SUBMISSION COVER SHEET

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

Registered Entity Identifier Code (optional): 23-061 (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): 02/23/23 Filing Description: Initial Listing of the Freight Route Middle East to UK Continent (TC20) (Baltic) Futures and the Freight Route Middle East to UK Continent (TC20) (Baltic) BALMO 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.

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

February 23, 2023

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. Initial Listing of the Freight Route Middle East to UK Continent (TC20) (Baltic) Futures and the Freight Route Middle East to UK Continent (TC20) (Baltic) BALMO Futures Contracts.
NYMEX Submission No. 23-061 (2 of 2)

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is certifying to the Commodity Futures Trading Commission ("CFTC" or "Commission") the initial listing of the Freight Route Middle East to UK Continent (TC20) (Baltic) Futures and the Freight Route Middle East to UK Continent (TC20) (Baltic) BALMO Futures contracts (the "Contracts") for trading on the CME Globex electronic trading platform and for submission for clearing via CME ClearPort effective Sunday, March 12, 2023, for trade date Monday, March 13, 2023.

Contract Title	Freight Route Middle East to UK Continent (TC20) (Baltic) Futures	Freight Route Middle East to UK Continent (TC20) (Baltic) BALMO Futures
Rulebook Chapter	707	708
Commodity Code	TF2	TFB
Listing Schedule	Monthly contracts listed for the current year and the next 5 calendar years. Add monthly contracts for a new calendar year following the termination of trading in the December contract of the current year.	Monthly contracts listed for the current month plus an additional 2 consecutive months.
First Listed Contract Month	April 2023	
Contract Size	1,000 metric tons	
Settlement Method	Financial	
Minimum Price Fluctuation	$0.0001 per metric ton	
Value per tick	$0.10	
CME Globex Match Algorithm	First-In, First-Out (FIFO)	
Block Trade Minimum Threshold	5 contracts – subject to a 15-minute reporting window	
Termination of Trading	For contract months January to November inclusive: the last business day of the calendar month.	

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	For December contract months: the 24th calendar day of the month, or if this is not a business day, the first preceding business day.
Trading and Clearing Hours	**CME Globex Pre-Open**: Sunday 4:00 p.m. - 5:00 p.m. Central Time/CT Monday - Thursday 4:45 p.m. - 5:00 p.m. CT **CME Globex**: Sunday - Friday 5:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT **CME ClearPort**: Sunday - Friday 5:00 p.m. - 4:00 p.m. CT with no reporting Monday - Thursday from 4:00 p.m. - 5:00 p.m. CT

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the new futures contract into the Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook in relation to the listing of the 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 Exhibit B, attached under separate cover.

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 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 Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, activity in these products 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 are financially settled against an index based on market assessments published by The Baltic Exchange 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.

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- **Execution of Transactions**: The Contracts will be listed for trading on the CME Globex electronic trading and for clearing through the CME ClearPort. The CME Globex 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 product 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 nonmember is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), the Exchange hereby certifies that listing the Contracts comply 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 e-mail 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 D: Exchange Fees
Exhibit E: Cash Market Overview and Analysis of Deliverable Supply

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EXHIBIT A

NYMEX Rulebook

Chapter 707
Freight Route Middle East to UK Continent (TC20) (Baltic) Futures

707100. 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.

707101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the rates for each business day that the TC20 Tanker Route (for 90,000 metric tons for Middle East to UK Continent) is published by The Baltic Exchange during the contract settlement period, converted to a US dollar per metric ton valuation by dividing the published $ lumpsum rate by the size of the ship (i.e. 90,000 metric tons, or such amended size as stipulated by The Baltic Exchange).

707102. 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.

707102.A. Trading Schedule

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

707102.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.

707102.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.

707102.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.

707102.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.

707102.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.

707103. 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.

707104. DISCLAIMER

See NYMEX/COMEX Chapter iv. (“DISCLAIMERS”) incorporated herein by reference.

Chapter 708
Freight Route Middle East to UK Continent (TC20) (Baltic) BALMO Futures

708100. 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.

708101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the balance of month arithmetic average of the rates for each business day that the TC20 Tanker Route (for 90,000 metric tons for Middle East to UK Continent) is published by The Baltic Exchange during the contract settlement period starting from the selected start date through the end of the settlement period. The price will be converted to a US dollar per metric ton valuation by dividing the published $ lumpsum rate by the size of the ship (i.e. 90,000 metric tons, or such amended size as stipulated by The Baltic Exchange).

708102. 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.

708102.A. Trading Schedule

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

708102.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.

708102.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.

708102.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.

708102.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.

708102.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.

708103. 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.

708104. 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)

Outright				
Instrument Name	**Globex Symbol**	**Globex Non-Reviewable Ranges (NRR)**	**NRR: Globex Format**	**NRR: Ticks**
Freight Route Middle East to UK Continent (TC20) (Baltic) Futures	TF2	$0.20 per metric ton	2000	2000
Freight Route Middle East to UK Continent (TC20) (Baltic) BALMO Futures	TFB	$0.20 per metric ton	2000	2000

EXHIBIT D

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	**Member**	**Non-Member**	
Cash Settlement	$0.50	$0.50	
Facilitation Fee	$0.60		
Give-Up Surcharge	$0.05		
Position Adjustment/Position Transfer	$0.10		

EXHIBIT E

Cash Market Overview and Analysis of Deliverable Supply

NYMEX will list two (2) freight futures contracts covering the route from the Middle East to UK Continent as noted in the table below.

Contract Title	Freight Route Middle East to UK Continent (TC20) (Baltic) Futures	Freight Route Middle East to UK Continent (TC20) (Baltic) BALMO Futures
Rulebook Chapter	707	708
Commodity Code	TF2	TFB

Data Sources:

The Exchange based its analysis of deliverable supply on data provided by the Review of Maritime Transport[1] and BP's Statistical Review of World Energy reports.

The Review of Maritime Transport data are compiled by UNCTAD, a permanent inter-governmental body established by the United Nations General Assembly in 1964. The Review of Maritime Transport is one of UNCTAD's flagship publications, published since 1968. The Review provides analyses of structural and cyclical changes affecting seaborne trade, ports and shipping, as well as an extensive collection of statistical information. Its data is published in its Review of Maritime Transport annually; and is a reliable source for those looking to get the most complete and accurate data on the shipping transportation. We have referred to UNCTAD data in our analyses of global seaborne trade of crude oil and refined products.

[1] United Nations Conference on Trade and Development (UNCTAD) Review of Maritime Transport 2019 https://unctad.org/system/files/official-document/rmt2021_en_0.pdf

British Petroleum (BP) is a global energy business operating in more than 70 countries worldwide. It finds and produces oil and gas on land and offshore and moves energy around the globe. The **BP Statistical Review of World Energy** provides high-quality objective and globally consistent data on world energy markets. The review is published annually using robust global data; and provides an objective overview of what happened to energy markets. We have referred to the BP data to supplement the UNCTAD data in our analyses of global seaborne trade of crude oil and refined products, and the BP data provides further granularity to enable the volumes transported along the specific freight routes to be estimated.

The final settlement prices for the proposed new contract is based on freight route assessment by The Baltic Exchange ("Baltic") for TC20 (a refined products route from Middle East to UK Continent – 90,000 metric tons). NYMEX has a license agreement in place with the Baltic to use its index assessment in the Freight Futures contracts for TC20.

Baltic appoints "panel reporting companies", whose core obligations are to assess and report a professional judgment of the prevailing open market level for routes defined by Baltic. To become a panel reporting company, the firm has to meet a set of criteria established by Baltic. One key criterion is that the firm's main business is shipbroking. Principals are excluded, as are brokers who are exclusive representatives of charterers who are particularly influential in relevant trades. Baltic uses reporting panels because there is no independently verifiable 'right' or 'wrong' rate. Whilst care is taken to ensure the daily route assessments provide a fair valuation of the current market, levels at any particular time are ultimately a matter of judgment.

Freight Market Overview

According to the 2022 UNCTAD Report (Review of Maritime Transport),[2] global tanker trade increased by around 1.2% to reach 3 billion tons in 2021, partly reversing the declines the prior year. Other tanker trade including refined products and gas increased 4.1%, reflecting a 5.6% growth in gas trade but overall crude oil traffic volumes declined by 1%. Shipments of crude oil partly reflected the cuts in production by OPEC+ members as well as many destination markets holding high levels of inventory. Trade in products like diesel remained robust, in part due to the ongoing war in the Ukraine and the curtailment in Russian exports to markets like Europe.

In the longer term, tanker demand will be affected by the current global energy transition, which implies a change in the energy mix. Elsewhere, as more refineries in some advanced economies close, changes to oil trade patterns are likely to intensify (Danish Shipping Finance, 2021). A reduction in the United States exports due to the low oil price environment may reduce long-haul trades. Suezmaxes may regain some business due to the potential expansion of Western Asian crude oil production destined for India and South East Asia (Danish Shipping Finance, 2020). Oil product trade flows could become more regionalised, lowering seaborne volumes and travel distances (Danish Shipping Finance, 2020). Ongoing repositioning of refinery capacity closer to demand is likely to alter trade patterns, which could boost crude ton-miles but would more likely reduce product tanker ton-miles. The war in Ukraine has had a significant impact on the gas trade as Russia is a major exporter to key markets such as the European Union but further afield with the development of its LNG trade. In 2021, LNG shipments increased on the back of strong growth in Asia-Pacific where volume increased 7.6%. Within this overall figure, Chinese demand increased 16.8%. The short-term outlook for LNG remains positive given the low gas inventories in Europe and continued firm demand in Asia coupled with efforts to expand liquefaction capacity.[3] Total volumes in the tanker market for gas were 508 million tons in 2021, up from 481 million tons in 2020.

[2] UNCTAD 2022 report https://unctad.org/system/files/official-document/rmt2022_en.pdf

[3] https://unctad.org/system/files/official-document/rmt2022_en.pdf

Table 1.9	Tanker trade, 2019–2021 (million tons and percentage annual change)			
	2019	2020	2021	Percentage change 2020–2021
Crude oil	1 860	1 715	1 700	-0.9
Other tanker trade	1 303	1 203	1 252	4.1
of which				
Gas	479	481	508	5.6
Total tanker trade	**3 163**	**2 918**	**2 952**	**1.2**

The chartering of seaborne freight is a privately negotiated activity between the ship owner and the charterer, with each transaction having unique features. However, standards have been established for the marketplace by trade associations, most notably The Baltic Exchange[4] based in London.

The size of a vessel is measured by its deadweight tonnage ('DWT'), which is a measure of the weight in metric tonnes a vessel can safely carry, including cargo, fuel, water etc. Oil tankers are loosely categorized into a range of vessel sizes.

According to the UNCTAD a **Very Large Crude Carrier** is the term given to vessels with 200,000 deadweight tons (dwt) and above. These vessels typically carry crude oil on long sea-going voyages from regions like the USGC to Asia. **Suezmax** vessels are smaller in size than VLCCs, typically between 120,000 and 200,000 dwt, and are so named as they represent the largest tankers that can transit, the Suez Canal. **Aframax** vessels are typically between 80,000 and 119,999 dwt and **Panamax** tankers range from 60,000 to 79,999 dwt. In the smaller categories, **Medium Range tankers** are typically between 40,000 and 64,999 dwt and **short-range Handy tankers** are typically between 25,000 and 39,000 dwt.[5]

There are two main types of vessel charter arrangement. Voyage charters involve the charterer hiring the vessel to carry a cargo between two specified ports. The freight payment for a voyage charter is assessed in terms of dollars per ton of cargo carried.

Time charters involve the charterer hiring the vessel for defined time-period during which the charterer can direct the movement of the vessel, although typically the vessel will follow a route between two ports. The freight payment for a time charter is assessed in terms of dollars per day of charter. Tanker charters are typically voyage charter arrangements. In some markets, the pricing of freight is done on a total USD figure for carrying the full cargo size. In the case of the TC20 route, Baltic Exchange data shows that the value of the freight route from the Middle East to the UK Continent is around $3.5 million (January 20, 2023) but on

[4] The Baltic Exchange https://www.balticexchange.com/
[5] UNCTAD 2020 – Review of World shipping report https://unctad.org/system/files/official-document/rmt2020_en.pdf

a USD per metric ton basis this equates to around $38.9 per ton by simply dividing the total freight cost by the number of tons of cargo (90,000mt) for the vessel.

Baltic has defined load and discharge ports for the freight routes and made this public via an Exchange circular. The Baltic uses a panel of freight brokers who are active in the market to provide an assessment of each freight route.

Route TC20 – Assessment Based on the Routes – Middle East to UK Continent

The assessed cargo size is 90,000 metric tons with lay days cancelling 15-20 days in advance. The maximum vessel age is 15 years.

In the BP statistical review of world energy total intra area volume is reported covering the product trade between the Middle East and Europe. The data is not split down further and just categorizes the data as Europe for the products that are discharged into the region. The Exchange shall not implement any further adjustments to the deliverable supply data as the panelist brokers that are active on the Middle East to Europe route utilize trade information into the broader routes and the related cost of freight. Considering this information, the Exchange does not believe that any further adjustments are required.

Table 1: Annual volumes of Product trade from the Middle East to UK Continent
Unit: Million tons

	2021	**2020**	**2019**	**3-year average**
	Europe			
Iraq	1.4	0	0	0.47
Kuwait	2.3	1.7	1.8	1.93
Saudi Arabia	10.9	12.4	16.5	13.27
UAE	6.4	4.1	6.7	5.73
Other Middle East	6	5.9	8.1	6.67
Total	**27**	**24.1**	**33.1**	**28.07**

Source: BP Statistical Review of World Energy reports[6]

The average volume of products transported from the Middle East to Europe was 28.07 million tons per year over the period 2019 to 2021. This equates to 2.339 million tons per month or 2,339 monthly futures lots equivalent, based on a lot size of 1,000 metric tons.

[6] BP Statistical Review of World Energy 2022 report https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2022-full-report.pdf
BP Statistical Review of World Energy 2021 report https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-full-report.pdf
BP Statistical Review of World Energy 2020 report https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf

Analysis of Deliverable Supply

The Commission defines deliverable supply as 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. (See Appendix C to 17 CFR part 38).

For the TC20 freight route, the Exchange used data from the BP statistical review of world energy reports 2020 to 2022 (covering the reporting period 2019 to 2021). This data source was used as BP provides data on the volume of freight transported from the U.S to Central and South America on an annualized basis measured in metric tons. Based on the BP statistics, total trade was 28.07 million tons per year or 2.339 million tons per month or 2,339 futures lots equivalent.

In the BP statistical review of world energy, the total volume of refined products exports to Europe is shown from the Iraq, Kuwait, Saudi Arabia, UAE, and other Middle East. The Exchange is not proposing to make any further adjustments to the data as the panelist brokers that are active on these routes will use trade information into the broader Middle East and Europe markets (e.g., Mediterranean) to inform their view about the products being shipped to UK Continent and the cost of freight for doing so. Trades from the Middle East to Europe may also include shipments into the Mediterranean. Considering this information, the Exchange does not believe that any further adjustments are required.

In the freight markets, shipping fixtures are typically concluded "as and when" depending on regional requirements. Ships can be re-traded where market conditions change and for the oil itself, it can be transferred into storage or can be re-traded to other lifters. Therefore, the Exchange has not made any further adjustments to the deliverable supply to account for this.

For the contract **Freight Route TC20 (Baltic) Futures**, the Exchange has determined that on average the volume of products shipped from the Middle East to Europe was 28.07 million metric tons based on the three-year average data supplied in the BP Statistical Review of World Energy report for the period 2020-2022. This equates to a monthly deliverable supply of 2.339 million tons per month or 2,339 futures lots equivalent based on a futures lot contract size of 1,000 metric tons. The Exchange proposes a spot month position limit of 500 lots which equates to 21.37% of the monthly deliverable supply.