

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 20-100

**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):** 01/31/20 **Filing Description:** Amendments to the Floating Price Rule for Three (3) Crude Oil Spread 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:**

**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:** See filing.

**Rule Numbers:** See filing.

January 31, 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 40.6(a) Certification. Notification Regarding Amendments to the Floating Price Rule for Three (3) Crude Oil Spread Futures Contracts. NYMEX Submission No. 20-100**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying amendments to the floating price rule of the WTI Houston (Argus) vs. WTI Financial Futures; WTI Houston (Argus) vs. WTI BALMO Futures; and WTS (Argus) vs. WTI Financial Futures contracts (the “Contracts”) as noted in the table below effective on trade date Friday, February 21, 2020 and commencing with the February 2020 contract month and beyond.

<b>Contract Title</b>	<b>Rulebook Chapter</b>	<b>CME Globex/ CME ClearPort Code</b>
WTI Houston (Argus) vs. WTI Financial Futures	372	HIL
WTI Houston (Argus) vs. WTI BALMO Futures	384	HIB
WTS (Argus) vs. WTI Financial Futures	1143	WTA

Specifically, the Exchange will amend the contract specifications in Chapters 372 and 382 to clarify that the price for each contract month is equal to the arithmetic average of the WTI Houston (first month) weighted average price from Argus Media minus the NYMEX Light Sweet Crude Oil Futures first nearby contract month settlement price for each business day that both are determined during the contract month. In addition, the contract specifications in Chapter 1143 will be amended to clarify that the differential price for each contract month is equal to the arithmetic average of the WTS (first month) weighted average price from Argus Media minus the NYMEX Light Sweet Crude Oil Futures first nearby contract month settlement price.

The Exchange is also notifying the CFTC that it is self-certifying amendments to the Position Limit, Position Accountability and Reportable Level Table located in the Interpretations and Special Notices Section of Chapter 5 (“Trading Qualifications and Practices”) of the NYMEX Rulebook (the “Table”) to change the spot-month aggregation assignment of the WTI leg of the spread for the WTI Houston (Argus) vs. WTI Financial Futures and WTI Houston (Argus) vs. WTI BALMO Futures contracts. In addition, the spot-month aggregation assignment for the associated WTI Houston (Argus) vs. WTI Calendar Month Average Price Option will also be amended (collectively, the Rule Amendments).

NYMEX is implementing the Rule Amendments at the request of the marketplace. The Rule Amendments will conform the Contracts with the standard pricing methodology used by market participants to hedge their physical transactions.

Currently there are 1,500 contracts of open interest in the WTI Houston (Argus) vs. WTI Financial Futures contract in various contract months. There is no open interest in the WTI Houston (Argus) vs. WTI BALMO Futures and the WTS (Argus) vs. WTI Financial Futures contracts. The Exchange has contacted all open interest holders and has obtained written unanimous consent to proceed with the Rule Amendments as proposed.

Exhibit A (below) provides the rulebook amendments and Exhibit B (provided under separate cover) provides amendments to the Table with additions underscoring and deletions ~~struck through~~.

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

- **Availability of General Information**: The Exchange will publish information on the change via a Special Executive Report ("SER") to notify the marketplace of the Rule Amendments. The SER will also be posted on the CME Group website.
- **Daily Publication of Trading Information**: The Exchange shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for the Contracts.

Pursuant to Section 5c(c) of the CEA and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including 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 e-mail [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A - Amendments to NYMEX Rulebook Chapters 372, 384, and 1143  
(blackline format)  
Exhibit B - Amendments to NYMEX Chapter 5 ("Trading Qualifications and Practices")  
Position Limits, Position Accountability and Reportable Level Table  
(under separate cover)

## Exhibit A

### **NYMEX RULEBOOK**

(**bold/underline** indicates addition; ~~strikethrough~~ indicates deletion)

#### **Chapter 372**

#### **WTI Houston (Argus) vs. WTI Financial Futures**

##### **372100. 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.

##### **372101. CONTRACT SPECIFICATIONS**

The Floating Price for each contract month is equal to the arithmetic average of the WTI Houston (1st month) ~~differential weighted average (Diff weighted average)~~ index price from Argus Media, which is based on the weighted average index price of WTI Houston minus the **NYMEX Light Sweet Crude Oil Futures first nearby contract month settlement price** "WTI Formula Basis" price from Argus Media for each business day that both are determined during the contract month.

##### **372102. TRADING SPECIFICATIONS**

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

###### **372102.A. Trading Schedule**

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

###### **372102.B. Trading Unit**

The contract quantity shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

###### **372102.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.01 per barrel.

###### **372102.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.

###### **372102.E. Termination of Trading**

Trading shall cease on the last business day of the contract month.

##### **372103. 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.

##### **372104. DISCLAIMER**

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

## Chapter 384 WTI Houston (Argus) vs. WTI BALMO Futures

### 384100. 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.

### 384101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the WTI Houston (1st month) ~~differential weighted average (Dif weighted average)~~ index price from Argus Media, ~~which is based on the weighted average index price of WTI Houston~~ minus the **NYMEX Light Sweet Crude Oil Futures first nearby contract month settlement price** ~~"WTI Formula Basis" price from Argus Media~~, from the selected start date through the end of the contract month, inclusive.

### 384102. TRADING SPECIFICATIONS

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

#### 384102.A. Trading Schedule

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

#### 384102.B. Trading Unit

The contract quantity shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

#### 384102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.01 per barrel.

#### 384102.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.

#### 384102.E. Termination of Trading

Trading shall cease on the last business day of the contract month.

### 384103. 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.

### 384104. DISCLAIMER

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

## Chapter 1143 WTS (Argus) vs. WTI Financial Futures

### 1143100. 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.

### 1143101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the WTS (1st month) differential weighted average (Diff-wtd-avg) price from Argus Media, ~~which is based on the weighted average floating price of WTS~~ minus the NYMEX Light Sweet Crude Oil Futures first nearby contract month settlement price for each business day that both are determined during the contract month.

### 1143102. TRADING SPECIFICATIONS

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

#### 1143102.A. Trading Schedule

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

#### 1143102.B. Trading Unit

The contract quantity shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

#### 1143102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.01 per barrel.

#### 1143102.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.

#### 1143102.E. Termination of Trading

Trading shall cease at the close of trading on the last business day of the contract month.

### 1143103. 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.

### 1143104. 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)