts proposed herein will be subject to monitoring and surveillance by CME Group’s Market Regulation Department.
- **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 publish on its website information regarding the Contracts’ specifications, terms, and conditions, as well as daily trading volume, open interest, and price information.
- **Daily Publication of Trading Information:** The Exchange will publish the Contracts’ trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.
- **Execution of Transactions:** The Contracts will be listed for trading on the CME Globex electronic trading and for clearing through CME ClearPort. The CME Globex electronic trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.
- **Trade Information:** All requisite trade information for the Contracts will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.

- **Financial Integrity of Contract:** The Contracts will be cleared by the CME Clearing House, a derivatives clearing organization registered with the CFTC and subject to all CFTC regulations related thereto.
- **Protection of Market Participants:** NYMEX Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange's competitive trading venues.
- **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 the 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 the products are identified.
- **Dispute Resolution:** Disputes with respect to trading in the Contracts 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 CEA and CFTC Regulation 40.2(a), the Exchange hereby certifies that listing the Contracts complies with the Act, including regulations under the Act. There were no substantive opposing views to listing of the Contracts.

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:	NYMEX Rulebook Chapters
	Exhibit B:	Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)
	Exhibit C:	NYMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table

EXHIBIT A
NYMEX Rulebook
Chapter 673
Freight Route TC7 (Baltic) Futures

673100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

673101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the freight rate published each day during the Settlement Period by the Baltic Exchange for the TC7 freight route (i.e. Singapore to EC Australia for cargoes of 35,000 metric tons, or as subsequently amended) valued in Worldscale points multiplied by the applicable Worldscale flat rate for the TC7 route (as defined by Baltic Exchange). The Floating Price is determined by multiplying each daily freight rate by the applicable Worldscale flat (for that day), and subsequently calculating the average for the Settlement Period.

673102. TRADING SPECIFICATIONS

Contracts shall be listed for a range of calendar months. The number of months open for trading at a given time shall be determined by the Exchange.

673102.A. Trading Schedule

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

673102.B. Trading Unit

The contract quantity shall be 1,000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

673102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.0001 per metric ton.

673102.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.

673102.E. Settlement Period

For contract months referenced to a calendar month January to November inclusive, the Settlement Period shall be the full calendar month. For contract months referenced to the December calendar month, the Settlement Period shall be the period from and including the 1st calendar day of the month through to and including the 24th calendar day of the month.

673102.F. Termination of Trading

For contract months January to November inclusive: Trading terminates on the last business day of the calendar month.

For December contract months: Trading terminates on the 24th calendar day of the month, or if this is not a business day, the first preceding business day.

673103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

673104. DISCLAIMER

See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.

Chapter 674 Freight Route TD19 (Baltic) Futures

674100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

674101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the freight rate published each day during the Settlement Period by the Baltic Exchange for the TD19 freight route (i.e. Cross Mediterranean Ceyhan to Lavera) for cargoes of 80,000 metric tons, or as subsequently amended) valued in Worldscale points multiplied by the applicable Worldscale flat rate for the TD19 route (as defined by Baltic Exchange). The Floating Price is determined by multiplying each daily freight rate by the applicable Worldscale flat (for that day), and subsequently calculating the average for the Settlement Period.

674102. TRADING SPECIFICATIONS

Contracts shall be listed for a range of calendar months. The number of months open for trading at a given time shall be determined by the Exchange.

674102.A. Trading Schedule

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

674102.B. Trading Unit

The contract quantity shall be 1,000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

674102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.0001 per metric ton.

674102.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.

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For contract months referenced to a calendar month January to November inclusive, the Settlement Period shall be the full calendar month. For contract months referenced to the December calendar month, the Settlement Period shall be the period from and including the 1st calendar day of the month through to and including the 24th calendar day of the month.

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For contract months January to November inclusive: Trading terminates on the last business day of the calendar month.

For December contract months: Trading terminates on the 24th calendar day of the month, or if this is not a business day, the first preceding business day.

674103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

674104. DISCLAIMER

See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.

EXHIBIT B

NYMEX Rulebook

Chapter 5

(“Trading Qualifications and Practices”)

Position Limit, Position Accountability, and Reportable Level Table

(under separate cover)

EXHIBIT C

NYMEX Rulebook

Chapter 5

("Trading Qualifications and Practices")

NYMEX Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table

(additions underscored)

Instrument Name	Globex Symbol	Outright		
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks
<u>Freight Route TC7 (Baltic) Futures</u>	<u>TC7</u>	<u>\$0.20 per metric ton</u>	<u>2000</u>	<u>2000</u>
<u>Freight Route TD19 (Baltic) Futures</u>	<u>TDM</u>	<u>\$0.20 per metric ton</u>	<u>2000</u>	<u>2000</u>