SUBMISSION COVER SHEET

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

Registered Entity Identifier Code (optional): 21-006 (2 of 3)

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): 02/26/21 Filing Description: Initial Listing of Three (3) LNG Freight (LNG Fuel) (Baltic) 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:

Rule Numbers:

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

February 26, 2021

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 40.2(a) Certification. Notification Regarding the Initial Listing of Three (3) LNG Freight (LNG Fuel) (Baltic) Futures Contracts.
NYMEX Submission No. 21-006 (2 of 3)

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 the initial listing of three (3) LNG freight route (LNG Fuel) (Baltic) futures contracts (the "Contracts") for trading on the CME Globex electronic trading platform ("CME Globex") and for submission for clearing via CME ClearPort, effective Sunday, March 21, 2021 for trade date Monday, March 22, 2021 as more specifically described below.

Contract Title	LNG Freight Route BLNG1g (LNG Fuel) (Baltic) Futures	LNG Freight Route BLNG2g (LNG Fuel) (Baltic) Futures	LNG Freight Route BLNG3g (LNG Fuel) (Baltic) Futures
Rulebook Chapter	702	703	704
CME Globex and CME ClearPort Code	BL1	BL2	BL3
Settlement Type	Financial		
Contract Size	1 day of time charter		
Pricing Quotation	U.S. dollars per day		
Minimum Price Fluctuation	$1.00 per day of time charter		
Value per tick	$1.00		
First Listed Contract Month	February 2021		
Termination of Trading	**For the January to November contract months inclusive:** Trading terminates on the last day of the settlement period on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday). **For the December contract months:** Trading terminates on the 24th calendar day of the month assuming this is a day on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday), or the first preceding day where the Index price is published.		

300 Vesey Street New York, NY 10282 T 212 299 2200 F 212 301 4645 christopher.bowen@cmegroup.com cmegroup.com

Listing Schedule	Monthly contracts listed the current year and the next 2 calendar years. Monthly contracts for a new calendar year will be added following the termination of trading in the November contract month of the current year.
Block Trade Minimum Threshold Level	5 contracts – subject to a 15-minute reporting window.
CME Globex Match Algorithm	First-In, First-Out (FIFO)

Trading and Clearing Hours

CME Globex	Sunday - Friday 6:00 p.m. - 5:00 p.m. Eastern Time/ET (5:00 p.m. - 4:00 p.m. Central Time/CT) with a 60-minute break each day beginning at 5:00 p.m. ET (4:00 p.m. CT)
CME Globex Pre-Open	Sunday 5:00 p.m. – 6.00 p.m. ET (4:00 p.m. – 5:00 p.m. CT) Monday – Friday 5.45 p.m. – 6:00 p.m. ET (4:45 p.m. to 5:00 p.m. CT).
CME ClearPort	Sunday - Friday 6:00 p.m. - 5:00 p.m. ET (5:00 p.m. - 4:00 p.m. CT) with a 60-minute break each day beginning at 5:00 p.m. ET (4:00 p.m. CT)

Exchange Fees

	Member	**Non-Member**	**International Incentive Programs (IIP/IVIP)**
CME Globex	$4.00	$5.00	$4.50
EFP	$4.00	$5.00	
Block	$4.00	$5.00	
EFR/EOO	$4.00	$5.00	
Processing Fees			
Cash Settlement	$1.00		
Facilitation Fee	$0.60		
Give-Up Surcharge	$0.05		
Position Adjustment/Position Transfer	$0.10		

Pursuant to NYMEX Submission No. 21-017 also dated today, the Exchange is notifying the Commission of an increase the spot month limits for three (3) existing LNG Freight BLNG (Baltic) Futures contracts and amend the aggregations for spot month position limit purposes which shall be effective concurrent with this submission. Position limits in the existing LNG freight futures (commodity codes BF1, BF2 and BF3) will be aggregated into proposed LNG Freight Route BLNGg (LNG Fuel) (Baltic) Futures.

Contract Tile	**Commodity Code**	**Aggregate into for position limits**	**Current Position Limits**	**Amended Position Limits**
LNG Freight Route BLNG1 (Baltic) Futures	BF1	BL1	450	500
LNG Freight Route BLNG2 (Baltic) Futures	BF2	BL2	40	90
LNG Freight Route BLNG3 (Baltic) Futures	BF3	BL3	75	75

The Exchange is also notifying the CFTC that it is self-certifying block trading on the Contracts with a minimum block threshold of 5 contracts which is commensurate with the Exchange's similar futures contracts.

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 NYMEX Rules, including prohibitions against fraudulent, noncompetitive, unfair and abusive practices as outlined in NYMEX Rule Chapter 4, the Exchange's trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the NYMEX Rulebook, and the dispute resolution and arbitration procedures of NYMEX Rule Chapter 6. As with all products listed for trading on one of CME Group's designated contract markets, 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 based on a cash price series that is reflective of the underlying cash market and is commonly relied on and used as reference price by cash market brokers and commercial market participants.
- **Prevention of Market Disruption:** Trading in the Contracts will be subject to the Rules of NYMEX, which include prohibitions on manipulation, price distortion, and disruption to the cash settlement process. As with any new products 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 contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information for the Contracts.
- **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 and for clearing through CME ClearPort. The CME Globex electronic trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.
- **Trade Information:** All requisite trade information for the Contracts will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Financial Integrity of Contract:** The Contracts will be cleared by the CME Clearing House, a derivatives clearing organization registered with the CFTC and subject to all CFTC regulations related thereto.
- **Protection of Market Participants:** NYMEX Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange's competitive trading venues.
- **Disciplinary Procedures:** Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in the Contracts will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in 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 nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

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

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: Exhibit A: NYMEX Rulebook Chapters
Exhibit B: Position Limits, Position Accountability and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (blackline format) (attached under separate cover)
Exhibit C: NYMEX Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table
Exhibit D: Cash Market Overview and Analysis of Deliverable Supply

Exhibit A
NYMEX Rulebook

Chapter 702
LNG Freight Route BLNG1g (LNG Fuel) (Baltic) Futures

702100. 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.

702101. CONTRACT SPECIFICATIONS

The floating price for each contract month is equal to arithmetic average of the USD per day rate for the BLNG1g freight route (i.e. Australia to Japan Round Voyage) for cargoes of 160,000 cubic metres or as subsequently amended, published by the Baltic Exchange for each day that is published during the Settlement Period. The Floating Price shall be rounded to the nearest $0.01.

702102. 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.

702102.A. Trading Schedule

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

702102.B. Trading Unit

The contract quantity shall be 1 day of time charter. Each contract shall be valued as the contract quantity (1) multiplied by the settlement price.

702102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per day of time charter. The minimum price fluctuation shall be $1 per day of time charter.

702102.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.

702102.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.

702102.F. Termination of Trading

For the January to November contract months inclusive: Trading terminates on the last day of the settlement period on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday).

For the December contract months: Trading terminates on the 24th calendar day of the month assuming this is a day on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday), or the first preceding day where the Index price is published.

702103. 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.

702104. DISCLAIMER

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

Chapter 703
LNG Freight Route BLNG2g (LNG Fuel) (Baltic) Futures

703100. 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.

703101. CONTRACT SPECIFICATIONS

The floating price for each contract month is equal to arithmetic average of the USD per day rate for the BLNG2g freight route (i.e. US Gulf to Continent Round Voyage) for cargoes of 160,000 cubic metres, or as subsequently amended, published by the Baltic Exchange for each day that is published during the Settlement Period. The Floating Price shall be rounded to the nearest $0.01.

703102. 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.

703102.A. Trading Schedule

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

703102.B. Trading Unit

The contract quantity shall be 1 day of time charter. Each contract shall be valued as the contract quantity (1) multiplied by the settlement price.

703102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per day of time charter. The minimum price fluctuation shall be $1 per day of time charter.

703102.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.

703102.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.

703102.F. Termination of Trading

For the January to November contract months inclusive: Trading terminates on the last day of the settlement period on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday).

For the December contract months: Trading terminates on the 24th calendar day of the month assuming this is a day on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday), or the first preceding day where the Index price is published.

703103. 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.

703104. DISCLAIMER

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

Chapter 704
LNG Freight Route BLNG3g (LNG Fuel) (Baltic) Futures

704100. 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.

704101. CONTRACT SPECIFICATIONS

The floating price for each contract month is equal to arithmetic average of the USD per day rate for the BLNG3g freight route (i.e. US Gulf to Japan Round Voyage) for cargoes of 160,000 cubic metres, or as subsequently amended, published by the Baltic Exchange for each day that is published during the Settlement Period. The Floating Price shall be rounded to the nearest $0.01.

704102. 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.

704102.A. Trading Schedule

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

704102.B. Trading Unit

The contract quantity shall be 1 day of time charter. Each contract shall be valued as the contract quantity (1) multiplied by the settlement price.

704102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per day of time charter. The minimum price fluctuation shall be $1 per day of time charter.

704102.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.

704102.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.

704102.F. Termination of Trading

For the January to November contract months inclusive: Trading terminates on the last day of the settlement period on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday).

For the December contract months: Trading terminates on the 24th calendar day of the month assuming this is a day on which the Index is published by the Baltic Exchange (usually a Tuesday or a Friday), or the first preceding day where the Index price is published.

704103. 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.

704104. 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
(attached under separate cover)

Exhibit C
NYMEX Rulebook
Chapter 5
("Trading Qualifications and Practices")
Rule 588.H. ("Globex Non-Reviewable Ranges") Table
(additions underscored)

Outright						Spreads	
Instrument Name	Globex Symbol	Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks		NRR: Globex Format	NRR: Minimum Outright Ticks
LNG Freight Route BLNG1g (LNG Fuel) (Baltic) Futures	BL1	$200 per Charter Day	200	200		Each leg evaluated as an outright	
LNG Freight Route BLNG2g (LNG Fuel) (Baltic) Futures	BL2	$200 per Charter Day	200	200		Each leg evaluated as an outright	
LNG Freight Route BLNG3g (LNG Fuel) (Baltic) Futures	BL3	$200 per Charter Day	200	200		Each leg evaluated as an outright	

Exhibit D
Cash Market Overview and Analysis of Deliverable Supply

Data Source
The Exchange based its analysis of deliverable supply on data provided by the following organisations.

The International Gas Union (IGU)[1] which was founded in 1931. It is a worldwide non-profit organisation registered in Vevey, Switzerland with the Secretariat currently located in Barcelona, Spain. The mission of IGU is to advocate gas as an integral part of a sustainable global energy system, and to promote the political, technical and economic progress of the gas industry. The more than 160 members of IGU are associations and corporations of the gas industry representing over 95% of the global gas market. The working organisation of IGU covers the complete value of gas chain from exploration and production, transmission via pipelines and liquefied natural gas (LNG) as well as distribution and combustion of gas at the point of use.

IGU encourages international trade in gas by supporting non-discriminatory policies and sound contracting principles and practices, promoting development of technologies which add to the environmental benefits of gas and further enhance safe production, transmission, distribution and utilisation of gas.

The **International Group of Liquefied Natural Gas Importers, or GIIGNL**, is a non-profit organization whose objective is the development of activities related to LNG markets. GIIGNL's membership is composed of companies active in LNG purchasing, importing, processing, transportation, handling, re-gasification around the world[2].

BP Statistical Review of World Energy[3] provides a comprehensive data set on the global energy markets including natural gas, LNG and oil. The annual report is released on an annual basis and is one of the most comprehensive collections and analysis of global energy data.

Market analysis – Liquefied Natural Gas

Liquefied natural gas ("LNG") is a growing part of the international supply and trade of energy. LNG is natural gas that is cooled and compressed into liquid form to make it more readily transportable. LNG is typically transported by sea in specially designed vessels. The International Group of Global Liquefied Natural Gas importers (GIIGNL) states that, a total of 42 countries import LNG and that 20 countries export it. Overall, Asia represents the largest share of LNG demand at around 70%, but the total level in 2019 fell 8% versus 2018. In 2019, the largest change in import volumes was in Europe where the UK, France, Spain, the Netherlands, Italy and Belgium imported an additional 32 million tons (MT) compared to the same period in 2018. In 2019, the global trade in LNG was 354.73 MT[4] which is a rise of 13% versus 2018. The share of spot and short-term deals is increasing because of the increase of US and Australian exports, increased contracting for portfolio trade and the growing volume handled by trading intermediaries. The main exports occur at the U.S. terminal at Sabine Pass with Australian LNG delivered from Gladstone in the Australian Eastern states.

Historically, the market for LNG was restrictive in the sense that long-term supply agreements did not allow for destination flexibility. Today, non-destination restricted term cargoes are re-traded multiple times and may be redirected. Overall, destination restrictions are being progressively shelved. In 2017, the Japan Fair Trade Commission stated that restrictions that stopped customers from reselling LNG cargoes violated the

[1] https://www.igu.org/sites/default/files/node-news_item-field_file/IGU%20Annual%20Report%202019_23%20loresfinal.pdf
[2] https://giignl.org/about-giignl/what-does-giignl-do
[3] BP Statistical review of world energy 2020 https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf

[4] https://www.igu.org/app/uploads-wp/2020/04/2020-World-LNG-Report.pdf

Japanese Antimonopoly act[5]. The Korean Fair-Trade Commission is currently also weighing whether to start a similar investigation. According to the International Energy Agency, the volume of destination free contracts has been growing since 2015 to reach around 40% of total LNG delivered in 2018. The volume of spot LNG trading transactions has expanded almost 60% since 2015 to above 100 bcm/year or 73 MT (conversion 1 bcm of natural gas = 0.73 MT of LNG) and this accounts for about 25% of the global LNG trade[6]. According to the International Gas Union, around 31% of the total gross LNG trade on a global basis in 2018 was traded on a spot or short-term trade basis. This represented 99 MT in 2018, up from 88.3 MT in 2017 (IGU data). In 2019, the volume of LNG traded on a spot or short-term basis was 119 MT or 34% of total trade according to the International Group of Liquefied Natural Gas Importers (GIGNL) 2020 report[7]. The percentage of spot and short-term trade has changed year on year and can be summarised in the table below.

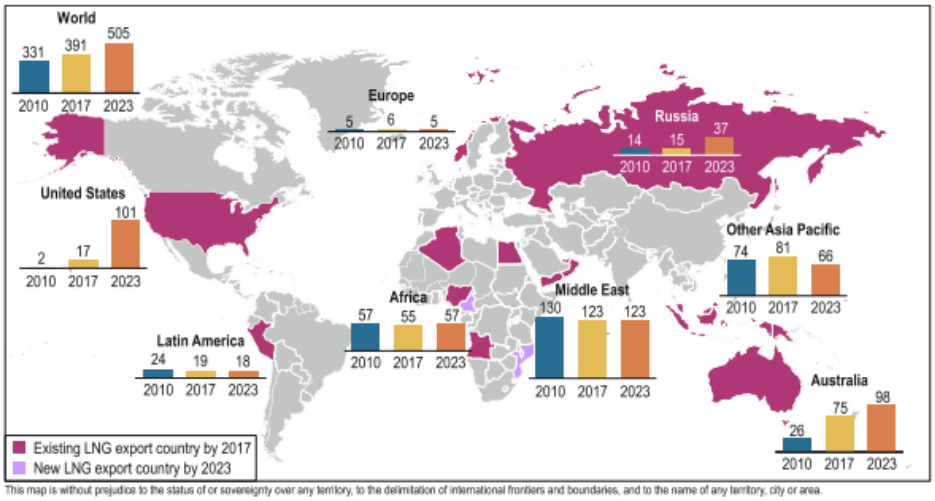
Table 1: Short term of spot traded LNG

Volume in MT	Volume of spot and short term	% of total LNG traded volume
2017	88.3	30%
2018	99	31%
2019	119	34%
3-year average 2017 to 2019	**102.1**	**32%**

Source: IGU and GIGNL

The chart below from the International Energy Agency (IEA)[8] shows the key flows for LNG and shows the planned expansions by 2023. The biggest exporting regions with the highest growth remain the United States, Australia, Russia and the Middle East.

Chart 1: LNG Export volumes (in bcm) 2010 - 2023



Source: IEA (2018), *Market Report Series: Gas 2018*, https://www.iea.org/gas2018/.

[5] http://www.meti.go.jp/english/press/2017/pdf/1019_001b.pdf

[6] IEA Global Gas Security Review 2019 https://www.iea.org/reports/global-gas-security-review-2019

[7] GIGNL Annual Report 2020 https://giignl.org/sites/default/files/PUBLIC_AREA/Publications/giignl_-_2020_annual_report_-_04082020.pdf

[8] IEA – LNG Trends and their implications https://webstore.iea.org/download/direct/2809?fileName=LNG_Market_Trends_and_Their_Implications.pdf

Source: International Energy Agency[9]

The shipping market is an important component of the global LNG trade and is expected to grow as new supply regions like the U.S. increase capacity for exports, coupled with rising demand for natural gas in Asia and Europe. According to the International Gas Union, the global shipping fleet consisted of 541 vessels at the end of 2019, an increase of 16 tankers versus the previous year. The volume of ships available in the spot market reflects the current supply situation. Ships can be diverted to or from the term market or vice versa from the spot market to meet demand. Therefore, the supply of vessels can be viewed as highly flexible, which is consistent with the way that the other freight markets are operating.

LNG carriers vary in size between 125,000 and 180,000 cubic metres. The more common size of ship tends to be towards the larger end at between 150,000 and 180,000 cubic metres, accounting for around 46% of the global fleet. The smaller vessels between 125,000 and 150,000 cubic metres represent 43% of the total fleet. These numbers are based on the UNCTAD data as at the end of 2018. However, trades on different sizes of ships are typically normalised to the assessed standard size of 160,000 cubic metres therefore no further adjustments to the deliverable supply to account for this have been made.

LNG Exports by country

Source: International Gas Union report 2020[10]

MT's	2017	2018	2019	3-year average 2017-2019
Australia	56.2	68.6	75.4	66.7
United States	13.1	21.1	33.8	22.67

The United States was the fourth largest exporter of LNG at 33.8 MT in 2019, accounting for 10% market share. U.S. exports are growing from Sabine Pass to Tokyo and to UK Continent (defined as the UK, Bilbao to Hamburg, plus southern Sweden and western Norway) and the growth of spot trade is certainly increasing compared to supplies from other countries such as the Middle East. According to the International Gas Union, Australian exports were 75.4 MT in 2019, accounting for 21% market share of total LNG exports.
According to the BP Statistical Review of World Energy, global LNG exports were 485 billion cubic metres (bcm)[11] or 356.6 MT of LNG in 2019 of which 334.1 bcm (245.6 MT of LNG) was exported to Asia-Pacific, which account for about 68.8% of the total. The largest exporters are Australia, Qatar, Indonesia and Malaysia. Total U.S LNG exports to all destinations accounted for about 9.8% of global LNG trade. Total U.S. exports of LNG in 2019 were 47.5 bcm or 34.9 MT. U.S. origin exports are expected to rise in the years ahead as it ramps up production and increases the volumes of exports to world markets.

The BP Statistical Review of World Energy 2019[12] and 2020 editions[13] has been used to provide the data in the table below. The BP data is expressed in bcm so a conversion has been done to show the data in MT of LNG. The conversion factor used was 1 bcm = 0.74 MT.

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[9] Page 14 – Figure 9 https://globallnghub.com/wp-content/uploads/2019/10/LNG_Market_Trends_and_Their_Implications.pdf

[10] IGU 2020 World LNG Report https://igu.org/app/uploads-wp/2020/04/2020-World-LNG-Report.pdf

[11] ***1 bcm of natural gas = 0.74 MT of LNG** (**bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2019-approximate-conversion-factors.pdf**)

[12] BP Statistical Review of World Energy 2019 report https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2019-full-report.pdf

[13] 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

Export flows from US and Trinidad to Northeast Asia (defined as Japan, South Korea and China) have been broadly flat year on year between 2018 and 2019. By contract export flows from the US and Trinidad have risen sharply to the Europe. The Exchange has made no further adjustments for European destinations for northwest Europe as cargoes that are destined for Europe can be diverted and re-directed to any destination within Europe. This also reflects the way that the index handles non-Northwest European deliveries of LNG as there is a normalization process to re-base cargoes in value terms to the UK Isle of Grain. Exports from Australia to Northeast Asia (Japan, South Korea and China)

Total Exports of LNG to destinations – MT of LNG*

Route	2018	2019	2018-2019 average
U.S and Trinidad to North East Asia	10.29	10.14	10.22
U.S. and Trinidad to UK Continent	5.62	18.06	11.84
Australia to North East Asia	60.68	67.64	64.16
Total	**76.59**	**95.84**	**86.22**

***converted at 1 bcm = 0.74 MT of LNG**

Natural gas: Trade movements 2019 as LNG*

Billion cubic metres

To	From US	Peru	Trinidad & Tobago	Other Americas*	Norway	Other Europe*	Russian Federation	Oman	Qatar	United Arab Emirates	Yemen	Algeria	Angola	Egypt	Nigeria	Other Africa	Australia	Brunei	Indonesia	Malaysia	Papua New Guinea	Other Asia Pacific*	Total imports
Canada	†	–	0.5	–	–	–	–	–	–	–	–	–	0.1	–	–	–	–	–	–	–	–	–	0.5
Mexico	3.9	–	0.6	–	–	–	–	–	–	–	–	–	–	–	1.3	0.5	–	–	0.3	–	–	–	6.6
US	–	–	1.3	†	–	0.1	–	–	–	–	–	–	–	–	0.1	–	–	–	–	–	–	–	1.5
North America	3.9	–	2.4	†	–	0.1	–	–	–	–	–	–	0.1	–	1.4	0.5	–	–	0.3	–	–	–	8.6
Argentina	1.0	–	0.7	–	–	–	–	–	–	–	–	–	–	–	–	†	–	–	–	–	–	–	1.7
Brazil	1.5	–	0.7	0.1	0.3	–	–	–	–	–	–	–	0.1	–	0.3	0.3	–	–	–	–	–	–	3.2
Chile	2.3	–	0.9	–	–	–	–	–	–	–	–	–	–	–	–	0.2	–	–	–	–	–	–	3.3
Other S. & Cent. America	1.0	–	3.3	–	0.3	–	0.2	–	–	–	–	–	–	†	0.1	–	–	–	–	–	–	–	4.8
S. & Cent. America	5.8	–	5.5	0.1	0.6	–	0.2	–	–	–	–	–	0.1	†	0.4	0.5	–	–	–	–	–	–	13.1
Belgium	0.3	–	–	–	–	–	2.1	–	4.6	–	–	–	0.1	–	–	–	–	–	–	–	–	–	7.2
France	3.1	0.4	0.3	–	1.5	†	6.9	–	1.9	–	–	3.6	0.4	0.4	4.4	–	–	–	–	–	–	–	22.9
Italy	1.6	–	1.5	–	0.2	0.1	–	–	6.4	–	–	2.9	–	0.5	0.1	0.1	–	–	–	–	–	–	13.5
Spain	4.5	0.5	2.8	–	0.7	0.1	3.2	–	4.4	–	–	1.1	0.3	–	4.3	0.2	–	–	–	–	–	–	21.9
Turkey	1.2	–	0.2	–	0.1	0.1	–	–	2.5	–	–	5.8	–	0.5	2.5	0.1	–	–	–	–	–	–	12.9
United Kingdom	2.9	0.3	0.8	–	0.3	0.1	3.1	–	8.8	–	–	1.0	0.1	–	0.3	0.3	–	–	–	–	–	–	18.0
Other EU	4.7	0.5	0.5	–	3.1	0.2	5.1	–	3.5	–	–	0.8	0.3	0.3	4.2	–	–	–	–	–	–	–	23.4
Rest of Europe	–	–	–	–	–	†	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	†
Europe	18.3	1.7	6.1	–	5.9	0.6	20.5	–	32.2	–	–	15.2	1.2	1.7	15.8	0.7	–	–	–	–	–	–	119.8
Egypt	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Kuwait	0.3	–	0.2	–	–	–	–	1.0	2.7	–	–	0.1	0.2	0.1	0.6	–	–	–	–	–	–	–	5.1
United Arab Emirates	0.6	–	0.1	–	–	0.1	0.2	0.1	–	–	–	–	0.2	0.1	0.2	–	0.1	–	–	–	–	–	1.6
Other Middle East & Africa	0.9	–	0.9	–	–	0.1	0.6	0.1	0.1	–	–	–	–	–	–	–	–	–	–	–	–	–	2.8
Middle East & Africa	1.7	–	1.2	–	–	0.2	0.8	1.2	2.8	–	–	0.1	0.4	0.2	0.8	–	0.1	–	–	–	–	–	9.5
China	0.4	0.9	1.0	†	0.1	0.4	3.4	1.5	11.4	0.2	–	0.1	0.2	0.3	2.6	1.5	39.8	0.8	6.2	10.0	3.9	0.2	84.8
India	2.6	–	0.2	–	0.1	0.5	0.3	1.3	13.2	3.6	–	0.3	3.7	0.3	3.6	1.2	1.4	–	–	0.5	–	–	32.9
Japan	5.0	0.9	–	–	–	–	8.7	3.9	11.9	3.0	–	0.1	–	0.1	1.1	0.1	41.0	5.9	5.7	12.8	5.1	0.2	105.5
Malaysia	0.1	–	–	–	–	–	–	–	–	–	–	–	–	–	0.1	0.1	2.1	1.0	–	–	–	–	3.3
Pakistan	0.7	–	–	–	–	–	–	0.3	7.2	0.6	–	0.4	–	0.9	1.3	0.3	–	–	–	0.1	–	0.1	11.8
Singapore	0.8	–	0.2	–	–	–	–	–	0.1	–	–	–	0.1	0.6	0.1	0.3	2.4	–	0.2	†	0.1	–	5.0
South Korea	7.2	1.5	0.1	–	–	–	3.1	5.4	15.3	0.3	–	–	–	0.2	0.9	0.1	10.6	0.8	3.2	6.6	0.4	0.1	55.6
Taiwan	0.7	0.2	0.3	–	–	–	2.0	0.2	6.4	0.1	–	–	–	0.2	0.3	0.3	6.0	0.3	0.5	3.4	2.0	–	22.8
Thailand	0.2	0.1	0.1	–	–	–	0.1	0.2	2.6	–	–	–	0.1	0.2	–	–	1.1	–	0.4	1.7	–	–	6.7
Other Asia Pacific	0.1	–	–	–	–	0.2	0.3	0.1	3.8	–	–	0.4	–	0.1	0.4	–	0.1	–	0.1	0.2	–	–	5.7
Asia Pacific	17.8	3.5	1.8	†	0.2	1.1	17.9	12.8	72.0	7.7	–	1.2	4.1	2.7	10.5	3.9	104.6	8.8	16.2	35.1	11.6	0.5	334.1
Total exports	**47.5**	**5.2**	**17.0**	**0.1**	**6.6**	**2.0**	**39.4**	**14.1**	**107.1**	**7.7**	**–**	**16.6**	**5.8**	**4.5**	**28.8**	**5.5**	**104.7**	**8.8**	**16.5**	**35.1**	**11.6**	**0.5**	**485.1**

*Includes re-exports.
†Less than 0.05.
Note: As far as possible, the data above represents standard cubic metres (measured at 15°C and 1013 mbar) and has been standardized using a gross calorific value (GCV) of 40 MJ/m³.

Source: includes GIIGNL, IHS.

Source: BP statistical review of world energy 2020 edition

In the charter market, market participants and brokers have noted a typical charter voyage for each route on a round turn basis. This typically includes a re-delivery back to Sabine Pass for the U.S. origin routes and a re-delivery back to Gladstone for Australia route. Based on an assumed 17 knots, which is consistent with feedback from the LNG trade, the US Gulf Coast to Northeast Asia was 53 days, US Gulf Coast to UK Continent was 29 days and Australia to Northeast Asia was 20 days.

Analysis of deliverable supply

Appendix C to part 38 of the Commission's regulations defines deliverable supply as "the quantity of the commodity meeting the 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."

The Exchange has based its deliverable supply on the volume of LNG exported on each route in the spot market. We have made no further adjustments to account for the spot versus term deliveries. The Exchange understands that the major facilities use a commercial structure which is based on procuring natural gas from upstream producers under long-term contracts. The facilities will typically process this gas into LNG then sell it to customers or off-takers under long term LNG sale and purchase agreements ("SPA's"). Although SPA's are term deals, the contracted LNG quantity is available for re-sale and delivery and cargoes can be re-traded as spot.

To calculate the flows of LNG between the regions, the Exchange has based its calculations of deliverable supply of LNG using the BP Statistical Review of World Energy 2019 and 2020 reports which reviews the data covering the period 2018 and 2019. The Exchange has excluded prior years' data as this reflected a period where much of the LNG flows were not sold on a spot market basis and therefore the volumes were significantly lower and not representative of current flows.

Based on this data, we have calculated the total LNG gas flows of LNG from Australia to Northeast Asia were about 64.16 MT of LNG. For Northeast Asia we have used the data for Japan, South Korea and China. We have excluded the supply from Papua New Guinea (PNG) to northeast Asia despite its relatively close geographic location to Australia meaning that the estimation of deliverable supply is on the conservative side as cargoes from this region could potentially replace contracted Australia volumes. PNG exports to Northeast Asia (China, Japan and South Korea) in 2019 were around 5.62 MT.

For U.S bound exports including Trinidad to Northeast (Asia Japan, South Korea and China) were 10.22 MT per annum using the average data over the period 2018 and 2019. LNG exports from the U.S and Trinidad to Europe over the 2018 and 2019 average period were 11.84 MT per annum. It is worth noting that export flows from the U.S. to Europe rose sharply between 2018 and 2019. Exports to Europe in 2018 were 5.62 MT per annum however, the volumes in 2019 had increased by over 220% between to reach just over 18 MT per annum (18.06).

The Exchange has made no further adjustments for European destinations for northwest Europe as cargoes that are destined for Europe can be diverted and re-directed to any destination within Europe. This also reflects the way that the index handles non-Northwest European deliveries of LNG as there is a normalization process to re-base cargoes in value terms to the UK Isle of Grain.

We have based our calculations on a standard ship size of 160,000 cubic metres which is the basis of the index assessment. Based on our calculations we have derived a ship size in metric tons of 75,000 tons (calculation is 1 MMBTu = 0.0411 cubic metres and 1 MMBtu = 0.01926 tons).

The Index assessments are based on the brokers estimates for a given route. However, where fixtures do not occur on a specific route, the brokers will estimate where the freight rate would be based on the information that they have available to them. Therefore, for this, it is possible to expand the load and delivery port locations as values are normalised back to the assessed market.

In our calculation of the number of charter days, we have assumed that for the U.S export routes, the number of charter days required to export a cargo from Sabine Pass to Northeast Asia is 53 days round trip and from Sabine Pass to Europe is 29 days round trip. Charter voyages from Australia to Northeast Asia are shorter than from the U.S bound exports to the region therefore it is assumed that each ship will be occupied for less time with a standard round-trip voyage being 20 days. However, the Exchange has

excluded this calculation in the deliverable supply volumes as the calculation is based on the flow of LNG export volumes and the number of ships required to transport these volumes of LNG to the destination.

Using the total gas flow for each route for the year, we have calculated the number of ships required to ship the LNG and based this number on a total number of ships per month. In the charter day calculation, we have assumed a 30-day month to derive a total deliverable supply in number of days and applied a 25% limit to this to come up with a spot month position limit. To ensure that the Exchange remains below the 25% figure, we have rounded down the total number of charter days per month to ensure that our calculation is conservative based on the current flows on LNG on each route.

Route	2018	2019	2018-2019 average
U.S and Trinidad to North East Asia	10.29	10.14	10.22
U.S. and Trinidad to UK Continent	5.62	18.06	11.84
Australia to North East Asia	60.68	67.64	64.16
Total	**76.59**	**95.84**	**86.22**

As previously noted, pursuant to NYMEX Submission No. 21-017 also dated today, the Exchange is notifying the Commission of an increase the spot month limits for three (3) existing LNG Freight BLNG (Baltic) Futures contracts and amend the aggregations for spot month position limit purposes which shall be effective concurrent with this submission.

Spot month position limits in the existing LNG freight futures (commodity codes BF1, BF2 and BF3) will be aggregated into proposed LNG Freight Route BLNGg (LNG Fuel) (Baltic) Futures. The current spot month position limits in the existing LNG freight futures will be amended to reflect the current level of deliverable supply in LNG. For clarification the spot month position limits in the LNG Freight Route BLNG1, BLNG2 and BLNG3 will mirror those of the proposed new contracts listed below.

Spot month positions in the existing LNG Freight Route BLNG1 (Baltic) Futures (commodity code BF1; Rulebook Chapter 707) will be aggregated into the LNG Freight Route BLNG1g (LNG) (Baltic) Futures (commodity code BL1). For the LNG Freight Route BLNG1g (LNG Fuel) (Baltic) Futures (commodity code BL1), the flow of LNG from the Australia to Northeast Asia (Japan, South Korea and China) is 64.16 MT per annum using the average of the 2018 and 2019 export data. To calculate this using the total number of ships required a division by 75,000 tons was applied to generate a ships per year number of 855. Based on this calculation, the total deliverable supply was 71 ships per month, or 2,130 charter days based on a 30-day month. The Exchange proposes a spot month delivery limit of 23.47% thereby calculating a spot month position limit of 500 charter days. It is proposed to set the Single Month and All Month Accountability levels have been set at 2,500 using the same ratio to the spot month limit which is consistent with how they have been calculated previously.

Spot month positions in the existing LNG Freight Route BLNG2 (Baltic) Futures (commodity code BF2; Rulebook Chapter 708) will aggregate into the LNG Freight Route BLNG2g (LNG) (Baltic) Futures (commodity code BL2).For the LNG Freight Route BLNG2g (LNG Fuel) (Baltic) Futures (commodity code BL2), the flow of LNG from the US to Europe and Trinidad to Europe is 11.84 MT per annum using the average of the 2018 and 2019 export data. To calculate this using the total number of ships required a division by 75,000 tons was applied to generate a ships per year number of 158. Based on this calculation, the total deliverable supply was 13 ships per month, or 390 charter days based on a 30-day month. The Exchange proposes a spot month delivery limit of 23% thereby calculating a spot month position limit of 90 days. It is proposed to set the Single Month and All Month Accountability levels have been set at 400 using the same ratio to the spot month limit which is consistent with how they have been calculated previously.

Spot month positions in the existing LNG Freight Route BLNG3 (Baltic) Futures (commodity code BF3; NYMEX Rulebook chapter 709) will aggregate into the LNG Freight Route BLNG3g (LNG) (Baltic) Futures (commodity code BL3). For the LNG Freight Route BLNG3g (LNG Fuel) (Baltic) Futures (commodity code BL3), the flow of LNG from the U.S. and Trinidad to Northeast Asia is 10.22 MT per annum using the average of the 2018 and 2019 export data. To calculate this using the total number of ships required a division by 75,000 tons was applied to generate a ships per year number of 136. Based on this calculation, the total deliverable supply was 11 ships per month, or 330 charter days based on a 30-day month. The Exchange proposes a spot month delivery limit of 22.7% thereby calculating a spot month position limit of 75 days. It is proposed to set the Single Month and All Month Accountability levels have been set at 375 using the same ratio to the spot month limit which is consistent with how they have been calculated previously.