

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 16-221R

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): 06/10/16 Filing Description: Amendments to NYMEX Position Limit Table

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.



Christopher Bowen
 Managing Director and Chief Regulatory Counsel
 Legal Department

June 10, 2016

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
 Office of the Secretariat
 Commodity Futures 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 NYMEX Position Limit Table.
 NYMEX Submission No. 16-221R**

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 NYMEX position limit table as described below, effective on Sunday, June 26, 2016 for trade date Monday, June 27, 2016. Also effective on Sunday, June 26, 2016 for trade date Monday, June 27, 2016, the Exchange, pursuant to CFTC Regulation 40.2(a), is notifying the Commission of the initial listing of three (3) crude oil futures as noted in the tables below (collectively, the “Contracts”) for trading on CME Globex and for submission into clearing via CME ClearPort. (See NYMEX Submission No. 16-187R also dated June 10, 2016.)

Contract Title	Urals Mediterranean (S&P Global Platts) vs. Dated Brent (S&P Global Platts) CFD Futures
Commodity Code	UMD
Rulebook Chapter	226
Settlement method	Financial
Contract Size	1000 barrels
Listing Schedule	Monthly contracts shall be listed for the current year plus two consecutive years. Monthly contracts for a new calendar year will be added following the termination of trading in the December contract of the current year.
Minimum Price Fluctuation	0.01 per barrel for contracts traded on CME Globex; \$0.001 per barrel for contracts submitted for clearing via CME ClearPort. Daily settlement prices and the final settlement price shall have a minimum price fluctuation of \$0.001 per barrel.
Value per tick	\$1.00, based on the minimum price fluctuation available via CME ClearPort.
First Listed Contract	July 2016
Block Trade Minimum Threshold	10 contracts
Termination of Trading	Last business day of the contract month
CME Globex Match Algorithm	First-In, First-Out (FIFO)

Contract Title	Urals North (S&P Global Platts) vs. Dated Brent (S&P Global Platts) CFD Futures
Commodity Code	UNS

Rulebook Chapter	227
Settlement method	Financial
Contract Size	1000 barrels
Listing Schedule	Monthly contracts shall be listed for the current year plus two consecutive years. Monthly contracts for a new calendar year will be added following the termination of trading in the December contract of the current year.
Minimum Price Fluctuation	0.01 per barrel for contracts traded on CME Globex; \$0.001 per barrel for contracts submitted for clearing via CME ClearPort. Daily settlement prices and the final settlement price shall have a minimum price fluctuation of \$0.001 per barrel.
Value per tick	\$1.00, based on the minimum price fluctuation available via CME ClearPort.
First Listed Contract	July 2016
Block Trade Minimum Threshold	10 contracts
Termination of Trading	Last business day of the contract month
CME Globex Match Algorithm	First-In, First-Out (FIFO)

Contract Title	CPC Blend CIF Mediterranean (S&P Global Platts) vs. Dated Brent (S&P Global Platts) Futures
Commodity Code	CPD
Rulebook Chapter	228
Settlement method	Financial
Contract Size	1000 barrels
Listing Schedule	Six consecutive monthly contracts. An additional monthly contract shall be added following the termination of the current contract month.
Minimum Price Fluctuation	0.01 per barrel for contracts traded on CME Globex; \$0.001 per barrel for contracts submitted for clearing via CME ClearPort. Daily settlement prices and the final settlement price shall have a minimum price fluctuation of \$0.001 per barrel.
Value per tick	\$1.00, based on the minimum price fluctuation available via CME ClearPort.
First Listed Contract	July 2016
Block Trade Minimum Threshold	10 contracts
Termination of Trading	Last business day of the contract month
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. (5:00 p.m. – 4:00 p.m. Chicago Time/CT) with an hour break each day beginning at 5:00 p.m. (4:00 p.m. CT).

Trading and Clearing Fees:

	Member	Cross-Division	Non-Member	International Incentive Programs (IIP/IVIP)
Exchange Fees				
CME Globex	\$0.85	\$1.05	\$1.25	\$1.05
EFP	\$0.85		\$1.25	

Block	\$0.85		\$1.25	
EFR/EOO	\$0.85		\$1.25	
Agency Cross	\$0.85		\$1.25	

Processing Fees	Member	Non-Member
Cash Settlement	\$0.10	\$0.10
Other Fees		
Facilitation Fee		\$0.40
Give-Up Surcharge		\$0.05
Position Adjustment/Transfer		\$0.10

The Exchange execution fees and the cash settlement processing fee described above will be waived until December 31, 2016.

The Exchange is notifying the Commission pursuant to Regulation 40.6(a) that it is self-certifying amendments to the NYMEX position limit table and is increasing the spot month position limit for the Dated Brent (Platts) Financial Futures (the “Parent contract”) from 1,000 contracts to 4,000 contracts. This aligns the spot month limit to the existing Brent Last Day Financial Futures (commodity code BZ) as both contracts reflect the same underlying market. The deliverable supply which we have provided in Appendix D supports the increase in the spot month limits with the higher 4000 lot limit representing 17.1% of the total deliverable supply and remaining below the 25% threshold.

There are a number of contracts which aggregate into the Parent contract (the “Child contracts”). The limits for the Child contracts are also being adjusted due to the adjustment of the limits at the parent contract level. The Exchange is also notifying the Commission 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 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: Position Limits, Position Accountability and Reportable Level Table in Chapter 5 of the NYMEX Rulebook which is attached under separate cover.

NYMEX is self-certifying block trading on these contracts with a minimum block threshold of ten (10) contracts for the Contracts. The block level is consistent with the Exchange’s existing products.

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

Compliance with Rules: Trading in the Contracts will be subject to all CME Rules, including prohibitions against fraudulent, noncompetitive, unfair and abusive practices as outlined in CME Rule Chapter 4, the Exchange’s trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the CME Rulebook, and the dispute resolution and arbitration procedures of CME Rule Chapter 6. As with all products listed for trading on one of CME Group’s designated contract markets, trading activity in the Contracts will be subject to 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.

Contract Not Readily Subject to Manipulation: The Contracts are not readily subject to manipulation as a result of the deep liquidity and robustness of the underlying futures market and the settlement index.

Prevention of Market Disruption: Trading in the Contracts will be subject to the rules of the Exchange, 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 3 futures contracts proposed herein will be subject to monitoring and surveillance by CME Group's Market Regulation Department.

Position Limitations or Accountability: The Exchange has a detailed calculation methodology for the position limits in the Contracts.

Availability of General Information: The Exchange will publish on its website information in regard to contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information for the contracts. The Exchange will issue a Special Executive Report ("SER") regarding the launch of the Contracts. In addition, the Exchange will issue a Market Surveillance Notice ("MSN") regarding the amendments to the position limits. The MSN and SER will be posted on the CME Group website.

Daily Publication of Trading Information: The Exchange will publish contract 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 platform and for clearing through the CME ClearPort platform. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity. The CME ClearPort platform provides a competitive, open and efficient mechanism for the novation of transactions that are competitively executed by brokers.

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 Commodity Futures Trading Commission and subject to all CFTC regulations related thereto.

Protection of Market Participants: CME 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 these 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 non-members 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 non-member 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 Regulations 40.6(a), the Exchange hereby certifies that amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to these proposals.

The Exchange certifies that this submission has been concurrently posted on the CME Group 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: Appendix A: NYMEX Rulebook Chapters
Appendix B: Position Limits, Position Accountability and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)
Appendix C: NYMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”)
Appendix D: Cash Market Overview and Analysis of Deliverable Supply

Appendix A

NYMEX Rulebook Chapters

Chapter 226

Urals Mediterranean (S&P Global Platts) vs. Dated Brent (S&P Global Platts) CFD Futures

226100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

226101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is the arithmetic average of the mid-point between the high and low quotations from the S&P Global Platts Crude Oil Marketwire, under the heading Russian Urals/ESPO spot assessment for "Urals RCMB (Recombined)" minus the arithmetic average of the mid-point between the high and low quotations from the S&P Global Platts Crude Oil Marketwire under the heading Key Benchmarks for "Brent (Dated)" for each business day that both are determined during the contract month. The floating Price is calculated using non-common pricing convention. In calculating the spread differential, the monthly average for each component leg of the spread shall be calculated using all trading days in the month for each component leg of the spread, followed by the calculation of the spread differential between the two averages.

226102. TRADING SPECIFICATIONS

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

226102.A. Trading Schedule

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

226102.B. Trading Unit

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

226102.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 for contracts traded on CME Globex. The minimum price fluctuation shall be \$0.001 per barrel for contracts submitted for clearing via CME ClearPort. Daily settlement prices and the final settlement price shall have a minimum price fluctuation of \$0.001 per barrel. There shall be no maximum price fluctuation.

226102.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.

226102.E. Termination of Trading

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

226103. FINAL SETTLEMENT

Delivery 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.

226104.

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Chapter 227

Urals North (S&P Global Platts) vs. Dated Brent (S&P Global Platts) CFD Futures

227100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

227101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is the arithmetic average of the mid-point between the high and low quotations from the S&P Global Platts Crude Oil Marketwire, under the heading Russian Urals/ESPO spot assessment for "Urals Rotterdam" minus the arithmetic average of the mid-point between the high and low quotations from the S&P Global Platts Crude Oil Marketwire under the heading Forward Dated Brent for "Mediterranean Dated Strip" for each business day that both are determined during the contract month. The floating price is calculated using non-common pricing convention. In calculating the spread differential, the monthly average for each component leg of the spread shall be calculated using all trading days in the month for each component leg of the spread, followed by the calculation of the spread differential between the two averages.

227102. TRADING SPECIFICATIONS

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

227102.A. Trading Schedule

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

227102.B. Trading Unit

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

227102.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 for contracts traded on CME Globex. The minimum price fluctuation shall be \$0.001 per barrel for contracts submitted for clearing via CME ClearPort. Daily settlement prices and the final settlement price shall have a minimum price fluctuation of \$0.001 per barrel. There shall be no maximum price fluctuation.

227102.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.

227102.E. Termination of Trading

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

227103. FINAL SETTLEMENT

Delivery 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.

227104.

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Chapter 228

CPC Blend CIF Mediterranean (S&P Global Platts) vs. Dated Brent (S&P Global Platts) Futures

228100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

228101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is the arithmetic average of the mid-point between the high and low quotations from the S&P Global Platts Crude Oil Marketwire, under the heading Mediterranean spot crude assessments "CPC Blend CIF" minus the arithmetic average of the mid-point between the high and low quotations from the S&P Global Platts Crude Oil Marketwire under the heading Forward Dated Brent for "Mediterranean Dated Strip" for each business day that both are determined during the contract month. In calculating the spread differential, the monthly average for each component leg of the spread shall be calculated using all trading days in the month for each component leg of the spread, followed by the calculation of the spread differential between the two averages.

228102. TRADING SPECIFICATIONS

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

228102.A. Trading Schedule

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

228102.B. Trading Unit

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

228102.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 for contracts traded on CME Globex. The minimum price fluctuation shall be \$0.001 per barrel for contracts submitted for clearing via CME ClearPort. Daily settlement prices and the final settlement price shall have a minimum price fluctuation of \$0.001 per barrel. There shall be no maximum price fluctuation.

228102.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.

228102.E. Termination of Trading

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

228103. FINAL SETTLEMENT

Delivery 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.

228104. DISCLAIMER

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Appendix B

**Position Limits, Position Accountability and Reportable Level Table in Chapter 5
of the NYMEX Rulebook**

(attached under separate cover)

Appendix C

NYMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”)

(additions are underscored)

Instrument	Non-Reviewable Range (NRR) in Globex format	NRR including Unit of Measure	NRR Ticks
Urals Mediterranean (S&P Global Platts) vs. Dated Brent (S&P Global Platts) CFD Futures	<u>100</u>	<u>\$1.00 per barrel</u>	<u>100</u>
Urals North (S&P Global Platts) vs. Dated Brent (S&P Global Platts) CFD Futures	<u>100</u>	<u>\$1.00 per barrel</u>	<u>100</u>
CPC Blend CIF Mediterranean (S&P Global Platts) vs. Dated Brent (S&P Global Platts) Futures	<u>100</u>	<u>\$1.00 per barrel</u>	<u>100</u>

Appendix D

Cash Market Overview and Analysis of the Deliverable Supply

The Exchange reviewed the underlying cash market for Caspian Pipeline Consortium (“CPC”) Blend crude oil, Urals (NWE and Mediterranean regions) and Dated Brent and Mediterranean Dated Strip Brent in connection with the listing of three (3) financially-settled futures contracts (collectively, the “Contracts”). The Dated Brent is the main physical reference for the global crude oil upstream sector with cargoes priced against this reference price.

The crude markets do not typically follow a seasonal pattern in terms of production with output relatively stable from one month to the next. There will be annual maintenance of some production facilities with field operators choosing when to carry this out. Production in many markets will be sold on a mix of spot and term barrels. In the case of Forties crude oil in the North Sea, the Grangemouth oil refinery is located at the end of the Forties pipeline linking the production fields in the North Sea. For this grade, and others in the Brent basket (Brent, Forties, Oseberg and Ekofisk), all barrels can be re-traded and sold as spot cargoes.

For the Urals markets into Northwest Europe and the Mediterranean, the Russian exports into these markets have become the basis of deliverable supply. For Northwest Europe we have looked at the volumes of Urals delivered into Belgium, France, Germany and the Netherlands and made an adjustment of 50% to the France figure to be reflective of a delivery into Northwest Europe. For the Mediterranean we have looked at the volumes of Urals delivered into France, Spain and Italy and made an adjustment of 50% to the France and Spain figures to be reflective of a delivery into the Mediterranean.

For CPC Blend crude in the Mediterranean, the import statistics into Europe are not reliable due to some countries such as Belgium and the Netherlands not fully reporting the figures. Therefore the Exchange has determined to base its analysis of the deliverable supply on the upstream production volumes. We have made an adjustment for refinery demand to reflect the volumes of crude oil that are not destined for the export market. Therefore production minus refinery demand is the basis of the calculation for Kazakh exports.

The basis of the analysis in the Brent market is BFOE loadings in the North Sea. The Exchange determined that the volume of loaded barrels of BFOE crude oil from Brent, Forties, Oseberg and Ekofisk best meets the definition of supply readily available for delivery. In addition, the Exchange has reduced the deliverable supply of Forties to account for the crude oil purchases by the Grangemouth refinery.

The Exchange also proposes to increase the spot month position limit for the Dated Brent (Platts) Financial Futures (commodity code: UB) and associated contracts commencing with the July 2016 contract month, to coincide with the first listed month of the Contracts. The current spot month limit is 1,000 contracts and it is proposed to increase this limit to 4,000 contracts or 17.1% of estimated deliverable supply in order to align the spot month limit with that of the NYMEX Brent Crude Oil (ICE) futures complex. The detail of the change is shown in **Appendix 5**.

Data Sources

The Exchange has used publicly available data as the basis of its analysis of deliverable supply for CPC Blend, the two Urals markets and Brent.

Data provided by the US Energy Information Administration (EIA)¹ was used as the basis of the analysis for CPC blend crude oil. The EIA is the principal agency of the US Federal Statistical System responsible for collecting, analysing and disseminating energy information to promote sound policymaking, efficient markets, and public understanding of energy and its interaction with the economy and the environment. The EIA provides a wide range of information and data covering Energy Production, Consumption,

¹ <http://www.eia.gov/>

Stocks, Demand, Imports, Exports and Prices and prepares ad-hoc special reports on topics of interest on a periodic basis.

Data provided by **Eurostat**² was used as the basis of the analysis for Urals crude oil in both Northwest Europe and the Mediterranean. Eurostat is compiled by the statistical office of the European Union and aims to provide the EU with accurate statistics that enable comparisons between countries and regions. The statistical authorities in each individual member state are responsible for collecting the data. After verification and analysis, the individual authorities send the data to Eurostat who consolidate such data. In addition, Eurostat ensures that all parties are employing the same methodology in collecting and reporting data. The Exchange determined to use Eurostat data for sulphur content of fuel oil in Northwest Europe because of the highly specialized statistical categories collected by Eurostat.

Bloomberg data for the Brent was used as the basis of the analysis for both the Dated Brent and the Mediterranean Dated Brent. They compile total loaded volumes of BFOE (Brent, Forties, Oseberg and Ekofisk) by calendar month and is displayed via the Bloomberg terminal.

S&P Global Platts (Platts)

The final settlement for the **Urals Mediterranean (S&P Global Platts) vs. Dated Brent (S&P Global Platts) CFD Futures** is based on an underlying physical market as assessed by S&P Global Platts which is one of the major oil price reporting agencies that are used in the over the counter market for pricing contracts. The Urals Mediterranean assessment takes into account cargoes loading from the Black Sea. The Black Sea port of Novorossiisk is the most active of all the Black Sea ports but the pricing assessment basis is CIF Augusta in Italy. All Urals cargoes assessed reflect 80,000 metric tons. However, cargoes of up to 140,000 metric tons are tradable via the window but the larger volume cargoes will be normalized via the Platts assessment process basis 80,000 metric tons (the assessed size). The Platts price assessment for Dated Brent reflects the value of crude oil (Brent, Forties, Oseberg or Ekofisk) for loading 10 days to month ahead (forward). Each cargo will be reflective of a three day laycan and will reflect cargoes of Brent, Forties, Oseberg and Ekofisk. The most competitive of these four grades will set the value of Dated Brent.

The final settlement for the **Urals North (S&P Global Platts) vs. Dated Brent (S&P Global Platts) CFD Futures** is based on an underlying physical market as assessed by S&P Global Platts which is one of the major oil price reporting agencies that are used in the over the counter market for pricing contracts. The Urals CIF Rotterdam assessment takes into account cargoes loading from the Baltic Sea port of Primorsk and Ust-Luga (since April 2012) for delivery into Rotterdam with the pricing basis also reflecting delivery at Rotterdam. All Urals cargoes assessed reflect 100,000 metric tons. The Platts price assessment for Dated Brent reflects the value of crude oil (Brent, Forties, Oseberg or Ekofisk) for loading 10 days to month ahead (forward). The Platts price assessment for Dated Brent reflects the value of crude oil (Brent, Forties, Oseberg or Ekofisk). Platts also reflect Dated Brent over a 13-28 day forward time period and have referred to this as the Mediterranean Dated Strip to align the loading schedule of the Urals North cargoes with those in the Brent market. Each cargo will be reflective of a three day laycan and will reflect cargoes of Brent, Forties, Oseberg and Ekofisk. The most competitive of these four grades will set the value of Dated Brent.

The final settlement price for the **CPC Blend CIF Mediterranean (S&P Global Platts) vs. Dated Brent (S&P Global Platts) Futures** is based on an underlying physical market as assessed by S&P Global Platts which is one of the major oil price reporting agencies that are used in the over the counter market for pricing contracts. The Platts price assessment for Dated Brent reflects the value of crude oil (Brent, Forties, Oseberg or Ekofisk). Platts also reflect Dated Brent over a 13-28 day forward time period and have referred to this as the Mediterranean Dated Strip to align the loading schedule of the Urals North cargoes with those in the Brent market. The most competitive of these four grades will set the value of Dated Brent. The Platts CPC Blend (CIF Augusta) assessment reflects the value of crude oil cargoes, sized between 80,000 and 140,000 metric tons, loading from the CPC terminal in the Black Sea for

² <http://ec.europa.eu/eurostat>

delivery into the Mediterranean at Augusta. For cargoes delivered outside of Augusta, a freight adjustment will be applied.

The Platts methodology for Urals (North and Mediterranean) and CPC Blend (Mediterranean) is published on their website³

Mediterranean Crude Oil – CPC Blend

Kazakhstan is a significant oil producing country and is the second largest in terms of reserves and production of the Soviet republics after Russia. CPC Blend crude oil is a medium sweet crude oil with a sulphur quantity of around 0.5% and an API of 45° gravity. There is a second crude grade called Tengiz and both CPC and Tengiz blends are transported via the 1,500 km long CPC pipeline. The Tengiz blend makes up about 60% of the blend⁴. Both blends are very similar in terms of quality both from API and Sulphur content.

As a landlocked country, it is dependent on the key export routes to transport the oil to the International markets. One such major export route is the Caspian Pipeline Consortium (CPC) which transfers the oil from the major oil fields in Western Kazakhstan to the Black Sea. CPC Blend is transported from the Black Sea to refiners in and around the region in Suezmax (120,000 to 145,000 DWT) and Aframax (80,000 to 90,000 DWT) vessels.

There are two significant oil projects in Kazakhstan, Tengiz and Karachaganak which accounted for about 50% of the total 1.7 million b/d of production in 2014⁵. Major crude oil export pipelines include the Caspian Pipeline Consortium (CPC) which transports crude oil from Kazakhstan to Novorossiysk in the Black Sea, the Kazakhstan-China pipeline and the Uzen-Atyrau-Samara pipeline to Russia. Exports are also transported via rail and then tankers across the Caspian Sea where it can be loaded into the Baku-Tbilisi-Ceyhan pipeline (BTC).

According to the US EIA, Kazakhstan's crude exports to Europe represented 76% of the total export volume in 2013. From the remaining volumes 17% of the volume heading to Asia, 4% to the United States and 2% to other destinations which are not specified. We believe that the figure of 76% is representative of overall Kazakh exports into Europe given that this is the most local market with significant refinery demand.

There is a domestic refining network in Kazakhstan but is relatively un-sophisticated in terms of processing of the heavier sulphur products into the lighter products. Jupiter Energy Limited notes that Kazakhstan has the largest recoverable crude reserves in the Caspian. There are three oil refineries based in Kazakhstan and according to the EIA⁶ (based on the data from the Oil and Gas Journal), crude distillation capacity was 345,093 b/d as of January 1 2014. There are three oil refineries within Kazakhstan at Pavlodar in the Northern region, Atrayau in the Western Region and Shymkent in the Southern Region. There are plans to upgrade all refineries within Kazakhstan according to Kazmunaigas, the state oil company⁷. Two of the three refineries process domestic crudes but the largest Pavlodar oil refinery with a nameplate capacity of 163,000 b/d processes Russian Urals crude oil therefore we have excluded this from our analysis.

³ <http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/Crude-oil-methodology.pdf>

⁴ Chevron Crude oil Marketing - http://crudemarketing.chevron.com/crude/central_asian/cpc_blend_tengiz.aspx

⁵ US EIA Country brief - <https://www.eia.gov/beta/international/analysis.cfm?iso=KAZ>

⁶ US EIA Country brief – Kazakhstan (Downstream and Refining) <https://www.eia.gov/beta/international/analysis.cfm?iso=KAZ>

⁷ <http://www.thkmg.kz/en/activity>

According to Kazmunaigas, the Kazakh refineries processed crude oil at a rate of around 70% therefore we have adjusted for this on refinery demand. The two domestic refineries at Atrayau and Shymkent have a capacity of 182,000 b/d but using the run rate of 70% we have adjusted the refinery demand figure by 30%. This implies a total refinery demand of 127,500 barrels per day. This has reduced the amount of crude oil available for by 127,500 barrels per day and our analysis reflects this figure.

Kazakhstan crude production is expected to rise over the coming years. Currently, the total production volumes are about 1.7 million barrels per day (2014 numbers from the EIA). The three-year average production was 1.66 million barrels per day over the three year period 2012 to 2014.

Table 1: Kazakhstan Oil Production, Refinery Demand and Net European Exports (000's b/d)

Source: US EIA Data⁸

	2012	2013	2014	3 Year Average
Crude Production	1,606	1,658	1,719	1,661
Refinery demand*	127.5	127.5	127.5	127.5
Total Exports	1,478.5	1,530.5	1,591.5	1,533.5
Exports to Europe**	1,124	1,163	1,210	1,165

* Atyrau and Shymkent refiners @ 70% capacity and ** Export volumes to Europe are 76% of total production

The industry standard conversion between metric tons and barrels for CPC blend crude oil is 7.23 barrels per metric ton.



Urals Crude

Production overview

The Russian crude oil market is based on a blended crude stream which is more commonly referred to as Urals Crude Oil. Production is largely sour and is generally considered to have a high sulphur content which relates to the yield of refined products that can be generated. Crude oils with higher sulphur will have a higher content of Fuel oil and a lower content of Gasoline and Middle Distillates compared to lower sulphur crudes.

⁸ US EIA data – Kazakhstan Oil Production and Exports

<http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=5&aid=2&cid=KZ,&syid=2002&eyid=2014&unit=TBPD>

According to the Energy Information Administration (EIA)⁹ Russia was the third largest producer of Oil in 2014 behind Saudi Arabia and the United States. According to the EIA¹⁰ Russia was ranked the third largest producer of total liquids with average production at 10.8 million barrels per day (data based up to and including December 2014). There are several producing regions of Crude oil in Russia but around 80% of the production is concentrated in Western Siberia and the Urals-Volga regions. In 2013 around 6.4million barrels per day was produced in Western Siberia and 2.3million barrels per day was produced in the Urals-Volga region. The US EIA estimates total liquid fuel exports were 7.3million barrels per day in 2014 and of the total around 72% was crude oil with most volumes destined for European countries such as Germany, Netherlands, Belarus and Poland where extensive refining infrastructure is located at the ends of the Druzhba pipeline network. Increased flows of crude oil have been sent to Asia with China and Japan being the major recipients of the east-bound flows.

The Russian pipeline network is extensive with the vast majority of the pipeline network owned and run by the state owned company Transneft. For European deliveries, Crude oil is transported from the producing oil fields in Western Siberia and the Urals region to export terminals such as Primorsk on the Baltic Sea and Novorossiysk in the Black Sea. There are a number of inter-connected pipelines connecting Russia directly to the European refining network. The most significant of these is the Druzhba pipeline that carries around 2million barrels per day of crude oil via the so-called Northern Route to Belarus, Poland and Germany and via the Southern Route to Belarus, Ukraine, Slovakia, Czech Republic and Hungary.

Northwest European Urals Crude oil Imports

To determine the deliverable supply for Northwest Europe, we have reviewed the monthly Russian crude oil exports statistics from the European Union statistics agency (EUROSTAT). The full volume detail of exports by month into Northwest Europe countries is enclosed in **Appendix 2**. Over the period from January 2013 to December 2015, Russian crude oil exports into Belgium, Germany, France and the Netherlands was on average 5.05 million metric tons per month which was the equivalent to 36.5 million barrels per month or 1.22 million barrels per day (based on a conversion factor of 7.23 bbls per metric ton). The export volumes to France have been reduced by 50% on the basis that around half of the Russian crude oil exports to France are refined in Northwest Europe with the other 50% being refined in a different region (the Mediterranean).

Mediterranean Urals Crude oil imports

The deliverable supply for the Mediterranean is based on the Russian Crude oil exports into France, Italy and Spain. The reference source for the data is the European Union statistics agency (EUROSTAT). Over the period from January 2013 to December 2015 (see **Appendix 3**), Russian crude oil exports into France, Italy and Spain was on average 1.29 million metric tons per month which was the equivalent to 9.33 million barrels per month or 311,000 barrels per day. The import volumes for France and Spain have been reduced by 50% on the basis that around half of the Russian crude oil exports to these countries are refined in Northwest Europe with the remaining 50% being refined in another region.

Brent Crude Oil (BFOE)

The North Sea market is comprised of the oil fields in the UK and Norwegian North oil sectors. There is a series of smaller oil fields which connect into larger streams. The most important streams in the North Sea are Brent, Forties, Oseberg and Ekofisk and each stream has a principle operator that is responsible for the day to the day control of the operations including the scheduling of the cargoes based on the production from each of the smaller producing fields. The Brent, Forties, Oseberg and Ekofisk fields are known as BFOE and they underpin the Brent complex and are the key grades of oil that make up the trading of Dated Brent – the international crude oil physical benchmark price. The four BFOE fields lie in

⁹ US Energy Information Administration Country Brief – Russia
<http://www.eia.gov/countries/cab.cfm?fips=RS>

¹⁰ US Energy Information Administration – March 12 2014 – Country Analysis Brief on Russia
<http://www.eia.gov/countries/cab.cfm?fips=RS>

the North Sea. Brent and Forties are in the UK sector, whilst Ekofisk and Oseberg are in the Norwegian sector.

The core of the Brent market is the cash market. The Brent forward market consists of the trading of cargoes of any of the Brent, Forties, Oseberg and Ekofisk streams for delivery beyond month ahead, with no specific dates assigned for loading. The cargoes are 600,000 barrels and, in the forward market, the precise loading dates are not provided, only the delivery month i.e. December BFOE Cargo. However the commercial contracts, which are standardized, underlying the forward market to specify the minimum timing the seller must provide the buyer to notify them as to the specific cargo loading date – currently 10 days to month ahead. After the seller of a BFOE forward cargo notifies the buyer as to the loading date and which stream is being loaded, the contract is now considered to have moved from the forward market to the Dated Brent market, historically this moment is referred to as the cargo going “wet” i.e. it has loading dates attached to it and can therefore be sold as a Dated Brent cargo.

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 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 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.

Production of BFOE has been declining over the past few years due to the cost of drilling and the returns on investment compared to other regions in the world. 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 forward market”). Quality adjustments ensure that all four grades can be delivered to a buyer under the standardized forward contract. Platts made an adjustment to the forward market mechanism with effect from the March 2015 contract month with the nomination period being extended from 10 to 25 days to 10 days to month ahead. Both ICE and NYMEX adjusted the expiry calendar (with effect from the March 2016 contract month) of the Futures to align more closely with the forward market. An earlier transition (for the futures) would have had a significant impact on the open interest holders hence the change was delayed due to this impact.

The process of moving from a forward to the physical market where a forward Brent cargo becomes a physical North Sea Dated Brent cargo happens as follows:

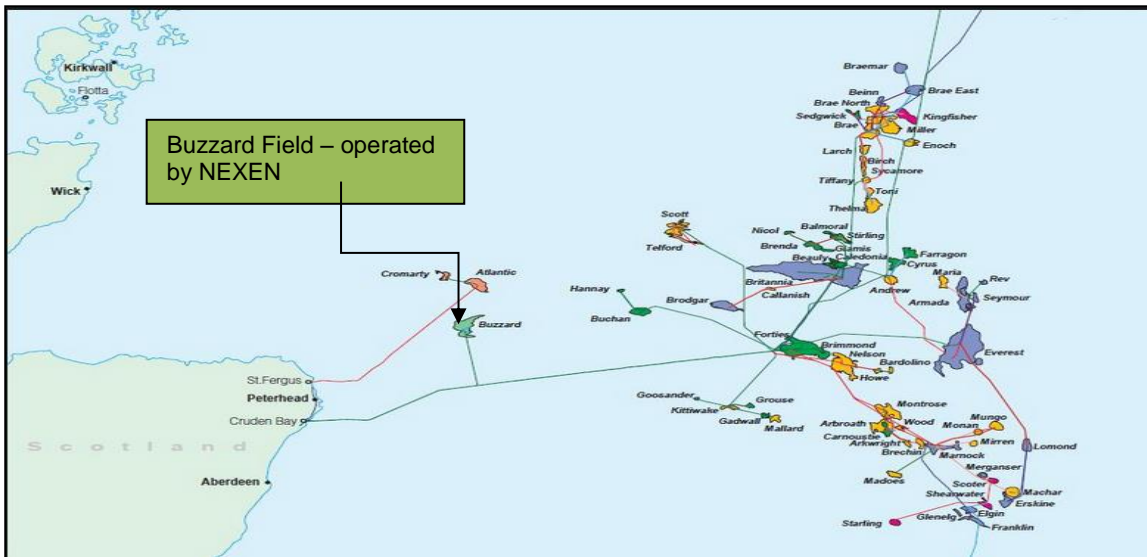
1. Refiners, producers and traders enter into a forward agreement for a particular month.
2. The Operator of each field being Shell for Brent; BP for Forties; ConocoPhillips for Oseberg and Statoil for Ekofisk will announce the loading programs for each contract month a few days prior to the beginning of the month (one month prior) to each loading month (i.e. cargoes in the delivery month start to load). For example, for a June 2016 contract month, the field operators will announce the loading schedules a few days prior to the beginning of April 2016. The equity producers will begin the chain of nominating cargoes to buyers (or they can decide to keep the cargo). A buyer benefiting from a nomination can keep the cargo or pass it to another player with whom it has another forward contract. Buyers trade the cash BFOE on the basis that they will accept any cargo as nominated provided that it is done so within the agreed notice period (10 days to month ahead) by 4pm London time. Any cargo not nominated by this time will remain with

the participant last notified. After 4pm London time, the cargo becomes wet physical with precise loading dates attached.

3. Cargoes that are wet physical will be sold as a Dated Brent cargo with cargo loading dates between 10 days and month ahead (forward).

Chart 1 shows the makeup of the fields in the Forties pipeline system (FPS) which is operated by BP. There are over 50 offshore fields that flow through within the FPS. The delivery point for Forties crude oil is Hound Point, which is on the East coast of Scotland a short distance from the UK oil capital Aberdeen. Forties is a blended crude oil from all of the fields that feed into it.

Chart 1: Example of the Forties Pipeline system



The blend changed at the beginning of 2007 when crude oil from the Buzzard field began to flow into it. Crucially Buzzard is now the largest field within the FPS. Buzzard crude oil is a medium gravity, sour crude oil with an API of 32.6 and a sulphur content of 1.44% therefore the yield is very similar to that of Urals crude oil (from Russia). The FPS produces a forward forecast of the anticipated percentage of Buzzard crude in Forties Blend. The overall quality of Forties crude oil varies depending on the percentage of Buzzard as a proportion of the overall blend.

Table 1: Percentage of Crude from Buzzard Field Estimates¹¹ (updated April 2016)

Month	Buzzard % in Forties blend	Forties Blend production (kbd)
May 2016	34.8%	524.4
June 2016	39.2%	474
July 2016	36.6%	500.6
August 2016	39.6%	469.5

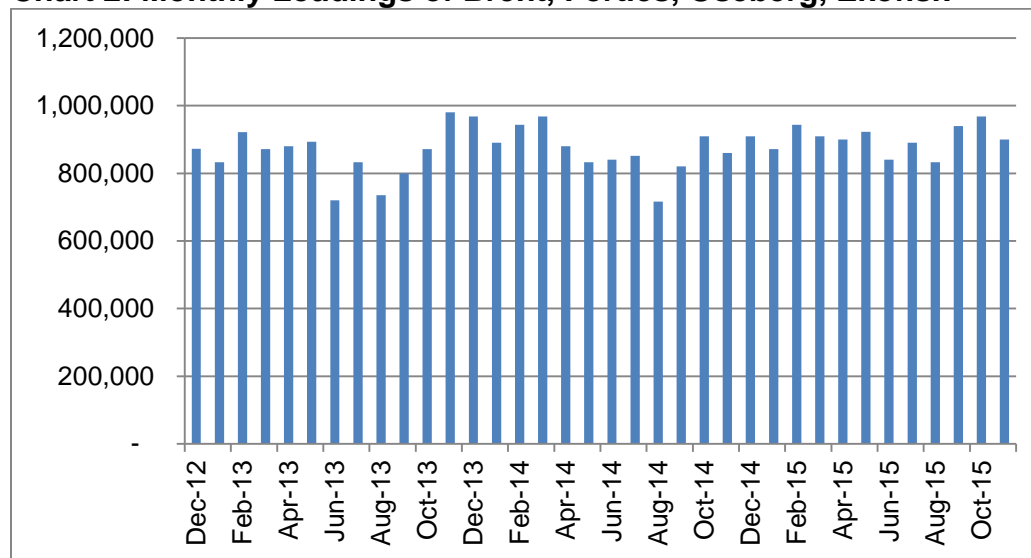
The start up of the Buzzard field feeding into the Forties pipeline system (refer to chart 1) has resulted in Forties being almost always the cheapest of the four grades to deliver as a dated Brent cargo due to the higher sulphur content of Buzzard compared to Forties and the fact that Buzzard comprises of between 35% and 40% of the total volume of the Forties blend.

¹¹ Forties Pipeline System – Forties Blend Assay http://www.bp.com/en/global/forties-pipeline/about_fps/forties_blend_quality.html

Bloomberg LP (“Bloomberg”) provides details of the BFOE loading programs for the four grades that comprise the Brent market. Based on the most recent 3-year average of the Bloomberg data on BFOE loadings (from December 2012 to November 2015), the total loadings of Brent (BFOE) crude oil was approximately 875,387 barrels per day, which is equivalent to approximately 26.26 million barrels per month (see table 2).

The Bloomberg data, in **Appendix 4**, shows the volume of crude oil for Brent, Forties, Oseberg and Ekofisk (collectively known as BFOE). Whilst the volumes appear to have stabilized through the end of 2015, there are questions about the future output of these grades in the future due to the low oil price and high cost environment for operators in the North Sea.

Chart 2: Monthly Loadings of Brent, Forties, Oseberg, Ekofisk



The Brent market is priced in USD and cents per barrel. There are two significant Futures contracts based on trading activity in the forward BFOE market; NYMEX and ICE Futures Europe offer trading of Brent Futures on their respective Exchanges. The cash market is traded in partials of 100,000 barrels or larger full size cargo transactions of 600,000 barrels. Physical convergence can occur through the partials market mechanism upon the trading of six parcels with the same counterparty in a single delivery month. If physical convergence does not occur then trades are booked out at the prevailing cash value on the last day of trading day of the cash market for the specific delivery month (i.e. this is currently 25 days prior to the 1st loading date of the delivery month). Full sized physical cargo BFOE trades will be used by ICE in the establishment of the Brent Index which is the mechanism by which the futures open on expiry are cash settled¹².

The Dated Brent or Dated BFOE, as it is sometimes referred, reflects the value of the cheapest of Brent, Forties, Oseberg and Ekofisk, of 600,000 barrels, loading 10 days to Month Ahead (prior to March 2015, the loading period reflected 10-25 days ahead). Dated Brent is estimated to price around 50% of the global crude oil supply¹³. Within the North Sea and beyond, grades are traded as a differential to Dated Brent or as a differential to cash Brent (BFOE). Each of the crude oil grades within BFOE are not the same quality, several adjustments have been made. In 2007 Platts included a sulphur de-escalator for Forties crude oil within its Dated Brent and Brent related instruments. The change was made in response to inclusion of sour crude Buzzard into the Forties pipeline system (see chart 1). The de-escalator of price is applied to deliveries above a minimum sulphur level of 0.6%. Every month, Platts establishes a USD and cents value de-escalator for every 0.1% of sulphur above the maximum level 0.6% (for Forties crude oil). The value of de-escalator is established by reviewing evidence of significant and sustained changes

¹² https://www.theice.com/publicdocs/futures/ICE_Futures_Europe_Brent_Index.pdf

¹³ <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2012/03/Brent-Prices-Impact-of-PRA-methodology-on-price-formation.pdf>

in the crude market, as affected by refined products (crack spread values of both heavy fuel oils and light ends) and other relevant factors that affect the economics of Forties crude.

Analysis of Deliverable Supply

Commission guidance provides that deliverable supply is “the quantity of the commodity meeting a derivative contract’s delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract’s delivery points during the specified delivery period, barring abnormal movement in interstate commerce.”¹⁴

The basis of the analysis in the **Urals Northwest Europe** market is based on crude oil imports into Belgium, France, Germany and the Netherlands from Russia. The volumes for France have been reduced by 50% to provide an estimated figure for imports directly into Northwest Europe. The remaining 50% of the volume for France is deemed to be classified as Mediterranean imports. Based on the most recent 3 years of Eurostat data for Northwest Europe imports, Russian exports into Northwest Europe were **5.05 million metric tons per month or 36.5 million barrels per month** based on a conversion factor of 7.23 barrels per metric ton. This is represented as 36,500 contract equivalents (contract size: 1,000 bbls).

The basis of the analysis in the **Urals Mediterranean** market is based on crude oil imports into Spain, France and Italy from Russia. The volumes for Spain and France have been reduced by 50% to provide an estimated figure for imports directly into the centred classified as the Mediterranean markets. The remaining 50% of the volume for France is deemed to be classified as Northwest European imports. Based on the most recent 3 years of Eurostat data for Mediterranean imports, Russian exports into the Mediterranean were **1.29 million metric tons per month or 9.32 million barrels per month**. This is also represented as 9,320 contract equivalents (contract size: 1,000 bbls).

The basis of the analysis for CPC is production less refinery demand. A further adjustment has been made for European exports. Based on our analysis we have applied a haircut of 127,500 b/d for refinery demand and from the total export figure of Kazakh exports we have made an adjustment to reflect the fact that only 76% of Kazakh exports are sold into Europe. The European export figure is therefore about 1.16 million barrels per day for the period 2012 to 2014. The Exchange has included both CPC Blend and Tengiz in its deliverable supply volume due to the extremely close makeup of both crudes in terms of quality. The 165,000 b/d Pavlodar refinery¹⁵ solely processes West Siberian crude oil and therefore has been excluded this analysis. . Once European sales have been finalised, the remainder of the exports are sold into the US or Asia, according to the EIA. Based on these variables, we have calculated that the deliverable supply of CPC crude oil is around **1.16 million barrels per day or 34.8 million barrels per month** which equates to 34,800 monthly Futures lots equivalent (contract size: 1,000 bbls).

The basis of the analysis in the Brent market is BFOE loadings in the North Sea. The Exchange determined that the volume of loaded barrels of BFOE crude oil from Brent, Forties, Oseberg and Ekofisk best meets the definition of supply readily available for delivery. In addition, the Exchange has reduced the deliverable supply of Forties to account for the long term commitment for crude oil purchases by the Grangemouth refinery. The Grangemouth oil refinery is located close to the delivery point of the Forties pipeline and volumes from the outer fields are connected directly via a series of pipelines to the refinery¹⁶. Based on the most recent 3-year average of the Bloomberg data on BFOE loadings (December 2012 to November 2015), total loadings of Brent (BFOE) crude oil was approximately 875,387 barrels per day, which is equivalent to approximately 26.26 million barrels per month, or 26,260 contract equivalents (contract size: 1,000 barrels). Further, to account for the crude oil purchases by the Grangemouth refinery, the deliverable supply (using the three-year average BFOE figures) would be reduced by 3

¹⁴ 17 CFR 38 (Appendix C)

¹⁵ Pavlodar Oil Chemistry Refinery LLP - <http://www.pnhz.kz/en/?id=1>

¹⁶ http://www.bp.com/en/global/forties-pipeline/about_fps/Technical/technical_information.html - BP Forties Pipeline system

million barrels¹⁷ per month¹⁸. Therefore, the total deliverable supply of BFOE is approximately **23.26 million barrels per month** which is equivalent to 23,260 contracts.

Positions in the **Urals North (S&P Global Platts) vs. Dated Brent (S&P Global Platts) CFD Futures** will aggregate into two legs: Dated Brent (Platts) Financial Futures (commodity code: UB) and the Urals NWE (S&P Global Platts) Futures (commodity code: UNS). The Exchange proposes a revised spot month position limit of the Dated Brent (Platts) Financial Futures of 4,000 contracts and the Exchange proposes a spot month of 4,000 contracts for the Urals NWE (S&P Global Platts) market. Based on the Brent deliverable supply of 23.26 million or 23,260 contract equivalents a revised spot month position limit of 4,000 contracts equates to 17.1%. For the Urals NWE, the deliverable supply volume is 5.05 million metric tons per month or 36.5 million barrels or 36,500 contract equivalents (based on a conversion factor of 7.23 barrels per metric ton) therefore a position limit of 4,000 contracts equates to 10.96% of the deliverable supply.

Positions in the **Urals Mediterranean (S&P Global Platts) vs. Dated Brent (S&P Global Platts) CFD Futures** will aggregate into two legs: Dated Brent (Platts) Financial Futures (commodity code: UB) and the Urals Mediterranean (S&P Global Platts) Futures (commodity code: UMD). The Exchange proposes a revised spot month position limit of the Dated Brent (Platts) Financial Futures of 4,000 contracts and the Exchange proposes a spot month of 1,500 contracts for the Urals Mediterranean (S&P Global Platts). Based on the Brent deliverable supply of 23.26 million or 23,260 contract equivalents a revised spot month position limit of 4,000 contracts equates to 17.1%. For the Urals Mediterranean, the deliverable supply volume is 1.29 million metric tons per month or 9.32 million barrels or 9,320 contract equivalents therefore a position limit of 1,500 contracts equates to 16.09% of the deliverable supply.

Positions in the **CPC Blend CIF Mediterranean (S&P Global Platts) vs Dated Brent (S&P Global Platts) Futures** will aggregate into two legs: the Dated Brent (Platts) Financial Futures (commodity code: UB) and the CPC Blend CIF Med Cargoes (S&P Global Platts) Futures (commodity code: CPD). The Exchange proposes a revised spot month position limit of the Dated Brent (Platts) Financial Futures of 4,000 contracts and the Exchange proposes a spot month of 4,000 contracts for the CPC Blend (S&P Global Platts) market. Based on the Brent deliverable supply of 23.26 million or 23,260 contract equivalents a revised spot month position limit of 4,000 contracts equates to 17.1%. For the CPC Blend, the deliverable supply volume is 1.16 million barrels per day or 34.8 million barrels per month which equates to 34,800 contract equivalents. Therefore a proposed position limit of 4,000 contracts would equate to 11.49% of the monthly deliverable supply.

Appendix 2: Russian Crude oil exports into Northwest Europe (000 tons/month)

Source: Eurostat

Russian Crude Imports into Northwest Europe					
	Belgium	Germany	France	Netherlands	
Jan-13	1,329	2,822	369	1,118	
Feb-13	1,038	2,131	299	1,559	
Mar-13	1,661	2,463	746	1,341	
Apr-13	1,633	2,387	821	1,834	
May-13	1,230	2,708	573	1,834	
Jun-13	810	2,426	562	1,046	
Jul-13	860	2,718	399	1,046	
Aug-13	796	2,682	569	1,577	
Sep-13	944	2,674	673	1,160	

¹⁷ UKPia – Petroineos Grangemouth Refinery capacity
http://www.ukpia.com/industry_information/refining-and-uk-refineries/Petroineos-grangemouth-refinery.aspx

¹⁸ Market suggests 50% of the processing capacity for Grangemouth is Forties therefore we have reduced the deliverable supply of Forties by 3-million barrels per month (the full capacity of the refinery is 6 million barrels per month).

Oct-13	698	2,953	499	1,160	
Nov-13	700	2,722	602	1,085	
Dec-13	742	2,793	202	1,082	
Jan-14	677	2,686	500	1,000	
Feb-14	789	2,500	409	1,222	
Mar-14	1,193	2,882	709	1,222	
Apr-14	1,179	2,808	498	1,141	
May-14	1,276	2,089	300	979	
Jun-14	936	1,631	604	979	
Jul-14	1,121	2,302	350	979	
Aug-14	1,165	2,776	295	979	
Sep-14	918	2,543	279	995	
Oct-14	1,028	2,589	499	904	
Nov-14	929	2,598	405	904	
Dec-14	442	2,620	199	933	
Jan-15	879	2,399	569	933	
Feb-15	771	2,387	397	1,302	
Mar-15	849	2,766	299	1,302	
Apr-15	806	2,786	479	1,456	
May-15	830	3,112	536	1,340	
Jun-15	869	2,485	298	1,660	
Jul-15	780	2,552	350	1,320	
Aug-15	1,030	2,587	100	1,660	
Sep-15	736	2,742	274	1,660	
Oct-15	744	2,904	300	1,660	
Nov-15	800	2,615	451	1,342	
Dec-15	957	3,241	446	1,342	
Average Monthly volume	948	2,613	220	1,252	5,034

*The volume for France has been reduced by 50% to reflect the fact that about half of the volumes are imported into Northwest Europe with the remainder into the Mediterranean.

Appendix 3: Russian Crude oil exports into the Mediterranean (000' tons per month)

Source: Eurostat

	Spain	France	Italy	
Jan-13	1,138	369	926	
Feb-13	535	299	814	
Mar-13	580	746	782	
Apr-13	953	821	722	
May-13	780	573	761	
Jun-13	515	562	906	
Jul-13	388	399	1,436	
Aug-13	300	569	826	
Sep-13	569	673	549	
Oct-13	1,173	499	1,002	

Nov-13	559	602	696	
Dec-13	637	202	972	
Jan-14	707	500	919	
Feb-14	888	409	476	
Mar-14	1,029	709	632	
Apr-14	773	498	495	
May-14	808	300	935	
Jun-14	567	604	611	
Jul-14	673	350	654	
Aug-14	551	295	853	
Sep-14	284	279	872	
Oct-14	285	499	1,021	
Nov-14	320	405	841	
Dec-14	189	199	366	
Jan-15	456	569	691	
Feb-15	618	397	542	
Mar-15	754	299	660	
Apr-15	521	479	881	
May-15	611	536	924	
Jun-15	386	298	642	
Jul-15	672	350	799	
Aug-15	1,410	100	658	
Sep-15	734	274	558	
Oct-15	659	300	456	
Nov-15	576	451	598	
Dec-15	536	446	638	
Average Monthly volume	321	220	753	1,295

*The volume for France and Spain has been reduced by 50% to reflect the fact that about half of the volumes are imported into the Mediterranean with the remainder into the North.

Appendix 4:

This data shows the total volume of BFOE crudes loaded by delivery month, This data is as assessed by Bloomberg. Each field operator for Brent, Forties, Oseberg and Ekofisk releases the amount of crude oil that is scheduled to be loaded by delivery month on a monthly basis prior to the start of trading for the barrels in each month.

(Barrels per Day)

Year	Month	BFOE Production	3 year average
2012	Dec-12	872,581	
2013	Jan-13	832,258	
	Feb-13	921,429	
	Mar-13	870,968	
	Apr-13	880,000	
	May-13	893,548	
	Jun-13	720,000	
	Jul-13	832,258	
	Aug-13	735,484	
	Sep-13	800,000	
	Oct-13	870,968	
	Nov-13	980,000	
	Dec-13	967,742	
2014	Jan-14	890,323	
	Feb-14	942,857	
	Mar-14	967,742	
	Apr-14	880,000	
	May-14	832,258	
	Jun-14	840,000	
	Jul-14	851,613	
	Aug-14	716,129	
	Sep-14	820,000	
	Oct-14	909,677	
	Nov-14	860,000	
	Dec-14	909,677	
2015	Jan-15	870,968	
	Feb-15	942,857	
	Mar-15	909,677	
	Apr-15	900,000	
	May-15	922,581	
	Jun-15	840,000	
	Jul-15	890,323	
	Aug-15	832,258	
	Sep-15	940,000	
	Oct-15	967,742	

	Nov-15	900,000	875,387
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Appendix 5:

The Exchange proposes to amend the spot month limit of the Dated Brent (Platts) Financial Futures contract (“the Parent contract”). The underlying contracts “child contracts” referred to in the table below will be impacted as a result of this change. Please note that the Exchange will not amend the single month or all month accountability levels for this contract or any of the associated child contracts. All of the existing aggregations will remain unchanged.

Parent contract

Dated Brent (Platts) Financial Futures (commodity code UB)	1,000 4,000
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Child contracts

Brent CFD: Dated Brent (Platts) vs. Brent Third Month (Platts) Daily Futures (commodity code 59)	1,000 4,000 /1,000 4,000 4,000
Dated Brent (Platts) to Frontline Brent Futures (commodity code FY)	1,000 4,000 /4,000
Brent CFD: Dated Brent (Platts) vs. Brent Second Month (Platts) Daily Futures (commodity code 6W)	1,000 4,000 /1,000 4,000 4,000
Dated Brent (Platts) Daily Futures (commodity code 7G)	1,000 4,000
Dated Brent (Platts) to Frontline Brent BALMO Futures (commodity code FE)	1,000 4,000 /4,000
Mini Dated Brent (Platts) Financial Futures (commodity code MDB)	1,000 4,000
Dated Brent (Platts) Average Price Option (commodity code DBP)	1,000 4,000
Dated Brent (Platts) BALMO Futures (commodity code DBB)	1,000 4,000